

Developments In Business Simulation & Experiential Exercises, Volume 20, 1993

CHANGES IN ETHNOCENTRIC/GEOCENTRIC ORIENTATION BY BUSINESS STUDENTS AFTER EXPOSURE TO A ONE SEMESTER COURSE IN INTERNATIONAL MARKETING

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ABSTRACT

Academics and business leaders have sought to identify determinants of success in cross-cultural business operations; Perlmutter has long argued that geocentric rather than ethnocentric managerial values are essential. Following the logic that today's business students are tomorrow's business leaders, this paper reports the results of a pilot study of changes in students' ethnocentric/geocentric orientation as a result of exposure to a one-semester course in International Marketing. Results indicate that geocentric values can be developed, or existing values enhanced. The paper suggests further questions concerning development of geocentric orientations in baccalaureate level business education.

INTRODUCTION

During the last 20 years, business leaders and academicians have increasingly focused on world markets, and have conceptualized business affairs on an international basis rather than persisting in their former primary focus on their respective national markets. Growing world markets and international customers, global competition, increasingly availability of managerial and technical know-how in foreign markets, advances in telecommunications, as well as various geo-political considerations, are among the factors that have generated this new perspective, Perlmutter (1969).

It is not uncommon that cross-cultural placements of managers are not successful. In part, at least, these experiences often result from "culture shock" -- the perceived discrepancy between individuals' expectations of how events should proceed and how they actually occur -- which reduces one's ability to function effectively in cross-cultural settings, Earley (1987).

Tucker, *et al.* identify five major factors affecting overseas effectiveness of expatriate managers: (1) communication skills, (2) social and professional interaction with foreign nationals, (3) maintenance of a lifestyle incorporating activities from both the native as well as foreign culture, (4) positive and anticipatory attitude toward new experiences rather than dread of them, and (5) knowledge of the new culture -- both historical and contemporary, Tucker, *et al.* (1985).

Development of both social and professional "interaction" skills should result from training as to what culture is and how it affects human behavior, as well as from developing

the capability of students to analyze their own cultures and to compare them to others.

Because of cultural differences in thinking patterns, teaching methods, and class practices, industrial trainers often experience difficulties providing adequate training for a multicultural workforce, Abbott (1988). Nevertheless, successes have been reported in industrial training and development efforts to prepare managers for overseas assignments, Earley (1987), and Bracker, *et al.* (1989). Common themes in these success stories include one or more of the following: (1) training is goal-oriented and based on a field assessment of need, (2) successful training experiences are either essentially experiential rather than cognitive, or are a combination of the two, (3) a variety of training methods are used, and (4) the training program is people-intensive, Tucker, *et al.* (1985), and Bracker, *et al.* (1989). These factors would appear essential for developing "interaction" skills.

Earley found that both "documentary" (essentially experiential in nature) training techniques were effective in enhancing interaction skills, Earley (1987). He found a combination of the two to develop a more "cosmopolitan outlook" among subjects in a cross-cultural training program.

Ethnocentrism vs. Geocentrism.

Perlmutter has argued that managers of successful multinational corporations must reflect geocentric rather than ethnocentric orientations, Perlmutter (1969). At one end of a continuum, he places "ethnocentrism" -- a rather provincial or "Home Country" attitudinal orientation manifest in such characteristics as cultural superiority complexes toward one's own home culture, high national pride, and discomfort with foreigners. At the other end of the continuum, is "geocentrism," a rather cosmopolitan or "world" oriented set of attitudes and values. He argues that egocentricity is essential in today's business world -- that the long run cost of ethnocentricity (for example, in the loss of world market share) is too high.

Accepting Perlmutter's argument that geocentrism is essential for today's multinational business managers, logical extension implies that it would also be an essential attitudinal characteristic to be developed in today's American business students. Believing that their own culture is always right or superior to cultures of others could be expected to impede their

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future success as managers of international companies. However, ethnocentrism can be expected to be deeply rooted in American students that typically do not frequently travel abroad, and consequently have not been exposed to foreign cultures.

