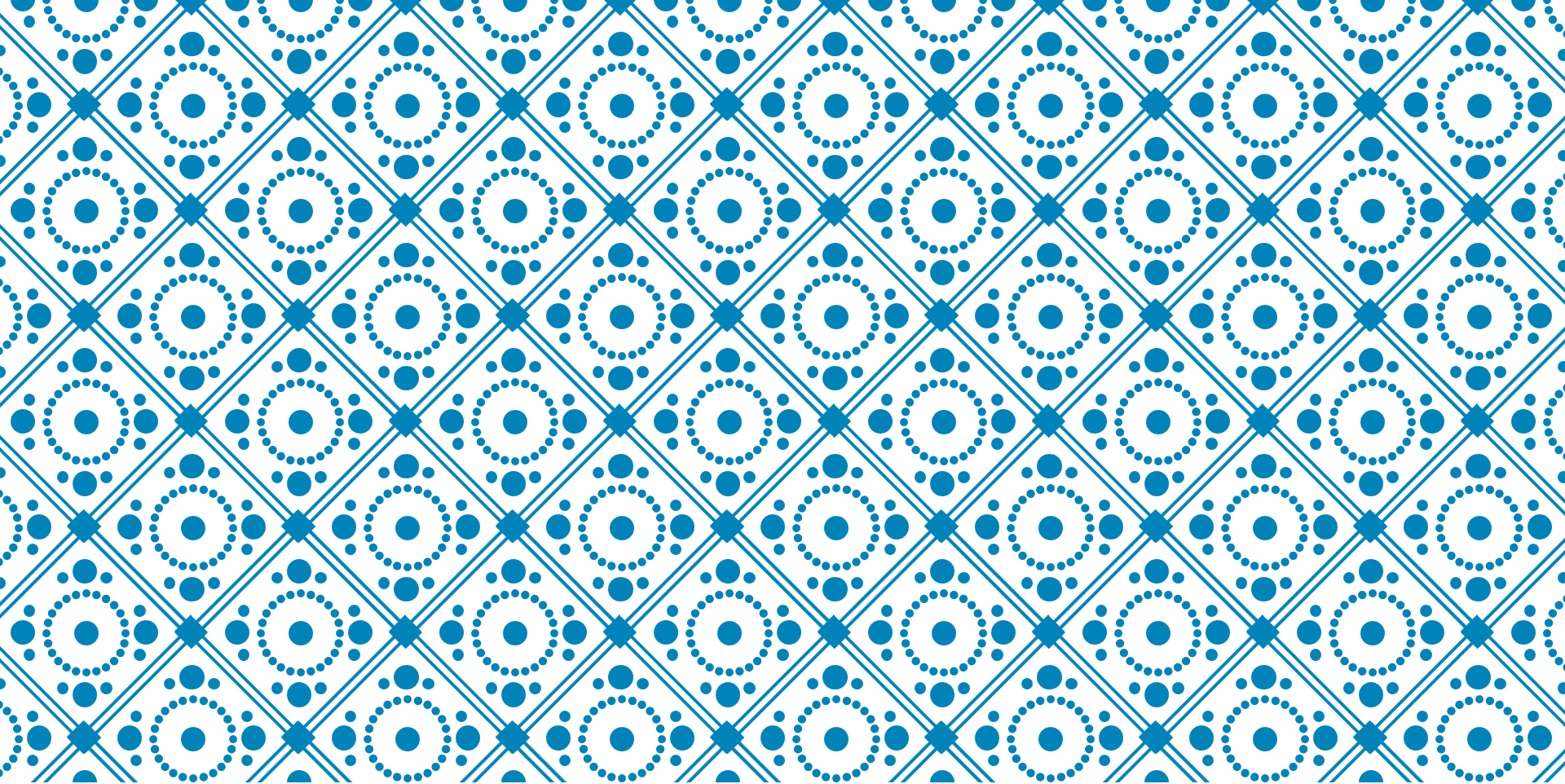
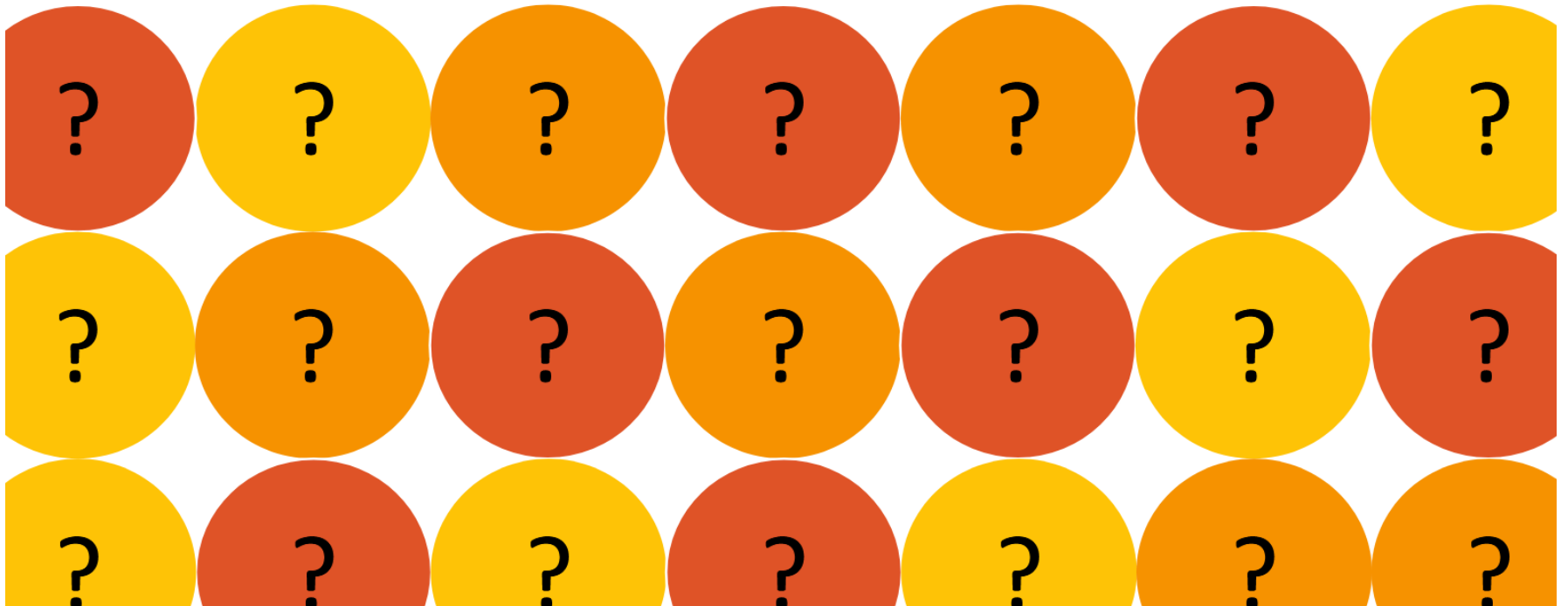


