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CHAPTER 2
CROSS-CULTURAL BUSINESS

LEARNING OBJECTIVES:
2.1 Explain culture and the need for cultural knowledge.
2.2 Summarize the cultural importance of values and behavior.
2.3 Describe the roles of social structure and education in culture.
2.4 Outline how the major world religions can influence business.
2.5 Explain the importance of personal communication to international business.
2.6 Describe how firms and culture interact in the global workplace.

CHAPTER OUTLINE:
Introduction
What Is Culture?
- National Culture
- Subcultures
- Physical Environment
- Need for Cultural Knowledge
  - Avoiding Ethnocentricity
  - Developing Cultural Literacy

Values and Behavior
- Values
- Attitudes
- Aesthetics
- Appropriate Behavior
  - Manners
  - Customs
    - Folk or Popular Customs
    - The Business Customs of Gift Giving

Social Structure and Education
- Social Group Associations
  - Family
  - Gender
- Social Status
- Social Mobility
  - Caste System
  - Class System
- Education
  - The “Brain Drain” Phenomenon

Religion
- Christianity
- Islam
- Hinduism
- Buddhism

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Confucianism
Judaism
Shinto
Personal Communication
Spoken and Written Language
Implications for Managers
Language Blunders
Lingua Franca
Body Language
Culture in the Global Workplace
Perception of Time
View of Work
Material Culture
Cultural Change
When Companies Change Cultures
When Culture Changes Companies
Studying Culture in the Workplace
Kluckhohn-Strodtbeck Framework
Case: Dimensions of Japanese Culture
Hofstede Framework
Bottom Line for Business



A comprehensive set of specially designed PowerPoint slides is available for use with Chapter 2. These slides and the lecture outline below form a completely integrated package that simplifies the teaching of this chapter's material.

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Lecture Outline

I. INTRODUCTION

This chapter describes culture in the context of international business, explains how culture affects international business practices and competitiveness, and presents two methods of classifying cultures.

II. WHAT IS CULTURE?

Culture is the set of values, beliefs, rules, and institutions held by a specific group of people. Main components include: *aesthetics, values* and *attitudes*, *manners* and *customs, social structure*, *religion*, *personal communication*, *education*, and *physical* and *material environments*.

A. National culture

1. Nation-states support and promote the concept of a national culture by building museums and monuments to preserve the legacies of important events and people.
2. Nation-states intervene to help *preserve* their national cultures.
3. Companies get involved in supporting culture, in part, for the public relations benefit.

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B. Subcultures
   1. A *subculture* is a group of people who share a unique way of life within a larger, dominant culture. It can differ from the dominant culture in language, race, lifestyle, values, attitudes, and so on.
   2. Companies must be mindful of subcultures when formulating business strategies (e.g., China has 50 ethnic groups).
   3. Decisions regarding product design, packaging, and advertising must consider distinct cultures.
   4. Subcultures also can extend beyond national borders.

C. Physical Environment—These heavily influence a culture's development and pace of change.
   1. *Topography*: all physical features that characterize the surface of a geographic region. Cultures isolated by impassable mountains or large bodies of water are less exposed to the cultural traits of others and change slowly. Topography impacts product needs.
   2. Topography impacts personal communication (e.g., mountains and the Gobi Desert consume two-thirds of China).
   3. Climate affects where people settle and directs systems of distribution (e.g., Australian desert, jungles, and coastal areas).
   4. Climate plays a large role in lifestyle, clothing, and work habits, such as organizing production schedules for idled machines.

D. Need for Cultural Knowledge
   1. Avoiding Ethnocentricity
      a. Ethnocentricity is the belief that one's own ethnic group or culture is superior to that of others. It causes people to view other culture in terms of their own and overlook beneficial aspects of other cultures.
      b. Ethnocentricity can undermine business can undermine business projects when employees are insensitive to cultural nuances.
   2. Developing Cultural Literacy
      a. Managers working directly in international business should develop cultural literacy—detailed knowledge about a culture that enables a person to function effectively within it.
      b. Cultural literacy brings a company closer to customer needs and improves competitiveness.

III. VALUES AND BEHAVIOR

A. Values are ideas, beliefs and customs to which people are emotionally attached. They affect work ethic and desire for material possession. Some cultures value leisure while others value hard work.

B. Attitudes
   1. *Attitudes* are positive or negative evaluations, feelings, and tendencies that individuals harbor toward objects or concepts.

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Learned from role models and formed within a cultural context. More flexible than values.

C. Aesthetics
   1. *Aesthetics* is what a culture considers to be in "good taste" in the arts, the imagery evoked by certain expressions, and the symbolism of colors.
   2. Appropriate colors for advertising, product packaging, and even work uniforms can enhance success (e.g., Green in Islam).
   3. Blunders can result from selecting inappropriate colors and symbols for advertising, product packaging, and architecture.
   4. Music is deeply cultural and must be considered in promotions.
   5. It is also an important consideration in marketing over the Internet.

D. Appropriate Behavior—it is important to understand manners and customs to avoid mistakes abroad. In depth knowledge improves the abilities of managers.
   1. *Manners* are appropriate ways of behaving, speaking, and dressing in a culture (e.g., conducting business during meals in the United States). Another current example: Jack Ma founded Alibaba (www.alibaba.com) as a way for suppliers and buyers to increase efficiency by cutting through layers of intermediaries and trading companies. But he realized early that his Chinese clients needed training in business etiquette to cross the cultural divide and do business with people from Western cultures. Therefore, Alibaba offers seminars on business manners that instruct clients to spend more time chitchatting with clients and conversing more casually.
   2. *Customs* are habits or ways of behaving in specific circumstances that are passed down through generations in a culture. Customs define appropriate habits or behaviors in specific situations.
      a. *Folk customs* are behaviors, dating back generations, practiced within a homogeneous group of people (e.g., dragon boat festival in China).
      b. A *popular custom* is behavior practiced by a heterogeneous group or by several groups (e.g., blue jeans, "burgers 'n fries").
      c. The business custom of gift giving – slthough giving token gifts to business and government associates is customary, the proper type of gift varies. Cultures differ in their legal and ethical rules regarding bribery. The U.S. Foreign Corrupt Practices Act prohibits companies from giving large gifts to win business favors, applies to U.S. firms operating at home and abroad.

IV. SOCIAL STRUCTURE AND EDUCATION

Social structure embodies a culture's fundamental organization, including groups and institutions, social positions and relationships, and resource distribution.

A. Social Group Associations

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A *social group* is a collection of two or more people who identify and interact with one another. Contribute to identity and self-image.

1. Family
    a. *Nuclear family* consists of immediate relatives, including parents, brothers, and sisters. Prevails in Australia, Canada, United States, and in Europe.
    b. *Extended family* includes grandparents, aunts and uncles, cousins, and relatives through marriage. More important in Asia, Middle East, North Africa, and Latin America.
2. Gender
    a. *Gender* refers to socially learned traits associated with, and expected of, men or women. Sociologists regard gender as a category—people who share some status.
    b. Countries vary regarding gender equality at work.

B. Social Status
1. *Social stratification* is the process of ranking people into social layers according to family heritage, income, and occupation.
2. Top layer: royalty, government officials, and business leaders. Middle layer: scientists, medical doctors, and others with a university education. Bottom layer: manual and clerical workers with vocational training or secondary-school educations.
3. Rankings can and do change over time.

