



## Chapter 10 Managing Human Resources Globally

### True/False Questions

15-1. The percentage of gross domestic product in the United States accounted for by exports has been increasing at approximately 12 percent a year.

Ans: T

Difficulty: M

Page 534

LO1

15-2. According to a recent survey of 3,000 line managers and HR executives from 12 countries, total quality management is the number one factor affecting HRM.

Ans: F

Difficulty: M

Page 534

LO1

15-3. The European Economic Community is a confederation of all European nations that have agreed to engage in free trade among each other.

Ans: F

Difficulty: M

Page 535

LO1

15-4. The General Agreement on Tariffs and Trade is an international framework of rules for reducing trade barriers around the world.

Ans: T  
Difficulty: M  
Page 536  
LO1

15-5. NAFTA, the EC and GATT are all having the effect of reducing competition among companies worldwide.

Ans: F  
Difficulty: M  
Page 536  
LO1

15-6. The North American Free Trade Agreement should result in an increased number of low-skill jobs but a decreased number of high-skilled jobs in the United States.

Ans: F  
Difficulty: E  
Page 535  
LO1

15-7. In individualist cultures, people are expected to look after their own interests and the interests of their own families.

Ans: T  
Difficulty: E  
Page 538  
LO2

15-8. Power distance is defined as the degree to which people in a culture prefer structured over unstructured situations.

Ans: F  
Difficulty: M  
Page 538



LO2

15-9. Uncertainty avoidance describes the degree of inequality among people that is considered to be normal.

Ans: F

Difficulty: M

Page 539

15-10. Feminine cultures put relationships before money, help others, and preserve the environment.

Ans: T

Difficulty: E

Page 539

LO2

15-11. Japan's culture is considered to be quite feminine according to Hofstede's masculinity/femininity dimension.

Ans: F

Difficulty: E

Page 539

LO2

15-12. Countries that are short-term oriented focus on the future and hold values in the present that will not necessarily provide an immediate benefit, such as thrift and persistence.

Ans: F

Difficulty: M

Page 539

LO2

15-13. Hofstede found that culture has a profound impact on a country's economic health by promoting



certain values that either aid or inhibit economic growth.

Ans: T

Difficulty: E

Page 539

LO2

15-14. Collectivist cultures place a high value on group decision making and participative management practices.

Ans: T

Difficulty: E

Page 541

LO2

15-15. A major variable of a country's human capital is the educational opportunities available to the labor force.

Ans: T

Difficulty: E

Page 541

LO2

15-16. Countries with high human capital are attractive sites for direct foreign investment that creates high-skill jobs.

Ans: T

Difficulty: E

Page 542

LO2

15-17. A country's economic system is completely unrelated to its human capital.

Ans: F

Difficulty: M

Page 543

LO2

15-18. Third country nationals are employees born in a country other than the parent country or host country, but who work in the host country.

Ans: T

Difficulty: M

Page 545

LO3

15-19. A company becomes international when it builds facilities in a number of different countries to capitalize on lower production and distribution costs associated with different locations.

Ans: F

Difficulty: E

Page 547

LO4

15-20. The HRM problems that multinational companies face are completely different from those faced by international companies.

Ans: F

Difficulty: M

Page 547

LO4

15-21. Global organizations compete on top-quality products and services with the lowest cost possible.

Ans: T

Difficulty: M

Page 548

LO4

15-22. Transnational process refers to the extent to which the firm's planning and decision-making process includes representatives and ideas from a variety of cultures.

Ans: T

Difficulty: E

Page 549

LO4

15-23. Allowances are often offered to make the expatriate assignment more attractive.

Ans: T

Difficulty: M

Page 556

LO5

15-24. Validation is the amount of recognition received by the expatriate upon return home.

Ans: T

Difficulty: M

Page 557

LO5

15-25. Expatriate managers whose job and nonwork expectations regarding their assignment are met exhibit higher repatriation adjustment and job performance.