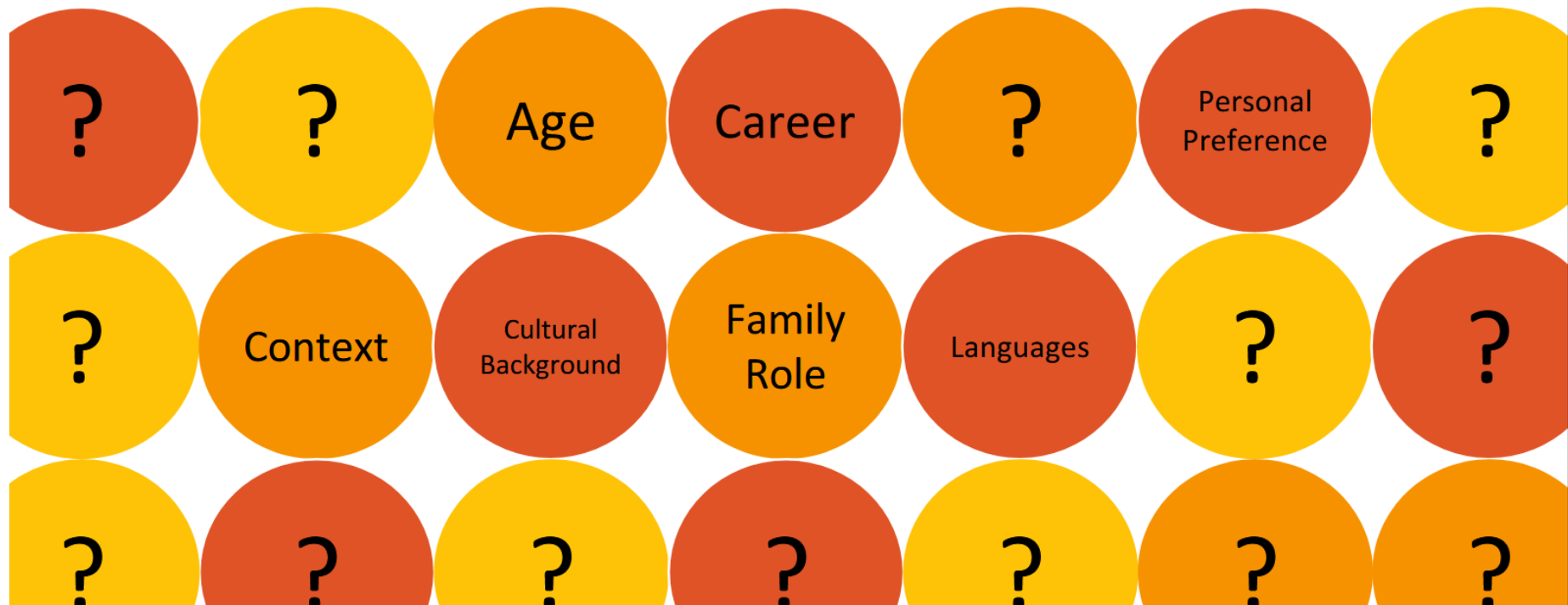


# CULTURAL DIFFERENCES THEORY

# WHAT INFLUENCES OUR BEHAVIOR?



# WHAT INFLUENCES OUR BEHAVIOR?



*"CULTURE IS MORE OFTEN A SOURCE OF CONFLICT THAN OF SYNERGY. CULTURAL DIFFERENCES ARE A NUISANCE AT BEST AND OFTEN A DISASTER." —*

**DR. GEERT HOFSTEDE**

# PREAMBLE: QUESTION 1

You are going to work in:

- Canada
- France
- Singapore
- Mexico.....

Predict some of the deeper and less visible cultural differences which you might encounter in the workplace.

# PREAMBLE: QUESTION 2

You are working in London and a new colleague is coming from:

- Sweden
- USA
- China
- Brazil

Predict some of the deeper and less visible cultural differences between their culture and London which they might encounter in the workplace

# HOFSTED IN BRIEF

| <b>Culture Dimension</b> | <b>One Extreme</b>    | <b>The Other Extreme</b> |
|--------------------------|-----------------------|--------------------------|
| Identity                 | Individualism         | Collectivism             |
| Power                    | High Power Distance   | Low Power Distance       |
| Gender                   | Masculinity           | Femininity               |
| Time                     | Long-Term Orientation | Short-Term Orientation   |
| Uncertainty              | Uncertainty Avoidance | Uncertainty Tolerance    |

# POWER DISTANCE

Power distance focuses on the degree of equality or inequality between people in the country or society.

This dimension expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally.

People in societies exhibiting a large degree of power distance accept a hierarchical order in which everybody has a place and which needs no further justification.

In societies with low power distance, people strive to equalise the distribution of power and demand justification for inequalities of power.

# POWER DISTANCE

## HIGH

Core value: respect for status

Core distinction: powerful/dependent

Key element: centralisation

## LOW

Core value: people's equality

Core distinction: whether or not responsible for certain task

Key element: decentralization

# POWER DISTANCE

Shows the difference between people in a society.