C. Social Mobility
1. *Social mobility* is the ease with which individuals can move up or down a culture's "social ladder."
2. *Caste system*: people are born into a social ranking, with no opportunity for social mobility.
3. C*lass system*: personal ability and actions decide status and mobility. Highly class-conscious cultures can offer less mobility but experience more class conflict.

D. Education

Education passes on traditions, customs, and values. Cultures educate young people through schooling, parenting, religious teachings, and group memberships. Families and other groups provide informal instruction about customs and how to socialize with others.

1. Education Level
    a. Excellent basic education attracts high-wage industries that invest in training and increase productivity. Skilled, well-educated workforce attracts high-paying jobs; a poorly educated one attracts low-paying jobs.
    (See: Table 2.1 Illiteracy Rates of Selected Countries)
    b. Newly industrialized economies in Asia owe much of their economic development to solid education systems.
2. The "Brain Drain" Phenomenon
    a. *Brain drain*: departure of highly educated people from one profession, geographic region, or nation to another.

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b. *Reverse brain drain*: professionals return to their homelands.

V. RELIGION

Human values often derive from religious beliefs. Different religions take different views of work, savings, and material goods. Beliefs influence competitiveness, economic development, and business strategies.

A. Christianity
   1. Founded in Palestine 2,000 years ago among Jews who believed that Jesus of Nazareth was the messiah. With 2 billion followers, it is the world's single largest religion.
   2. More than 300 denominations but most are Roman Catholic, Protestant, or Eastern Orthodox.
   3. Roman Catholics are to refrain from placing materialism above God and people. Protestants believe that salvation comes from faith in God and that hard work gives glory to God.
   4. Christian organizations sometimes get involved in social causes that affect business policy (e.g., Walt Disney Company, Ryanair, Hyundai).

B. Islam
   1. Founded by Muhammad in 600 A.D. in Mecca, Saudi Arabia—the holy city of Islam. World's second largest religion with 1.3 billion adherents. Word *Islam* means "submission to Allah" and *Muslim* means "one who submits to Allah."
   2. Religion strongly affects the goods and services acceptable to Muslim consumers (e.g., alcohol, pork, interest on loans).

C. Hinduism
   1. Founded 4,000 years ago in present-day India, where more than 90 percent of its nearly 900 million adherents live.
   2. Some say it is a way of life rather than a religion. Caste system is integral to the Hindu faith. Believe in reincarnation—rebirth of the human soul at the time of death. Do not eat or willfully harm living creatures as they may be reincarnated human souls.
   3. Cows considered sacred animals so eating beef is not allowed (e.g., McDonald's replaces beef with lamb).

D. Buddhism
   1. Founded 2,600 years ago in India by a Hindu prince named Siddhartha Gautama. About 380 million followers, mostly in Asia: China, Tibet, Korea, Japan, Vietnam, and Thailand.
   2. Promotes a life centered on spiritual rather than worldly matters. Buddhists seek *nirvana* (escape from reincarnation) through charity, modesty, compassion for others, restraint from violence, and general self-control.

E. Confucianism
   1. Founded 2,500 years ago by exiled politician and philosopher *Confucius*. China is home to most of the 225 million followers.

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2. Confucian thought ingrained in the cultures of Japan, South Korea, and nations with large numbers of ethnic Chinese, including Singapore.
3. South Korean business practice reflects Confucian thought in its rigid organizational structure and reverence for authority (e.g., Korean-style management in overseas subsidiaries).
4. For centuries, people despised merchants because earning money violated Confucian beliefs. Many Chinese moved to Indonesia, Malaysia, Singapore, and Thailand to do business.

F. Judaism

1. Founded more than 3,000 years ago and 18 million followers. Was the first religion to teach belief in one God. Orthodox ("fully observant") Jews make up 12 percent of Israel and constitute an increasingly important economic segment.
2. Important observances are Rosh Hashanah (the Jewish New Year), Yom Kippur (the Day of Atonement), Passover (the Exodus from Egypt), and Hanukkah (a victory over the Syrians).
3. Employers must be aware of Jewish holidays. Because Sabbath lasts from sundown on Friday to sundown on Saturday, work schedules might need adjustment.
4. Marketers must take into account foods banned among observant Jews (e.g., pork and shellfish prohibited, meat stored and served separately from milk) and "kosher" foods.

G. Shinto

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1. Means "way of the gods" and arose as the native religion of the Japanese. Teaches sincere and ethical behavior, loyalty and respect toward others, and enjoyment of life. Shinto claims about 4 million strict adherents in Japan.
2. Shinto beliefs are reflected in the workplace through lifetime employment (although this is waning today) and the traditional trust extended between firms and customers.
3. Japanese competitiveness in world markets has benefited from loyal workforces, low employee turnover, and good labor–management cooperation.

VII. PERSONAL COMMUNICATION

Every culture has a communication system to convey thoughts, feelings, knowledge, and information through speech, writing, and actions. A culture's spoken and body language can help explain people's thoughts and behaviors.

A. Spoken and Written Language

1. Linguistically different segments of a population are often culturally, socially, and politically distinct. The importance of understanding local languages is becoming increasingly apparent on the Internet. Roughly one-half to two-thirds of all web pages are in English, but around three-fourths of all Internet users are nonnative English speakers. Language proficiency is also crucial in

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production facilities where non-native managers are supervising local employees. Finally, it is important to marketers because they prize insights into the interests, values, attitudes, and habits of teenagers to better target their promotions.

2. Companies have made language blunders in their international business dealings.
3. A *lingua franca* is a third or "link" language that is understood by two parties who speak different languages.
4. Some languages are dying out, whereas some languages are growing, including Mandarin, Spanish, and English.

B. Body Language

1. Communicated through unspoken cues, including hand gestures, facial expressions, physical greetings, eye contact, and the manipulation of personal space.
2. Communicates information and feelings and differs among cultures. Most is subtle and takes time to interpret.
3. Proximity is an element of body language; standing too close may invade personal space and appear aggressive.

VIII. CULTURE IN THE GLOBAL WORKPLACE

A. Perceptions of Time

1. Latin American,Indian and Mediterranean cultures are casual about time; people in Japan and the United States arrive promptly for meeting and keep tight schedules.
2. Americans strive toward workplace efficiency and may leave work early if their work is done because they value individual results. Japanese look busy even when business is slow to demonstrate dedication—an attitude grounded in cohesion, loyalty and harmony

B. View of Work

1. Some cultures have a strong work ethic, others stress a balanced pace in work and leisure (e.g., "Work to live, or live to work")
2. Many European nations are trying to foster an entrepreneurial spirit to achieve the job growth realized in the United States.

C. Material Culture—includes all technology a culture uses to manufacture goods and provide services, and can measure a culture's technological advancement.

1. A firm enters a market under one of two conditions: (1) demand for its products has developed, or (2) the market is capable of supporting its production operations.
2. Changes in material culture can change other aspects of culture.
3. Many nations display uneven levels of material culture across geography, markets, and industries.

D. Cultural Change

1. C*ultural trait* is anything that represents a culture's way of life including gestures, material objects, traditions, and concepts.

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2. *Cultural diffusion* is the process whereby cultural traits spread from one culture to another. Globalization and technology are increasing the pace of cultural diffusion and change.
3. Culture can force companies to adjust business policies and practices, such as using situational management.
4. Rapid cultural diffusion and increased human interaction across borders cause cultures to converge. Convergence is taking place in some market segments for some products.

