Chapter 1

International Organizational Behavior: Challenges for Management

# Multiple-Choice Questions

1. Successfully expanding overseas requires a variety of critical management skills and abilities, including which one of the following?
   1. Understand tax laws and regulations
   2. Effectively fight off nimble competitors
   3. Be stable and conservative
   4. Understand all cultural differences among countries

ANSWER: B, p. 4

1. Which of the following *cannot*be attributed to advances in technology?
   1. Increased difficulty managing global supply chains with flexibility
   2. Recruitment of people from all parts of the world
   3. Business operations that can run around the world 24/7
   4. Increased interconnectedness of national economies around the world

ANSWER: A, p. 4

1. Africa is one of the last great untapped frontiers for international business because of which of the following characteristics?
   1. Huge unmet market needs
   2. An aging population with incomes that remain steady
   3. Few natural resources
   4. Weak local firms with which to work

ANSWER: A, p. 6

1. China is a good example of the complexity of dealing with countries with emerging markets because:
   1. There are few regional differences in culture and languages
   2. It has extreme rural poverty
   3. Relationships are based on mutual reciprocity and favors
   4. Relationships are based on policy and law

ANSWER: C, p. 7

1. In China the pursuit of the Four Mores involves:
   1. More consumption, innovation, investing at home, and importing
   2. More consumption, innovation, investing abroad, and importing
   3. More consumption, innovation, investing abroad, and exporting
   4. More consumption, innovation, investing at home, and exporting

ANSWER: B, p. 8

1. Which of the following is *not*an example of how management might respond to problems resulting from currency volatility?
   1. Make products where they are sold
   2. Engage in currency “hedging” to effectively freeze currency rates for a fixed period
   3. Manage more facilities in a wider variety of countries
   4. Ignore currency swings and avoid sudden losses

ANSWER: D, p. 9

1. India is an ideal offshoring destination because:
   1. It has a deep reservoir of inexpensive technical talent who speak English
   2. It has a highly educated sales force with good English-speaking skills
   3. Many firms already have R&D operations there
   4. Both A and C

ANSWER: D, p. 9

1. Some American firms are onshoring IT services for which of the following reasons?
   1. American customers find the offshore staff difficult to work with
   2. To avoid the obvious expenses associated with offshoring
   3. There are no culture barriers and few worries about data security
   4. There are culture barriers and issues of data security

ANSWER: C, pp. 9–10

1. Which of the following elements constitutes a world-class competitive workforce?
   1. High-quality training and education
   2. Highly motivated managers and executives
   3. Workforce with cultural and gender diversity
   4. Large percentage of older, experienced workers

ANSWER: A, p. 12

1. To be most effective corporate executives must have which of the following general characteristics?
   1. Some minimal multicultural experience
   2. Maturity, sophistication, and experience
   3. The ability to hold firm to a standard “command and control” mentality
   4. Comfortable withholding information from local employees

ANSWER: B, p. 15

1. Which of the following skills and attributes are needed to effectively manage organizational behavior across countries?
   1. Affirm the importance of a strong “command and control” mentality
   2. Be comfortable sharing information and teaming with locals
   3. Be comfortable with ambiguity and change
   4. Only b and c

ANSWER: D, p. 15

1. Which of the following is *not* an example of how culture can impact an international business?
   1. How employees expect to be treated
   2. How expatriates adapt
   3. The international strategies adopted by the company’s executives
   4. The name of the company

ANSWER: C, pp. 15–16

1. Which of the following is a good example of common “oversimplification” on the part of managers?
   1. Recognizing that cultural convergence (managing everyone in same way) is unlikely to be achieved in the near future
   2. Understanding the difficulty and time needed to manage cultural differences
   3. Treating cultural differences as labels to apply to people with minimal analysis
   4. All of the above are good examples

ANSWER: C, p. 16

1. Which of the following is a good example of a type of industry with an international strategy to effectively address local responsiveness and global integration?
   1. Transnational strategy with pharmaceuticals
   2. Regional strategy with computer chips
   3. Multidomestic strategy with automobiles
   4. International strategy with certain food products

