

# Glossary

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**achievement culture** A culture in which people are accorded status based on how well they perform their functions.

**achievement motivation theory** A theory which holds that individuals can have a need to get ahead, to attain success, and to reach objectives.

**act of state doctrine** A jurisdictional principle of international law which holds that all acts of other governments are considered to be valid by U.S. courts, even if such acts are illegal or inappropriate under U.S. law.

**adaptability screening** The process of evaluating how well a family is likely to stand up to the stress of overseas life.

**administrative coordination** Strategic formulation and implementation in which the MNC makes strategic decisions based on the merits of the individual situation rather than using a predetermined economically or politically driven strategy.

**alliance** Any type of cooperative relationship among different firms.

**ascriptive culture** A culture in which status is attributed based on who or what a person is.

**assessment center** An evaluation tool used to identify individuals with potential to be selected or promoted to higher-level positions.

**authoritarian leadership** The use of work-centered behavior designed to ensure task accomplishment.

**balance-sheet approach** An approach to developing an expatriate compensation package that ensures the expat is “made whole” and does not lose money by taking the assignment.

**base of the pyramid strategy** Strategy targeting low-income customers in developing countries.

**bicultural group** A group in which two or more members represent each of two distinct cultures, such as four Mexicans and four Taiwanese who have formed a team to investigate the possibility of investing in a venture.

**biotechnology** The integration of science and technology to create agricultural or medical products through industrial use and manipulation of living organisms.

**born-global firms** Firms that engage in significant international activities shortly after being established.

**cafeteria approach** An approach to developing an expatriate compensation package that entails giving the individual a series of options and letting the person decide how to spend the available funds.

**centralization** A management system in which important decisions are made at the top.

**chaebols** Very large, family-held Korean conglomerates that have considerable political and economic power.

**charismatic leaders** Leaders who inspire and motivate employees through their charismatic traits and abilities.

**chromatics** The use of color to communicate messages.

**chronemics** The way in which time is used in a culture.

**civil or code law** Law that is derived from Roman law and is found in the non-Islamic and nonsocialist countries.

**codetermination** A legal system that requires workers and their managers to discuss major decisions.

**collectivism** The political philosophy that views the needs or goals of society as a whole as more important than individual desires (Chapter 2); the tendency of people to belong to groups or collectives and to look after each other in exchange for loyalty (Chapter 4).

**common law** Law that derives from English law and is the foundation of legislation in the United States, Canada, and England, among other nations.

**communication** The process of transferring meanings from sender to receiver.

**communitarianism** Refers to people regarding themselves as part of a group.

**conglomerate investment** A type of high-risk investment in which goods or services produced are not similar to those produced at home.

**content theories of motivation** Theories that explain work motivation in terms of what arouses, energizes, or initiates employee behavior.

**context** Information that surrounds a communication and helps to convey the message.

**controlling** The process of evaluating results in relation to plans or objectives and deciding what action, if any, to take.

**corporate governance** The system by which business corporations are directed and controlled.

**corporate social responsibility (CSR)** The actions of a firm to benefit society beyond the requirements of the law and the direct interests of the firm.

**cultural assimilator** A programmed learning technique designed to expose members of one culture to some of the basic concepts, attitudes, role perceptions, customs, and values of another culture.

**culture** Acquired knowledge that people use to interpret experience and generate social behavior. This knowledge forms values, creates attitudes, and influences behavior.

**decentralization** Pushing decision making down the line and getting the lower-level personnel involved.

**decision making** The process of choosing a course of action among alternatives.

**democracy** A political system in which the government is controlled by the citizens either directly or through elections.

**diffuse culture** A culture in which public space and private space are similar in size and individuals guard their public space carefully, because entry into public space affords entry into private space as well.

**direct controls** The use of face-to-face or personal meetings for the purpose of monitoring operations.

**distributive negotiations** Bargaining that occurs when two parties with opposing goals compete over a set value.

**doctrine of comity** A jurisdictional principle of international law which holds that there must be mutual respect for the laws, institutions, and governments of other countries in the matter of jurisdiction over their own citizens.

**downward communication** The transmission of information from superior to subordinate.

**economic imperative** A worldwide strategy based on cost leadership, differentiation, and segmentation.

**Eiffel Tower culture** A culture that is characterized by strong emphasis on hierarchy and orientation to the task.

**emotional culture** A culture in which emotions are expressed openly and naturally.

**empowerment** The process of giving individuals and teams the resources, information, and authority they need to develop ideas and effectively implement them.