E. When Companies Change Culture

1. Cultural Imperialism is the replacement of one culture's traditions, folk heroes, and artifacts with substitutes from another.

IX. STUDYING CULTURE IN THE WORKPLACE

People in different cultures respond differently in similar business situations. Two ways to classify cultures based on characteristics such as values, attitudes, and social structure.

A. Kluckhohn–Strodtbeck Framework

The *Kluckhohn–Strodtbeck Framework* compares cultures along six dimensions, asking the following questions:

1. Do people believe that their environment controls them, that they control the environment, or that they are part of nature?
2. Do people focus on past events, on the present, or on the future implications of their actions?
3. Are people easily controlled and not to be trusted, or can they be trusted to act freely and responsibly?
4. Do people desire accomplishments in life, carefree lives, or spiritual and contemplative lives?
5. Do people believe that individuals or groups are responsible for each person's welfare?
6. Do people prefer to conduct most activities in private or in public?
   a. Dimensions of Japanese Culture:
      i. Japanese believe in a delicate balance between people and environment that must be maintained.
      ii. Japanese culture emphasizes the future.
      iii. Japanese culture treats people as quite trustworthy.
      iv. Japanese are accomplishment oriented for employers and work units.
      v. Japanese culture emphasizes individual responsibility to the group and group responsibility to the individual.
      vi. The culture of Japan tends to be public.

B. Hofstede Framework

The *Hofstede Framework* grew from a study of more than 110,000 people working in IBM subsidiaries by Dutch psychologist Geert Hofstede. He developed five dimensions for examining cultures. (See Table 2.2 National Scores on The Hofstede Dimensions)

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1. *Individualism versus Collectivism*: Identifies the extent to which a culture emphasizes the individual versus the group.
   a. Individualist cultures value hard work, entrepreneurial risk taking, and freedom to focus on personal goals.
   b. Collectivist cultures feel a strong association to groups, including family and work units. The goal is to maintain group harmony and work toward collective rather than personal goals.
2. *Power Distance*: Identifies the degree to which a culture accepts social inequality among its people.
   a. Large power distance is characterized by inequality between superiors and subordinates. Organizations are hierarchical, with power derived from prestige, force, and inheritance.
   b. Small power distance means equality, with prestige and rewards equally shared between superiors and subordinates. Power derives from hard work and is considered more legitimate.
3. *Uncertainty Avoidance*: Identifies the extent to which a culture avoids uncertainty and ambiguity.
   a. Cultures with large uncertainty avoidance value security, place faith in strong systems of rules and procedures, have lower employee turnover, formal rules for employee behavior, and more difficulty implementing change.
   b. Low uncertainty avoidance cultures are more open to change and new ideas.
4. *Masculinity versus Femininity*: Identifies the extent to which a culture emphasizes masculinity versus femininity.
   a. Cultures scoring high are characterized by personal assertiveness, accumulation of wealth, and entrepreneurial drive.
   b. Cultures scoring low have relaxed lifestyles, with more of a concern for others than material gain.
5. *Long-Term Orientation*: Indicates a society's time perspective and an attitude of overcoming obstacles with time. It attempts to capture the differences between Eastern and Western cultures.
   a. Cultures scoring high (strong long-term orientation) value respect for tradition, thrift, perseverance, and a sense of personal shame.
   b. Cultures scoring low are characterized by individual stability and reputation, fulfilling social obligations, and reciprocation of greetings and gifts.
6. *Indulgence versus restraint:* This dimension captures the extent to which a society allows free expression.

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a. An indulgent society (one scoring high on this dimension) allows people to rather freely satisfy human needs related to enjoying life and having fun.
b. A restrained society uses varying degrees of social norms to suppress the free satisfaction of such needs. Indulgent societies tend to value individual happiness, leisure, freedom, and personal control.

X BOTTOM LINE FOR BUSINESS

In this chapter we discussed many of the cultural differences among nations that affect international business. We saw how problems can erupt from cultural misunderstandings and learned how companies can improve their performance with cultural literacy. Localizing business policies and practices can promote success. Understanding a people's values, beliefs, rules, and institutions makes managers more effective at their jobs.

Quick Study Questions

Quick Study 1

1. Q: *How might a subculture differ from the dominant culture?*
A: *A subculture* can differ from the dominant culture in language, race, lifestyle, values, attitudes or other characteristics.

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2. Q: *What do we call the belief that one man's culture is superior to that of others?*
A: *Ethnocentricity* is the belief that one's own ethnic group or culture is superior to that of others.

3. Q: *What do we call detailed knowledge about a culture that enables a person to work happily within it?*
A: Cultural literacy is the detailed knowledge about a culture that enables a person to work happily within it.

Quick Study 2

1. Q: *What are examples of values?*
A: Ideas, beliefs, and customs to which people are emotionally attached to are called values.

2. Q: *What type of custom might a conservative group oppose in a culture?*
A: Authorities in a strict religious district of Indonesia's ACEH province banned Muslim women from wearing tight clothing, short skirts and blue jeans.

3. Q: *The law that restricts the gift giving by U.S. firms at home and abroad is called?*
A: The U.S. Foreign Corrupt Practices Act prohibits companies from giving large

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gifts to government officials, in order to win business favors.

Quick Study 3

1. Q: *Social structure embodies a culture's fundamental organization, including what?*
   A: *Social structure* embodies a culture's fundamental organizations; including its groups and institutions, its system of social positions and their relationships, and the process by which its resources are distributed.

2. Q: *A person and his or her immediate relatives including parents and siblings, is called what?*
   A: A nuclear family consists of a person's immediate relatives, including parents, brothers and sisters.

3. Q: *The departure of highly educated people from one profession, region, or nation to another is called what?*
   A: The "brain drain" phenomenon refers to the departure of highly educated people from one profession, geographic region, or nation to another.

Quick Study 4

1. Q: *Which denomination of Christianity has a "work ethic" named after it?*
   A: Protestants believe that salvation comes from faith in God and that hard work gives glory to God—a tenet which is widely known as the "*Protestant Work Ethic*."

2. Q: *India is home to more than 90 percent of the adherents of which religion?*
   A: Hinduism formed around 4,000 years ago in present day India, where more than 90 percent of Hinduism's 900 million adherents live.

3. Q: *The Dalai Lama is the spiritual and political head of what religion?*
   A: The Dalai Lama is the spiritual and political head of the Buddhist culture.

Quick Study 5

1. Q: *Every culture has a communication system that it uses to convey what?*
   A: People in every culture have a communication system to convey thoughts, feelings, knowledge, and information through speech, writing, and actions.

2. Q: *A special language understood by two parties who speak different native languages is called what?*
   A: A *lingua franca* is a link language that is understood by two parties who speak different native languages. English is the *lingua franca* of global business, higher education, diplomacy, science, popular music, entertainment, and international travel. More than 70 nations give a special status to English (including India,

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Nigeria, and Singapore) and roughly one-quarter of the world's population is fluent or competent in it.

3. Q: *An interesting fact about body language is what?*
A: Body language is important because it reflects cultural communication styles through unspoken movements. It communicates through hand gestures, facial expressions, physical greetings, eye contact, and the manipulation of personal space. Like spoken language, it communicates both information and feelings and differs greatly from one culture to another. Italians, for example, animate conversations with lively hand gestures and other body motions. Japanese and Koreans, although more reserved, communicate just as much information through their own body languages; a look of the eye can carry as much or more meaning as two flailing arms.