Ans: T

Difficulty: E

Page 557

LO5

## Multiple Choice Questions

- 15-26. Which was *not* a problem faced by Wm. Wrigley Jr. Co. when entering the Chinese market?
- a. Scarce resources
  - b. Infrastructure
  - c. Corruption
  - d. Theft

Ans: a

Difficulty: M

Page 533

LO1

- 15-27. Which of the following countries is the dominant economic force in Asia?
- a. Japan
  - b. South Korea
  - c. Singapore
  - d. China

Ans: a

Difficulty: E

Page 535

LO1

- 15-28. “The set of important assumptions (often unstated) that members of a community share” concerning how the world works and what things are worth striving for refers to which factor that affects HRM in global markets?
- a. Human capital
  - b. Culture
  - c. Economic system
  - d. Political/legal system

Ans: b

Difficulty: E

Page 537

LO2

- 15-29. Which of the following countries has the most masculine culture according to Hofstede’s masculinity/femininity dimension?

- a. Germany
- b. United States
- c. Sweden
- d. Norway

Ans: a

Difficulty: M

Page 537

LO2

15-30. Which of the following countries is *not* very high in individualism?

- a. United States
- b. Great Britain
- c. the Netherlands
- d. Taiwan

Ans: d

Difficulty: E

Page 538

LO2

15-31. According to Hofstede's cultural dimensions, a culture where people are expected to look after their own interests and the interests of their immediate families is one high in

- a. power distance.
- b. masculinity.
- c. individualism.
- d. uncertainty avoidance.

Ans: c

Difficulty: M

Page 538

LO2

15-32. Which of the following countries would be highest in terms of power distance, according to Hofstede?

- a. Canada
- b. United States



- c. Japan
- d. Great Britain

Ans: c

Difficulty: M

Page 538

LO2

15-33. Assume that you are visiting Mexico for a business meeting and you call your host by his first name rather than his title. He seems offended. Your offense most likely stemmed from a difference between the U.S. culture and Mexico's culture on which dimension?

- a. Individualism/collectivism
- b. Uncertainty avoidance
- c. Power distance
- d. Long-term/short-term orientation

Ans: c

Difficulty: M

Page 538

LO2

15-34. Which of the following countries would be highest in terms of uncertainty avoidance, according to Hofstede?

- a. Greece
- b. Singapore
- c. Jamaica
- d. United States

Ans: a

Difficulty: M

Page 539

LO2

15-35. According to Hofstede, which of the following countries has a short-term orientation?

- a. Japan
- b. United States
- c. China

d. South Korea

Ans: b

Difficulty: M

Page 539

LO2

15-36. According to Hofstede's cultural dimensions, a culture that is characterized by easygoing and flexible people regarding different views and taking each day as it comes is one that is

- a. low in uncertainty avoidance.
- b. high in femininity.
- c. low in power distance.
- d. high in long-term orientation.

Ans: a

Difficulty: H

Page 539

LO2

15-37. According to Hofstede, which country was both highest in its individualism and gross national product?

- a. United States
- b. Germany
- c. Great Britain
- d. Japan

Ans: a

Difficulty: E

Page 540

LO2

15-38. According to Hofstede, Mexico

- a. has high individualism but low GNP.
- b. has low individualism and low GNP.
- c. has high individualism and Leigh GNP.
- d. has low individualism but high GNP.



Ans: b

Difficulty: M

Page 540

LO2

15-39. Which of the following is not a way in which culture affects HRM?

- a. Culture determines the appropriateness of various HR practices.
- b. Culture affects communication processes in organizations.
- c. Culture determines appropriate management styles.
- d. Culture determines the role of the HR department.

Ans: d

Difficulty: M

Page 541

LO2

15-40. Which of the following countries currently possesses a labor force that is high in human capital and also has relatively low wage rates?

- a. United States
- b. Mexico
- c. Japan
- d. The former East Germany

Ans: d

Difficulty: H

Page 541

LO2

15-41. Which of the following countries is highest on the power distance dimension of Hofstede?

- a. United States
- b. Sweden
- c. India
- d. Israel.

Ans: c

Difficulty: M

Page 538

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LO2

15-42. A firm is considering locating a facility in another country, but the management team is concerned with whether or not they will be able to find enough workers with necessary skills to perform the work. This is a concern with which factor that affects HRM in global markets?

- a. Culture
- b. Human capital
- c. Economic system
- d. Political/legal system

Ans: b

Difficulty: E

Page 542

LO2

15-43. Which trade agreement is expected to result in a decline of low-skill jobs while increasing high-skill jobs in the United States?

