

International Business and Management
Vol. 2, No. 1, 2011, pp. 11-17
www.cscanada.net

ISSN 1923-841X [PRINT]
ISSN 1923-8428 [ONLINE]
www.cscanada.org

Cultural Distance between China and US across GLOBE Model and Hofstede Model

SHI Xiumei¹
WANG Jinying²

Abstract: This study focuses on the comparison of cultural distance between China and US across GLOBE (the Global Leadership and Organizational Behavior Effectiveness) Model and Hofstede Model. Research in the cultural distance between the two countries has always been a hot topic in international business field. This paper first gives a brief introduction of GLOBE Model and Hofstede Model, and compares the cultural distance between China and US from the 9 dimensions in GLOBE Model and the 5 dimensions in Hofstede Model, and then compares the different results yielded. Finally a way forward in the future research is suggested, and some issues for further research into this fundamental area of international business are canvassed.

Key words: Cultural distance; GLOBE Model; Hofstede Model; China; US

1. INTRODUCTION

Culture-focused research is becoming more widespread now and understanding culture will be viewed as increasingly important (Mooij M. and Hofstede G., 2010). The concept of national culture has been a core topic of international business research for many years, based in large part on the seminal model developed by Geert Hofstede. A recent research project, the GLOBE study, presents an additional, expanded model of cultural measures (Venaik S. and Brewer, P. A., 2008). Hofstede's (1980, 1984) cross-cultural value analysis and study was the first global study that considered differences in organizational culture based on geographical location and societal beliefs and values. Greatly influenced by Hofstede's (1980, 1984) research, House R.J. and Hanges P.J., Javidan M., Dorfman P.W., Gupta V. (2004) initiated a 10-year comprehensive GLOBE study of 62 societies (Li Y., Duncan P. and Green M., 2010). The international business and trade between China and US has been developing rapidly. The business negotiation between the two countries has become more and more frequent, thus it has turned to be increasingly necessary to analyze these differences so that misunderstanding and conflicts be avoided during the process of bilateral relationship and business negotiation. This paper first gives a brief introduction of GLOBE Model and Hofstede Model, and then analyzes the cultural distance between China and US from 9 dimensions in GLOBE Model and the 5 dimensions in Hofstede Model, and compares the different results yielded. Finally

¹ PH.D Candidate, Business School at Central University of Finance and Economics (CUFE), Beijing, 100081 China; Associate Professor, Dalian Ocean University, Dalian, 116023 China; and Visiting Scholar, University of California Irvine, CA92617, USA.

Email: xiumeis@uci.edu

² Professor, PhD Candidate Supervisor of Business School at Central University of Finance and Economics (CUFE), Beijing, 100081 China.

*Received 1 December 2010; accepted 18 January 2011

a way forward in the future research is suggested, and some issues for further research into this fundamental area of international business are canvassed.

2. CULTURAL DISTANCE BETWEEN CHINA AND US IN GLOBE MODEL

2.1 Brief Introduction of GLOBE Model

GLOBE is a long-term programmatic research effort designed to explore the fascinating and complex effects of culture on leadership, organizational effectiveness, economic competitiveness of societies, and the human condition of members of the societies studied (House et al., 2004) and an ongoing ambitious study of culture and leadership across global cultures (Fredrie W. Rohm Jr.,2010). The GLOBE study was conducted in the mid 1990s. The major purpose of the Project GLOBE is to increase available knowledge that is relevant to cross-cultural interactions. The GLOBE researchers measured culture at different levels with both practices and values exist at the levels of industry (financial services, food processing, telecommunications), organization (several in each industry), and society (62 cultures). The results are presented in the form of quantitative data based on responses of about 17,000 managers from 951 organizations functioning in 62 societies throughout the world. The questionnaire reports of managers were complemented by interview findings, focus group discussions, and formal content analyses of printed media.