Quick Study 6

1. Q: *People living in different cultures often have different views regarding their what?*
A: They have differing beliefs and behaviors that can affect activities in the workplace. Such as, different perceptions of time, view of work and change.

2. Q: *What is an example of cultural imperialism?*
A: Fears of cultural imperialism still drive some French to oppose the products of the Walt Disney company and its Disneyland Paris theme park.

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3. Q: *The Kluckhohn-Strodtbeck framework does investigate whether people do what?*
A: The Kluckhohn-Strodtbeck Framework compares cultures along six dimensions, asking the following questions:
   1. Do people believe that their environment controls them, that they control the environment, or that they are part of nature?
   2. Do people focus on past events, on the present, or on the future implications of their actions?
   3. Are people easily controlled and not to be trusted, or can they be trusted to act freely and responsibly?
   4. Do people desire accomplishments in life, carefree lives, or spiritual and contemplative lives?
   5. Do people believe that individuals or groups are responsible for each person's welfare?
   6. Do people prefer to conduct most activities in private or in public?
4. Q: *In the Hofstede framework, the term "power distance" refers to what?*
A: It describes the degree of inequality between a culture's people in different occupations.

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Ethical Challenge

You are the vice president of operations for a U.S.-based software firm that is exploring building a software design operation in India. Typically when international firms enter the Indian market, they quickly learn how a caste system can affect business activities. Although officially banned, the caste system still dictates everyday life for many people in India. You are confident regarding the likelihood of business success there, but you have strong misgivings about the caste system.

2-4 *Do you think it will be possible to import and uphold a U.S. management style in India despite lingering effects of the caste system?*

A. A **caste system** is a system of social stratification in which people are born into a social ranking, or *caste,* with no opportunity for social mobility. India is the classic example of a caste culture. Although the Indian constitution officially bans discrimination by caste, its influence persists. Little social interaction occurs between castes, and marrying out of one's caste is taboo. Opportunities for work and advancement are defined within the system, and certain occupations are reserved for the members of each caste. For example, a member of a lower caste cannot supervise someone of a higher caste because personal clashes would be inevitable. The caste system forces Western companies to make some difficult decisions when entering the Indian marketplace. They must decide whether to adapt to local human resource policies in India or to import their own from the home country. As globalization penetrates deeper into Indian culture, both the nation's social system and international companies will face challenges.

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2-5 *How do you think your company's stakeholders would feel about your company simply adjusting to local management practices?*

A: Students must understand that understanding cultural differences is crucial to developing strong relationships. The question in this vignette poses a real dilemma for international companies operating in India. Local management practices can be very different from the company's practices in its home country. The response by most companies is to implement the home country policies but to adapt them to the local market. This is probably best accomplished by placing as head of the Indian operation an Indian-born employee that has worked for the company in the home country who understands the corporate culture. This manager would know what policies can or cannot be implemented in the Indian subsidiary.

Teaming Up

Two groups of four students will debate the benefits and drawbacks of individualist versus collectivist cultures. After the first student from each side has spoken, the second will question the opponent's arguments, looking for holes and inconsistencies. The third student will attempt to answer these arguments. The fourth student will present a summary of each side's arguments. Finally, the class will vote on which tem has offered the more compelling argument.

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A: Students may want to use the content of this chapter as a guide to create the questions they will ask the interviewee. Students should include in their report a full account of the cultural elements their interview uncovers. Student teams may also enjoy comparing their findings to look for similarities and differences among companies.

Practicing International Management Case

A Tale of Two Cultures

2-14. Q: *If you worked for an international firm doing business in Asia, is there anything you would suggest to ease the tensions these cultures are experiencing? Be specific.*

A: This question presents students with an ethical dilemma. Some students will say that their company is in business to earn a profit and that Asian consumers are not being forced to buy Western goods—they make a conscious decision when they make a purchase. Other students will feel a sense of responsibility to those societies in which they market their products. These students will want to suggest ways to lessen tensions in those societies. Some possibilities for this include doing charity work to help people suffering economic difficulties, financially supporting and giving employees time off to do volunteer work for cultural fairs and festivals, and making counselors available in the company to help employees with their troubles.

2. Q: *Social ills in any country are normally born from a multitude of factors. What role if any, do you think globalization is having in higher reported rates of divorce, crime, and drug abuse in Asia?*

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A: Many students will agree that the forces of globalization are exposing people in all countries to new ways of thinking and behaving. However, many social ills are not a direct result of globalization, but of other forces causing social change. Drug use is certainly not a new problem in most countries—opium has been used across Asia for centuries. Also, many women in Asian cultures are no longer financially dependent on their spouses because of the growing employment of women in the workforce. Thus when marital problems arise, divorce can be a viable option unlike in the past. This is not a Western phenomenon being spread by globalization, but one tied to economic development and industrialization more generally.

3. Q: *Broadly defined, Asia comprises more than 60 percent of the world's population—a population that practices Buddhism, Confucianism, Hinduism, Islam, and numerous other religions. Do you think it is possible to carry on a valid discussion of "Asian" values? Explain?*

A: Clearly, there are important and significant differences between Asian societies. But some values tend to be Pan-Asian, including the extended family concept—in contrast to the nuclear family concept in Western cultures. Also, respect for community elders is deeply ingrained throughout Asia—unlike the Western emphasis on youth and vitality (most pronounced in the United States). Thus, certain cultural elements can be discussed as "Asian" just as we identify certain concepts and behaviors as "Western." But the validity of generalizing

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about "Asian values" depends on the depth of the discussion. The deeper we explore Asian cultures, the more differences we uncover.

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***International Business: The Challenges of Globalization, 9e* (Wild)**
Chapter 2 Cross-Cultural Business

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
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

2) Ethnocentricity can be defined as the _____.
A) scientific description of individual human societies
B) systematic study of an ethnic group's religious core
C) merging of all ethnic practices into one homogeneous culture
D) belief that one's own ethnic group or culture is superior to that of others
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
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LO: 2.1: Explain culture and the need for cultural knowledge.

3) Detailed knowledge about a culture that enables people to work happily and effectively within it is called _____.
A) cultural literacy
B) cultural imperialism
C) cultural diffusion
D) cultural divergence
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

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4) Businesspeople seeking to understand more about another culture in order to successfully conduct business within that culture would be best advised to do which of the following?
A) observe the behavior of people who have gained respect within that cultural environment
B) rely on stereotypes, which are based on averages, to gain an understanding of the culture
C) avoid cultural research studies because they perpetuate unjustified stereotypes and behaviors
D) memorize the cultural variations that are typically encountered in a specific cultural environment
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
LO: 2.1: Explain culture and the need for cultural knowledge.

5) Which of the following is defined as a group of people who share a unique way of life within a larger, dominant culture?
A) macroculture
B) subculture
C) cultural universal
D) monoculture
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

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6) Certain attitudes can link groups, such as managers, from different nations more closely than managers within a given nation. As a result, international businesspeople should most likely _____.
A) assume that there are few significant cultural differences among nations
B) examine relevant groups when comparing nations
C) adopt universal operating methods
D) avoid cultural imperialism
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

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7) Which of the following is a cultural component that implies gauging the beauty and appeal of artwork?
A) customs
B) mores
C) folkways
D) aesthetics
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

8) It is most accurate to say that within most nations' borders, people largely share such essential attributes as _____ and _____.
A) work attitudes; occupations
B) lifestyles; education level
C) education level; ethnicity
D) values; language
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

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9) Which of the following terms is used to refer to the positive or negative evaluations, feelings, and tendencies that individuals harbor toward objects or concepts?
A) customs
B) attitudes
C) traditions
D) values
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

10) Which of the following statements is true of attitudes?
A) Over the years, they become more rigid than values.
B) They are learned from role models.
C) Because they're formed within a cultural context, they mirror the attitudes of surrounding countries.
D) They are developed only for the most important aspects of life.
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.1: Explain culture and the need for cultural knowledge.

