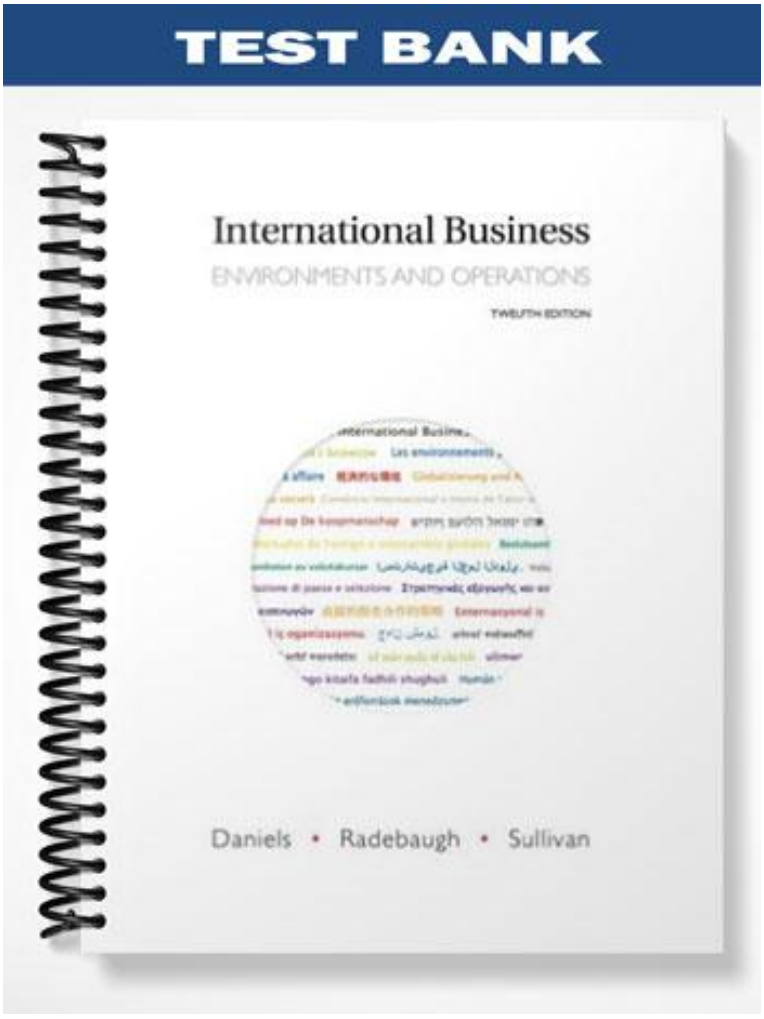
TEST BANK


International Business
ENVIRONMENTS AND OPERATIONS
TWELFTH EDITION
Daniels • Radebaugh • Sullivan

CHAPTER 2
The Cultural Environments Facing Business

Multiple Choice Questions

STUDY QUESTION 1: Define and explain *culture*, *cultural group membership*, and *cultural diversity*.

1. _____ consists of specific learned norms based on attitudes, values, and beliefs of a group of people.
   a. Ethnology
   b. Civilization
   c. Culture
   d. Doctrine

(c; p. 52; Concept; Easy) {AACSB: Multicultural and Diversity}

2. Which of the following is not true about cultural diversity?
   a. Cultural diversity refers to individuals' diverse cultural memberships, such as age and ethnicity groups.
   b. Companies may gain competitive advantages by bringing together people of diverse backgrounds.
   c. Cultural diversity may help a company gain deeper knowledge about products and services.
   d. The process of bringing different national cultures together is fraught with difficulties.

(a; p. 53; Concept; Moderate) {AACSB: Multicultural and Diversity}

3. Cultural group membership _____.
   a. is based only on nationality or ethnic background
   b. is usually multiple because people belong to different groups based, for example, on nationality and profession
   c. refers to membership in organizations such as book clubs that promote cultural improvement
   d. is ascribed rather than acquired

(b; p. 52; Concept; Easy) {AACSB: Multicultural and Diversity}

4. Because people can be classified, for example, on the basis of their nationality, ethnicity, religion, gender, work organization, profession, age, political party, and income level, _____.
   a. they live in a state of cultural collision
   b. the study of national cultures can tell us little about expected behaviors
   c. identity crises make lives chaotic
   d. people have more than one cultural group membership

(d; p. 52; Concept; Easy) {AACSB: Multicultural and Diversity}

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STUDY QUESTION 2: Why is awareness of cultural variables important in international business? What are methods and problems in building cultural awareness?

5. A major problem when cultures collide in international business occurs when _____.
   a. a company's employees encounter distress because of difficulty in accepting or adjusting to foreign behaviors
   b. employees disagree on the style of art for decorating the office
   c. local people have no expectation that foreigners should adjust to their culture
   d. companies understand and adjust to the national cultures in which they do business

(a; p. 53; Concept; Easy) {AACSB: Multicultural and Diversity}

6. In terms of cultural variables among countries, we can say that _____.
   a. all differences are difficult to discern
   b. we generally expect people from another culture to behave differently than we do
   c. although most variables are universal, the forms these variables take differ by country
   d. within a culture, everyone responds to particular cultural variables the same way

(c; p. 54; Concept; Moderate) {AACSB: Multicultural and Diversity}

7. In attempting to build cultural awareness, one can say that _____.
   a. researching descriptions of a culture offers the most accurate assessment
   b. business people can improve their awareness and sensitivity
   c. businesspeople are expected to memorize all the cultural variations for the country with which they are working
   d. all people seem to have the same innate ability to do and say the right thing or not in another culture

(b; p. 54; Concept; Easy) {AACSB: Multicultural and Diversity}

8. Researchers have fairly recently concluded milestone studies to determine national norms in attitudes and preferences on a large number of issues that concern business managers. Nevertheless, businesspeople should be cautious in how they use this information because _____.
   a. questionnaires were sometimes poorly translated
   b. changes in attitudes and preferences tend to occur very rapidly
   c. adults were the only people surveyed, thus the studies did not consider the opinions of the new generation
   d. responses are reported in averages and businesspeople can overlook variations within countries

(d; p. 55; Concept; Moderate) {AACSB: Multicultural and Diversity}

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STUDY QUESTION 3: What are the advantages and shortcomings of using the nation as a point of reference for a culture?