GLOBE study develops nine cultural dimensions. The nine cultural dimensions they identified as independent variables are Uncertainty Avoidance, Power Distance, Institutional Collectivism, In-Group Collectivism, Gender Egalitarianism, Assertiveness, Future Orientation, Performance Orientation, and Humane Orientation (See Table 1). The cultural value dimensions are subdivided into values and practices. Value data comes from answers to survey questions that ask “what should be.” Practice data comes from answers to survey questions that ask “what is (or are)”, thus 18 scales to measure the practices and values with respect to the core GLOBE dimensions of culture (House, et al, 2004).The GLOBE authors recognized that the idealized cultural (values) and what actually happens (practices) do not always correspond, however, (i) values and practices both serve to differentiate between societies and organizations; (ii) the values and practices each account for unique variance; (iii) the values and practices scales interact; and (iv) the dimension of values and practices can be meaningfully applied at both levels (societal and organizational).

Table 1: Nine Dimensions of the Culture Measurement in GLOBE Model

| | |
|-----------------------------------|--|
| Power Distance | Degree to which a culture’s people are (should be) separated by power, authority, and prestige |
| In-Group Collectivism | Degree to which a culture’s people (should) take pride in and (should) feel loyalty toward their families, organizations, and employers |
| Institutional Collectivism | Degree to which individuals are (should be) encouraged by institutions to be integrated into broader entities with harmony and cooperation as paramount principles at the expense of autonomy and individual freedom |
| Uncertainty Avoidance | Degree to which a culture’s people (should) seek orderliness, consistency, and structure |
| Future Orientation | Degree to which a culture’s people are (should be) willing to defer immediate gratification for future benefits |
| Gender Egalitarianism | Degree to which a culture’s people (should) support gender equality |
| Assertiveness | Degree to which a culture’s people are (should be) assertive, confrontational, and aggressive |
| Humane Orientation | Degree to which a culture’s people are (should be) fair, altruistic, generous, caring, and kind toward others |
| Performance Orientation | Degree to which a culture’s people (should) encourage and reward people for performance |

The descriptions are derived from: House R.J. and Hanges P.J., Javidan M., Dorfman P.W., Gupta V.(2004). Culture, Leadership, and Organizations. The GLOBE Study of 62 Societies. Thousand Oaks, CA: Sage

2.2 Interpreting Cultural Distance between China and US in GLOBE Model

Table 2 presents the scores of the nine dimensions of cultural distance between US and China in GLOBE Model (the practice scores and the values scores separately). This table also includes the mean, the highest and lowest scores of the 62 societies measured and the standard deviation to show the extent of differences, rating them at M(mean), L(lower), H(higher), L*(significantly lower),H*(significantly higher). The significantly higher and the significantly lower are defined as more than one standard deviation (STDEV) away from the mean to show the greater magnitude of separation and extent of the differences.³

Table 2: China and US GLOBE Cultural Dimensions

Table 2-a

| | AO | | IC | | IGC | | FO | | GE | |
|-------|------|------|------|------|------|------|------|------|------|------|
| | P | V | P | V | P | V | P | V | P | V |
| CHN | 3.77 | 5.52 | 4.67 | 4.52 | 5.86 | 5.12 | 3.68 | 4.7 | 3.03 | 3.73 |
| US | 4.5 | 4.36 | 4.21 | 4.20 | 4.22 | 5.79 | 4.13 | 5.34 | 3.36 | 5.03 |
| High | 4.77 | 5.84 | 5.26 | 5.6 | 6.37 | 6.54 | 4.88 | 6.33 | 4.07 | 5.2 |
| Mean | 4.14 | 3.80 | 4.25 | 4.71 | 5.11 | 5.66 | 3.84 | 5.48 | 3.37 | 4.51 |
| Low | 3.41 | 2.68 | 3.41 | 3.79 | 3.46 | 4.98 | 3.06 | 4.49 | 2.45 | 3.34 |
| STDEV | 0.35 | 0.62 | 0.40 | 0.46 | 0.71 | 0.32 | 0.45 | 0.37 | 0.35 | 0.46 |
| China | L* | H* | H* | L | H* | H | L | L* | L | L* |
| US | H | H | M | L* | L | L* | H | L | M | H* |