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11) A(n) _____ is anything that represents a culture's way of life, including gestures, material objects, traditions, and concepts.
A) social structure
B) social status
C) cultural baggage
D) cultural trait
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

12) _____ is increasing the pace of both cultural diffusion and cultural change.
A) Collectivism
B) Enculturation
C) Fundamentalism
D) Globalization
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

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13) Contact among countries brings about cultural change, which is a process called _____.
A) cultural collision
B) cultural imperialism
C) cultural diffusion
D) polycentrism
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

14) Cultural change occurs when people integrate into their culture the gestures, material objects, traditions, or concepts of another culture through _____.
A) ethnocentrism
B) cultural diffusion
C) social stratification
D) xenocentrism
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

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15) The practice of exchanging rings at weddings, which was initially a pagan ritual, is now followed by most people across the world. Which of the following does this illustrate?
A) cultural literacy
B) cultural encoding
C) cultural diffusion
D) cultural lag
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
LO: 2.1: Explain culture and the need for cultural knowledge.

16) Which of the following terms is used to refer to habits or ways of behaving in specific circumstances that are passed down through generations?
A) customs
B) attitudes
C) prejudices
D) aesthetics
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

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Scenario: The French Government
The French Government has placed many restrictions upon the use of the English language within their borders. They argue that the inflow of English movies, music, and literature is responsible for the dilution of their rich culture.

17) Their argument is vulnerable to criticism because _____.
A) most restaurants still display their menu cards in French
B) they fail to take other social and cultural factors into account
C) they do not distinguish between movies made by studios in England and movies made in Hollywood
D) no other country screens French movies or star French actors
Answer: B
AACSB: Reflective thinking
Skill: Critical Thinking
Difficulty: Hard
LO: 2.1: Explain culture and the need for cultural knowledge.

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18) Surveys conducted by a group of sociologists show that French children display more familiarity with the superheroes of Hollywood movies than with the heroes of their traditional folklore. The French Government can use this fact to prove the effect of _____ within their country.
A) cultural imperialism
B) social stratification
C) ethnocentrism
D) racism
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
LO: 2.1: Explain culture and the need for cultural knowledge.

19) The French Government promotes the concept of _____ by building museums and monuments to preserve the legacies of important events and people.
A) subculture
B) national culture
C) popular culture
D) monoculture
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
TBEXAM.COM
LO: 2.1: Explain culture and the need for cultural knowledge.

Scenario: Frankfurter Friday
Betty Cleveland is the vice president of Frankfurter Friday, a highly successful hot dog joint in Oceania. Her company decides to expand to Asia and identifies China as the ideal market. Before she leaves for China, she studies their culture extensively and discovers that the number four is considered extremely unlucky, that not everybody is fluent in China's official language–Mandarin–and that punctuality is a highly valued trait in the country.

20) Which of the following terms describes Betty's effort to learn more about the Chinese culture?
A) cultural literacy
B) cultural imperialism
C) cultural divergence
D) cultural heterogeneity
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
LO: 2.1: Explain culture and the need for cultural knowledge.

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21) The first step in analyzing a nation's potential for international business activity is to examine its business climate.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Difficulty: Moderate
LO: 2.1: Explain culture and the need for cultural knowledge.

22) Ethnocentric firms typically use the same business practices in all cultures and markets.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

23) Subcultures mimic the values, preferences, and beliefs of dominant cultures.
Answer: FALSE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

24) Subcultures exist in democratic countries with large populations.
Answer: TRUE
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AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

25) Hispanics comprise a subculture in the United States.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

26) Subcultures contribute to national culture and cannot be safely ignored when making marketing and production decisions.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.1: Explain culture and the need for cultural knowledge.

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27) A nation's cultural boundaries do not always correspond with its political boundaries.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.1: Explain culture and the need for cultural knowledge.

28) Subcultures exist only within a nation's borders.
Answer: FALSE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.1: Explain culture and the need for cultural knowledge.

29) Cultures isolated by topographical barriers are characterized by slower cultural change.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.1: Explain culture and the need for cultural knowledge.

30) Material culture often displays uneven development across a nation's industries.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.1: Explain culture and the need for cultural knowledge.

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31) _____ facilitate(s) the process of cultural imperialism.
A) Strict product liability laws
B) Relaxed trade and investment barriers
C) Technological stagnation
D) Social media censorship
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.2: Summarize the cultural importance of values and behavior.

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32) _____ refers to the replacement of one culture's traditions, folk heroes, and artifacts with equivalents from another.
A) Cultural imperialism
B) Social stratification
C) Cultural encoding
D) Social conditioning
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.2: Summarize the cultural importance of values and behavior.

33) U.S. companies monopolize much of the international entertainment media, which largely portrays U.S. products and lifestyles as glamorous and appealing. This situation would most likely be used as an example of _____.
A) the stronger work ethic typical of developed countries
B) the spread of low-context cultures
C) cultural fragmentation
D) cultural imperialism
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
LO: 2.2: Summarize the cultural importance of values and behavior.

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34) _____ is a system in which a supervisor walks an employee through every step of an assignment or task, monitoring the results at each stage.
A) Situational attribution
B) Situational management
C) Social mobility
D) Social stratification
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.2: Summarize the cultural importance of values and behavior.

35) Low levels of class consciousness encourage social mobility and lessen conflict.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.2: Summarize the cultural importance of values and behavior.

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36) The cultural component that deals with elements of imagery and symbolism is known as material culture.
Answer: FALSE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.2: Summarize the cultural importance of values and behavior.

37) A culture's values tend to become inflexible over time.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.2: Summarize the cultural importance of values and behavior.

38) Folk customs that spread by cultural diffusion to other regions develop into popular customs.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.2: Summarize the cultural importance of values and behavior.

39) A nuclear family comprises of one's immediate family, along with grandparents, uncles, aunts, and cousins.
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Answer: FALSE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.2: Summarize the cultural importance of values and behavior.

40) Social status is determined by family heritage, income, and occupation.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.2: Summarize the cultural importance of values and behavior.

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41) Distinguish between attitudes and values. How do cultures differ in their attitudes toward cultural change?
Answer: Ideas, beliefs, and customs to which people are emotionally attached are called values. Attitudes are positive or negative evaluations, feelings, and tendencies that individuals harbor toward objects or concepts. Attitudes reflect underlying values. But unlike values (which generally concern only important matters), people hold attitudes toward both important and unimportant aspects of life. And whereas values remain quite rigid over time, attitudes are more flexible.
Cultures can have varying responses to cultural change. Some countries feel threatened by the diffusion of traits from certain cultures, particularly if there appears to be a risk of cultural imperialism. One example involves French resistance to the influx of American cultural icons such as Mickey Mouse. In other cases, countries may welcome cultural change or at least see its benefits. U.S. audiences have embraced the diffusion of British-style competitive TV shows, such as the type of show that spawned American Idol.
AACSB: Reflective thinking
Skill: Synthesis
Difficulty: Hard
LO: 2.2: Summarize the cultural importance of values and behavior.