9. The nation offers a workable reference for studying cultural differences because _____.
    a. a nation contains only one distinct culture
    b. similarity among people is both a cause and effect of national boundaries
    c. the commonality of language within a nation eases the process of conducting surveys
    d. different groups within the same country always have more in common with each other than with groups in other countries

(b; p. 56; Concept; Easy) {AACSB: Multicultural and Diversity}

10. A problem of using the nation as a reference point for culture is that _____.
    a. nations fail to mediate the different interests within their boundaries
    b. self-stereotypes tend to fall along national lines
    c. such an approach tends to be polycentric
    d. variations tend to be great within a country

(d; p. 56; Concept; Moderate) {AACSB: Multicultural and Diversity}

11. Because certain cultural attributes can link groups from different nations more closely than groups within a given nation, international businesspeople _____.
    a. must be careful to compare relevant groups when comparing nations
    b. should assume that there are few significant cultural differences among nations
    c. should adopt universal operating methods
    d. must avoid cultural imperialism

(a; p. 56; Application; Moderate) {AACSB: Multicultural and Diversity}

12. The nation legitimizes itself when _____.
    a. many foreign words enter its language
    b. it fails to mediate the diverse cultural memberships within its border
    c. rural to urban migrations necessitate rural people's acceptance of dominant urban cultures
    d. fundamentalist religions prevail

(b; p. 56; Concept; Moderate)

STUDY QUESTION 4: What factors influence cultural stability and cultural change?

13. Most people's basic value system is _____.
    a. inborn
    b. changed in adulthood through imposition
    c. affected primarily by teenage peer pressure
    d. fairly firmly in place at a young age

(d; p. 57; Concept; Moderate)

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14. _____ tends to stabilize a culture; _____ tends to create cultural change.
    a. Normativism; relativism
    b. High-power distance; low-power distance
    c. Isolation; contact
    d. Natural selection; changes in gene frequency

(c; p. 61; Application; Moderate)

15. Creolization refers to _____.
    a. government efforts to maintain a distinct cultural identity
    b. the process of mixing elements of an outside culture to a national culture
    c. the use of stereotypes to describe a culture
    d. changes as cultures evolve over time

(b; p. 57; Concept; Easy) {AACSB: Multicultural and Diversity}

16. Cultural change imposed by an alien culture is called _____.
    a. ethnocentricity
    b. cultural imperialism
    c. collectivism
    d. creolization

(b; p. 57; Concept; Easy) {AACSB: Multicultural and Diversity}

STUDY QUESTION 5: Why are some languages (Which are they?) more important than others? How/why might this change in the future?

17. Which of the following languages has the most native speakers?
    a. English
    b. Mandarin
    c. Spanish
    d. Hindi

(b; p. 59; Concept; Moderate) {AACSB: Multicultural and Diversity}

18. _____ peoples account for the largest percentage of global production.
    a. English-speaking
    b. Mandarin-speaking
    c. French-speaking
    d. Spanish-speaking

(a; p. 59; Concept; Easy) {AACSB: Multicultural and Diversity}

19. All of the following are true regarding English being the world's most common second language <u>except</u> which one?
    a. The largest portion of global output is in English-speaking countries.
    b. A large portion of MNEs are headquartered in English-speaking countries.
    c. The large number of countries where English is official makes it the most spoken first language.
    d. So much of the world's entertainment media originates in English-speaking countries.

(c; p. 59; Concept; Easy) {AACSB: Multicultural and Diversity}

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20. Although English is referred to as the "international language of business,"_____.
    a. it is less frequently used than French in international business
    b. there is a growing disagreement over which version of English to use, e.g. British, American, or Australian
    c. companies headquartered outside English-speaking countries all use their official language as their operating language
    d. monolingual English speakers may experience more difficulty in the future in communicating on a worldwide basis

(d; p. 60; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 6: What are major ways in which societies rank people? What social stratification systems exist? Why is an understanding of social stratification important in international business?

21. International businesspeople need to understand social stratification systems where they do business because _____.
    a. such systems reflect the willingness of the local society to accept product innovations
    b. such systems indicate who people in a given culture will respect more
    c. the high similarity among countries indicates that companies can effectively use uniform hiring and promotion practices globally
    d. what is an ascribed group membership in one country is an acquired one in another

(b; p. 64; Application; Moderate) {AACSB: Multicultural and Diversity}

22. Which of the following is an example of an acquired group membership?
    a. national origin
    b. religion
    c. gender
    d. race

(b; p. 64; Concept; Moderate) {AACSB: Multicultural and Diversity}

23. Internationally, how does a person's competence affect his or her eligibility for employment and promotion?
    a. Competence is generally more important for hiring than for promotion.
    b. Competence is more important in family-owned companies.
    c. National norms differ.
    d. Unless MNEs hire and promote abroad on the basis of competence, they meet resistance to new management practices.

(c; p. 64; Concept; Moderate) {AACSB: Multicultural and Diversity}

24. Old age is _____.
    a. a barrier in the workplace regardless of occupation
    b. considered to be advantageous in climbing the corporate ladder in the United States
    c. a greater barrier to employment than gender universally
    d. positive for organizational advancement in societies that equate age with wisdom

(d; p. 66 ; Application; Moderate) {AACSB: Multicultural and Diversity}

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STUDY QUESTION 7: Describe the major theories that explain why work motivation may differ from one country to another.

