Cross-Cultural-Management

Authors revisited:

Geert Hofstede

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The Star

Excerpt of MASTER'S THESIS

"Managing International Cooperations: Evaluation of models measuring national cultural differences and their implications for business, illustrated with the examples of India, Japan & Germany"

[The Title of this publication deviates from the original title of the chapter in the master's thesis]

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1.1 Geert Hofstede

Persons polled	Countries analyzed	Questionnaire items	Dimensions
118,300	76	180	5

Fig. 17: Brief overview of the cultural study of Hofstede.[10]
Source: Own Illustration.

Geert Hofstede, a psychologist that had been employed by IBM, conducted what is so far the largest intercultural study. For his measurement of national differences he polled about 116,000 employees of IBM across approximately 53 countries in his first study. He regarded culture as a subject that can be expressed and defined in 4 dimensions. However, following criticism that his study was western centered he carried out the Asia-study where he polled additional 2,300 students in 23 countries, which led to a fifth dimension. He also developed over 100 questionnaire items for his study (Kutschker, Schmid, 2011, pp. 718-719). After his publications he became associated with intercultural management and one of the most cited researchers of his field (Kutschker, Schmid, 2011, pp. 733-734). Until today there is no comparable study that matches this comprehensiveness in terms of persons being polled.

In his research he was inspired by Kluckhohn/ Strodtbeck and Hall, took over and adapted several dimensions, and was the first that explicitly aimed to investigate the impact of culture and its implications on management (Kutschker, Schmid, 2011, p. 720). Critics to Hofstede's study claim that it has been only conducted at IBM and only in the management context, and as such that the study was distorted and does not represent the general characteristics of a country's culture (Kutschker, Schmid, 2011, pp. 731-732).

We now regard the different dimensions of Hofstede.

Power Distance: With Hofstede's work it is the first time that Power Distance is defined and measured. Neither Kluckhohn/ Strodtbeck nor Hall used this dimension

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[10] Both studies counted together: The original survey and the Asian study. Values from the original study. Exact values of countries differ from source to source. Data source: Hofstede, 2001, pp. 41-46.

powerful members of organizations […] accept and expect that power is distributed equally" (Hofstede, 2001, p. 19).

High Power Distance therefore signifies a high inequality of power, which is shown in management with the existence of many hierarchical levels, where at the same time it is not tolerated to circumvent those levels. Also, in management with high Power Distance, decisions are usually taken centrally; unpopular tasks are delegated to lower hierarchy levels, while important decisions remain in top management. Additionally, in companies with a high Power Distance, a strong differentiation of tasks is found, i.e. certain tasks are assigned to each hierarchy level (Kutschker, Schmid, 2011, pp. 721-722).

Low power distance consequently means flat hierarchies, people participate in important questions, open door culture is frequently found and power symbols are rare. People are involved in decisions which can be more balanced, but may also need more time to be taken (Kutschker, Schmid, 2011, pp. 721-722).

Uncertainty Avoidance: Hofstede was also the first to introduce Uncertainty Avoidance as a cultural dimension. Uncertainty Avoidance is defined as the "the extent to which a culture programs its members to feel either uncomfortable or comfortable in unstructured situations" (Hofstede, 2001, pp. 19-20).

In some cultures persons feel threatened by uncertain situations. In management there are clearly defined attributes for example in decision making processes. In companies with high Uncertainty Avoidance, decisions need to be precise and unambiguous, in order to avoid conflicts. Individuals aim not only to influence the future, but to control it via rules, processes and structures, which shows a high degree of formality and are standardized. The upside of high Uncertainty Avoidance is the security felt by employees; whereas the downside might be that there is little space for innovation and creativity in problem solving processes (Kutschker, Schmid, 2011, p. 722).

Individualism/ Collectivism "describes the relationship between the individual and the collective that prevails in a given society" (Hofstede, 2001, p. 209). Individualism/ Collectivism are value neutral, which means being extreme in one or the other direction is not considered to be negative. There are both examples of successful individualistic cultures, like the US, as well as of collectivistic cultures, such as can be found in Japan. However, there is a strong tendency towards one orientation, where e.g. "individualism is seen as a blessing and a source of well-being; in others, it is seen as alienating" (Hofstede, 2001, p. 209).

In individualistic societies, relationships between individuals are relatively loose in comparison to collectivistic societies where the individual is embedded in a family, clan or society from birth. In management a collective tendency is shown when the group takes preference before an individual and loyalty to a company is relatively high with low fluctuation of staff.

On the other hand, in high individualistic societies the task has priority over the relationship between individuals. Frequently in individualistic countries, according to Hall, low-context-communication can be found (Kutschker, Schmid, 2011, p. 724). This dimension was divided by the GLOBE authors, as it can be seen in 3.6, into Institutional Collectivism and In-Group Collectivism.

Masculinity/ Femininity: This dimension describes how different cultures deal with the duality of the sexes (Hofstede, 2001, p. 279). One expression of this dimension seems to be that "almost universally women attach more importance to social goals such as relationships, helping others, and the physical environment, and men attach more importance to ego goals such as career and money" (Hofstede, 2001, p. 279). This dimension was also split into two dimensions by the GLOBE study - Gender Egalitarianism and Assertiveness (see also 3.6).

According to Hofstede, this dimension differentiates between masculine and feminine societies. In masculine societies in companies there is an obvious division of roles of women and men, where men are responsible for more complex tasks. Leadership positions are frequently filled with men, whereas women are tend to be responsible for simpler tasks (Kutschker, Schmid, 2011, pp. 725-726).

However, in masculine societies women can be also found in exposed leadership positions. Those women are strong and tough by trend, since they needed to fight hard in order to prevail against their male rivals.

Long-Term vs. Short-Term Orientation (Asia study): This dimension was first defined by Kluckhohn/ Strodtbeck and later adapted by Hall. Hofstede also adopted this dimension as a reaction towards critics of the western centrism of his original study with its four dimensions. In continuation he conducted the Asian study polling approximately 2,300 students across 23 countries and developed the fifth dimension: Long-/ short-term orientation. This dimension is inspired by the long-term aspects of Confucian thinking, where persistence and patience dominate ones actions (Hofstede, 2001, pp. 351-352).

In 2010 a sixth dimension was defined as Indulgence vs. Restraint, based on the work of the Bulgarian sociologist Michael Minkov. Indulgence is defined as a society that allows relatively free gratification of basic and natural human drives related to enjoying life, whereas restraint is defined for societies that inhibits gratification by social norms (Hofstede, Hofstede, Minkov, 2010).

Hofstede's work had been exposed to further critique, namely the narrow framework that limited the study to IBM and its particular company culture, which might have distorted the results by possibly also having measured IBM company culture related imprints. Also his selection of countries without any regard to sub-cultural clusters had been subject to criticism, for example Switzerland with its German/French/

Italian sub-cultures, South-Africa and Canada (Kutschker, Schmid, 2011, pp. 731-733).

But finally, despite all the critics, the Hofstede study nevertheless can be regarded as a milestone of cultural studies (Kutschker, Schmid, 2011, p. 734).

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