Difference in authority, power, influence.

It also determines how formal and informal people in a culture are and how they interact.

# COMPARISON

## Small power distance

All people should be independent.

Superiors consider subordinates to be “people like me”.

Superiors are accessible.

All should have equal rights.

## Large power distance

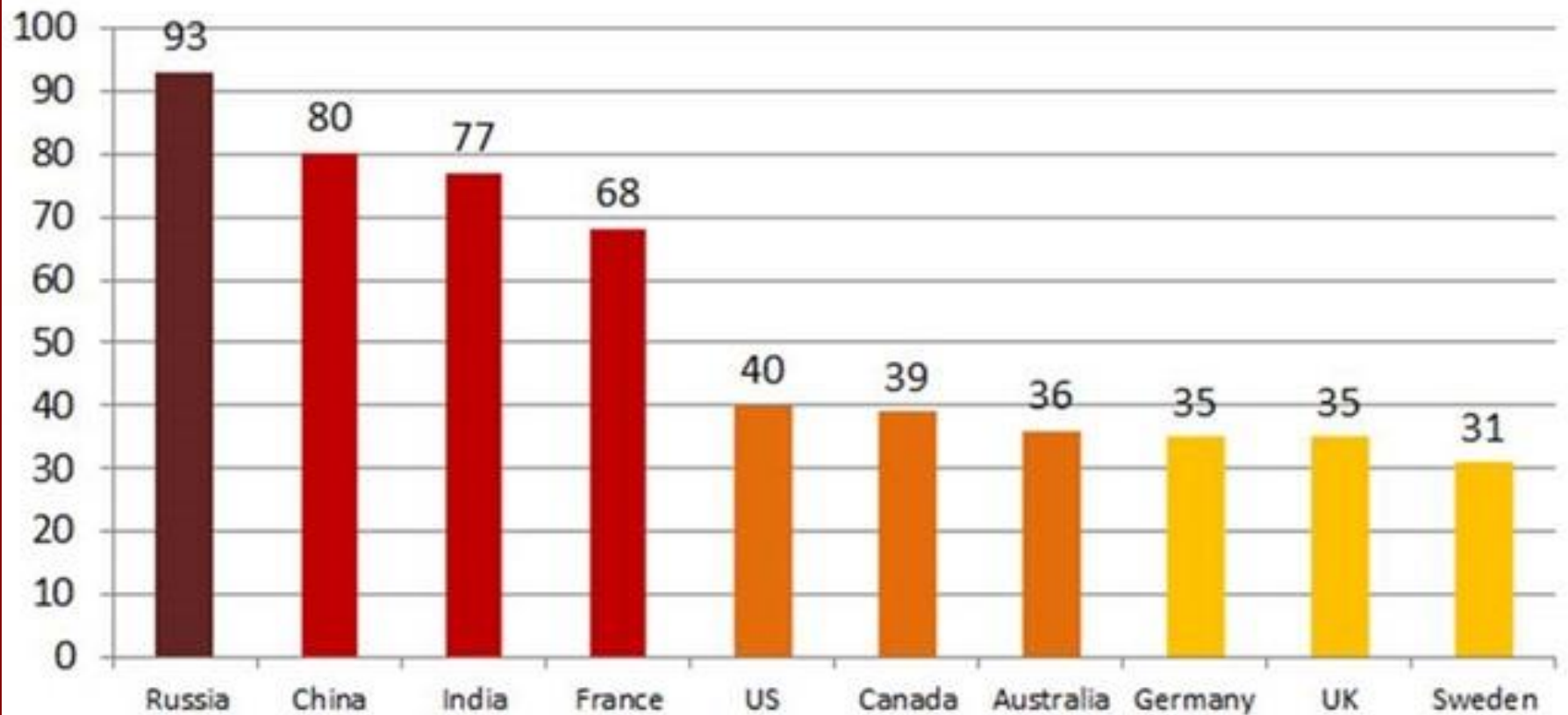
A few people should be independent; most should be dependent.

Superiors consider subordinates to be a different kind of people.

Superiors are inaccessible.

Power-holders are entitled to privileges.

# POWER DISTANCE INDEX



# POWER DISTANCE (PD)

Power Distance is the extent to which hierarchical differences are accepted in society and articulated in terms of deference to higher and lower social and decision levels in an organization.

## *Artifacts of high PD:*

- Centralization
- # Org. Levels – steep organisational pyramid
- # Supervisors – multi-layered pyramid
- Differing Values, White & Blue Collar Work

# POWER DISTANCE

## LOW PD

Subordinates expect to be consulted

Bosses are accessible

Initiative is expected

Inequalities should be minimised

Privilege & status symbols discouraged

Subordinates expect to be told what to do

Privilege & status are normal

Superiors « inaccessible »

Inequalities accepted

# POWER DISTANCE: CASE 1

What problems might a manager from a low PD culture have working with an assistant from a high PD culture?

« Empowerment »

What problems might a manager from a high PD culture have working with a team from a low PD culture?

# IDENTITY

Identity focuses on the degree the society reinforces individual or collective achievement and interpersonal relationships.

# INDIVIDUALISM VS COLLECTIVISM

The high side of this dimension, called **Individualism**, can be defined as a preference for a loosely-knit social framework in which individuals are expected to take care of themselves and their immediate families only.

**Collectivism**, represents a preference for a tightly-knit framework in society in which individuals can expect their relatives or members of a particular in-group to look after them in exchange for unquestioning loyalty.

A society's position on this dimension is reflected in whether people's **self-image** is defined in terms of “**I**” or “**we**.”

# COMPARISON

## Individualism

Core value: individual freedom

Core distinction: me/others

Key element: explicit concepts are preferred in communication

## Collectivism

Core value: group harmony

Core distinction: in/outgroup

Key element: relationships are more important than the task

# COMPARISON

## Individualism

People are interested in their own achievement.

Make decisions for themselves.

Value is placed on “I”

## Collectivism

People are group oriented and are interested in group achievement.

The prefer to make decisions involving others.

Value is placed on “We”

# COMPARISON

## Individualism

In society, everybody is supposed to take care of himself/herself.