25. There is a strong correlation between the intensity of religious belief (regardless of the specific system) and _____.
    a. the desire to take productivity gains in the form of more income rather than leisure
    b. adherence to attributes that lead to economic growth, such as obeying laws and being thrifty
    c. the belief that material success is related to salvation
    d. the degree of ethnocentrism

(b; p. 67; Concept; Moderate) {AACSB: Multicultural and Diversity}

26. According to the theory of success and reward expectation, the greatest enthusiasm for work generally occurs when there is a _____likelihood of success combined with a _____reward for success compared to the reward for failure.
    a. high; high
    b. high; low
    c. low; high
    d. low; low

(c; p. 68; Concept; Moderate)

27. A country in which the norm is a money-and-things orientation and a belief that it's better to "live to work" than to "work to live" is most accurately characterized as a _____ culture.
    a. high masculinity
    b. Protestant ethic
    c. non-fatalistic
    d. self-actualization

(a; p. 68; Concept; Moderate) {AACSB: Multicultural and Diversity}

28. Based on the hierarchy-of-needs theory, in which of the following would fulfillment of lower-order needs be the best motivator?
    a. wealthy countries
    b. collectivist countries
    c. countries with conservative religious beliefs
    d. very poor countries

(d; p. 69; Application; Moderate) {AACSB: Analytic Thinking}

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STUDY QUESTION 8: Describe the relationship preferences influenced by power distance and individualism versus collectivism.

29. People generally prefer little consultation between superiors and subordinates where _____ is high.
    a. power distance
    b. fatalism
    c. collectivism
    d. masculinity

(a; p. 69; Concept; Moderate) {AACSB: Multicultural and Diversity}

30. Which of the following is characterized by low dependence on an organization and a desire for personal time, freedom, and challenges?
    a. collectivism
    b. democracy
    c. individualism
    d. anarchy

(c; p. 70; Concept; Easy) {AACSB: Multicultural and Diversity}

31. In a country characterized as a high collectivist culture, _____.
    a. workers generally dislike team-based work systems
    b. workers are best motivated through fulfillment of self-actualization needs
    c. there is little risk-taking behavior
    d. the collectivism may be present in kinship arrangements, but not in the workplace

(d; p. 70; Concept; Moderate) {AACSB: Multicultural and Diversity}

32. Safe work environments motivate _____; challenges motivate _____.
    a. individualists; collectivists
    b. collectivists; individualists
    c. non-fatalists; fatalists
    d. materialists; non-materialists

(b; p. 70; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 9: What cultural factors help to explain risk-taking behavior? How do differences affect business?

33. Superiors may need to be more precise in their directions to subordinates when _____.
    a. the company has a philosophy of geocentrism
    b. the society believes age is equated with wisdom
    c. power distance is low
    d. uncertainty avoidance is high

(d; p. 71; Application; Moderate) {AACSB: Multicultural and Diversity}

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34. In societies where trust is high, _____.
    a. people tend to be more future-oriented
    b. the cost of doing business tends to be lower
    c. people tend to be fatalistic
    d. family businesses are dominant

(b; p. 71; Concept; Moderate) {AACSB: Multicultural and Diversity}

35. Companies may be able to better motivate workers through delayed compensation, such as retirement programs, in a society characterized by _____.
    a. low uncertainty avoidance
    b. high trust
    c. high future orientation
    d. high self-determination

(c; p. 71; Application; Moderate) {AACSB: Multicultural and Diversity}

36. Societies in which people are willing to work hard and to blame and reward themselves for outcomes are most accurately characterized by a belief in _____.
    a. self-determination
    b. fatalism
    c. collectivism
    d. low power distance

(a; p. 71; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 10: Explain the concepts of low-context versus high-context cultures, monochronic versus polychronic cultures, and idealistic versus pragmatist cultures.

37. In a(n) _____culture, people tend to regard seemingly peripheral information as pertinent to decision making and infer meanings from things that people say either indirectly or casually.
    a. pragmatist
    b. idealist
    c. fatalistic
    d. high-context

(d; p. 72; Concept; Easy) {AACSB: Multicultural and Diversity}

38. A culture in which people prefer to finish one task before starting another is most accurately characterized as which of the following?
    a. low-context
    b. monochronic
    c. pragmatist
    d. high power-distance

(b; p. 72; Concept; Easy) {AACSB: Multicultural and Diversity}

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39. A culture that prefers to first settle principles rather than small issues is most accurately characterized as _____.
    a. idealist
    b. polychronic
    c. high-context
    d. pragmatist

(a; p. 72; Concept; Easy) {AACSB: Multicultural and Diversity}

40. The attempt to resolve small issues before principles is a characteristic of which of the following?
    a. relativism
    b. monochromic behavior
    c. pragmatism
    d. uncertainty avoidance

(c; p. 73;Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 11: What language problems occur when doing business with another country? What are suggestions for dealing with these problems?

41. All of the following are international business translation problems except which of the following?
    a. Some countries mandate that all documents coming from abroad remain only in their original language, thus people within those countries may not fully understand them.
    b. Because languages and the common meaning of words are constantly evolving, the intended meaning of a word may be different from what the listener or reader understands
    c. Some words in one language simply don't have a direct translation into another language
    d. Words mean different things in different contexts, thus the wrong context may be translated

(a; p. 73; Concept; Moderate){AACSB: Communication}

42. When a company does business in another country whose official language is the same as its home country's, _____
    a. it can assume that communications will go smoothly
    b. it should use back-translation on written documents
    c. it may encounter differences in meanings of the same words
    d. it can assume that although some spellings are different that words will mean the same thing

(c; p. 74; Application; Moderate) {AACSB: Communication}

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43. When businesspeople communicate with people whose language is different from theirs, they should _____.
    a. tell a joke to put everyone at ease
    b. use slang to create an informal and friendly atmosphere
    c. use long words to impress counterparts
    d. budget extra time for translation and clarification

(d; p. 74; Concept; Moderate) {AACSB: Communication}

44. Evaluating the importance of potential clients or partners by the way they dress is an example of _____.
    a. pragmatism
    b. silent language
    c. polychronism
    d. fatalism

(b; p. 75; Application; Moderate) {AACSB: Communication}

STUDY QUESTION 12: What influences how much adjustment companies and managers must make when operating in different cultures?