Table 2-b

| | HO | | PO | | PD | | UA | |
|-------|------|------|------|------|------|------|------|------|
| | P | V | P | V | P | V | P | V |
| CHN | 4.29 | 5.34 | 4.37 | 5.72 | 5.02 | 3.01 | 4.81 | 5.34 |
| US | 4.18 | 5.51 | 4.45 | 6.14 | 4.92 | 2.88 | 4.15 | 3.99 |
| High | 5.12 | 5.91 | 5.04 | 6.52 | 6.14 | 3.8 | 5.42 | 5.77 |
| Mean | 4.08 | 5.42 | 4.09 | 5.94 | 5.16 | 2.75 | 4.17 | 4.61 |
| Low | 3.29 | 4.85 | 3.34 | 5.09 | 4.14 | 2.21 | 3.09 | 3.2 |
| STDEV | 0.45 | 0.22 | 0.38 | 0.29 | 0.38 | 0.33 | 0.59 | 0.59 |
| China | H | L | H | L | L | H | H* | H* |
| US | H | H | H | H* | L | H | M | L* |

Notes:

1. AO=Assertiveness Orientation, IC=Institutional Collectivism, IGC=In-Group Collectivism, FO=Future Orientation, GE=Gender Egalitarianism, HO=Humane Orientation, PO=Performance Orientation, PD=Power Distance, UA=Uncertainty Avoidance, P = Practice, V = Value.
2. M=mean, L= lower, H=higher, L*=significantly lower, H*= significantly higher.
3. Data derived from House R.J. and Hanges P.J., Javidan M., Dorfman P.W., Gupta V.(2004). Culture, Leadership, and Organizations. The GLOBE Study of 62 Societies. Thousand Oaks, CA: Sage

China ranks significantly higher in AO(V), IC(P), IGC(P), UA(P), UA(V); significantly lower in AO(P), FO(V), GE(V); While US ranks significantly higher in GE(V) and PO(V); significantly lower in IC(V), IGC(V), and UA(V). China is on the low side and the US is on the high side of FO(P), HO(V). Both China and US rank high in the side of HO(P), PO(P), and PD(V), while both countries rank low in the side of PD(P). In AO(V), both countries rank high, while China significantly higher; In IC(V), both countries rank low while US significantly lower, and in FO(V) vice versa.

As to the differences of China and US compared with the mean, figure 1 and figure 2 present vivid illustrations from the perspectives of practices and values. It can be easily seen that China ranks higher than US in IC, IGC, HO, PO, and UA in “Practices” scores; While in “Values” scores, US has a higher score in AO, PD, and UA.

³ This method is borrowed from Fredric W. Rohm Jr. in his “American and Arab Cultural Lenses” (2010)

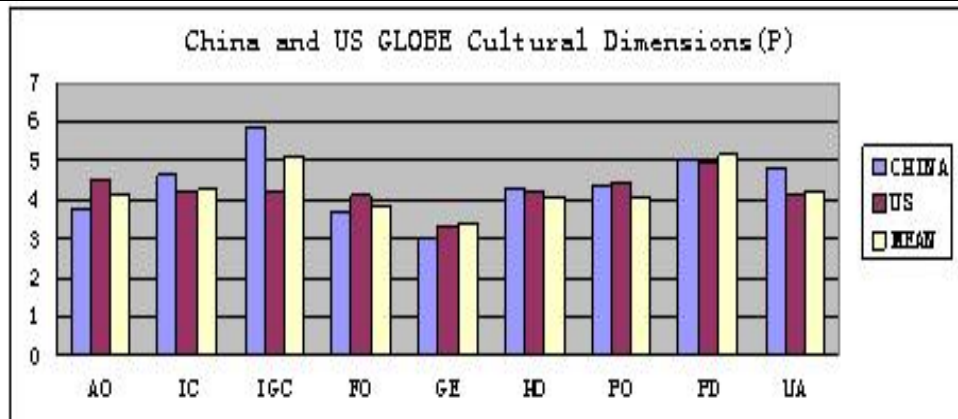


Figure 1: China and US GLOBE Cultural Dimensions (P)