- a. EU
- b. GATT
- c. WTO
- d. NAFTA

Ans: d

Difficulty: E

Page 543

LO2

15-44. Which of the following countries has the greatest commitment to equal employment opportunities for women and minorities as characterized by their political/legal system?

- a. Germany
- b. Japan
- c. United States
- d. China

Ans: c

Difficulty: E

Page 543

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LO2

15-45. According to recent estimates, which country has the highest hourly wages for manufacturing jobs?

- a. Germany
- b. United States
- c. Japan
- d. Netherlands

Ans: a

Difficulty: H

Page 543

LO2

15-46. Which of the following is not a way in which the economic system affects HRM in global markets?

- a. It provides incentives for individuals to increase human capital.
- b. It affects the labor costs.
- c. It affects compensation systems through tax rates.
- d. It affects the appropriateness of various HR practices.

Ans: b

Difficulty: H

Page 543-544

LO2

15-47. A country that serves as the home for a corporation's headquarters is referred to as the

- a. host country.
- b. parent country.
- c. home country.
- d. third country.

Ans: b

Difficulty: E

Page 545

LO3



15-48. An individual who was born in the United States and is currently working in Spain for a company headquartered in Germany would be considered

- a. parent country national.
- b. host country national.
- c. third country national.
- d. home country national.

Ans: c

Difficulty: E

Page 545

LO3

15-49. An individual who was born in Mexico and is currently working for an American company's facility in Mexico is referred to as a

- a. parent country national.
- b. host country national.
- c. third country national.
- d. home country national.

Ans: b

Difficulty: M

Page 545

LO3

15-50. Which of the following multinational corporations tends to have policies and practices that are *most* ethnocentric?

- a. United States multinationals
- b. German multinationals
- c. Japanese multinationals
- d. British multinationals

Ans: c

Difficulty: M

Page 545

LO3

15-51. A firm that is currently exporting goods to another country is at what level of global participation?

- a. Domestic
- b. International
- c. Multinational
- d. Global

Ans: b

Difficulty: M

Page 547

LO4

15-52. A firm that is currently locating facilities in a large number of other countries is at what level of global participation?

- a. Domestic
- b. International
- c. Multinational
- d. Global

Ans: c

Difficulty: E

Page 547

LO4

15-53. Inpatriates are

- a. managers from other countries other than the parent country placed in facilities of other countries.
- b. managers from different countries who become part of the corporate headquarters staff.
- c. managers from one state being moved to another part of the country.
- d. managers from one division of the company being moved to another division.

Ans: b

Difficulty: E

Page 548

LO3

15-54. Which attribute of a transnational HR system refers to making HR decisions from a global

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rather than national or regional perspective?

- a. Transnational scope
- b. Transnational participation
- c. Transnational representation
- d. Transnational process

Ans: a

Difficulty: M

Page 549

LO4

15-55. Which attribute of a transnational HR system refers to the multinational composition of a company's managers?

- a. Transnational scope
- b. Transnational participation
- c. Transnational representation
- d. Transnational process

Ans: c

Difficulty: M

Page 549

LO4

15-56. Which attribute of a transnational HR system refers to the extent to which planning and decision making include managers from different cultures?

- a. Transnational scope
- b. Transnational participation
- c. Transnational representation
- d. Transnational process

Ans: d

Difficulty: M

Page 549

LO4

15-57. Research on the transnational HR system in Canadian and American companies has revealed that a firm's HR systems are



- a. less transnational than the strategic planning system.
- b. more transnational than the organizational structure.
- c. less transnational than the accounting systems.
- d. more transnational than the accounting systems.

Ans: a

Difficulty: M

Page 549

LO4

15-58. According to estimates, what percentage of American employees sent on expatriate assignments overseas return early?

- a. Less than 15 percent
- b. 16 to 40 percent
- c. 40 to 50 percent
- d. Over 50 percent

Ans: b

Difficulty: M

Page 550

LO5

15-59. According to estimates, what percentage of American expatriates are evaluated by their firms as either ineffective or marginally effective in performance?