42) Explain the concept of culture. Why is it important to avoid ethnocentricity and gain cultural literacy?
Answer: Culture is the set of values, beliefs, rules, and institutions held by a specific group of people. Individuals who are ethnocentric believe their culture is superior to other cultures. It is important to avoid ethnocentricity because it can seriously undermine international business projects. It causes people to view other cultures in terms of their own and, therefore, disregard the beneficial characteristics of other cultures.
Cultural literacy, on the other hand, involves acquiring detailed knowledge about a culture to function effectively within it. Cultural literacy improves a person's ability to manage employees, market products, and conduct negotiations in other countries. The culturally literate manager who compensates for local needs and desires brings his or her company closer to customers and improves the firm's competitiveness.
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.2: Summarize the cultural importance of values and behavior.

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43) A folk custom can be defined as _____.
A) behavior shared by a heterogeneous group or by several groups of people
B) behavior, often dating back several generations, that is practiced by a homogeneous group of people
C) positive or negative evaluations, feelings, and tendencies that individuals harbor toward objects or concepts
D) positive or negative evaluations, feelings, and tendencies that individuals harbor toward themselves
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

44) Folk customs that spread by cultural diffusion to other regions develop into _____.
A) trash culture
B) traditions
C) popular customs
D) superstitions
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

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45) The practice by which managers and other employees find jobs within their own companies for relatives is known as _____.
A) ethnocentrism
B) enculturation
C) nepotism
D) stratification
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

46) Nepotism often prevails in _____ cultures.
A) extended-family
B) individualistic
C) monotheistic
D) nuclear family
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

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47) _____ refers to socially learned traits associated with, and expected of, men or women.
A) Conformity
B) Social mobility
C) Individualism
D) Gender
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

48) Which of the following terms is used to refer to the process of ranking people into social layers or classes?
A) social transformation
B) social stratification
C) social loafing
D) social mobility
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

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49) _____ tend to occupy the highest social layer in industrialized countries.
A) Teachers
B) Scientists
C) Medical doctors
D) Business leaders
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

50) _____ is the ability of individuals to move from one stratum of society to another.
A) Social stratification
B) Social mobility
C) Socialization
D) Hierarchical structure
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

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51) A caste system is a system of social stratification in which _____.
A) a person's social status is decided by his acquired wealth
B) a person's position in society depends upon his educational qualifications and achievements
C) people are born into a social ranking, with no opportunity for social mobility
D) people join highly exclusive associations that encourage external interaction
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.3: Describe the roles of social structure and education in culture.

52) International businesspeople need to understand social stratification systems where they do business because _____.
A) such systems reflect a culture's willingness to accept new products
B) such systems indicate who people in a given culture will likely respect more
C) the high similarity among countries lets firms effectively use global hiring practices
D) what is an ascribed group membership in one country is an acquired one in another
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
LO: 2.3: Describe the roles of social structure and education in culture.

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53) A class system is a system of social stratification in which _____.
A) people are divided into various political groups and subgroups
B) a person's social rank depends upon his/her parentage
C) people join highly exclusive associations that forbid external interaction
D) personal ability and actions determine an individual's social status and mobility
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.3: Describe the roles of social structure and education in culture.

54) Which of the following is the most common form of social stratification in the world today?
A) racial segregation
B) class system
C) gender-based division
D) language-based stratification
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

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55) _____ is crucial in production facilities where nonnative managers supervise local employees.
A) Ethnocentrism
B) Language proficiency
C) Cultural isolation
D) Individualism
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

56) Lingua franca means _____.
A) link language
B) French language
C) official language
D) Latin language
Answer: A
AACSB: Written and oral communication
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

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57) Which of the following terms is used to refer to the departure of highly educated people from one profession, geographic region, or nation to another?
A) social mobility
B) repatriation
C) stratification
D) brain drain
Answer: D
AACSB: Application of knowledge
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

58) Over the last ten years, nearly 90% of medical graduates from Konesia have left the country for higher-paying jobs in the United States. What phenomenon has Konesia been witnessing?
A) vested outsourcing
B) brain drain
C) redeployment
D) repatriation
Answer: B
AACSB: Analytical thinking
Skill: Application
Difficulty: Hard
LO: 2.3: Describe the roles of social structure and education in culture.

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59) Reverse brain drain is the process by which _____.
A) manual laborers migrate from low-income countries to high-income countries
B) professionals are lured back to their homeland
C) students from Europe choose to enroll themselves in American universities
D) companies in high-income countries hire people from low-income countries to fill white-collar positions
Answer: B
AACSB: Application of knowledge
Skill: Concept
Difficulty: Moderate
LO: 2.3: Describe the roles of social structure and education in culture.

60) Konesia is a country with a number of offshore islands. Its landscape is characterized by deep valleys, rocky plains, and impassable mountains. Which of the following statements about the country is true, keeping its topography in mind?
A) Konesia is the ideal place to set up production facilities for multinational companies.
B) Konesia experiences a slow rate of cultural change.
C) Konesia is a receptive market for foreign automobile companies.
D) Konesia is greatly susceptible to cultural imperialism.
Answer: B
AACSB: Analytical thinking
Skill: Application
Difficulty: Hard
LO: 2.3: Describe the roles of social structure and education in culture.

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61) Social mobility tends to be higher in less stratified societies.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.3: Describe the roles of social structure and education in culture.

62) Nations that invest in worker training programs are usually rewarded with an increase in productivity and a rise in income.
Answer: TRUE
AACSB: Application of knowledge
Skill: Concept
Difficulty: Moderate
LO: 2.3: Describe the roles of social structure and education in culture.

63) Brain drain is the departure of highly educated people from one profession, geographic region, or nation to another.
Answer: TRUE
AACSB: Analytical thinking; Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.3: Describe the roles of social structure and education in culture.

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64) Describe brain drain and its impact on an economy. What is reverse brain drain?
Answer: Brain drain is the departure of highly educated people from one profession, geographic region, or nation to another. Brain drain can negatively affect an economy if individuals needed for economic development, such as science and technology professionals, move elsewhere. Many countries in Eastern Europe experienced high levels of brain drain early in their transition to market economies. Economists, engineers, scientists, and researchers in all fields fled westward to escape poverty. But as these nations continue their long march away from communism, some are luring professionals back to their homelands–a process known as reverse brain drain.
AACSB: Application of knowledge
Skill: Concept
Difficulty: Moderate
LO: 2.3: Describe the roles of social structure and education in culture.

65) What are the two types of family groups? Why does the family play an important role in affecting business activities across the world?
Answer: There are two different types of family groups:
The nuclear family consists of a person's immediate relatives, including parents, brothers, and sisters. This concept of family prevails in Australia, Canada, the United States, and much of Europe.
The extended family broadens the nuclear family and adds grandparents, aunts and uncles, cousins, and relatives through marriage. It is an important social group in much of Asia, the Middle East, North Africa, and Latin America.
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Extended families can present some interesting situations for businesspeople unfamiliar with the concept. In some cultures, owners and managers obtain supplies and materials from another company in which someone from the extended family works. Gaining entry into such family arrangements can be difficult because quality and price are not sufficient motives to ignore family ties.
In extended-family cultures, managers and other employees often try to find jobs for relatives inside their own companies. This practice (called "nepotism") can present a challenge to the human resource operations of a Western company, which typically must establish explicit policies on the practice.
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.3: Describe the roles of social structure and education in culture.