ANSWER: A, p. 21

1. Multinationals that face little pressure to tailor products across markets or to become highly efficient in order to combat competitors often pursue which of the following strategies?
   1. Sell products specifically tailored to foreign markets
   2. Perform product development in foreign markets
   3. Maintain outposts in foreign markets
   4. Both a and c

ANSWER: C, pp. 20–21

1. Which of the following is *not*necessary for developing international strategies that are perceived as fair?
   1. Treating foreign subsidiaries consistently and promoting two-way communication
   2. Discouraging local employees to challenge the perspectives of senior executives
   3. Explaining to local employees strategic decisions ultimately made by company executives
   4. Clarifying expectations for all employees

ANSWER: B, p. 25

# True or False Questions

1. The interdependence that results from globalization often also means that problems in one part of the world have ripple effects in countries in other parts of the world.

ANSWER: *True,* p. 4

1. The strongest growth in international business has been in developing countries rather than in traditional economic heavyweights like the European Union (EU), Japan, and the United States.

ANSWER: *True,* p. 5

1. The strongest growth in international business has been in traditional economic heavyweights like the European Union (EU), Japan, and the United States.

ANSWER: *False,* p. 5

1. International managers must somehow grasp and then bridge myriad cultural differences around the world and then look for the best talent in their home country.

ANSWER: *False,* p. 4

1. Many large international firms see developing countries as sources of cheap labor and little else.

ANSWER: *False,* p. 6

1. When companies venture abroad they face a dynamic competitive environment and management challenges unique to international business.

ANSWER: *True,* p. 7

1. A major set of challenges facing international managers is rapid changes in currency values.

ANSWER: *True,* p. 8

1. Some managers use currency hedging to protect against big currency swings because it is an inexpensive and foolproof method to address rapid changes in currency value.

ANSWER: *False,* p. 9

1. Workforces are an increasingly complicated mix of cultures, backgrounds, and ethnic groups.

ANSWER: *True,* p. 13

1. Culture can impact just about everything associated with managing employees so it is fortunate that cultural differences do not exist within the same country.

ANSWER: *False,* p. 15

1. Culture is complex, rooted in language, history, geography, religion, and economic developments.

ANSWER: *True,* p. 16

1. Workforces are complicated by demographic changes within individual countries.

ANSWER: *True,* p. 16

1. Culture in a country is static and enduring once established.

ANSWER: *False,* p. 16

1. The gross domestic product (GDP) of developing countries is growing at a much slower rate than the traditional economic heavyweights.

ANSWER: *False,* p. 5

1. Africa is one of the last great untapped frontiers for international business.

ANSWER: *True,* p. 6

1. A regional strategy is a good bet for many industries, such as the auto industry, because national tastes vary and broad regional preferences also exist.

ANSWER: *True,* p. 24

# Short-Answer Questions

1. What can a company do to assure its international strategy is seen as fair?

ANSWER: pp. 24–25

1. List the common developmental stages in corporate internationalization beginning with “exporting.”

ANSWER: pp. 18–19

1. What decision factors might be considered when a company is making a decision about whether to offshore?

ANSWER: pp. 9–10

1. List three important implications of globalization and the rise of developing countries such as China and India for managing organizational behavior effectively.

ANSWER: pp. 4–5

1. What specific challenges do companies now face in light of increasing globalization and the rise of developing countries?

ANSWER: pp. 5–6

1. What is culture and why is it important for managing people around the world?

ANSWER: pp. 15–16

1. Provide a brief definition for each of the following: social capital, psychological capital, and intellectual capital.

ANSWER: p. 26

1. What is meant by the statement, “international managers must resist oversimplifying culture” and what are two ways cultural difference might be oversimplified?

ANSWER: p. 16

# Essay Questions

1. Multiple issues surround the practices of offshoring and onshoring. Explain both the core issues and recent trends. Identify pros and cons of each approach.

ANSWER: pp. 9–11

1. How does Hofstede define culture? Has his research impacted how companies “do business” around the world? If so, in what ways? If not, why not?

ANSWER: pp. 15–16