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**DIFFERENT MINDS AND COMMON PROBLEMS:  
GEERT HOFSTEDE'S RESEARCH ON NATIONAL CULTURES**

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## **DIFFERENT MINDS AND COMMON PROBLEMS<sup>1</sup>: GEERT HOFSTEDÉ'S RESEARCH ON NATIONAL CULTURES**

Suppose that you are an expatriate manager of a production facility in a foreign country. One day as you walk through the plant, you notice that a member of your staff is upset with one of his subordinates. He is verbally boisterous, and as his face turns several shades of red, he takes off his shoe and slams it on the wall several times ordering his subordinate to obey. The subordinate bows his head and answers "Yes, sir! Yes, sir!" as the staff member dismisses himself and walks away. What are your thoughts? How do you feel? What action, if any, do you take?

Perhaps you would take swift action to correct the staff member's behavior immediately and on the spot. Geert Hofstede, author of Cultures and Organizations: Software of the Mind (1991) and Culture's Consequences (1980a), might point out that your thinking presupposes cultural universalism. This means that you believe there is generally a fundamental standard of behavior that all societies should abide by, and your judgment is based on the same standards for all cultures. Or, perhaps you would not take action immediately, and consider that your action would depend on the country and the culture in which you are operating. Hofstede might then note that your thinking resembles cultural relativism, which requires gathering information about cultural differences prior to action. In this case, swift judgment of someone's behavior is suspended, and there is a willingness to accept many points of view and behaviors as equally acceptable.

### NATIONAL CULTURAL DIFFERENCES

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<sup>1</sup> "Different minds but common problems" is a subheading in Chapter 1 of Hofstede's Cultures and organizations: Software of the mind (1997: 3).

This article discusses Geert Hofstede's work on national cultural differences which was first published in 1980, and explains how Hofstede's model of the dimensions of national culture might be of use to performance improvement professionals as they try to solve familiar, and perhaps not so familiar, problems in international settings. Hofstede has made two principal contributions to research and thinking about cross-cultural management. The first contribution is his challenge to the perception that classic management theories, such as those introduced by Herzberg et al., (1959), Maslow (1970), McClelland (1961), McGregor (1960), and Vroom (1964), are universally valid. Hofstede argues that these predominantly US frameworks may not apply outside that country's border, and that their authors are subject to cultural bias that is manifested in their own cultural makeup (Hofstede, 1980b, 1983b, 1987, 1993, 1996). For example, McGregor's (1960) Theory X-Y assumes that a mutually exclusive set of management styles exist. This idea is inconsistent with the norm of harmony found in many Southeast Asian cultures, where opposites tend to complement one another (Hofstede, 1987).

#### AN INTRODUCTION TO A MODEL OF NATIONAL CULTURAL DIFFERENCES

Geert Hofstede's second contribution to cross cultural thinking is a stream of research that provides empirical support for a model of national cultural differences. In a seminal research project, Hofstede and his colleagues surveyed over 116,000 people from more than 50 nations. The respondents were technical and clerical workers who worked for IBM in those countries. The study was conducted between 1968 and 1972, and the instrument had over 100 standardized questions (Hofstede, 1991). Results of the study provided strong evidence that national cultures vary on four dimensions: uncertainty avoidance, masculinity, power distance, and individualism. A fifth dimension – time orientation – was added to the model later (Hofstede & Bond, 1984, 1988). Since 1980, Hofstede has published over a dozen books and manuscripts that provide variations on this principal theme (Hofstede, 1983a, 1984, 1985, 1986,

1989, 1994; Hofstede et al., 1990; Hofstede & Spangenberg, 1987). His 1991 book, Cultures and Organizations: Software of the Mind, was an attempt to bring his message about cultural differences to a non-academic audience. Cultures and Organizations successfully avoids social scientific jargon, and for this reason it is accessible to practitioners in any field. While Hofstede's work has been criticized by some, scores of studies have shown the validity of his findings, and his model is considered the most widely accepted basis for understanding the effects of national culture among people at work (Ross, 1999).

The model of national cultural differences suggests that people of most countries share certain national characteristics. These characteristics are usually more apparent to foreigners than to nationals themselves. Hofstede does not deny that people in other cultures may be different from one another because of other reasons, such as family, professional affiliation, or individual differences. But his results suggest that national culture influences how people behave in the workplace. Therefore, the model helps us understand common and uncommon workplace behavior in different national cultural settings by offering four dimensions that characterize national cultures. Characterizing national cultures does not mean that all people from a nation or a region manifest those characteristics, nor does the model pretend to describe individuals. The dimensions of the model simply describe a national norm (Hofstede, 1980a, 1991), much as symbols, stories, heroes, slogans, and ceremonies are used to describe corporate culture (Deal & Kennedy, 1982).