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66) Religion _____.
A) is the exclusive means by which a society's members communicate with each other
B) shapes the attitudes its adherents have toward work, consumption, individual responsibility, and planning for the future
C) is the overall framework that determines the roles of individuals within a society, the stratification of the society, and the individuals' mobility within the society
D) remains one of the least important elements of culture
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Hard
LO: 2.4: Outline how the major world religions can influence business.

67) Religion is confined to national political boundaries.
Answer: FALSE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.4: Outline how the major world religions can influence business.

Scenario: The French Government
The French Government has placed many restrictions upon the use of the English language within their borders. They argue that the inflow of English movies, music, and literature is responsible for the dilution of their rich culture.

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68) Which of the following statements, if true, strengthens their argument?
A) The Education Board of France has made it mandatory for schools to teach students English as a second language.
B) The sales of English novels have risen sharply, while those of French novels have declined to a corresponding extent.
C) Stores now advertise their presence with two placards; one in English and one in French.
D) French fashions are no longer popular in English speaking countries.
Answer: B
AACSB: Reflective thinking
Skill: Critical Thinking
Difficulty: Hard
LO: 2.5: Explain the importance of personal communication to international business.

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69) Which of the following statements, if true, weakens their argument?
A) Hollywood movies star French actors very often.
B) English novels are more expensive than French novels.
C) Contemporary French artists have failed to come up with original songs.
D) A larger number of children are being given English names than traditional French names.
Answer: C
AACSB: Reflective thinking
Skill: Critical Thinking
Difficulty: Hard
LO: 2.5: Explain the importance of personal communication to international business.

70) Upon what assumption does their argument rest? Their argument assumes that _____.
A) the people of France prefer English music and movies to French music and movies
B) the people of France no longer speak French
C) the people of other countries aren't open to French cultural elements
D) Hollywood movies don't have French subtitles
Answer: A
AACSB: Reflective thinking
Skill: Critical Thinking
Difficulty: Hard
LO: 2.5: Explain the importance of personal communication to international business.

71) When going global with an Internet presence, it is highly beneficial for a business to localize its Web site.
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Answer: TRUE
AACSB: Information technology
Skill: Concept
Difficulty: Moderate
LO: 2.5: Explain the importance of personal communication to international business.

72) Discuss the concept of lingua franca and how it affects communication in international business.
Answer: A lingua franca is a third or "link" language understood by two parties who speak different native languages. The original lingua franca arose to support ancient trading activities and contained a mixture of Italian and French, along with Arabic, Greek, and Turkish. Multinational corporations sometimes choose a lingua franca for official internal communications because they operate in many nations, each with its own language. Although only 5 percent of the world's population speaks English as a first language, it is the most common lingua franca in international business, followed closely by French and Spanish.
AACSB: Written and oral communication
Skill: Concept
Difficulty: Moderate
LO: 2.5: Explain the importance of personal communication to international business.

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73) Which of the following terms refers to the technology used in a culture to manufacture goods and provide services?
A) vernacular culture
B) popular culture
C) trash culture
D) material culture
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

74) _____ is often used to measure the technological advancement of a nation's markets or industries.
A) Material culture
B) Popular culture
C) Trash culture
D) Vernacular culture
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

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75) _____ cultures value hard work and promote entrepreneurial risk taking.
A) Short-term oriented
B) High uncertainty avoidance
C) Individualist
D) Collectivist
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

76) 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
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
LO: 2.6: Describe how firms and culture interact in the global workplace.

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77) According to Hofstede's framework, people generally prefer little consultation between superiors and subordinates in cultures where _____ is high.
A) power distance
B) fatalism
C) individualism
D) self-actualization
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

78) According to Hofstede's framework, organizations which have cultures that score high on _____ tend to be more hierarchical, with power deriving from prestige, force, and inheritance.
A) uncertainty avoidance
B) power distance
C) short-term orientation
D) femininity
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

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79) According to Hofstede's framework, a culture with large power distance tends to be characterized by _____.
A) inequality between superiors and subordinates
B) the absence of any form of hierarchy
C) power derived from hard work and entrepreneurial drive
D) a preference for individualism over collectivism
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

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80) Sally, a social worker from the United States, has been stationed in Konesia for a year. She notices several things about the Konesian society; the people who report to her, for example, do so with an excessive amount of submissiveness, and her superior seems to expect the same of her. Which of the following statements about Konesia would be consistent with Hofstede's framework?
A) Konesians work best in an informal environment.
B) Konesia has a large power distance culture.
C) Konesian society is primarily individualistic.
D) Konesians derive power from their entrepreneurial drive.
Answer: B
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
LO: 2.6: Describe how firms and culture interact in the global workplace.

81) According to Hofstede's framework, managers should be more precise in their directions to subordinates when _____.
A) the company has a philosophy of geocentrism
B) the society believes age equals wisdom
C) uncertainty avoidance is high
D) power distance is low
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

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82) According to Hofstede's framework, cultures scoring high on the dimension of _____ tend to be characterized by personal assertiveness and the accumulation of wealth, typically translating into an entrepreneurial drive.
A) power distance
B) collectivism
C) uncertainty avoidance
D) masculinity
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

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83) The term "_____ culture" describes 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."
A) high masculinity
B) physiological
C) non-fatalistic
D) high-femininity
Answer: A
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

84) According to Hofstede's framework, cultures that score high on _____ value respect for tradition, thrift, and perseverance, and have strong work ethics.
A) power distance
B) masculinity
C) uncertainty avoidance
D) long-term orientation
Answer: D
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

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85) According to Hofstede's framework, a culture that scores low on _____ is characterized by individual stability and reputation, fulfilling social obligations, and reciprocation of greetings and gifts.
A) collectivism
B) uncertainty avoidance
C) long-term orientation
D) femininity
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
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86) According to Hofstede's framework, a culture that scores low on _____ can change more rapidly because tradition and commitment are not impediments to change.
A) masculinity
B) individualism
C) long-term orientation
D) risk-taking
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

Scenario: Frankfurter Friday
Betty Cleveland is the vice president of Frankfurter Friday, a highly successful hot dog joint in Oceania. Her company decides to expand to Asia and identifies China as the ideal market. Before she leaves for China, she studies their culture extensively and discovers that the number four is considered extremely unlucky, that not everybody is fluent in China's official language–Mandarin–and that punctuality is a highly valued trait in the country.

87) When selecting employees to help her establish their chain in China, she decides not to transfer Craig, as he believes that the people of China are less competent and skilled than the people of his country. What trait does Craig display?
A) individualism
B) imperialism
C) ethnocentrism
D) collectivism
Answer: C
AACSB: Diverse and multicultural work environments
Skill: Application
Difficulty: Hard
LO: 2.6: Describe how firms and culture interact in the global workplace.

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88) Betty notices that organizations in China tend to be hierarchical with power derived from prestige and force. Which of the following statements is consistent with her observation?
A) Chinese society considers caste system and class system a myth.
B) Chinese men are subordinate to Chinese women.
C) China scores high on the power distance dimension.
D) China owes its success to its individualistic society.
Answer: C
AACSB: Analytical thinking
Skill: Application
Difficulty: Hard
LO: 2.6: Describe how firms and culture interact in the global workplace.