45. In spite of cultural differences, people working abroad are often able to do business successfully while still retaining their own cultural habits because _____.
    a. other cultures have always admired foreign values
    b. host country nationals are aware of differences and are willing to accept them in foreigners
    c. the business world has become culturally homogeneous
    d. host country nationals enjoy the humor of ridiculing these differences privately

(b; p. 77; Concept; Moderate) {AACSB: Multicultural and Diversity}

46. The term cultural distance refers to _____.
    a. the normal space between people in a society when communicating
    b. the time it takes people to adjust to a different culture
    c. the degree to which countries' cultures are separated by attributes such as language, ethnicity, and religion
    d. the preferred relationship between superiors and subordinates in a given culture

(c; p. 77; Concept; Easy) {AACSB: Multicultural and Diversity}

47. When two countries are very culturally close, _____.
    a. communications between them need not be translated
    b. the population in each country welcomes investments from the other more readily than investments from culturally distant countries
    c. foreigners and domestic citizens are treated differently
    d. a company may overlook important subtleties

(d; p. 77; Concept; Moderate) {AACSB: Multicultural and Diversity}

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48. An individual who is transferred back to his or her home country after working for some time abroad and is then dissatisfied with life in the home country is experiencing _____.
    a. reverse culture shock
    b. polycentrism
    c. culture shock
    d. ethnocentrism

(a; p. 78; Concept; Easy) {AACSB: Multicultural and Diversity}

STUDY QUESTION 13: What are ethnocentrism, polycentrism, and geocentrism, and what are the problems and/or advantages of each?

49. One of the potential problems for an MNE that practices too much polycentrism is _____.
    a. loss of effective and innovative home-country practices in deference to proven host-country practices
    b. indifference to cultural differences
    c. losses incurred by using risky but innovative practices in unfamiliar markets
    d. excessive dependence on home-country control

(a; p. 80; Concept; Moderate) {AACSB: Multicultural and Diversity}

50. Ethnocentrism in international business refers to the _____.
    a. study of group ethics
    b. comparison of the Protestant ethic with other religious views
    c. belief that what works best at home should work best everywhere
    d. study of ethnic segments within countries

(c; p. 80 ; Concept; Easy) {AACSB: Multicultural and Diversity}

51. The approach a company takes when it bases foreign operations on an informed knowledge of its organizational culture along with home- and host-country needs, capabilities, and constraints is called _____.
    a. polycentrism
    b. pragmatism
    c. self-determination
    d. geocentrism

(d; p. 80; Concept; Easy) {AACSB: Multicultural and Diversity}

52. When a company concentrates on national cultural differences in terms of averages, which of the following is most likely?
    a. The company finds polycentrism to be an ineffective operating method.
    b. The company overlooks the possibility of being successful by dealing with the outliers who don’t conform to the averages.
    c. The company avoids cultural collision.
    d. The company increases the likelihood of encountering protests from minority groups within the culture.

(b; p. 80; Application; Moderate) {AACSB: Multicultural and Diversity}

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STUDY QUESTION 14: What strategies might companies consider for minimizing resistance to changes they introduce in foreign societies?

53. Organizing work differently to improve productivity will likely fail _____.
    a. if the work force has a low tolerance for authoritarianism
    b. unless workers are compensated with bonuses
    c. unless the changes are compatible with what competitors are already doing
    d. if changes interfere with strongly held values

(d; p. 83; Concept; Easy) {AACSB: Multicultural and Diversity}

54. An MNE may promote stakeholder participation in the decision on whether and how to make organizational changes. Such participation _____.
    a. can be critical in countries with both high and low levels of employee education
    b. is most beneficial when stakeholders have expressed fears of the consequences of change
    c. is unlikely to be productive if power distance and uncertainty avoidance are low
    d. works best when the MNE is ethnocentric

(a; p. 84; Concept; Moderate) {AACSB: Multicultural and Diversity}

55. When a company wishes to introduce change in a foreign country, its likelihood of success can be improved by _____.
    a. introducing many changes simultaneously
    b. gaining the support of opinion leaders
    c. agreeing to make some home-country changes in return
    d. informing local people that it would not be there if it did not know what was best

(b; p. 84; Concept; Easy) {AACSB: Multicultural and Diversity}

56. If an MNE convinced a popular priest that its vitamin-enriched soft drink would benefit parishioners' health, the MNE would be using _____ to help bring about change.
    a. participation
    b. reward sharing
    c. an opinion leader
    d. a cost-benefit relationship

(c; p. 84; Application; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 15: What are the major scenarios about the future of national cultures? How does cultural imperialism fit into these scenarios?