**environmental scanning** The process of providing management with accurate forecasts of trends related to external changes in geographic areas where the firm currently is doing business or is considering setting up operations.

**equity theory** A process theory that focuses on how motivation is affected by people's perception of how fairly they are being treated.

**esteem needs** Needs for power and status.

**ethics** The study of morality and standards of conduct.

**ethnocentric MNC** An MNC that stresses nationalism and often puts home-office people in charge of key international management positions.

**ethnocentric predisposition** A nationalistic philosophy of management whereby the values and interests of the parent company guide strategic decisions.

**ethnocentrism** The belief that one's own way of doing things is superior to that of others.

**European Union** A political and economic community consisting of 27 member states.

**expatriates** Managers who live and work outside their home country. They are citizens of the country where the multinational corporation is headquartered.

**expectancy theory** A process theory that postulates that motivation is influenced by a person's belief that (a) effort will lead to performance, (b) performance will lead to specific outcomes, and (c) the outcomes will be of value to the individual.

**expropriation** The seizure of businesses by a host country with little, if any, compensation to the owners.

**extrinsic** A determinant of motivation by which the external environment and result of the activity are of greater importance due to competition and compensation or incentive plans.

**family culture** A culture that is characterized by a strong emphasis on hierarchy and orientation to the person.

**femininity** A cultural characteristic in which the dominant values in society are caring for others and the quality of life.

**Foreign Corrupt Practices Act (FCPA)** An act that makes it illegal to influence foreign officials through personal payment or political contributions; made into U.S. law in 1977 because of concerns over bribes in the international business arena.

**foreign direct investment (FDI)** Investment in property, plant, or equipment in another country.

**formalization** The use of defined structures and systems in decision making, communicating, and controlling.

**franchise** A business arrangement under which one party (the franchisor) allows another (the franchisee) to operate an enterprise using its trademark, logo, product line, and methods of operation in return for a fee.

**Free Trade Agreement of the Americas (FTAA)** A proposed free-trade agreement among the 34 democratically governed countries of the Western Hemisphere.

**geocentric MNC** An MNC that seeks to integrate diverse regions of the world through a global approach to decision making.

**geocentric predisposition** A philosophy of management whereby the company tries to integrate a global systems approach to decision making.

**global area division** A structure under which global operations are organized on a geographic rather than a product basis.

**global functional division** A structure that organizes worldwide operations primarily based on function and secondarily on product.

**global integration** The production and distribution of products and services of a homogeneous type and quality on a worldwide basis.

**globalization** The process of social, political, economic, cultural, and technological integration among countries around the world.

**globalization imperative** A belief that one worldwide approach to doing business is the key to both efficiency and effectiveness.

**global product division** A structural arrangement in which domestic divisions are given worldwide responsibility for product groups.

**global strategy** Integrated strategy based primarily on price competition.

**GLOBE (Global Leadership and Organizational Behavior Effectiveness)** A multicountry study and evaluation of cultural attributes and leadership behaviors among more than 17,000 managers from 951 organizations in 62 countries.

**goal-setting theory** A process theory that focuses on how individuals go about setting goals and responding to them and the overall impact of this process on motivation.