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89) Once in China, Betty witnesses the ease with which Chinese employees incorporate change and new ideas into their work–unlike the people of Oceania who prefer strong systems of rules and guidelines. Which of the following statements within Hofstede's framework is consistent with her observation?
A) China scores low on the uncertainty avoidance dimension.
B) China scores high on the femininity dimension.
C) Chinese organizations are the least entrepreneurial.
D) Chinese organizations have high levels of employee turnover.
Answer: A
AACSB: Analytical thinking
Skill: Application
Difficulty: Hard
LO: 2.6: Describe how firms and culture interact in the global workplace.

90) One of Betty's employees, Dan, oversees the hot dog joint's decor. He designs all menu cards in shades of red and gold because those are considered lucky colors in China. He also uses his knowledge of Feng Shui when designing the building's interior. The cultural component Dan is involved in is _____.
A) ethics
B) stratification
C) imperialism
D) aesthetics
Answer: D
AACSB: Diverse and multicultural work environments
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Skill: Application
Difficulty: Hard
LO: 2.6: Describe how firms and culture interact in the global workplace.

91) Against Betty's judgment, her boss decides to market Frankfurter's beef sausages in the town of Xunagshi, believing that it would rake in a huge profit. Which of the following, if true, would prove that her boss's decision is a bad one?
A) There are very few vegetarians in Xunagshi.
B) Due to their exposure to the Western culture, the youth of Xunagshi is more open to fast food than the town elders.
C) The traditional dishes of Xunagshi are more expensive than the beef sausages.
D) Xunagshi has a large Hindu population, all of whom are forbidden from eating beef.
Answer: D
AACSB: Reflective thinking
Skill: Critical Thinking
Difficulty: Hard
LO: 2.6: Describe how firms and culture interact in the global workplace.

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92) Businesspeople measure material culture to determine whether a market can support production activities.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.6: Describe how firms and culture interact in the global workplace.

93) People in collectivistic cultures are more focused on the success of the organization.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Easy
LO: 2.6: Describe how firms and culture interact in the global workplace.

94) A culture with large power distance tends to be characterized by considerable inequality between superiors and subordinates.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.6: Describe how firms and culture interact in the global workplace.

95) Cultures that score high on uncertainty avoidance tend to be less open to change and new ideas.
Answer: TRUE
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.6: Describe how firms and culture interact in the global workplace.

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96) Explain the Hofstede framework briefly.
Answer: The Hofstede framework compares cultures along five dimensions: (1) individualism vs. collectivism; (2) power distance; (3) uncertainty avoidance; (4) masculinity vs. femininity; and (5) long-term orientation.
The individualism vs. collectivism dimension identifies the extent to which a culture emphasizes the individual versus the group. Individualist cultures value hard work and promote entrepreneurial risk taking, thereby fostering invention and innovation. Although people are given freedom to focus on personal goals, they are held responsible for their actions. People in collectivist cultures, however, tend to work toward collective rather than personal goals and are responsible to the group for their actions. In turn, the group shares responsibility for the well-being of each of its members.
Power distance conveys the degree to which a culture accepts social inequality among its people. A culture with large power distance tends to be characterized by much inequality between superiors and subordinates. On the other hand, cultures with small power distance display a greater degree of equality, with prestige and rewards more equally shared between superiors and subordinates.
Uncertainty avoidance identifies the extent to which a culture avoids uncertainty and ambiguity. A culture with large uncertainty avoidance values security and places its faith in strong systems of rules and procedures in society. Cultures scoring low on uncertainty avoidance tend to be more open to change and new ideas.
Cultures scoring high on masculinity tend to be characterized more by personal assertiveness and the accumulation of wealth, typically translating into an entrepreneurial drive. Cultures scoring low on this dimension (greater tendency toward femininity) generally have more relaxed lifestyles, wherein people are more concerned about caring for others as opposed to material gain.
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The dimension of long-term orientation indicates a society's time perspective and an attitude of overcoming obstacles with time, if not with will and strength. A high-scoring culture values respect for tradition, thrift, perseverance, and a sense of personal shame. A low-scoring culture is characterized by individual stability and reputation, fulfilling social obligations, and reciprocation of greetings and gifts. These cultures can change more rapidly because tradition and commitment are not impediments to change.
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
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97) Are the Kluckhohn-Strodtbeck and Hofstede frameworks useful for understanding subcultures? Why or why not?
Answer: The frameworks appear to be better suited for analyzing national culture than particular subcultures. Both frameworks describe cultures in terms of dimensions that apply to the entire culture. They attempt to identify features that can be used to understand a culture in an overarching way. They do not allow for the subtleties necessary to differentiate various aspects of subcultures. The frameworks could most likely be applied to subcultures, but their strengths seem to lie in providing succinct portraits of national culture that facilitate comparisons between countries.
AACSB: Analytical thinking
Skill: Application
Difficulty: Hard
LO: 2.6: Describe how firms and culture interact in the global workplace.

98) How can a nation's topography affect the existence of subcultures?
Answer: All the physical features that characterize the surface of a geographic region constitute its topography. The topography of an area can serve to promote or weaken subcultures. On the one hand, physically separating topography can reinforce subcultures and help keep them isolated by inhibiting communication. For example, mountain ranges and the formidable Gobi Desert consume two-thirds of China's land surface. Groups living in the valleys of these mountain ranges hold on to their own ways of life and speak their own languages.
At the same time, topography that promotes communication can enhance cultural diffusion. Some surface features such as navigable rivers and flat plains facilitate travel and contact with others and can potentially lead to more uniformity among cultural groups.
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AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.6: Describe how firms and culture interact in the global workplace.

99) Describe the relationship between culture and the physical environment.
Answer: Although physical environment affects a people's culture, it does not directly determine it. Two aspects of the physical environment that heavily influence a people's culture are topography and climate.
All the physical features that characterize the surface of a geographic region constitute its topography. Some surface features such as navigable rivers and flat plains facilitate travel and contact with others. By contrast, treacherous mountain ranges and large bodies of water can discourage contact. Cultures isolated by topographical features can find themselves less exposed to the cultural traits of other peoples, which can mean slower cultural change. Topography can impact consumers' product needs and can also have a profound impact on personal communication in a culture.
Climate affects where people settle and helps direct systems of distribution. It plays a large role in lifestyle and work habits, to which companies must adapt, and it also impacts customs such as the type of clothing people wear.
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.6: Describe how firms and culture interact in the global workplace.

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100) Differentiate between folk and popular customs. Why are popular customs seen as a threat by some cultures? Support your answer with an example.
Answer: A folk custom is behavior, often dating back several generations, that is practiced by a homogeneous group of people. The wearing of turbans by Muslims in southern Asia and the art of belly dancing in Turkey are both folk customs. A popular custom is behavior shared by a heterogeneous group or by several groups. Popular customs can exist in just one culture or in two or more cultures at once. Wearing blue jeans and playing golf are both popular customs across the globe. Folk customs that spread by cultural diffusion to other regions develop into popular customs.
Despite their appeal, popular customs can be seen as a threat by some members of a culture. Authorities in a devoutly religious district of Indonesia's Aceh province banned Muslim women from wearing tight clothing, short skirts, and blue jeans. Islamic police set up raids to distribute long skirts to women found violating the ban and to confiscate their offending garments. Violators were released from custody after they provided their identities to police and received advice from Islamic preachers.
AACSB: Diverse and multicultural work environments
Skill: Concept
Difficulty: Moderate
LO: 2.6: Describe how firms and culture interact in the global workplace.

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