Everybody has a right to a private life.

Belief is placed in individual decisions.

## Collectivism

In society, people are born into extended families or clans who protect them in exchange for loyalty.

Private life is invaded by organizations and clans to which one belongs.

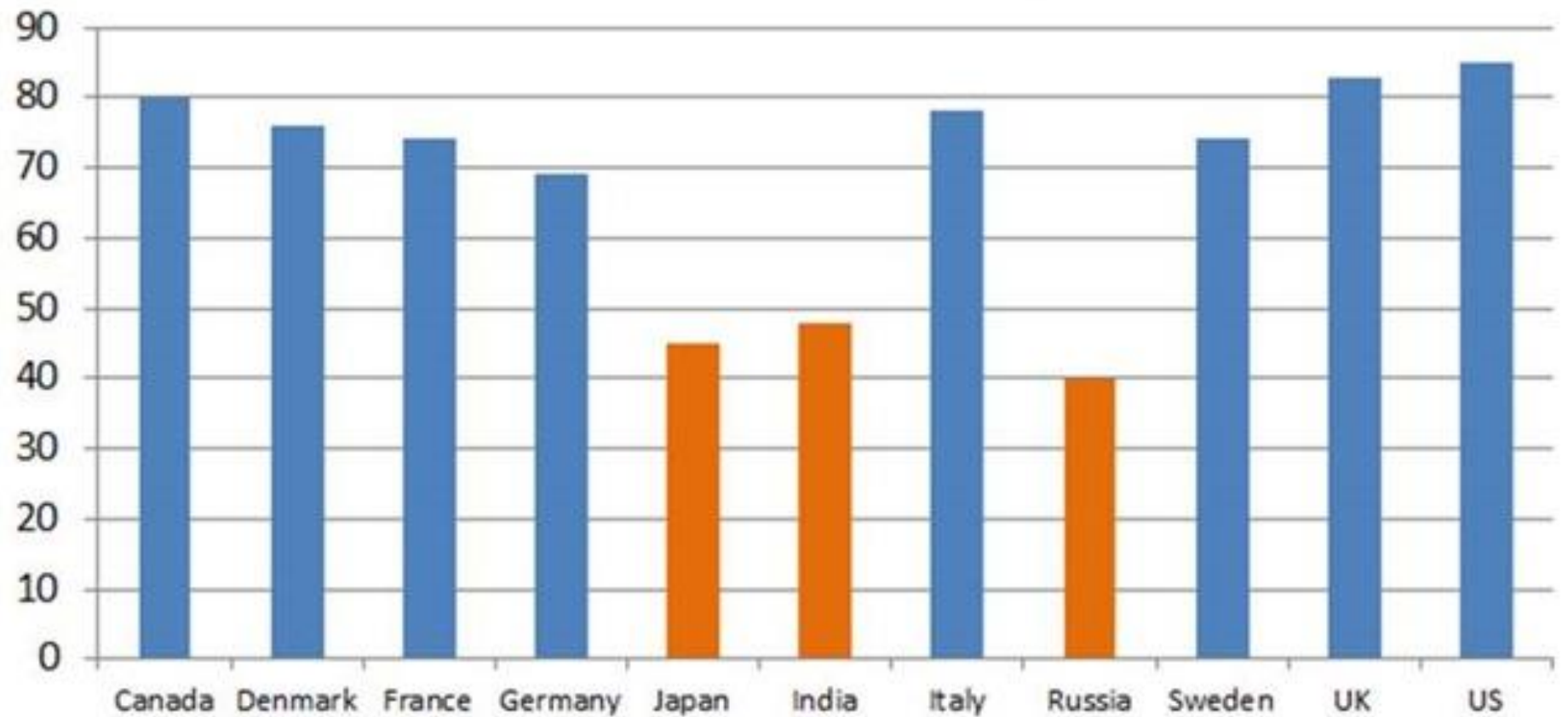
Belief is placed in group decisions.

# INDIVIDUALISM RANKING

There are only six countries in the Geert Hofstede research that have Individualism (IDV) as their highest Dimension:

- USA (91)
- Australia (90)
- United Kingdom (89)
- Netherlands and Canada (80) and
- Italy (76)

## INDIVIDUALISM BY COUNTRY



## INDIVIDUALISTIC COUNTRY EXAMPLE - USA

The United States can clearly be seen as individualistic (scoring a 91).

The “American dream” is clearly a representation of this.

# COMPARISON

## Individualism

- United States
- Canada
- Australia
- Great Britain
- Germany
- Italy
- France
- Sweden

## Collectivism

- China
- Japan
- Columbia
- Venezuela
- Indonesia
- Pakistan
- Costa Rica
- Peru

# COMPARISON

Individualism – ties between individuals are loose; people look after themselves and their immediate family

Collectivism – people are integrated into strong, cohesive groups in exchange for unquestioning loyalty

# COMPARISON

## High Individualism

Identity is based on the individual

Task prevails over relationship

Work relationship – contract of mutual advantage

« self-respect » important

Correlates .82 with GNP

Collectivism (a **low** score on Hofstede's index for IND)

Identity is based on social network

Relationship prevails over task

Work relationship – family model

« face » & maintenance of harmony

Management of groups not individuals

# GENDER

Gender focuses on the degree of traditional gender role of achievement, control, and power.

# MASCULINITY VS. FEMINITY

The **masculinity** side of this dimension represents a preference in society for achievement, heroism, assertiveness and material reward for success. Society at large is **more competitive**.

Its opposite, **femininity**, stands for a preference for co-operation, modesty, caring for the weak and quality of life. Society at large is **more consensus-oriented**.

# COMPARISON

## MASCULINITY

Core value: winning

Core distinction:  
man/woman

Key element: material  
success is a dominant  
value

## FEMINITY

Core value: caring for  
others

Core distinction:  
care/need care

Key element: caring for  
the weak & preservation  
is dominant

# MASCULINITY-FEMININITY CULTURAL DIMENSION

Is addressed as a societal, not an individual's, characteristic and "refers to the distribution of values between the genders".