57. The increasing numbers of people with dual citizenship and people who maintain close contact with their home countries even though living abroad suggest that nations in the future will _____.
    a. be more subject to cultural imperialism
    b. increase efforts to maintain their separate identities
    c. redraw borders to accommodate separate cultures
    d. accept the transfer of culture both in and out of their boundaries

(d; p. 85; Application; Moderate) {AACSB: Multicultural and Diversity}

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58. U.S. companies monopolize much of the international entertainment media, which largely portrays U.S. products and lifestyles as glamorous and appealing. This situation is an example of _____.
    a. the stronger work ethic typical of developed countries
    b. visible expressions of culture becoming homogenized although basic differences in societal values remain strong
    c. cultures becoming more fragmented
    d. cultural imperialism in Periphery countries

(d; p. 81; Application; Moderate) {AACSB: Multicultural and Diversity}

59. The fact that Spanish words and phrases such as *macho* and *honcho* have come into American English illustrates that _____.
    a. cultural diffusion is a two-way process
    b. most cultural diffusion moves from Periphery countries to Center countries
    c. existing national borders are shifting
    d. material cultures are becoming more universal

(a; p. 81; Application; Moderate) {AACSB: Multicultural and Diversity}

60. American hamburgers, Japanese sushi, Italian pizza, Mexican tacos, and Middle Eastern pita bread are now commonly found in most countries. This supports the argument that _____.
    a. although visible expressions of culture are becoming homogenized, basic differences in societal values remain strong
    b. cultural hybridization, not cultural imperialism, is occurring
    c. cultural imperialism is widespread
    d. globalization is helping to fulfill lower order needs in Maslow's hierarchy

(b; p. 82; Application; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 16: What are the illustrations of chapter concepts that occur in the opening and closing cases of Chapter 2?

61. In the opening case on the Java Lounge in Saudi Arabia, Saudi businessmen engaged in chit-chat while drinking coffee at a café during the conduct of business. Which of the following was the most likely reason for their behavior?
    a. They are fatalistic, believing that the business outcome was predetermined.
    b. Their religious convictions kept them from discussing business over alcoholic drinks.
    c. They come from a high femininity culture that believes it's better to "work to live" than to "live to work."
    d. They come from a high-context culture in which small talk and seemingly unrelated information is important to decision making.

(d; p. 72; Application; Moderate) {AACSB: Multicultural and Diversity}

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62. In the opening case on the Java Lounge in Saudi Arabia, people in the port city of Jeddah were less culturally conservative than people in the interior of the country. The most likely reason for this is that _____.
    a. people in the port cities have more contact with foreigners
    b. the coastal area has to trade with countries using different religious holidays
    c. the coastal area, being better off economically, allows people more income to buy foreign things
    d. the coastal area is secular, whereas the interior of Saudi Arabia has a state religion

(a; p. 50; Concept; Moderate) {AACSB: Multicultural and Diversity}

63. In the closing case regarding Charles Martin in Uganda, the national characteristic concerning the importance of family in Uganda is illustrated by _____.
    a. the difficulty of Charles Martin in dealing with Ugandans as a single person
    b. the inability of moving people from extended families in order to build the dam
    c. the prominence of family companies among the suppliers for the project
    d. the prevalence of nepotism

(d; p. 89; Concept; Moderate) {AACSB: Multicultural and Diversity}

64. In the closing case on Uganda, Charles Martin made small "tips" to speed up the installation of phones and the issuance of licenses. His actions could be categorized as an example of _____.
    a. ethnocentrism
    b. polycentrism
    c. fatalism
    d. collectivism

(b; p. 79; Application; Challenging) {AACSB: Multicultural and Diversity}

True/False Questions

STUDY QUESTION 1: Define and explain *culture*, *cultural group membership*, and *cultural diversity*.

65. The specific learned norms based on attitudes, values, and beliefs of a group of people are known as ethnology.

(False; p. 52; Concept; Easy) {AACSB: Multicultural and Diversity}

66. A company may gain a global competitive advantage by fostering cultural diversity.

(True; p. 53; Concept; Easy) {AACSB: Multicultural and Diversity}

STUDY QUESTION 2: Why is awareness of cultural variables important in international business? What are methods and problems in building cultural awareness?

67. Most cultural variables are universal.

(True; p. 54; Concept; Easy) {AACSB: Multicultural and Diversity}

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68. Researching descriptions of a culture offer the best way to build cultural awareness.
(False; p. 55; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 3: What are the advantages and shortcomings of using the nation as a point of reference for a culture?

69. Similarity among people is both a cause and effect of national boundaries.
(True; p. 56; Concept; Moderate) {AACSB: Multicultural and Diversity}

70. Cultures do not transcend national boundaries.
(False; p. 56; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 4: What factors influence cultural stability and cultural change?

71. Most people's basic value system is fairly firmly in place at a young age.
(True; p. 57; Concept; Moderate) {AACSB: Multicultural and Diversity}

72. Cultural change may come by choice or imposition.
(True; p. 57; Concept; Easy)

STUDY QUESTION 5: Why are some languages (Which are they?) more important than others? How/why might this change in the future?

73. The percentage of people in the world who speak English as a first language is expected to increase in the future.
(False; p. 60; Concept; Moderate) {AACSB: Multicultural and Diversity}

74. English-speaking peoples account for a larger portion of global output than people who speak any other language.
(True; p. 60; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 6: What are major ways in which societies rank people? What social stratification systems exist? Why is an understanding of social stratification important in international business?

75. National origin is an ascribed group membership.
(True; p. 64; Concept; Moderate) {AACSB: Multicultural and Diversity}

76. Although countries are similar in terms of having a mandatory retirement age, they differ in what that age is.
(False; p. 65; Application; Moderate) {AACSB: Multicultural and Diversity}

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STUDY QUESTION 7: Describe the major theories that explain why work motivation may differ from one country to another.

77. There is a strong correlation between the intensity of religious belief and attributes that lead to economic growth, such as obeying laws and thriftiness.
(True; p. 67; Concept; Moderate) {AACSB: Multicultural and Diversity}

78. In a country with a high "masculinity score," people tend to prefer to be on a par with others.
(False; p. 68; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 8: Describe the relationship preferences influenced by power distance and individualism versus collectivism.