**groupthink** Social conformity and pressures on individual members of a group to conform and reach consensus.

**guanxi** In Chinese, it means "good connections."

- guided missile culture** A culture that is characterized by strong emphasis on equality in the workplace and orientation to the task.
- haptics** Communicating through the use of bodily contact.
- home-country nationals** Expatriate managers who are citizens of the country where the multinational corporation is headquartered.
- homogeneous group** A group in which members have similar backgrounds and generally perceive, interpret, and evaluate events in similar ways.
- honme** A Japanese term that means “what one really wants to do.”
- horizontal investment** An MNC investment in foreign operations to produce the same goods or services as those produced at home.
- horizontal specialization** The assignment of jobs so that individuals are given a particular function to perform and tend to stay within the confines of this area.
- host-country nationals** Local managers who are hired by the MNC.
- hygiene factors** In the two-factor motivation theory, job-context variables such as salary, interpersonal relations, technical supervision, working conditions, and company policies and administration.
- incubator culture** A culture that is characterized by strong emphasis on equality and orientation to the person.
- indigenization laws** Laws that require nationals to hold a majority interest in an operation.
- indirect controls** The use of reports and other written forms of communication to control operations.
- individualism** The political philosophy that people should be free to pursue economic and political endeavors without constraint (Chapter 2); the tendency of people to look after themselves and their immediate family only (Chapter 4).
- inpatriates** Individuals from a host country or third-country nationals who are assigned to work in the home country.
- integrative negotiation** Bargaining that involves cooperation between two groups to integrate interests, create value, and invest in the agreement.
- integrative techniques** Techniques that help the overseas operation become a part of the host country’s infrastructure.
- international division structure** A structural arrangement that handles all international operations out of a division created for this purpose.
- international entrepreneurship** A combination of innovative, proactive, and risk-seeking behavior that crosses national boundaries and is intended to create value for organizations.
- international management** Process of applying management concepts and techniques in a multinational environment and adapting management practices to different economic, political, and cultural environments.
- international selection criteria** Factors used to choose personnel for international assignments.
- international strategy** Mixed strategy combining low demand for integration and responsiveness.
- intimate distance** Distance between people that is used for very confidential communications.
- intrinsic** A determinant of motivation by which an individual experiences fulfillment through carrying out an activity and helping others.
- Islamic law** Law that is derived from interpretation of the Qur’an and the teachings of the Prophet Muhammad and is found in most Islamic countries.
- job-content factors** In work motivation, those factors internally controlled, such as responsibility, achievement, and the work itself.
- job-context factors** In work motivation, those factors controlled by the organization, such as conditions, hours, earnings, security, benefits, and promotions.
- job design** A job’s content, the methods that are used on the job, and the way the job relates to other jobs in the organization.
- joint venture (JV)** An agreement under which two or more partners own or control a business.
- kaizen** A Japanese term that means “continuous improvement.”
- karoshi** A Japanese term that means “overwork” or “job burnout.”
- keiretsu** In Japan, an organizational arrangement in which a large, often vertically integrated group of companies cooperate and work closely with each other to provide goods and services to end users; members may be bound together by cross-ownership, long-term business dealings, interlocking directorates, and social ties.
- key success factor (KSF)** A factor necessary for a firm to effectively compete in a market niche.
- kinesics** The study of communication through body movement and facial expression.
- leadership** The process of influencing people to direct their efforts toward the achievement of some particular goal or goals.
- learning** The acquisition of skills, knowledge, and abilities that result in a relatively permanent change in behavior.
- license** An agreement that allows one party to use an industrial property right in exchange for payment to the other party.
- localization** An approach to developing an expatriate compensation package that involves paying the expat a salary comparable to that of local nationals.
- lump-sum method** An approach to developing an expatriate compensation package that involves giving the expat a predetermined amount of money and letting the individual make his or her own decisions regarding how to spend it.
- macro political risk analysis** Analysis that reviews major political decisions likely to affect all enterprises in the country.
- maquiladora** A factory, the majority of which are located in Mexican border towns, that imports materials and equipment on a duty- and tariff-free basis for assembly or manufacturing and re-export.
- masculinity** A cultural characteristic in which the dominant values in society are success, money, and things.
- merger/acquisition** The cross-border purchase or exchange of equity involving two or more companies.

**micro political risk analysis** Analysis directed toward government policies and actions that influence selected sectors of the economy or specific foreign businesses in the country.

**Ministry of International Trade and Industry (MITI)** A Japanese government agency that identifies and ranks national commercial pursuits and guides the distribution of national resources to meet these goals.

**mixed organization structure** A structure that is a combination of a global product, area, or functional arrangement.

**MNC** A firm having operations in more than one country, international sales, and a nationality mix of managers and owners.

**monochronic time schedule** A time schedule in which things are done in a linear fashion.

**motivation** A psychological process through which unsatisfied wants or needs lead to drives that are aimed at goals or incentives.

**motivators** In the two-factor motivation theory, job-content factors such as achievement, recognition, responsibility, advancement, and the work itself.

**multicultural group** A group in which there are individuals from three or more different ethnic backgrounds, such as three U.S., three German, three Uruguayan, and three Chinese managers who are looking into mining operations in South Africa.