## **Masculinity**

A culture in which the dominant values in society are achievement, heroism, assertiveness, money and material rewards for success.

## **Femininity**

A culture in which the dominant values in society are cooperation, modesty, caring for the weak and quality of life.

# COMPARISON

## MASCULINITY

Sex roles in society are clearly differentiated.

Men should dominate in society.

Performance is what counts.

You live in order to work.

Money and material things are important.

## FEMINITY

Sex roles in society are more fluid.

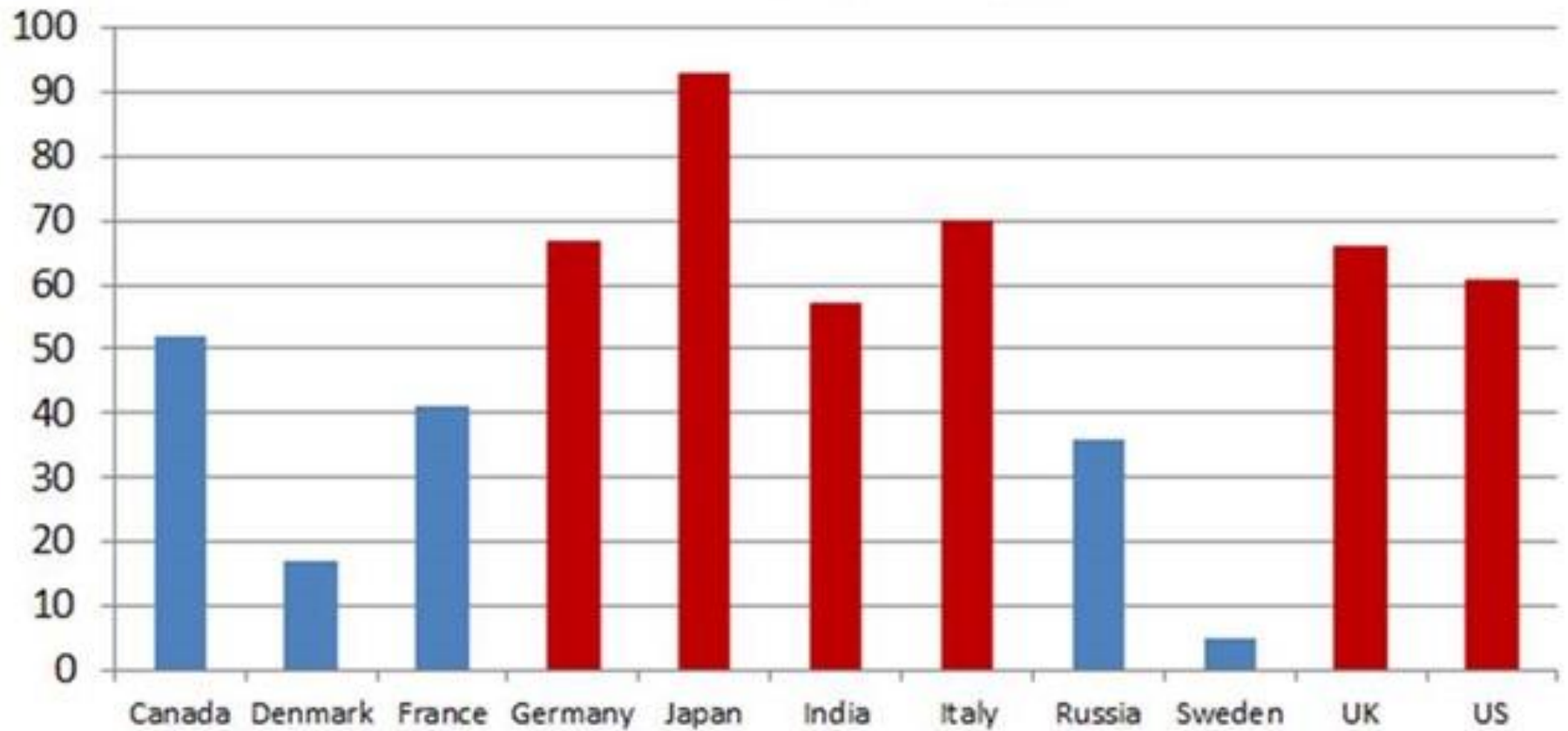
There should be equality between the sexes.

Quality of life is important.

You work in order to live.

People and environment are important.

## MASCULINITY AND FEMININITY BY COUNTRY



# COMPARISON THE DOMINANT VALUES IN SOCIETY ARE:

MASC – material success,  
achievement,

FEM – quality of life, caring for  
others

# COMPARISON

## High MAS

Ambition, assertiveness

Competition & performance important

« Live to work »

« Size matters »

Distinct gender roles

Managers are expected to be assertive

*Note: High MAS often correlates positively with % of GNP spent on defence*

## High FEM (**low** score on MAS index)

Quality of life issues are important

Equality & solidarity are important

« Work to live »

« Small is beautiful »

Overlapping gender roles

Managers often strive for consensus

*Note: High FEM often correlates positively with % of GNP spent on overseas aid*

# COMPARISON

Masculinity

Earnings

Recognition

Advancement

Challenge

Femininity

Managing

Cooperation

Living space

Employment security

NOT...machismo

# UNCERTAINTY AVOIDANCE

The uncertainty avoidance dimension expresses the degree to which the members of a society feel uncomfortable with uncertainty and ambiguity.

Countries exhibiting strong UAI maintain rigid codes of belief and behaviour and are intolerant of unorthodox behaviour and ideas.

Weak UAI societies maintain a more relaxed attitude in which practice counts more than principles.

# COMPARISON

## LONG-TERM

Core value: long-term benefits

Core distinction: serve goals/not

Key element: thrift and saving are good

## SHORT-TERM

Core value: saving face

Core distinction: proper or not

Key element: quick results are expected

# UNCERTAINTY

Uncertainty focuses on the level of avoidance or tolerance for uncertainty and ambiguity within the society.