79. Preference for a consultative management style is prevalent in a society with low power distance.
(True; p. 69; Concept; Moderate) {AACSB: Multicultural and Diversity}

80. In collectivist cultures based on kinship, security and social needs are met more effectively in the workplace than at home.
(False; p. 70; Concept; Easy)

STUDY QUESTION 9: What cultural factors help to explain risk-taking behavior? How do differences affect business?

81. In societies where trust is high, there tends to be a lower cost of doing business.
(True; p. 71; Concept; Moderate) {AACSB: Multicultural and Diversity}

82. Where future orientation is high, people are more willing to delay gratification by investing.
(True; p. 71; Concept; Easy) {AACSB: Multicultural and Diversity}

STUDY QUESTION 10: Explain the concepts of low-context versus high-context cultures, monochronic versus polychronic cultures, and idealistic versus pragmatist cultures.

83. A culture in which people prefer to handle tasks sequentially is a polychronic culture.
(False; p. 72; Concept; Easy) {AACSB: Multicultural and Diversity}

84. A culture with a preference for a problem-solving style that first settles principles is a pragmatist culture.
(False; p. 73; Concept; Moderate) {AACSB: Multicultural and Diversity}

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STUDY QUESTION 11: What language problems occur when doing business with another country? What are suggestions for dealing with these problems?

85. When dealing in business with people from another county, it is good to use slang and tell jokes to put everyone at ease.
(False; p. 74; Concept; Moderate) {AACSB: Communication}

86. When a company does business in another country whose official language is the same as the company's home country, employees can assume that although some spellings are different that words will mean the same thing.
(False; p. 74; Concept; Moderate) {AACSB: Communication}

STUDY QUESTION 12: What influences how much adjustment companies and managers must make when operating in different cultures?

87. In spite of cultural differences, people working abroad are often able to do business successfully while still retaining their own cultural habits.
(True; p. 77; Application; Moderate) {AACSB: Multicultural and Diversity}

88. A danger in relying on cultural distance to judge the degree of necessary cultural adjustment is that important subtleties might be overlooked.
(True; p. 77; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 13: What are ethnocentrism, polycentrism, and geocentrism, and what are the problems and/or advantages of each?

89. A potential problem of polycentrism is failure to introduce innovative superiority.
(True; p. 80; Concept; Moderate) {AACSB: Multicultural and Diversity}

90. Successful ethnocentric behavior may occur when an MNE sells to outliers in a society whose cultures are similar to those of the MNE's home country.
(True; p. 80; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 14: What strategies might companies consider for minimizing resistance to changes they introduce in foreign societies?

91. A successful strategy for introducing change into a foreign country is to introduce many changes simultaneously.
(False; p. 84; Concept; Moderate) {AACSB: Multicultural and Diversity}

92. To find opinion leaders within an organization abroad, an MNE should look to people in upper levels of the organization.
(False; p. 84; Application; Moderate) {AACSB: Multicultural and Diversity}

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STUDY QUESTION 15: What are the major scenarios about the future of national cultures? How does cultural imperialism fit into these scenarios?

93. The availability of American hamburgers, Japanese sushi, Italian pizza, and Mexican tacos within a country is evidence that cultural imperialism is taking place.
(False; p. 82; Concept; Moderate) {AACSB: Multicultural and Diversity}

94. Increasingly, immigrants are maintaining close contact with their native cultures.
(True; p. 85; Concept; Moderate) {AACSB: Multicultural and Diversity}

Essay Questions

STUDY QUESTION 1: Define and explain *culture*, *cultural group membership*, and *cultural diversity*.

95. In a short essay, define culture and discuss cultural differences and the effects on international business.

Culture consists of specific learned norms based on attitudes, values, and beliefs, all of which exist in every nation. Culture cannot easily be isolated from such factors as economic and political conditions. Two potential problems are that (a) companies implement practices that are not fully effective, and (b) employees encounter distress because of foreign behaviors. On the positive side, companies may build a competitive advantage around their cultural diversity.
(p. 53; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 3: What are the advantages and shortcomings of using the nation as a point of reference for a culture?

96. What are the advantages and shortcomings of using the nation as a point of reference for culture?

The nation provides a workable definition of a culture for international business because basic similarity among people is both a cause and an effect of national boundaries. The laws governing business operations also apply primarily along national lines. Within the bounds of a nation are people who share essential attributes, such as values, language, and race. However, these shared attributes do not mean that everyone in a country is alike, nor do they suggest that each country is unique in all respects.
(p. 56; Application; Moderate) {AACSB: Multicultural and Diversity}

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STUDY QUESTION 4: What factors influence cultural stability and cultural change?

97. What factors influence cultural stability and cultural change?

    Individual and cultural values and customs may evolve over time. Change may come about through choice or imposition. Change by choice may take place as a reaction to social and economic changes that present new alternatives. Change by imposition, sometimes called cultural imperialism, has occurred, for example, when countries introduce legal systems into colonies by prohibiting established practices and defining them as criminal. In addition to national boundaries and geographical obstacles, language is a factor that greatly affects cultural stability. Religion is also a strong shaper of values.
(p. 57; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 6: What are major ways in which societies rank people? What social stratification systems exist? Why is an understanding of social stratification important in international business?

98. In a short essay, describe the various affiliations upon which a person's ranking can be based and discuss how social stratification affects such business functions as marketing and employment practices.

    a. A person's ranking is partly determined by individual factors and partly by the person's affiliation or membership in a given group. Affiliations determined by birth—known as ascribed group memberships—include those based on gender, family, age, caste, and ethnic, racial, or national origin. Affiliations not determined by birth are called acquired group memberships and include those based on religion, political affiliation, and professional and other associations.
    b. Social stratification affects marketing as companies choose to use people in their advertisements that their target market admires or associates. Further, stratification affects employment practices such as hiring, promotion, compensation, and staff-reduction. Employers in different countries are differently influenced by social stratification as they make employment decisions.
(p. 64; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 7: Describe the major theories that explain why work motivation may differ from one country to another.