With the expansion of domestic business into international markets, there is an ever-increasing demand for business school curricula to be modified in order to meet the emerging needs of business in the areas of international marketing, management, accounting, and finance. The American Assembly of Collegiate Schools of Business (AACSB) recognized this reality when it added an international component to its accreditation standards. The approaches commonly taken to satisfy this requirement is either to add the international dimension to existing courses in the form of devoting varying portions of class time to international topics and/or development of specific international business courses.

PURPOSE OF THIS STUDY

This article will report the results of an examination of students' ethnocentric/geocentric orientation prior to taking a one-semester course in international marketing, and the change in orientation produced by subsequent exposure to the course.

METHODOLOGY

The data for this study were collected over a one-semester period from a treatment group enrolled in an international marketing course and a control group in two other non-international business courses. The study was conducted at The University of Tennessee at Martin. This treatment sample of students (n = 33) ranged in age from 20-22 years (n = 27) to 29-31. All participants in the study were upper level students, with five juniors (15.2%) and 28 seniors (84.8%). The sample was unevenly distributed by major with four economics/finance (12.1%), 27 marketing (81.8%), and two other (6.1%). The sample size was limited to the number of students enrolled in the course.

Prior to the course a questionnaire was administered to the participants in the training program. Included in the questionnaire were six demographic questions: (1) sex, (2) class, (3) major, (4) age, (5) population of hometown, and (6) size of high school. Table 1 reveals descriptive information for these variables.

In line with the purpose of the study (to measure ethnocentrism/geocentrism) sixteen attitude questions were included. Upon completion of the course, each participant was again administered the questionnaire. For descriptive group statistics on the sixteen-attitudinal questions, see Table 2.

Topics covered in the course were (1) the framework of international marketing, (2)

TABLE 1
DEMOGRAPHICS OF TREATMENT GROUP

Age						Class	
20-22	23-25	26-28	29-31	Junior	Senior		
N	%	N	%	N	%	N	%
27	81.8	3	9.1	2	6.1	1	3.0
Major				Sex			
Marketing	Econ-Fin	Other	Male		Female		
N	%	N	%	N	%	N	%
27	81.8	4	12.1	2	6.1	19	57.6
				14	42.4		
Population of Home Town							
<25000	25001-50000	50001-100000	>100000				
N	%	N	%	N	%	N	%
20	60.6	3	9.1	5	15.2	5	15.2
Size of High School							
<250	251-500	501-750	751-1000	1001-1500	>1501-2000		
N	%	N	%	N	%	N	%
5	15.2	8	24.2	4	12.1	6	18.2
				2	6.1	2	6.1

the field of international business, (3) environmental factors affecting international marketing, (4) perspectives of international markets, (5) international marketing decisions, and (6) planning and control. The course was taught using two weekly seventy-five minute sessions during a fifteen-week semester. The control group of 27 students was chosen from two upper level business courses. The sample size was limited to the

TABLE 2
ATTITUDINAL DESCRIPTIVE GROUP STATISTICS

Vars.	Pre-Training* (n = 33)		Post-Training** (n = 27)		Control*** (n = 27)	
	F	df	F	df	F	df
1	3.756	1,661	3.407	1,647	3.128	1,659
2	3.535	1,121	3.743	1,136	3.074	1,174
3	3.061	1,223	3.778	1,368	3.704	1,021
4	3.909	1,100	4.141	1,059	3.296	1,321
5	2.788	0,992	3.037	0,894	3.481	0,802
6	3.376	0,902	3.074	1,728	3.144	1,168
7	3.376	0,661	3.926	0,874	3.332	0,877
8	2.545	1,175	3.333	1,177	3.256	1,023
9	2.756	1,200	3.481	1,282	3.351	0,734
10	3.333	1,137	3.778	1,121	3.630	1,182
11	3.455	1,063	4.370	1,006	3.000	1,109
12	2.666	0,998	2.519	1,189	2.630	1,079
13	3.152	1,272	2.630	1,391	2.741	1,170
14	2.976	1,242	3.728	2,107	2.483	1,051
15	2.909	0,811	3.743	0,984	3.332	0,910
16	3.818	1,185	3.519	1,312	3.444	1,110