- a. Less than 15 percent
- b. 15 to 30 percent
- c. 30 to 50 percent
- d. Over 50 percent

Ans: c

Difficulty: M

Page 550

LO5

15-60. Among American companies, what set of skills tends to be the most important factor used in deciding whom to send on overseas assignments?

- a. Interpersonal skills

- b. Foreign language skills
- c. Communication skills
- d. Technical skills

Ans: d

Difficulty: E

Page 550

LO5

15-61. One researcher found that only \_\_\_ percent of the firms surveyed administered any tests to determine the degree to which expatriate candidates possessed cross-cultural skills.

- a. 5
- b. 15
- c. 25
- d. 35

Ans: a

Difficulty: M

Page 550

LO5

15-62. Which of the following is not one of the dimensions that have been shown to be necessary for successful expatriates?

- a. The culture dimension
- b. The self dimension
- c. The relationship dimension
- d. The perception dimension

Ans: a

Difficulty: H

Page 550

LO5

15-63. Which of the following dimensions that have been shown to be necessary for successful expatriates is most closely related to the individual's psychological well-being?

- a. The culture dimension
- b. The self dimension

- c. The relationship dimension
- d. The perception dimension

Ans: b

Difficulty: M

Page 550

LO5

15-64. Which of the following dimensions that have been shown to be necessary for successful expatriates is most closely related to an individual's ability to evaluate the host environment's culture?

- a. The culture dimension
- b. The self dimension
- c. The relationship dimension
- d. The perception dimension

Ans: d

Difficulty: M

Page 550

LO5

15-65. Recent evidence concerning women expatriates suggests that

- a. women still are not accepted as equals in most countries.
- b. the novelty of their presence increases their credibility among locals.
- c. women don't desire international assignments.
- d. placement of women expatriates is on the decline.

Ans: b

Difficulty: H

Page 552

LO5

15-66. Which of the following is not emphasized in cross-cultural training programs?

- a. How host country employees view the manager's culture
- b. Relevant aspects of the host country's culture
- c. Relevant aspects of the host country's human capital system
- d. How to communicate accurately in the new culture

Ans: c

Difficulty: H

Page 552

LO5

15-67. Which aspect of the total pay packages of expatriates is important to address because of the different standards of living across countries?

- a. Base salary
- b. Tax equalization allowances
- c. Benefits
- d. Allowances

Ans: c

Difficulty: H

Page 556

LO5

15-68. Which aspect of the total pay packages of expatriates is necessary because of the different taxation systems across countries?

- a. Base salary
- b. Tax equalization allowances
- c. Benefits
- d. Allowances

Ans: b

Difficulty: M

Page 555

LO5

15-69. Which aspect of the total pay packages of expatriates is often necessary in order to make the expatriate assignment less unattractive?

- a. Base salary
- b. Tax equalization allowances
- c. Benefits
- d. Allowances

Ans: d

Difficulty: M

Page 556

LO5

15-70. Approximately what percentage of workers want to leave the company after returning from an overseas assignment?

- a. 10 percent
- b. 15 percent
- c. 20 percent
- d. 25 percent

Ans: c

Difficulty: M

Page 556

LO5

15-71. According to recent estimates, what percentage of expatriate managers actually leave the company within one year of returning from their expatriate assignments?

- a. 10 percent
- b. 15 percent
- c. 20 percent
- d. 25 percent

Ans: d

Difficulty: M

Page 556

LO5

15-72. There are a number of things that firms can do to help reacculturate expatriates. The extent to which expatriates receive information and recognize changes while abroad refers to

- a. validation.
- b. communication.
- c. adjustment.
- d. expectation.

Ans: b

Difficulty: E

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Page 556

LO5

15-73. There are a number of things that firms can do to help reacculturate expatriates. The extent to which expatriates receive recognition from peers and bosses following their expatriate assignment refers to

- a. validation.
- b. communication.
- c. adjustment.
- d. expectation.

Ans: a

Difficulty: E

Page 557

LO5

15-74. According to recent research, managers whose job expectations and nonwork expectations were met exhibited what following their expatriate assignment?

