International Human Resource Management - Policies and Practices for Multinational Enterprises 6th edition Tarique Test Bank

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IHRM 6th Edition
Chapter 2 Strategic International Human Resource Management

TRUE/FALSE

1. Since firms differ in their levels of international development and the extent of their international operations, IHRM managers must develop the capabilities to assist in that development and those various levels of global operation.

   ANS: T

2. SIHRM is the part of IHRM that focuses on creating and implementing IHRM policies and practices that help achieve an MNE's international vision and objectives, that is, its international strategy.

   ANS: T

3. As a firm internationalizes, it moves through only two stages, and in each stage, it must make a choice of methods for market entry.

   ANS: F

4. Portfolio investment historically has been the initial step of internationalization for most firms and usually occurs while the firm is relatively small.

   ANS: F

5. If foreign sales or purchasing increase in importance, the fi rm will assign a sales manager or purchasing agent responsible for international sales.

   ANS: T

6. International professional employer organization (PEO) involves paying someone else in the foreign country who provides all the necessary organizational site or location (e.g., physical building) and management (e.g., employees and back-office expenses such as payroll, local taxes, organizational legalities, human resource management (HRM), etc.).

   ANS: T

7. As firms progress through becoming more internationalized and increasing their international activities, their IHRM responsibilities become increasingly less complex to manage.

   ANS: F

8. Licensing the rights to manufacture or market a product or service in an option for internationalization that does not involve the setting up of directly owned subsidiaries.

   ANS: T

9. Subsidiaries can be developed in a number of ways, including involvement in greenfield or brownfield projects.

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ANS: T

10. There has been a steady decline in the use of international joint ventures (where two or more firms create a new business entity) as an internationalisation option.

ANS: F

11. The terms off-shoring and Outsourcing should not be used interchangeably.

ANS: T

12. An MNEs business strategy is primarily guided by the extent of integration and/or local responsiveness required by the firm to manage its worldwide operations.

ANS: T

13. Adopting a multi-domestic business strategy typically means that a firm views each national market as a specialized market for its particular subsidiaries' products and services, and, as such, involves being responsive to the needs, values, and demands of the local market.

ANS: T

14. The tension between integration (centralisation) and differentiation (localization) is seldom a major dilemma for global firms and their HR managers.

ANS: F

15. MNEs with a Multidomestic business strategy use an approach that attempts to maximize both responsiveness and integration.

ANS: F

16. An IHRM strategy's effect on organizational effectiveness is always dependent on how well the IHRM strategy fits with and supports an MNE's business strategy.

ANS: T

MULTIPLE CHOICE

1.Strategic IHRM is the part of IHRM that focuses on

a.	developing budgets
b.	creating and implementing IHRM policies and practices to achieve international objectives
c.	networking with industry partners
d.	all of the above

ANS: B

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2. The two essential needs that compel senior executives to develop specific strategies for their organizations are

a.	to react to changes in the environment and respond to new legislation
b.	to resolve issues in emerging markets and keep customers satisfied
c.	to actively shape how a business will be conducted and to mold a coordinated approach across the company
d.	to actively downsize the business and meet shareholder needs

ANS: C

3. Once the decision is made to go international (whether this is a pro-active or reactive choice), the task of all managers – including HR managers – is

a	to implement that decision
b	to convert the strategic plan into action and
c	to get on with whatever needs to be done to achieve the international vision and targeted objectives
d	all of the above

ANS: D

4. An element of the strategic management process used to develop a global business strategy is

a.	environmental scanning
b.	downsizing
c.	outsourcing
d.	all of the above

ANS: A

5. For a long time, _____ has been the first step of internationalization for most firms while they were still relatively small.

a.	importing
b.	exporting
c.	franchising
d.	licensing

ANS: B

6. McDonald's is an example of a firm that adopted a _____ strategy to package the successful elements of their operations in their home market and offer this package to overseas investors, with perhaps training and marketing support.