99. Describe the major theories that explain why motivation may differ from one country to another.

    a. Materialism and Leisure: Historically, there is strong evidence that the desire for material wealth is a prime incentive for the work that leads to economic development.
    b. Expectation of Success and Reward: Generally, people have little enthusiasm for efforts that seem too easy or too difficult, where the probability of either success or failure seems almost certain. The greatest enthusiasm for work exists when high

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uncertainty of success is combined with the likelihood of a very positive reward for success and little or none for failure.

c. Masculinity-Femininity Index: The average interest in career success varies substantially among countries. In one study, employees with a high masculinity score were those who admired the successful achiever, had little sympathy for the unfortunate, and preferred to be the best rather than be on par with others.
d. Needs Hierarchy: According to this theory, people try to fulfill lower-order needs sufficiently before moving on to higher ones. People will work to satisfy a need, but once it is fulfilled, it is no longer a motivator.

(p. 67; Concept; Moderate) {AACSB: Multicultural and Diversity}

100. In a short essay, list and discuss the various needs in order from lowest to highest.

The most basic needs are physiological, including the needs for food, water, and sex. One needs to satisfy or nearly satisfy a physiological need before a security need becomes a powerful motivator. Then one must satisfy the security need, centering on a safe physical and emotional environment, before triggering the need for affiliation, or social belonging (peer acceptance). After filling the affiliation need, a person may seek an esteem need—the need to bolster one's self image through receipt of recognition, attention, and appreciation. The highest-order need is that for self-actualization, which means self-fulfillment, or becoming all that is possible for one to become. In very poor countries, a company can motivate workers simply by providing enough compensation for food and shelter. Elsewhere, other needs will motivate workers. Researchers have noted that people from different countries attach different degrees of importance to needs and even rank some of the higher-order needs differently.

(p. 68; Concept; Moderate)

STUDY QUESTION 8: Describe the relationship preferences influenced by power distance and individualism versus collectivism.

101. Discuss the values of power distance, individualism and collectivism in international cultures.

a. Power distance is a term describing the relationship between superiors and subordinates. Where power distance is high, people prefer little consultation between superiors and subordinates—usually wanting and having an autocratic or paternalistic management style in their organizations.
b. Attributes of individualism are low dependence on the organization and a desire for personal time, freedom, and challenge. Attributes of collectivism are dependence on the organization and a desire for training, good physical conditions, and benefits. In those countries with high individualism, self-actualization will be a prime motivator because employees want challenges. However, in countries with high collectivism, the provision of a safe physical and emotional environment will be a prime motivator.

(p. 69; Concept; Moderate) {AACSB: Multicultural and Diversity}

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STUDY QUESTION 9: What cultural factors help to explain risk-taking behavior? How do differences affect business?

102. In a short essay, list and discuss the four aspects of risk-taking behavior as described in the text.

    a. Uncertainty avoidance: Studies show that in countries with the highest score on uncertainty avoidance, employees prefer set rules that are not to be broken even if breaking them is in the company's best interest. Further, these employees plan to work for the company a long time, preferring the certainty of their present positions over the uncertainty of better advancement opportunities elsewhere. In countries characterized by high-risk avoidance, few consumers are prepared to take the social risk of trying a new product first.
    b. Trust: Where trust is high, there tends to be a lower cost of doing business because managers do not have to spend time foreseeing every possible contingency and then monitoring every action for compliance in business relationships. Instead, they can spend time investing and innovating.
    c. Future orientation: In countries with a high future orientation, people are more willing to delay gratification by investing for the future. Delayed compensation is a better motivator in such countries.
    d. Fatalism: If people believe strongly in self-determination, they may be willing to work hard to achieve goals and take responsibility for performance. But a belief in fatalism, that every event is inevitable, may prevent people from accepting this basic cause-effect relationship. Countries with a high degree of fatalism then affect business because people plan less for contingencies.

(p. 71; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 10: Explain the concepts of low-context versus high-context cultures, monochronic versus polychronic cultures, and idealistic versus pragmatist cultures.

103. In a short essay, describe low-context and high-context cultures and discuss the difference between the two.

    a. Low-context cultures: Refers to situations in which most people consider relevant only firsthand information that bears directly on the decision they need to make. In business, they spend little time on "small talk."
    b. High-context cultures: Refers to situations in which people consider peripheral information valuable to decision making.
    c. When managers from the two types of cultures deal with each other, the low-context individuals may believe the high-context ones are inefficient and time-wasters. The high-context individuals may believe the low-context ones are too aggressive to be trusted.

(p. 72; Application; Moderate) {AACSB: Communication}

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104. In a short essay, contrast monochronic versus polychronic cultures.

Cultures such as those in Northern Europe are called monochronic, preferring to work sequentially, such as finishing with one customer before dealing with another. Conversely, polychronic Southern Europeans are more comfortable working simultaneously with all the tasks they face.

(p. 72; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 11: What language problems occur when doing business with another country? What are suggestions for dealing with these problems?

105. In a short essay, discuss the difficulties and the rules used to offset the obstacles in handling translations.

First, some words do not have a direct translation. Second, languages and the common meaning of words are constantly evolving. Third, words mean different things in different contexts. And, finally, grammar is complex, and a slight misuse of vocabulary or word placement may change meanings substantially. Although there is no foolproof way of handling translations, good international business managers use the following rules to handle translations.

a. Get references on the people who will do translations for you.
b. Make sure your translator knows the technical vocabulary of your business.
c. Do a back-translation for written work by having one person go, say, from English to French and a second person translate the French version back into English.
d. Use simple words whenever possible.
e. Avoid slang.
f. When you or your counterpart is dealing in a second language, clarify communications in several ways to assure all parties have the same interpretation.
g. Realize and budget from the start for the extra time needed for translation and clarification.