- a. Higher job performance and job satisfaction
- b. Higher repatriate adjustment and job satisfaction
- c. Higher repatriate adjustment and job performance
- d. Higher job performance and turnover

Ans: c

Difficulty: H

Page 557-558

LO5

15-75. The Hofstede dimension that deals with the degree to which a culture prefers structured conditions is

- a. power distance
- b. individualism
- c. risk aversion
- d. uncertainty avoidance.

Ans: d

Difficulty: M

## Essay Questions

15-76. Define Hofstede's cultural dimensions and discuss their importance for HRM.

Ans: 1. Individualism/collectivism—strength of relationship between individual and society  
2. Power distance—degree of inequality among people that is considered normal  
3. Uncertainty avoidance—degree to which individuals prefer structured situations  
4. Masculinity/femininity—division of sex roles within a society  
5. Long-term/short-term orientation—degree to which one focuses on the future rather than the present  
These can affect the appropriateness of HR practices, appropriateness of managerial styles, and communication processes.

Difficulty: H

Page538-540

LO2

15-77. Discuss the four factors that affect HRM in global markets. What are these four factors? Which of them do you think is the most important factor and why?

Ans: 1. Culture  
2. Human Capital  
3. Economic System  
4. Political/Legal System

Difficulty: E

Page 536-545

LO2

15-78. What is human capital? Why is it important?

Ans: Refers to the productive capabilities of individuals  
—knowledge, skill, and experience that have economic value Important for firms in deciding whether to locate facilities in a country (Can the firm find productive employees? What is the labor cost per unit of production? )

Difficulty: M

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Page 541-542

LO2

15-79. The European Economic Community has defined what it considers to be the fundamental social rights of workers. What are these rights? Which ones are most likely to be present to a lesser extent in the United States relative to the EEC?

- Ans: 1. Freedom of movement  
2. Freedom to choose occupation  
3. Social protection via social security benefits  
4. Freedom of association and collective bargaining  
5. Vocational training—less in the United States  
6. Equal treatment for men and women  
7. Information, consultation, and participation for workers - less in the United States  
8. Health and safety at the workplace  
9. Fair compensation

Difficulty: H

Page 543

LO2

15-80. What are the different levels of global participation? Describe the activities/structure of companies existing at each level?

- Ans: 1. Domestic—operations only in one country  
2. International—exporting to or locating facilities in one or a few other countries  
3. Multinational—locating facilities and engaging in trade across a large number of countries  
4. Global—locating facilities and engaging in trade across a large number of countries based on the ability to effectively, efficiently, and flexibly produce a product or service and create synergy through cultural differences

Difficulty: M

Page 546-549

LO4

15-81. Discuss some of the areas and questions that should be included in an interview worksheet for international candidates to assess their ability to adapt to an expatriate assignment.

Ans: Among the areas included are: motivation, health, language ability, family considerations,



resourcefulness and initiative, adaptability, career planning, and financial.

Difficulty: H

Page 551-552; Table 15.4

LO5

15-82. How effective are most U.S. companies in managing their expatriates? What types of things can be done in selecting expatriate managers that might increase the percentage of successful assignments?

Ans: Between 16 and 40 percent of all American employees sent on expatriate assignments overseas return early; 30 to 50 percent of managers are marginally effective or ineffective in their performance. The three dimensions of adaptive skills should be developed, including (1) the self-dimension, (2) the relationship dimension, and (3) the perception dimension.

Difficulty: H

Page 549-550

LO5

15-83. Discuss some of the areas in which expatriates can be trained to communicate more effectively when language barriers exist.

Ans: These areas include: verbal and nonverbal behavior, attribution, comprehension, design, and motivation.

Difficulty: H

Page 554; Table 15.6

LO5

15-84. What types of things need to be emphasized in training expatriates for their assignments, and why?

Ans: -Understanding of their own culture and how those in the host country will view it

-Understanding particular aspects of the culture in the host country

-Ability to communicate accurately in the host country

Difficulty: M

Page 552-554

LO5



15-85. Many managers have difficulty in readjusting to their situation following an expatriate assignment. What can companies do to increase their repatriation adjustment?

Ans: -Better communication of information while abroad -Validation—recognition by bosses and peers  
-Ensure that the expatriate has realistic job and nonwork expectations regarding their assignment.

Difficulty: M

Page 556-557

LO5