* Treatment group prior to taking the course in international marketing.
** Treatment group after taking the course in international marketing.
*** Control group not exposed to the course in international marketing.

number of students in these classes that had not taken a course in international marketing. The same questionnaire administered to the students in the study was administered to the members of the control group. Comparisons were made between the questionnaire data of the pre-training group and both the post-training and control groups (see Table 2). In addition, the post-training group was compared to the control group. An additional comparison of the pre-control and post-control group was made at the completion of the study to determine the level, if any, of maturation effects (due to such phenomena as the Gulf War) which took place during the time of the study. Demographic comparisons are shown in Table 3.

Descriptive statistics were examined to determine homogeneity/lack of homogeneity in the training and control groups prior to the course. Regression analysis was performed to find:

1. The regression equation showing:
 - a. variables that entered the equation,
 - b. r-squared values showing the percentage of variation accounted for the by the equation, and

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- c. p-values showing the probability of receiving this percentage of variation strictly by chance.
2. Correlation of independent variables with the dependent variable, and
3. T-values and f-values to determine relative importance of the independent variables.

TABLE 3
DEMOGRAPHICS OF TRAINEES AND CONTROL GROUPS INVOLVED IN THE STUDY

	Trainees (N = 33)	Control (N = 27)
Sex		
Females	42.4%	48.2%
Males	57.6%	51.8%
Class		
Sophomores	0.0%	3.7%
Juniors	15.2%	29.6%
Seniors	84.8%	66.7%
Major		
Econ-Finance	12.1%	3.7%
Management	0.0%	44.5%
Marketing	81.8%	29.6%
Office Administration	0.0%	11.1%
Other	6.1%	11.1%
Age		
20-22	81.8%	77.8%
23-25	9.1%	14.8%
26-28	6.1%	0.0%
29-31	3.0%	0.0%
Over 31	0.0%	7.4%
Population of Home Town		
Under 25,000	60.6%	55.6%
25,001--50,000	91.1%	18.5%
50,001-100,000	15.2%	11.1%
Over 100,000	15.2%	14.8%
Size of High School		
Under 250	15.2%	22.2%
251 - 500	24.2%	40.7%
501 - 750	12.1%	7.4%
751 - 1,000	24.2%	22.2%
1,001 - 1,500	18.2%	0.0%
1,501 - 2,000	6.1%	3.7%
Over 2,000	0.0%	3.7%

Acceptance or rejection of the attitudinal variables was examined to determine the changes in pre-training and post-training measurements. The changes which are statistically significant are shown in Table 4.

TABLE 4
ACCEPTANCE OR REJECTION OF THE HYPOTHESIS THAT THE POPULATION IS NORMAL OF MEAN AND STANDARD DEVIATION

Changed Variable*	Pre-Training Group Mean	Post-Training Group Mean	Level of Significance	Attitude Change
1 Criteria	3.758	3.407	0.0105	Worse
3 Amer	3.061	3.778	0.0606	Improved
7 Structur	3.576	3.926	0.0671	Improved
11 Athome	3.455	4.370	0.0029	Improved
12 Identity	2.606	3.539	0.0194	Improved
14 Incentive	2.970	3.936	0.0318	Improved

*Variable names have been abbreviated; for full variable names see Appendix A.

Multiple discriminant analysis was performed to determine whether or not statistical differences could be found between:

1. The pre-training and the post-training groups.
2. The pre-training and the control groups.
3. The post-training and the control groups.
4. The pre and post control groups.

Discriminating variables (answers to the questionnaire) were weighted to linearly combine these variables so that the groups would be as statistically distinct as possible. The purpose was to determine whether ethnocentrism/geocentrism attitudes would discriminate between the groups being studied.