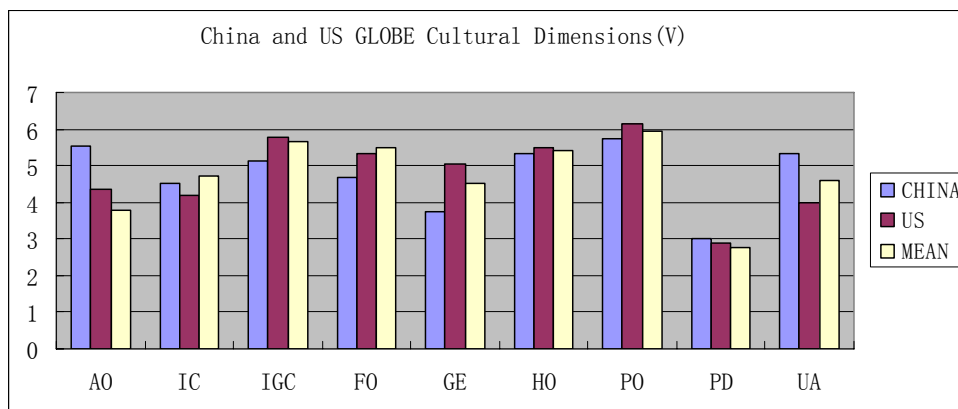


Figure 2: China and US GLOBE Cultural Dimensions (V)

3. CULTURAL DISTANCE BETWEEN CHINA AND US IN HOFSTEDE MODEL

3.1 Brief Introduction of Hofstede Model

Geert Hofstede explored the differences in thinking and social action that existed among members of more than 50 modern nations within subsidiaries of one large multinational business organization (IBM) in more than 70 countries and regions. The survey was conducted twice around 1968 and around 1972 producing a total of more than 116,000 questionnaires. In the editions of his work since 2001, scores are listed for 74 countries and regions. From the initial results, and later additions, Geert Hofstede developed a model that identifies four primary Dimensions to assist in differentiating cultures: Power Distance (PDI), Individualism (IDV), Masculinity (MAS), and Uncertainty Avoidance (UAI). Geert Hofstede added a fifth Dimension after conducting an additional international study with a survey instrument developed with Chinese employees and managers. The fifth dimension, based on Confucian dynamism, is Long-Term Orientation (LTO) and was applied to 23 countries. The Hofstede Model provided scales from 0 to 100 for each dimension, and each country has a position on each scale or index, relative to other countries. These five dimensions were empirically verifiable, and each country could be positioned somewhere between their poles (see Table 3). His work was updated and expanded in 2001 and 2005 and now it continues to be widely cited and used by management scholars and practitioners.

Table 3: Five Dimensions of the Culture Measurement in Hofstede Model

| | |
|--|---|
| Power Distance Index (PDI) | The extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. |
| Uncertainty Avoidance Index (UAI) | A society's tolerance for uncertainty and ambiguity; it ultimately refers to man's search for Truth. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. |
| Individualism (IDV) | The degree to which individuals are integrated into groups. "Collectivism" refers to the group, not to the state. |
| Masculinity (MAS) | The distribution of roles between the genders which is another fundamental issue for any society to which a range of solutions are found. The assertive pole has been called "masculine" and the modest, caring pole "feminine". |
| Long-Term Orientation (LTO) | LTO versus short-term orientation. It deals with Virtue regardless of Truth. Values associated with Long Term Orientation are thrift and perseverance; values associated with Short Term Orientation are respect for tradition, fulfilling social obligations, and protecting one's "face". |

The descriptions are derived from the website: <http://www.geert-hofstede.com/>

3.2 Interpreting Cultural Distance between China and US in Hofstede Model

Table 4 presents the scores of the five dimensions of cultural distance between US and China in Hofstede Model. This table also includes the mean, the highest and lowest scores of the 74 societies measured and the standard deviation to show the extent of differences, rating them at M(mean), L(lower), H(higher), L* (significantly lower), H* (significantly higher). The significantly higher and the significantly lower are defined as more than one standard deviation (STDEV) away from the mean to show the greater magnitude of separation and extent of the differences.