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a.	sub-contracting
b.	exporting
c.	franchising
d.	all of the above

ANS: C

7. The reason why some new enterprises operate almost immediately across the globe ("born global") is

a.	the nature of their products
b.	the global networking of the engineers and scientists involved
c.	marketing through the internet
d.	all of the above

ANS: D

8. Off-shoring involves the relocation of one or more aspects of an organization's business processes to a location in another country for the purpose, at least initially, of

a.	creating career paths
b.	developing networks and relationships
c.	lowering costs
d.	all of the above

ANS: C

9. Market entry choices for an internationalizing firm are dictated by

a.	the firm's internationalization strategy
b.	options available to the firm in particular countries
c.	timing of its entry into markets
d.	all of the above

ANS: D

10. Methods of entry into international business include

a.	licensing and subcontracting
b.	outsourcing and off-shoring

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c.	mergers and acquisitions
d.	all of the above

ANS: D

11. Organizations can also use a variety of auxiliary methods to internationalize their operations, such as:

a.	Importing
b.	Outsourcing
c.	Exporting
d	All of the above

ANS: B

12. Which of the following statement about Outsourcing is true

a.	Outsourcing is a form of exporting
b.	Outsourcing began in 2010
c.	The term "outsourcing" was developed to describe this process of contracting with an external firm to provide products or services that would otherwise be completed internally
d	All of the above

ANS: C

13. Reasons for entering into IJV agreements include

a.	to avoid host government requirements and insistence
b.	to gain reduced economies of scale
c.	to shift the risks to the IJV partners
d.	none of the above

ANS: D

14. Outsourcing success depends on all of the following factors except

a.	executive-level support in the client organization for its outsourcing mission
b.	ample communication to affected employees
c.	the efforts of competing firms to manage contracts and agreements
d.	the firm's ability to manage its service providers

ANS: C

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15. Issues that firms should consider when relocating services off-shore are

a.	expertise in managing remote locations
b.	cost of labor
c.	language skills
d.	all of the above

ANS: D

16. The extent to which the subsidiaries and the headquarters of a firm develop a unified whole and therefore achieve a range of competitive advantages (such as economies of scale) is defined as _____ .

a.	geocentric
b.	integration
c.	responsiveness
d.	decentralization

ANS: B

17. A MNE business strategy that enables subsidiaries to respond to local differences and encourages modification of products or services to meet local needs and increase local competition is called _____ .

a.	ethnocentric
b.	integration
c.	local responsiveness
d.	reactionary

ANS: C

18. Adopting a global business strategy means that an MNE implements the same unified approach in all countries regardless of their differences so that there is a high degree of

a.	integration
b.	decentralization
c.	proactivity
d.	regiocentric

ANS: A

19. A MNE strategy that attempts to maximize both responsiveness and integration so that each subsidiary is

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responsible for making adaptations to suit the local needs, while still being able to draw on the global expertise and resources

a.	ethnocentric
b.	multi-domestic
c.	global
d.	transnational

ANS: D

20. Using a home country standard as a reference in managing international activities is indicative of a(n) _____ orientation

a.	geocentric
b.	regiocentric
c.	polycentric
d.	enthnocentric

ANS: D

21. A firm has reached the level of a global orientation, a(n) _____ mindset will develop and be adopted

a.	ethnocentric
b.	geocentric
c.	polycentric
d.	regiocentric

ANS: B

22. IHRM strategy is the creation and implementation of international HR practices that help the firm to achieve its international vision and business strategy as well as_____.

a.	relocating employees
b.	creating business opportunities for employees
c.	reacting to resolve HR challenges
d.	strategically managing the HR function

ANS: D

23. Designing a IHRM strategy that concentrates authority and decision making at the top of the firm (the headquarters) is similar to the concept of integration, is considered as a decision to _____.