# COMPARISON

## UNCERTAINTY AVOIDANCE

Core value: certainty

Core distinction:  
true/false

Key element: what is  
different is dangerous

## UNCERTAINTY TOLERANCE

Core value: exploration

Core distinction: urgent or  
not

Key element: what is  
different causes curiosity



## DEFINITION

The extend to which people feel threatened by ambiguous situations, tolerate uncertainty and have created beliefs and institutions that try to avoid these.

# COMPARISON

## WEAK UNCERTAINTY

The uncertainty inherent in life is more easily accepted and each day is taken as it comes.

Time is free.

There is more willingness to take risks in life.

There should be as few rules as possible.

## STRONG UNCERTAINTY

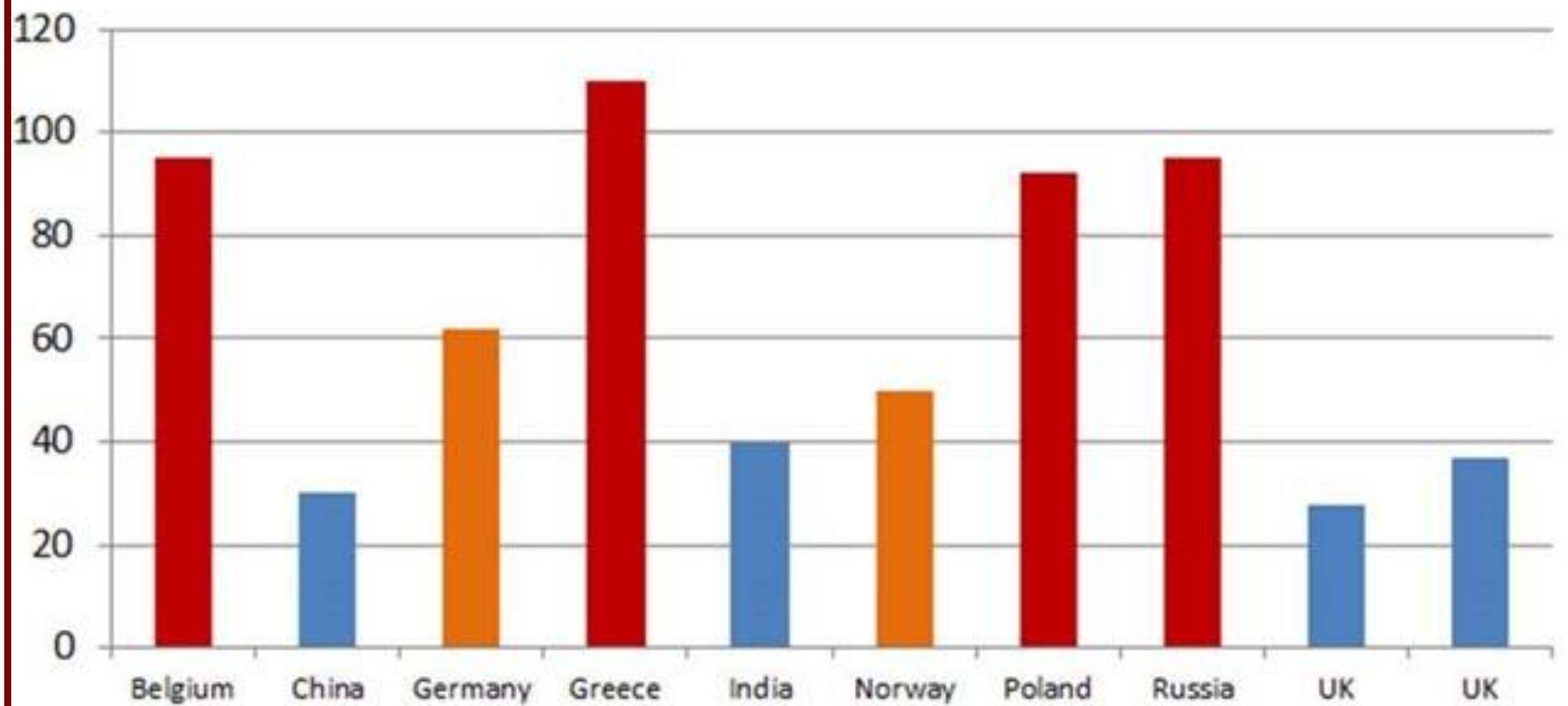
The uncertainty inherent in life is felt as a continuous threat that must be fought.

Time is money.

There is great concern with security in life.

There is a need for written rules and regulations.

## UNCERTAINTY AVOIDANCE



# UNCERTAINTY AVOIDANCE

The degree to which people feel threatened by uncertainty and ambiguity and try to avoid it = high UA

*Artifacts of high UA:*

- Standardization
- Structured activities
- Written rules
- Specialists
- Low risk tolerance
- Ritualistic behavior

**Uncertainty Avoidance** is the extent to which uncertainty and ambiguity are avoided/tolerated

### Strong/High UA

Anxious, higher stress levels at work

Risk-averse – need to avoid failure

Need for rules & regulations

Resistant to change

Low tolerance of deviant, innovative ideas

People can seem busy, emotional, aggressive or unfriendly to those from a different background

### Low UA

- Apparently relaxed environment, minimal stress

- Initiative encouraged

- Relatively few rules & regulations

- Pragmatic

- Tolerance of deviant, innovative ideas

- People can seem quiet, easy-going or « lazy » to those from a different background

# UNCERTAINTY AVOIDANCE

Strong (high) uncertainty avoidance vs. Weak (low) uncertainty avoidance

Uncertainty avoidance  $\sim \neq \sim$  Risk avoidance

Stress at work rises with higher UA

High UA = fear of “failure”

# UNCERTAINTY AVOIDANCE: CASE 2

What problems could affect a multi-cultural team composed of members from high & low UA cultures?

How could these problems be dealt with?

# LONG-TERM VS. SHORT-TERM ORIENTATION

Societies with a short-term orientation generally have a strong concern with establishing the absolute Truth. They are normative in their thinking. They exhibit great respect for traditions, a relatively small propensity to save for the future, and a focus on achieving quick results.