FINDINGS

Descriptive Statistics

An examination of the means revealed the following:

1. Sex, class, age, population of town, and size of high school homogeneity in the training control groups. The training control groups did come from the population for these variables. The only variable which did not statistically come from the same population was major. Whereas marketing/management proportion in the trainee group was 81.8/0.0%, marketing/management proportion in the control group was 29.6/44.5%. home showed and same The not same the in the
2. A statistically significant change in the pre- and post-training groups in the following attitudes:
 - a. "Multinational corporations should evaluate all new investments, both domestically in the home country and as well as those overseas, using exactly the same criteria." Ethnocentricity increased after completion of the training.
 - b. "When foreign nationals are promoted to management positions in foreign subsidiaries of American corporations, they should be individuals who have spent considerable time in America and are thoroughly "Americanized" in their values." The hypothesis was rejected, ethnocentricity decreased in the post-training group.
 - c. "Complex organizational structures or concepts such as Matrix Organizations, and product or project management have little applicability in foreign operations of American companies." Rejected, ethnocentricity decreased during the training period.
 - d. "If something works at home, it should work in a foreign subsidiary if managers trained in the system are sent over to implement it." Ethnocentricity decreased in the post-training

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- group.
- e. "The national identity of a multinational corporation's parent company should be publicized in its foreign subsidiaries' operations and marketing activities." Ethnocentricity decreased.
 - f. "An incentive system generally isn't as important in foreign subsidiaries as it is in the home operation." Ethnocentricity decreased.

Regression Analysis

Regression analyses were performed using both direct and stepwise procedures for the following groups: (1) pre-training versus post-training, (2) pre-training versus control, (3) post-training versus control, (4) pre-control versus post-control, and (5) post-training versus a combination of pre-training, pre-control, and post-control. Groups were dummy coded and all other groups were compared with group one (pre-training group) as to their degree of ethnocentricity. Results show that only members of group two (post-training group) as compared to group one (pre-training group) show a statistically significant movement from ethnocentricity to egocentricity. All other groups and combinations of groups show no statistical difference and an increased level of ethnocentricity (negative betas). See Table 5.

TABLE 5
REGRESSION EQUATIONS CONTAINING GROUP ONE AS THE REFERENCE GROUP

Group	beta		SIG
Post-Control	-2.65035	-0.09415	0.2116
Pre-Control	-4.39394	-0.15072	0.1000
Post-Treatment	5.68013	0.26968	0.0012
Constant*	57.72727	37.888	0.0000

*Constant is the average ethnocentricity/geocentricity score for the pre-training group on a scale of 18 to 80.

The T-test for difference between means found non-significant results when the ethnocentric/geocentric levels of the pre and post-control groups were compared. This indicated that no maturation effect took place during the time of the study (see Table 6).

TABLE 6
T-TEST FOR DIFFERENCE BETWEEN MEANS
PRE-CONTROL AND POST-CONTROL GROUPS

Group	Mean	Standard Deviation	T-Value	Degrees of Freedom	2-Tail Prob.
Pre-control	47.33	5.08			
Post-control	47.92	8.03	-0.32	43.02	0.750

Multiple Discriminant Analysis

Both the direct and Wilks methods were used in the discriminant analysis phase of the investigation. The direct method forced all variables into the discriminant function regardless of their discriminating values. The Wilks method used a stepwise procedure in which variables were entered into the discriminant function based on their availability to add to the discriminating value of the function (see Table 7). Variables already selected were removed when they were found to reduce discrimination when combined with more recently selected variables.

TABLE 7
UNSTANDARDIZED CANONICAL DISCRIMINANT FUNCTIONS

Vars.	Pre vs. Post		Pre vs. Control		Post vs. Control	
	Direct	Step	Direct	Step	Direct	Step
Criteria	-.458	-.543	.144		-.483	
Recruit	-.667	-.626	.427		-.252	
Amer	.370	.349	-.134		.365	
Needs	-.491	-.473	.304		-.016	
Underst	.559	.527	-.017		.116	
Complex	-.707	-.730	.089		-.445	
Structure	.161		-.171		.072	
Control	.542	.432	-.069		.269	
Autior	-.367	-.314	.257		.545	
Perform	.490	.414	.254		-.151	
At Home	.755	.728	.167		.860	
Idan	-.790	.785	-.238		.306	
eward	-.129		.016		.302	
Incent	-.015		-.540		-.233	
Partic	-.445	-.367	.492		.147	
Comm	-.150		.153		-.146	
Constant	.090	.044	-5.689		-4.085	

Pre-Training and Post-Training Groups

An examination of the pre-training and post-training groups found a low Wilk's lambda value (.379) and a significance value of 0.000 when the direct method was used (see Table 8). The Wilks stepwise method had almost identical values for lambda (.384) and significance (0.0).

