**Module 2: Comparative Environmental Frameworks**

**2.1 Culture**

Culture refers to learned norms based on the values, attitudes, and beliefs of a group of people**.** Cultural diversity

* Cultural collision
* Sensitivity and Adjustment

**2.2 Cultural Awareness**

* There is no foolproof way to build your awareness of culture
* Hard to isolate culture from economic and political conditions
* Education about a culture helps
* Studies of cultures have shortcomings

**2.5 Language as a Cultural Stabilizer**

* When people from different areas speak the same language, culture spreads more easily
* Among nations that share a same language, commerce is easier
* Isolation from other groups, especially because of language, tends to stabilize cultures.
* Some countries see language as being so important that they regulate the inclusion of foreign words and/or mandate the use of the country’s official language for business purposes.

**2.6 Religion as a Cultural Stabilizer**

* Centuries of profound religious influence continue to play a major role in shaping cultural values
* Many religions influence specific beliefs that may affect business

**2.9 Factors Affecting Relationship Preferences**

* Power distance: general relationship between superiors and subordinates.
* Individualism vs. collectivism: degree of dependence on organization
* Factors Affecting Risk-taking Behavior
* Uncertainty avoidance
* Trust
* Future orientation
* Fatalism

**2.11 FactorsAffectingtheCommunicationProcess**

Spoken and Written language

Silent language:

* + color associations
  + conversational distance
  + perception of time and punctuality
  + body language and gestures
  + prestige

**2.12 Dealing with Cultural Differences**

* Accommodation
* Cultural distance
* Culture shock
* Company and Management orientations

**2.13 Factors Affecting Strategies for Instituting Cultural Change**

* Value systems
* Cost/benefits of change
* Resistance to too much change
* Participation
* Reward sharing
* Opinion leadership
* Timing
* Learning abroad

**2.22 Importance of Economic Environments**

* Company managers study economic environments to estimate how trends affect their performance
* A country’s economic policies are a leading indicator of government’s goals and its planned use of economic tools and market reforms.
* Economic development directly impacts citizens, managers, policymakers, and institutions.

**2.23 Elements of the Economic Environment**

* Gross national income (GNI): the income generated both by total domestic production as well as the international production activities of national companies
* Gross domestic product (GDP): the total value of all goods and services produced within a nation’s borders over one year, no matter whether domestic or foreign-owned companies make the product.

**2.24 Adjustments to GNI**

* Number of people in a country
* Growth rate
* Local cost of living
* Economic sustainability

**2.25 Other features of an economy**

* Inflation
* Unemployment
* Debt
* Income distribution
* Poverty
* Labor costs
* Productivity
* Balance of payments

**2.26 Definition of Economic System**

A mechanism that deals with the production, distribution, and consumption of goods and services. Types:

* Market economy
* Command economy
* Mixed economy

**2.27 Transition to a Market Economy**

* Liberalizing economic activity
* Reforming business activity
* Establishing legal and institutional frameworks
* Success is linked to how well the government deals with:
  + Privatization
  + Deregulation
  + Property right protection
  + Fiscal and monetary reform
  + Antitrust legislation