Table 4: China and US Hofstede Cultural Dimensions

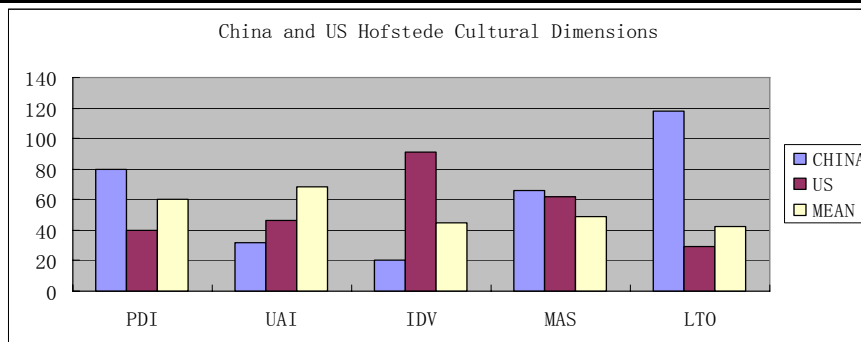
| | PDI | UAI | IDV | MAS | LTO |
|-------|-----|-----|-----|-----|-----|
| China | 80 | 32 | 20 | 66 | 118 |
| US | 40 | 46 | 91 | 62 | 29 |
| High | 104 | 112 | 91 | 110 | 118 |
| Mean | 60 | 68 | 45 | 49 | 42 |
| Low | 11 | 8 | 6 | 5 | -10 |
| STDEV | 21 | 24 | 24 | 19 | 25 |
| China | H | L* | L* | H | H* |
| US | L | L | H* | H | L |

Notes:

1. PDI= Power Distance, UAI= Uncertainty Avoidance, IDV= Individualism vs. Collectivism, MAS= Masculinity vs. Femininity, LTO= Long-Term vs. Short-Term Orientation
2. M=mean, L= lower, H=higher, L*=significantly lower, H*= significantly higher.
3. Data derived from the website: <http://www.geert-hofstede.com/>

China ranks significantly higher in LTO; significantly lower in UAI and IDV; While US ranks significantly higher in IDV. China is on the high side and the US is on the low side of PDI. Both China and US rank high in the side of MAS, with China a slightly higher than US. US is on the low sides of PDI, UAI and LTO. Both China and US rank low in UAI, with China lower than US.

As to the differences of China and US compared with the mean, Figure 3 presents vivid illustrations. It can be easily seen that China ranks extremely higher in LTO than US and the mean, while in UAI, both countries are lower than the mean.



The data are derived from the website: <http://www.geert-hofstede.com/>

Figure 3: China and US Hofstede Cultural Dimensions

4. DISCUSSIONS AND CONCLUSIONS

Hofstede believed that values differentiate societies and practices differentiate organizations. The GLOBE team believed that values and practices can exist at both the societal and organizational level. This can cause some confusion when comparing the two. Geert Hofstede believed that GLOBE adopted his dimensions paradigm of national cultures and he believed that GLOBE researchers expanded his five dimensions to nine (Hofstede G., 2010). That is, GLOBE researchers maintained the labels Power Distance and Uncertainty Avoidance, and renamed Long Term Orientation: Future Orientation. GLOBE researchers did not accept the anthropological logic in his other two dimensions, and sought psychological face validity and political correctness by splitting Individualism–Collectivism into Institutional Collectivism and In-Group Collectivism, and replacing Masculinity–Femininity by four supposed components: Assertiveness, Performance Orientation, Gender Egalitarianism, and Humane Orientation.