#### THE DIMENSIONS OF THE MODEL

The four original dimensions are *uncertainty avoidance*, *masculinity*, *power distance*, and *individualism*. *Uncertainty avoidance* is the degree to which people in a country prefer structured to unstructured situations (Hofstede, 1980a). People who pertain to a culture that ranks high on uncertainty avoidance tend to favor clear rules – written or unwritten – to guide

their behavior. Therefore, they tend to respond well to predictable work situations and formal structure. Additionally, Hofstede found that elevated anxiety levels, aggression, and displays of emotion are common in cultures that rate high on uncertainty avoidance. People in cultures that score low on uncertainty avoidance, in contrast, tend to accept uncertain situations as normal and have an aversion to formalized rules. These people also tend to experience low anxiety levels, and acts of aggression and emotional outbursts are considered socially unacceptable. Nations that rank high on the uncertainty avoidance index include Greece, Portugal, Guatemala, Uruguay, Belgium, Salvador, and Japan. Countries that rank low on this dimension include Singapore, Jamaica, Denmark, Sweden, Hong Kong, Ireland, the US, and Great Britain.

What are the implications of uncertainty avoidance to the global workplace?

Organizations in nations that avoid uncertainty may require a high degree of written or unwritten rules to assure the organization operates smoothly. Although the rules might be “nonsensical, inconsistent, or dysfunctional” (Hofstede, 1991), they are often necessary to satisfy workers’ need for formal structure. People who work in organizations found in low uncertainty avoidance cultures, however, are uncomfortable with rigid rules, and ambiguous situations do not tend to threaten worker productivity. Punctuality and accuracy seem to be more important to individuals working in a high uncertainty avoidance culture than they are to those working in a low uncertainty avoidance culture. Similarly, detailed job descriptions, precise instructions, and conflict management are much more important in an organization operating in a high uncertainty avoidance environment.

*Masculinity* is the degree to which tough values that are generally associated with the roles of men, prevail over values generally associated with women’s roles (Hofstede, 1980a). Tough values include assertiveness, performance, success, and competition. Tender values include quality of life, maintaining warm personal relationships, service, care for the weak, and

solidarity. Both men and women in masculine cultures tend to admire ambition, and exhibit aggressive behavior. In contrast, people of both genders in feminine cultures value non-aggressive behavior and appreciate modesty. Countries that rank high on the masculinity index include Japan, Austria, Venezuela, Italy, Switzerland, and Mexico. Countries that rank low on masculinity and high on femininity include Sweden, Norway, the Netherlands, Denmark, Costa Rica, and Yugoslavia. The US ranks moderately high on this dimension.

In the global workplace, masculinity has some interesting implications. In feminine cultures, people tend to use compromise or negotiation to resolve conflicts, and they commonly seek consensus. In masculine cultures, assertiveness, decisiveness, and over-achievement predominate. Managers of organizations in masculine cultures might have greater success if they rewarded people based on performance, while managers of firms in feminine cultures might have better results if all workers were rewarded more equally. Hofstede (1991) notes that people of more masculine cultures tend to live to work, while those in feminine cultures work to live.

*Power distance* is the degree to which people accept the inequalities among them as normal (Hofstede, 1980a). People in high power distance countries tend to accept as fact that power is unequally distributed within society. Power in organizations belongs to relatively few, and people believe that those with power are entitled to privileges. Wide gaps in salary often separate superiors from subordinates in high power distance cultures. In low power distance cultures, workers may strive to be more coequal with their colleagues. Pay differences may be smaller in low power distance cultures, and workers tend to expect superiors to be democratic and very similar to themselves. Malaysia, Guatemala, Panama, the Philippines, Mexico, and Venezuela are countries that rank high on power distance. Austria, Israel, Denmark, New



Zealand, and Ireland are characterized by low power distance. The US ranks moderately low on the power distance dimension.

*Individualism* has probably been the most researched dimension of the model. Most studies that try to validate Hofstede's model find quite strong support for the individualism dimension (Smith & Dugan, 1996, Hoppe, 1998). Indeed, thirty years prior to Hofstede, Weber (1947) introduced a dichotomy of associative/communal relationships, and Parsons and Shils (1951) identified a phenomenon called self-orientation vs. collectivity orientation. In fact, Emile Durkheim (Durkheim, 1933; Smith & Dugan, 1996) and Ferdinand Toennies (Wagner, 1995, Cahnman, 1973) identified concepts that are analogous to individualism-collectivism. More recently, Triandis and his colleagues have been noted for their research that further develops the construct of individualism (Triandis, 1995; Triandis et al., 1988, 1993).