In societies with a long-term orientation, people believe that truth depends very much on situation, context and time. They show an ability to adapt traditions to changed conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results.



# TIME

Time focuses on the degree the society embraces long- or short-term devotion to traditional forward thinking values.

# TIME

## LONG-TERM ORIENTATION

Core value: long-term benefits

Core distinction: serve goals/not

Key element: thrift and saving are good

## SHORT-TERM ORIENTATION

Core value: saving face

Core distinction: proper or not

Key element: quick results are expected

# LONG-TERM ORIENTATION

The values are taken straight from the teachings of Confucius.

A number of Chinese social scientists were consulted to create a list of 10 basic values for Chinese people.

To westerners some of these questions were difficult to relate to, as they were dealing with topics such as:

- Honoring ancestors and obedience
- Respect for tradition,
- Preservation of "face"
- Respect for and financial support of parents

# COUNTRY EXAMPLES

Samples for long-term orientation are:

China

Hong Kong

Taiwan

Japan

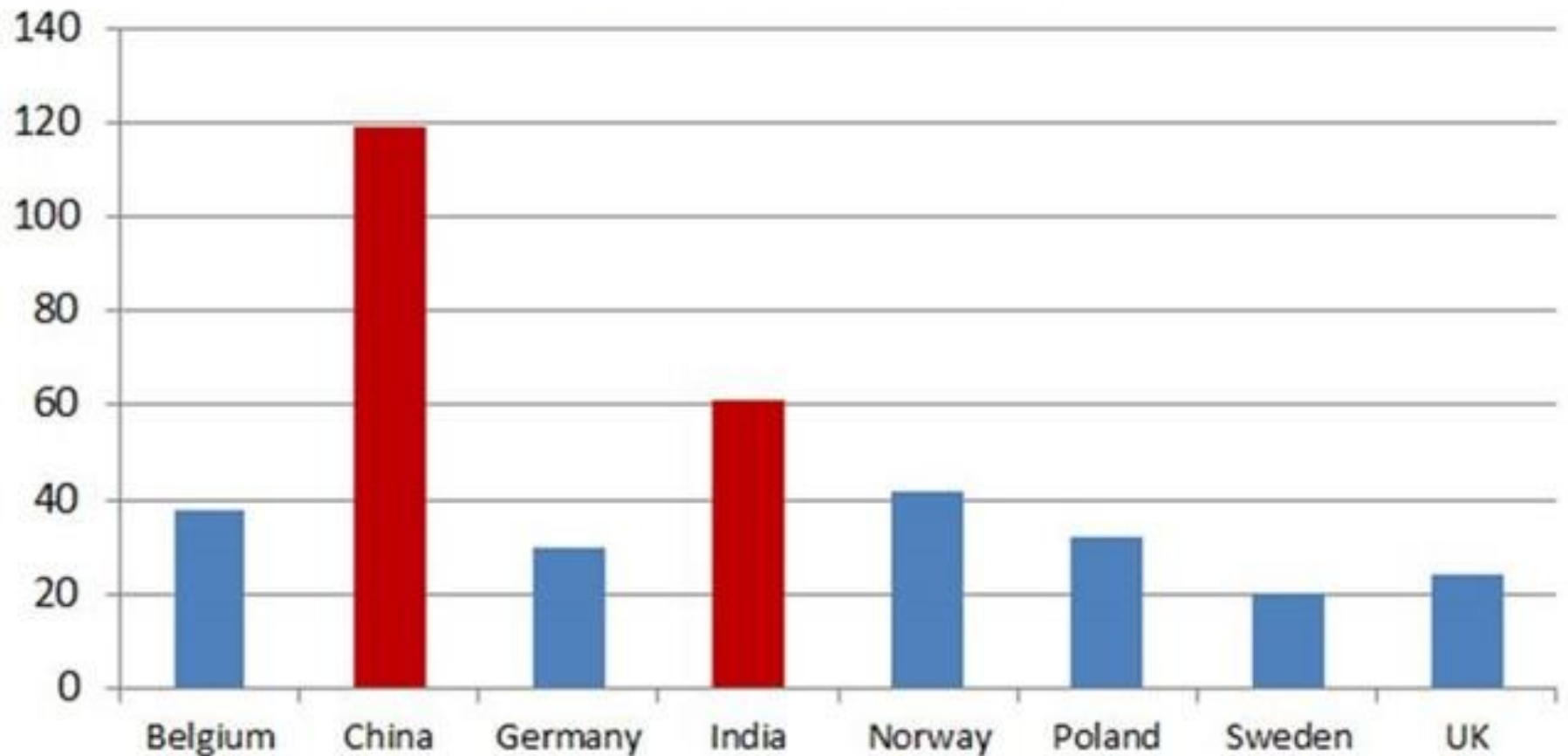
South Korea

Thailand

Singapore

Bangladesh

## LONG-TERM ORIENTATION



# LONG-TERM ORIENTATION (LTO)

Originally called **Confucian Dynamism** because of anchoring in the Confucian value system.

Represents such values as thrift, persistence, and traditional respect of social obligations.

Organizations likely to adopt longer planning horizon, with individuals ready to delay gratification.

# CONFUCIAN DYNAMISM

aka long-term vs. short-term orientation

5<sup>th</sup> dimension revealed through another study - Chinese value survey (CVS)

Administered to 100 students in 23 countries!

Findings of study

Related to economic growth

# CONFUCIAN DYNAMISM (RATINGS)

## Long-term orientation

Persistence

Ordering and observing  
relationships by status

loss of “face” = weakness

Save, be thrifty

Invest in real estate

Oriented towards future rewards

## Short-term orientation

Change is encouraged

Emphasis on quick results

Personal steadfastness important

Spend

Invest in funds

Oriented towards present & near  
future



# INDULGENCE VS. RESTRAINT

Indulgence stands for a society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun.

Restraint stands for a society that suppresses gratification of needs and regulates it by means of strict social norms.

# INDULGENCE

Indulgence stands for a society that allows relatively free gratification of basic and natural human drives related to enjoying life and having fun.