**multi-domestic strategy** Differentiated strategy emphasizing local adaptation.

**national responsiveness** The need to understand the different consumer tastes in segmented regional markets and respond to different national standards and regulations imposed by autonomous governments and agencies.

**nationality principle** A jurisdictional principle of international law which holds that every country has jurisdiction over its citizens no matter where they are located.

**negotiation** Bargaining with one or more parties for the purpose of arriving at a solution acceptable to all.

**neutral culture** A culture in which emotions are held in check.

**nongovernmental organizations (NGOs)** Private, not-for-profit organizations that seek to serve society's interests by focusing on social, political, and economic issues such as poverty, social justice, education, health, and the environment.

**nonverbal communication** The transfer of meaning through means such as body language and the use of physical space.

**North American Free Trade Agreement (NAFTA)** A free-trade agreement between the United States, Canada, and Mexico that has removed most barriers to trade and investment.

**oculesics** The area of communication that deals with conveying messages through the use of eye contact and gaze.

**offshoring** The process by which companies undertake some activities at offshore locations instead of in their countries of origin.

**operational risks** Government policies and procedures that directly constrain management and performance of local operations.

**organizational culture** Shared values and beliefs that enable members to understand their roles and the norms of the organization.

**outsourcing** The subcontracting or contracting out of activities to endogenous organizations that had previously been performed by the firm.

**ownership-control risks** Government policies or actions that inhibit ownership or control of local operations.

**parochialism** The tendency to view the world through one's own eyes and perspectives.

**participative leadership** The use of both work- or task-centered and people-centered approaches to leading subordinates.

**particularism** The belief that circumstances dictate how ideas and practices should be applied and that something cannot be done the same everywhere.

**paternalistic leadership** The use of work-centered behavior coupled with a protective employee-centered concern.

**perception** A person's view of reality.

**personal distance** In communicating, the physical distance used for talking with family and close friends.

**physiological needs** Basic physical needs for water, food, clothing, and shelter.

**political imperative** Strategic formulation and implementation utilizing strategies that are country-responsive and designed to protect local market niches.

**political risk** The unanticipated likelihood that a business's foreign investment will be constrained by a host government's policy.

**polycentric MNC** An MNC that places local nationals in key positions and allows these managers to appoint and develop their own people.

**polycentric predisposition** A philosophy of management whereby strategic decisions are tailored to suit the cultures of the countries where the MNC operates.

**polychronic time schedule** A time schedule in which people tend to do several things at the same time and place higher value on personal involvement than on getting things done on time.

**positive organizational behavior (POB)** The study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today's workplace.

**positive organizational scholarship (POS)** A method that focuses on positive outcomes, processes, and attributes of organizations and their members.

**power distance** The extent to which less powerful members of institutions and organizations accept that power is distributed unequally.

**principle of sovereignty** An international principle of law which holds that governments have the right to rule themselves as they see fit.

**proactive political strategies** Lobbying, campaign financing, advocacy, and other political interventions designed to shape and influence the political decisions prior to their impact on the firm.

**process theories of motivation** Theories that explain work motivation by how employee behavior is initiated, redirected, and halted.

**profit** The amount remaining after all expenses are deducted from total revenues.

**protective and defensive techniques** Techniques that discourage the host government from interfering in operations.

**protective principle** A jurisdictional principle of international law which holds that every country has jurisdiction over behavior that adversely affects its national security, even if the conduct occurred outside that country.

**proxemics** The study of the way people use physical space to convey messages.

**public distance** In communicating, the distance used when calling across the room or giving a talk to a group.

**quality control circle (QCC)** A group of workers who meet on a regular basis to discuss ways of improving the quality of work.

**quality imperative** Strategic formulation and implementation utilizing strategies of total quality management to meet or exceed customers' expectations and continuously improve products or services.

**regiocentric MNC** An MNC that relies on local managers from a particular geographic region to handle operations in and around that area.

**regiocentric predisposition** A philosophy of management whereby the firm tries to blend its own interests with those of its subsidiaries on a regional basis.

**regional system** An approach to developing an expatriate compensation package that involves setting a compensation system for all expats who are assigned to a particular region and paying everyone in accord with that system.

**repatriation** The return to one's home country from an overseas management assignment.

**repatriation agreements** Agreements whereby the firm tells an individual how long she or he will be posted overseas and promises to give the individual, on return, a job that is mutually acceptable.