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a.	regionalize
b.	centralize
c.	decentralize
d.	localize

ANS: B

10. An IHRM strategy's effect on organizational effectiveness is _____ dependent on how well the IHRM strategy *fits* with and supports a MNE's business strategy

a.	often
b.	rarely
c.	always
d.	sometimes

ANS: C

11. A firm pursuing an *active* IHRM strategy is characterized by HR at corporate headquarters and HR at the subsidiary trying to _____ the control over HR decision making.

a.	avoid
b.	balance
c.	re-allocate
d.	decentralize

ANS: B

12. The use of parent-company policies and procedures throughout a firm's global operations is known as

a.	convergence
b.	divergence
c.	outsourcing
d.	restructuring

ANS: A

13. An integrative framework for strategic international HRM in MNEs includes consideration of

a	exogenous factors

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b.	strategic MNE components
c.	endogenous factors
d.	all of the above

ANS: D

SHORT ANSWER

1. Identify and explain the five stages of the internationalization process that most organizations experience as they begin to evolve their global operations.

ANS:
stage 1: portfolio investment, exporting
stage 2: sales subsidiary/local sales office - sending staff to the location initially
stage 3: [producing products directly in foreign countries in these following 3 stages] operations through licensing/franchising/contracting/sub-contracting/ International professional employer organization (PEO)
stage 4: operations through wholly-owned subsidiaries
stage 5: operations through international alliances, partnerships, consortia or operations through international mergers & acquisitions, or operations through international joint ventures.

2. Describe the *Born-Global Firm*.

ANS:
Although many existing firms internationalize through stages, some new enterprises, primarily but not exclusively in the IT industry, are born global and almost immediately operate across the globe. The reasons they use in key global markets from their inceptions essentially stem from the nature of their products (Internet products, IT applications, and other highly specialized products with global niches), the global networking and possible partnering on projects among the engineers and scientists involved, and the marketing by these firms through the Internet

3. MNE business strategies can be categorized based on how they manage the forces of integration versus local responsiveness. Identify and explain the four types of business strategies in terms of their focus on integration versus local responsiveness.

ANS:

1. international: limited local responsiveness, little integration
2. multi-domestic: high local responsiveness, low integration
3. global: high degree of integration, low local responsiveness
4. transnational: high local responsiveness and high integration

4. How does a transnational business strategy differ from a global business strategy?

ANS:

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The transnational firm differs from the global firm in that, rather than developing global products, services, brands, and standardized processes and policies and procedures, the transnational organization works hard to localize, to be seen, not only as a global firm, but as a local firm as well, albeit one that draws upon global expertise, technology, and resources. In a transnational firm, the focus is simultaneously on global integration, local responsiveness, and knowledge sharing among the different parts of the organization.

5. Explain the central trade-offs involved in making a decision about whether to centralize or decentralize IHRM decisions.

ANS:

Centralization (similar to integration) concentrates authority and decision making in HQs (towards the top of the firm), whereas decentralisation (as local responsiveness) allows for dispersion of authority and decision making to operating units throughout the organization. The tension between these is a growing dilemma for IHRM and large global firms. Firms must become highly differentiated and more integrated all at the same time. Locals want to run the business, and in some cases, local laws require deployment of particular HR practices that are managed differently in other countries.

ESSAY QUESTIONS

1. Describe an organization's IHRM strategy. Why is it important to have an IHRM strategy?

ANS:

As IHRM becomes more involved with helping organizations be successful in their international endeavors, it hopefully will develop a strategic focus itself. It will develop its own strategies to hire, manage, and retain the best employees (employees who will help achieve the organization's global strategies) throughout the organization's IB activities. It will thus contribute to the firm's overall international strategic planning. IHRM strategy is defined as the creation and implementation of IHR practices that help achieve an MNE's international vision and objectives, i.e., it's business strategy. It also involves the strategic management of the HR function and department itself. Like the MNE's business strategy, a fi rm's IHRM strategy serves as a guiding principle that helps shape and govern its international activities, particularly as they relate to the firm's HR worldwide. IHRM strategies are implemented through IHRM policies and practices

2. Identify and explain the three types of IHRM strategies.

ANS:

Similar to an MNE's business strategy, IHRM strategy has to deal with the issue of whether to standardize IHRM policies and practices from HQs, or to localize them to meet local conditions, or do both (e.g., a combination of core policies established by HQs with localized methods to accommodate local culture and practices). There are three types of IHRM strategies that can be aligned with MNE business strategy and HQs' international orientations. Figure 2.6 show and describes these strategies.

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