TABLE 8
WILK'S LAMBDA, SIGNIFICANCE, AND CORRECT CLASSIFICATIONS

	Pre vs. Post		Pre vs. Control		Post vs. Control	
	Train Direct	Train Step	Train Direct	Control Direct	Control Direct	Control Direct
Lambda	.379	.384	.641		.739	
Significance	0.000	0.000	0.136		0.675	
Correct	91.67%	93.33%	75.00%		75.47%	

A high Wilk's lambda means there is considerable variance within the group as compared to between-groups variation. Lambda significance is an inverse measure of the discriminating power of the variables not removed by the discriminant function. Analysis of the classification matrices revealed a correct classification rate of 91.67% when using the direct method, and 93.3% when using the stepwise method. Since the sample (n = 60) was of insufficient size to do a split sample test, an upward bias in the classification rate should be taken into consideration. A stepwise analysis

TABLE 9
MULTIPLE DISCRIMINATION RESULTS
USING ALL 113 CASES

Actual Group	No. of Cases	Predicted Group Membership	
		1	2
Group 1	86	74 86.0%	12 14.0%
Group 2	27	2 7.4%	25 92.6%
PERCENT OF "GROUPED" CLASSIFIED:		87.61%	CASES CORRECTLY

of the post-treatment group with all other groups provided a sample size large enough to do a split sample test (n = 113). The classification matrix reported a correct classification rate of 87.61% as shown in Table 9. The classification results gave further support to the significance of the discriminant function derived by the stepwise method. For a discriminant function to be considered statistically

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significant it must classify individual cases into correct groups at least 25% higher than would have been achieved by chance alone. Since 33 of the 60 cases were in the pre-treatment group, a chance classification of all cases into the pretreatment group would have resulted in a 55.0% correct classification. The 93.33% correct classification rate achieved was 70.1% higher than would have been achieved by chance alone.

Post-training and Control Groups (not shown in Tables 8 or 9). Values of Wilk's lambda and its significance level were .400 and 0.001, respectively. Correct classifications were 92.45%. The correct classification was 81.6% higher than the 50.9% rate that would have resulted strictly by chance.

Pre-Control and Post-Control Groups

The high Wilks' lambda (.739) and significance level of .675 supported the regression analysis conclusion that there was no statistically significant difference between the pre-control and post-control groups. Therefore no maturation effect took place during the time of the study.

SUMMARY OF RESULTS

In this study, significant differences were found in pooled attitudinal variables between the pre- and post-test training groups when using regression analysis. A further examination using a more powerful multivariate technique -- multiple discriminant analysis-also found significant differences between paired groupings of pre-and post-training groups, and post-training and control groups.

No significant differences were found between pre-and post-control groups. Use of all 16 predictor variables did result in discriminant functions that classified an average of 92.5 percent of individual cases into their correct classification grouping.

Six attitudinal questions showed a statistically significant change between the pre and post-training groups (see Table 4). Therefore, the study did provide knowledge of the effects of exposure to a one-semester course in international marketing on ethnocentrism.

DISCUSSION AND IMPLICATIONS FOR FUTURE RESEARCH

This research was undertaken with one question in mind: Could a geocentric orientation be developed in students or an existing orientation enhanced as a result of taking a dedicated international business course --in this case, Marketing. priori expectation was that it could.

As anticipated, students' Ethnocentrism/Geocentrism profile changed after completion of the course -their attitudes became more geocentrically oriented. Obviously changes in

orientation could have come from other Cross-cultural influences during the semester from any number of sources inside as well as outside the university setting. However, one would expect those forces to have produced a similar effect on the control group. Since this effect was not found in the control group, there is an apparent efficacy of specific courses for changing students' orientations.