**return on investment (ROI)** Return measured by dividing profit by assets.

**ringisei** A Japanese term that means "decision making by consensus."

**safety needs** Desires for security, stability, and the absence of pain.

**self-actualization needs** Desires to reach one's full potential, to become everything one is capable of becoming as a human being.

**simplification** The process of exhibiting the same orientation toward different cultural groups.

**social distance** In communicating, the distance used to handle most business transactions.

**socialism** A moderate form of collectivism in which there is government ownership of institutions, and profit is not the ultimate goal.

**socialist law** Law that comes from the Marxist socialist system and continues to influence regulations in countries formerly associated with the Soviet Union as well as China.

**social needs** Desires to interact and affiliate with others and to feel wanted by others.

**sociotechnical designs** Job designs that blend personnel and technology.

**specialization** An organizational characteristic that assigns individuals to specific, well-defined tasks.

**specific culture** A culture in which individuals have a large public space they readily share with others and a small private space they guard closely and share with only close friends and associates.

**strategic management** The process of determining an organization's basic mission and long-term objectives, then implementing a plan of action for attaining these goals.

**strategy implementation** The process of providing goods and services in accord with a plan of action.

**sustainability** Development that meets humanity's needs without harming future generations.

**temae** A Japanese term that means "doing the right thing" according to the norm.

**territoriality principle** A jurisdictional principle of international law which holds that every nation has the right of jurisdiction within its legal territory.

**terrorism** The use of force or violence against others to promote political or social views.

**Theory X manager** A manager who believes that people are basically lazy and that coercion and threats of punishment often are necessary to get them to work.

**Theory Y manager** A manager who believes that under the right conditions people not only will work hard but will seek increased responsibility and challenge.

**Theory Z manager** A manager who believes that workers seek opportunities to participate in management and are motivated by teamwork and responsibility sharing.

**third-country nationals (TCNs)** Managers who are citizens of countries other than the country in which the MNC is headquartered or the one in which the managers are assigned to work by the MNC.

**token group** A group in which all members but one have the same background, such as a group of Japanese retailers and a British attorney.

**totalitarianism** A political system in which there is only one representative party which exhibits control over every facet of political and human life.

**total quality management (TQM)** An organizational strategy and the accompanying techniques that result in the delivery of high-quality products or services to customers.

**training** The process of altering employee behavior and attitudes in a way that increases the probability of goal attainment.

**transactional leaders** Individuals who exchange rewards for effort and performance and work on a "something for something" basis.

**transfer risks** Government policies that limit the transfer of capital, payments, production, people, and technology in and out of the country.

**transformational leaders** Leaders who are visionary agents with a sense of mission and who are capable of motivating their followers to accept new goals and new ways of doing things.

**transition strategies** Strategies used to help smooth the adjustment from an overseas to a stateside assignment.

**transnational network structure** A multinational structural arrangement that combines elements of function, product, and geographic designs, while relying on a network arrangement to link worldwide subsidiaries.

**transnational strategy** Integrated strategy emphasizing both global integration and local responsiveness.

**two-factor theory of motivation** A theory that identifies two sets of factors that influence job satisfaction: hygiene factors and motivators.

**uncertainty avoidance** The extent to which people feel threatened by ambiguous situations and have created beliefs and institutions that try to avoid these.

**universalism** The belief that ideas and practices can be applied everywhere in the world without modification.

**upward communication** The transfer of meaning from subordinate to superior.

**validity** The quality of being effective, of producing the desired results. A valid test or selection technique measures what it is intended to measure.

**values** Basic convictions that people have regarding what is right and wrong, good and bad, important and unimportant.

**variety amplification** The creation of uncertainty and the analysis of many alternatives regarding future action.

**variety reduction** The limiting of uncertainty and the focusing of action on a limited number of alternatives.

**vertical investment** The production of raw materials or intermediate goods that are to be processed into final products.

**vertical specialization** The assignment of work to groups or departments where individuals are collectively responsible for performance.

**wholly owned subsidiary** An overseas operation that is totally owned and controlled by an MNC.

**work centrality** The importance of work in an individual's life relative to other areas of interest.

**World Trade Organization (WTO)** The global organization of countries that oversees rules and regulations for international trade and investment.