(p. 73; Concept; Moderate) {AACSB: Communication}

106. In a short essay, discuss the elements of a "silent language."

Colors conjure up meanings that come from cultural experience. For products to succeed, their colors must match the consumers' frame of reference. Another aspect of silent language is the distance between people during conversations. People's sense of appropriate distance is learned and differs among societies. Perception of time and punctuality is another unspoken cue that differs by context and may differ across cultures and create confusion. Another silent language barrier concerns a person's position in a company or society (prestige). Body language, or kinesics (the way in which people walk, touch, and move their bodies), also differs among countries. Few gestures are universal in meaning.

(p. 75; Concept; Moderate) {AACSB: Communication}

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STUDY QUESTION 12: What influences how much adjustment companies and managers must make when operating in different cultures?

107. What influences how much adjustment companies and managers must make in foreign countries?

    International companies sometimes have succeeded in introducing new products, technologies, and operating procedures to foreign countries with little adjustment. That's because some of these introductions have not run counter to deep-seated attitudes or because the host society is willing to accept foreign customs as a trade-off for other advantages. Some countries are relatively similar to one another, usually because they share many attributes that help mold their cultures, such as language, religion, geographical location, ethnicity, and level of economic development.

(p. 76; Concept; Moderate) {AACSB: Multicultural and Diversity}

108. In a short essay, discuss culture shock and the sequence of events that takes place during this event.

    Culture shock is the frustration from experiencing a new culture and having to learn and cope with a vast array of new cultural cues and expectations. People working in a very different culture may pass through stages. First, like tourists, they are elated with "quaint" differences. Later, they may feel depressed and confused—the culture shock phase—and their usefulness in a foreign assignment may be greatly impaired. Fortunately for most people, culture shock begins to ebb after a month or two as optimism grows and satisfaction improves.

(p. 77; Concept; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 13: What are ethnocentrism, polycentrism, and geocentrism, and what are the problems and/or advantages of each?

109. In a short essay, discuss the three attitudes or orientations that affect how a company and its managers adapt to foreign cultures.

    a. Polycentrism: In polycentric organizations, control is decentralized so that "our manager in Rio" is free to conduct business in what he thinks is "the Brazilian way." In other words, business units in different countries have a significant degree of autonomy from the home office and act like local companies. Polycentrism may be, however, an overly cautious response to cultural variety.
    b. Ethnocentrism: That is, the belief that one's own culture is superior to others. In international business, it describes a company or individual so imbued with the belief that what worked at home should work abroad that it ignores environmental differences.
    c. Geocentrism: Refers to a situation in which a company bases its operations on an informed knowledge of home and host country needs, capabilities, and constraints. This is the preferred approach to business dealing with another culture because it increases introduction of innovations and decreases the likelihood of their failures.

(p. 79; Concept; Moderate) {AACSB: Multicultural and Diversity}

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110. In a short essay, discuss the three different sets of practices managers may use based on ethnocentrism.

    a. Managers overlook important cultural factors abroad because they have become so accustomed to certain cause-effect relationships in the home country.
    b. Management recognizes the environmental differences but still focuses on achieving home-country rather than foreign or worldwide objectives.
    c. Management recognizes differences but assumes that the introduction of its new products or ways to produce and sell them is both necessary and easy to achieve when it is really a complex process.

(p. 80; Concept; Challenging) {AACSB: Multicultural and Diversity}

111. What are the disadvantages of excessive ethnocentrism and excessive polycentrism?

    A company that is too polycentric may shy away from certain countries or may avoid transferring home-country practices or resources that may, in fact, work well abroad. Polycentricism may lead to such extensive delegation of decision-making or such extensive imitation of proven host-country practices that the company loses its innovative superiority. Furthermore, the company may lose overall control as managers within each country foster local rather than worldwide objectives.

    Excessive ethnocentrism may cause costly business failures if a manager believes his or her own culture is superior to others and is not willing to adapt regardless of the situation.

(p. 79; Application; Moderate) {AACSB: Multicultural and Diversity}

STUDY QUESTION 14: What strategies might companies consider for minimizing resistance to changes they introduce in foreign societies?

112. In a short essay, list and discuss the various approaches international managers seek to understand when instituting change in the international arena.

    a. Value system: It is much easier to adapt to things that do not challenge our value systems than to things that do. When changes do not interfere with deep-seated customs, accommodation is much more likely.
    b. Cost-benefit of change: Some adjustments to foreign cultures are costly to undertake, while others are inexpensive. Some adjustments result in greatly improved performance, such as higher productivity or sales. Other changes may improve performance only marginally. A company must consider the expected cost-benefit relationship of any adjustments it makes abroad.
    c. Resistance to too much change: If resistance is too high, make fewer demands at one time and phase out former policies more slowly.
    d. Participation: One way to avoid problems that could result from change is to discuss a proposed change with stakeholders in advance. By doing so, the company may learn how strong resistance to the change will be, stimulate recognition of the need for improvement among stakeholders, and ease stakeholders' fears of adverse consequences resulting from the change.

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e. Reward sharing: Sometimes a proposed change may have no foreseeable benefit for the people who must support it. A company's solution may be to develop a bonus system for productivity and quality based on using the new approach.
f. Opinion leaders: By discovering the local channels of influence, an international company may locate opinion leaders who can help speed up the acceptance of change.
g. Timing: Many good business changes fall flat because they are ill-timed. A culture's attitudes and needs may change slowly or rapidly, so keeping abreast of these changes helps in determining timing.

(p. 83; Concept; Challenging) {AACSB: Multicultural and Diversity}

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