Indulgence stands for a culture that can freely satisfy their basic needs and desires.

Indulgence as a cultural value also tends towards a perception of personal life control.

Indulgent cultures will tend to focus more on individual happiness and well being.

Leisure time is more important.

There is greater freedom and personal control.

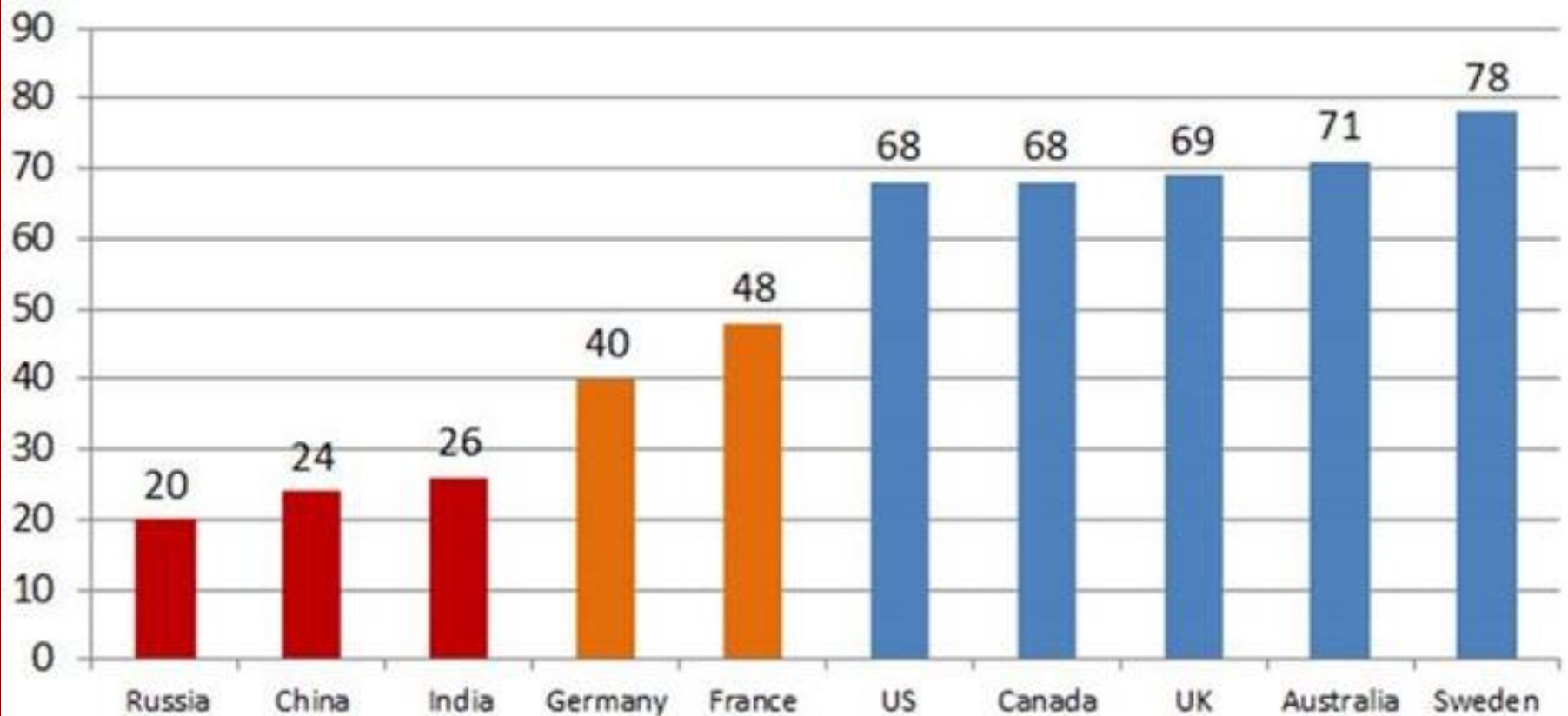
# RESTRAINT

Restraint "controls gratification of needs and regulates by means of strict social norms".

In restrained cultures, positive emotions are less freely expressed and happiness, freedom and leisure are not given the same importance.

Restraint as a cultural value tend towards a perception of helplessness and that what happens in one's life is beyond his/her own control.

## INDULGENCE BY COUNTRY



# COMPARISON OF DIMENSIONS

**The country scores on the dimensions are relative - societies are compared to other societies. Without making any comparison each country score is meaningless.**

These relative scores have been proven to be quite stable over decades. The forces that cause cultures to shift tend to be global or continent-wide.

This means that they affect many countries at the same time, so that if their cultures shift, they shift together, and their relative positions remain the same.

# DISCUSSION

What are the practical implications of these findings?

Do you think national values can change over time?

Do you think that increasing globalization and advancements in technology will lead to a narrowing of cultural differences?

Is it possible for someone to identify with more than one national culture?

# CRITICISM OF HOFSTEDE

In what ways can Hofstede's classification be criticised?

# CRITICISM OF HOFSTEDE

Hofstede has been subject to broad criticism. Among the criticisms:

Focus on **national** culture

**Single company** data, with a large Multinational Enterprise having a strong corporate culture.

**Time dependent** results, which are an artifact of the time of data collection and analysis.

**Business culture**, not values culture, representing a reflection of business culture at IBM and not national culture of the countries IBM operates within.

# CRITICISM OF HOFSTEDE

**Non-exhaustive**, doesn't identify all the cultural dimensions possible, but just a few.

**Partial geographic** coverages, cover only a portion of the world's cultures and countries.

**Western bias**, which values western business ideals.

**Attitudinal rather than behavioral** measures, with no connection between employee attitudes and employee behaviors.

National level data **generalized into individual** behavior.

# CRITICISM OF HOFSTEDE

BUT, despite these criticisms (many of which I agree with):

Hofstede has been, and still is, very influential

(remember slide 4....*most cited*...)

# SOME OTHER MODELS

National Culture Clustering

Civilisation clustering

Hofstede's corporate culture definitions

Hall – Space, Time & Context

Trompenaars variable's