No single study --certainly a pilot project such as this -- provides a definitive answer to any research question. Findings take on additional significance with replications and extensions. Additional replications of the research should be undertaken, with the following methodological changes:

1. The number of group members should be increased in order to reduce the non-random assignments of students in both the training and control groups.
2. A larger population sample should be used in order to obtain a larger database for additional statistical analysis.
3. The study should be extended to other international business disciplines such as economics, management, and finance.

A major issue emerged from reflection on the results of other studies which generally indicated the importance of the interpersonal/experiential component to effective cross-cultural training, the question emerges as to the best way of providing cross-cultural interactions and field experiences to typical baccalaureate level student bodies, regardless of whether they are to be provided in dedicated courses or as part of a broader body of instruction in a number of general business courses. In this regard, industrial training and development efforts often have advantage as a result of being able to focus on specific geographic areas of operation, and having a wealth of training resources and materials to pull from those areas, as well as often having shorter training cycles and a more narrow range of topics to cover.

Much of collegiate cross-cultural training may have to be essentially cognitive or documentary in nature -orientations to countries, companies, customs, body language, religions and religious values, gender and age traditions, and so forth. However, in order to incorporate as large an experiential component as possible, critical incidents and case studies which use as much role playing as feasible, would seem advisable. Foreign students should also be encouraged to be as active as possible in these activities since they provide ready-made opportunities for cross-cultural interactions.

In conclusion, this study supports the belief that cross-cultural awareness of students can be enhanced as a result of exposure to a one-semester course in International Marketing. It also introduces additional avenues for enhancing students' geocentric orientations.

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7. Complex organizational structures or concepts such as Matrix Organizations, and product or project management have little applicability in foreign operations of American companies.
8. For effective control of foreign operations, the primary flow of communications and information should be from headquarters to the subsidiary.
9. For effective control of foreign operations, decision-making authority must be centralized in the home headquarters.
10. For effective control, performance criteria for men and products in a foreign subsidiary must be the same as at the home operation.
11. If something works at home, it should work in a foreign subsidiary if managers trained in the system are sent over to implement it.
12. The national identity of a multinational corporation's parent company should be publicized in its foreign subsidiaries' operations and marketing activities.
13. Generally speaking, the same type and degree of rewards and incentives are appropriate in both a multinational firm's foreign and its home operations.
14. An incentive system generally isn't as important in foreign subsidiaries as it is in the home operation.
15. Generally speaking, managers' use of participative management techniques has limited usefulness in foreign operations.
16. Generally speaking, cross-communications between the various subsidiary firms of a multinational corporation is not necessary; communications between the home office and the various subsidiary branches is the critical issue.

ATTACHMENT -- AN OVERVIEW OF:

Multinational Business Operations Opinion Survey

Part 1. Part 1 presented general instructions and questions seeking demographic data: (1) sex, (2) college class, (3) academic major, (4) age, (5) home town population, and (6) size of high school from which graduated. Data was provided by checkoff of appropriate response.

Part 2. Part 2 gave detailed questionnaire instructions, definition of terms, and sixteen statements developed from Perlmutter (1969). A five-point Likert scale ("Strongly Agree" to "Strongly Disagree") was provided for each statement; respondents were asked to circle appropriate responses. Statements on the questionnaire were:

1. Multinational corporations should evaluate all new investments, both domestically in the home country and as well as those overseas, using exactly the same criteria.
2. Chief executives and managers in all major markets of a multinational corporation should be recruited in the corporation's home country.
3. When foreign nationals are promoted to management positions in foreign subsidiaries of American corporations, they should be individuals who have spent considerable time in America and are thoroughly "Americanized" in their values.
4. The needs of foreign consumers are basically the same as those of American consumers.
5. American marketing executives really do not understand foreign markets.
6. It is better to manufacture more complex products in America and assign the simpler, less complex products to foreign subsidiaries for manufacture.