Both Hofstede Model and GLOBE Model are highly valuable research studies in international business and management. They provide useful dimensions to compare and better understand the differences between countries. But there is much debate on the appropriateness and validity of Hofstede's and the GLOBE project's cultural value dimensions. Contrasts between GLOBE and Hofstede scores revealed that GLOBE culture constructs were better predictors and they also enabled an improved understanding of the relationships between national culture and union membership (Posthuma Richard A., 2009). GLOBE survey combined a group of cultural studies together, such as Schwartz(1987); Kluckhohn and Strodbeck's(1961); Cyert and March(1963) , and Hofstede's which assigned scores to cultures with regard to beliefs and values (McCrae R. R. , Terracciano A., Realo A., Allik J. ,2008). GLOBE researchers were heavily influenced by Hofstede's work in their choice of variables to assess, and some of their nine societal scales share labels with the Hofstede dimensions. It is possible, therefore, that some of the GLOBE scales assess unfounded stereotypes rather than objective features of the society (McCrae R. R., Terracciano A., Realo A., Allik J.,2008). I have a tendency to agree that GLOBE Model is more appropriately in analyzing the cultural distance within countries.

This study yields to three similar results: In both GLOBE Model and Hofstede Model, (i) China has a higher score than US in LTO (and FO); (ii)China emphasizes more on collectivism and US more on individualism; and (iii) China has a higher PDI score than that of US. However, differences in the two dimensions of PDI and IDV in GLOBE Model do not have so great difference as in Hofstede Model. In UAI, the two studies yielded to contrary conclusion about cultural distance between China and US. In GLOBE Model, China has a higher score than US in UA; while in Hofstede Model, US ranks higher than China in UAI.

As to the future research, we recommend that future research be directed towards developing theories and also focus on the application of the two Models in different research fields across different cultures, such as cross-cultural communication, advertising, investment, and management as well by using a quantitative method to see which culture dimensions are key factors in cross-cultural relationship. And as to cultural distance between China and US, reasons why UAI has different outcomes from the two models should be explored from data collection and research methods, etc.

REFERENCES

- Cyert R., and March J. (1963). *A behavioral theory of the firm*. Englewood Cliffs, NJ: Prentice Hall.
- Fredrie W. Rohm Jr. (2010). *American and Arab Cultural Lenses*. Inner Resources for Leaders, School of Global Leadership & Entrepreneurship, Regent University, Virginia Beach.
- Hofstede G. (1980). *Culture's consequences: Institutional Differences in Work-Related Values*. Beverly Hills, CA: Sage.
- Hofstede G. (1984). *Culture's consequences: Institutional Differences in Work-Related Values*. Abridged Edition. Beverly Hills, CA: Sage.
- Hofstede G. (2001). *Culture's consequences (2nd ed.)*. Thousand Oaks, CA: Sage.
- Hofstede G., and Hofstede G.J. (2005). *Cultures and Organizations. Software of the Mind (2nd ed.)*. New York: McGraw-Hill.
- Hofstede G.(2010). The GLOBE debate: Back to relevance. *Journal of International Business Studies*, 41, 1339–1346.
- House R.J. and Hanges P.J., Javidan M., Dorfman P.W., Gupta V.(2004). Culture, Leadership, and Organizations. *The GLOBE Study of 62 Societies*. Thousand Oaks, CA: Sage.
- Kluckhohn F.R., and Strodtbeck F. L. (1961). *Variations in Value Orientation*. New York: HarperCollins.
- Li Y., Duncan P. and Green M. (2010). A Comparison of the Cultural Impacts on Leadership Preferences between Overseas Chinese Petroleum Professionals and GLOBE Scores. *International Oil and Gas Conference and Exhibition in China*, Beijing, China.
- McCrae R. R., Terracciano A., Realo A., and Allik J. (2008). Interpreting GLOBE Societal Practices Scales. *Journal of Cross-Cultural Psychology*, 39, 805-810.
- Mooij M., and Hofstede G.(2010). The Hofstede model Applications to global branding and advertising strategy and research. *International Journal of Advertising*, 29, 85-110.
- Posthuma Richard A. (2009). National Culture and Union Membership: A Cultural-Cognitive Perspective. *Industrial Relations*, 64(3).
- Schwartz S.H., and Bilsky W. (1987). Toward a universal psychological structure of Human Values. *Journal of Personality and Social Psychology*, 53, 550-562.
- Venaik S. and Brewer, P. A. (2008). Contradictions in national culture: Hofstede vs GLOBE. In: Cantwell, J. and Kiyak, T.. *50th Annual Meeting of the Academy of International Business (AIB)*, 50, 274-274. Milan, Italy.