Individualism is the degree to which people's identities are linked to their existence as individuals, rather than as members of groups (Hofstede, 1980a). In an individualistic culture, the social framework is relatively loosely knit, and people are expected to take care of themselves and their immediate families only. Personal success is valued highly in individualistic cultures, and great emphasis is placed on freedom, independence, and autonomy. Collectivism is the degree to which people tend to identify themselves as members of various groups in the society. In a collectivist culture, social networks are very tightly linked, and people discriminate between in-groups and out-groups. The in-groups (their relatives, clan, neighborhoods, social organizations) are expected to look after people, and in return people demonstrate high loyalty to those groups. The US, Australia, Great Britain, Canada, and the Netherlands rank high on individualism. Guatemala, Ecuador, Panama, Venezuela, and Columbia score high on collectivism.

#### CRITICISMS AND LIMITATIONS OF THE MODEL

Critics tend to have three principal concerns about Hofstede's work. The first is the concern that his original study of IBM employees may have confounded corporate culture and national cultural differences. In fact, by surveying IBM employees only, Hofstede attempted to hold the construct of corporate culture constant, such that differences would be attributable to national cultural differences and other random factors – but not corporate culture. The second concern is that Hofstede's respondents were technical and clerical employees working in service and marketing areas only, and therefore were not representative of all workers in a typical organization. To address this concern, Hoppe (1998) surveyed 1,500 respondents from a broad range of professions in Turkey, the US, and 17 Western and Southern European countries. All respondents were alumni of Austria's Salzburg Seminar, an international study center, and they were reportedly more educated than the respondents in Hofstede's original study. Hoppe's (1998) results provide additional support for the validity of Hofstede's four-dimensional model.

A third criticism of Hofstede's (1980a) work is that there were no nations from the former centralized economies in the sample. Smith and Dugan (1996) addressed this by studying 8,841 business people employed in 43 nations, including nine former Soviet bloc countries. The results supported the individualism and power distance dimensions, but there was little support for uncertainty avoidance and masculinity. When the former Soviet bloc nations were excluded from the analysis, the latter two dimensions were supported (Smith and Dugan, 1996).

#### SO NOW WHAT? APPLICATIONS OF THE MODEL

If national culture influences how people behave in the workplace, this model may help performance improvement (PI) specialists understand how they might better enhance people's performance in international and domestically diverse organizations. For example, one of most easily understood dimensions of the model is individualism. In cultures that are highly

individualistic, PI specialists might suggest supervisors use personal acknowledgements, individual incentives, and promotions based on merit as workplace motivators. In cultures that are less individualistic and more collectivist, practitioners might identify group acknowledgements, group bonuses, and seniority deference as more effective stimuli. The model may be used in other aspects of organizational behavior as well, such as compensation and business-unit level strategy.

### Compensation Strategies

Gomez-Mejia and Balkin (1991) found a relationship between compensation policies and cultural variables in a study that extended beyond US borders. Their results showed that people in countries with high uncertainty avoidance tended to value job security. They concluded that clear and codified compensation policies that involve consistent application across all employees and permit little reward power for supervisors could work well in a high uncertainty avoidance environment. Conversely, employers operating in low uncertainty avoidance cultures might consider that workers will be more willing to leave if they are given a better offer from another firm. Gomez-Mejia (1991) notes that countries high on the masculinity dimension are characterized by material possessions and inequalities among the sexes, while low masculinity countries tend to value equal pay for equivalent jobs. Compensation policies in a high power distance society might be best designed in sync with the hierarchical structure, while policies in low power distance countries might be more effective if they de-emphasized differences in ranks. Compensation policies in collectivist cultures might include seniority-based rewards, while policies in individualist societies might positively affect performance improvement if rewards are tied to individual achievements.

### Ethics

Differences in culture may have ethical implications for managers. Lu, Rose, and Blodgett (1999) found that culture can affect how employees perceive the importance of the company and coworkers. Collectivists tend to express loyalty and a sense of duty and may therefore place greater value on company and coworker interests when making ethical decisions. Individualists, on the other hand, have a tendency to rely on individual perceptions of ethics when making decisions. Lu et al. (1999) suggest that managers working in individualistic cultures be concerned about selection and training procedures due to the tendency for employee self-interest to outweigh company interests. Similarly, managers working in collectivist cultures might be aware of subordinates' tendency to blindly adhere to company guidelines. Collectivist may be reluctant to challenge company rules and may, therefore, not object to questionable company norms. For example, "whistle blowers" may be less likely to emerge in organizations operating in collectivist cultures.

#### Strategy formulation and implementation

Ross (1999) suggests that national culture may affect a company's strategy. Based on previous research, Ross provides a framework that can be used to determine if an organization's strategy is an environmental fit with a country's national culture. For example, the framework suggests that if two companies are negotiating a strategic alliance, and if each scores very differently on the individualist-collectivist dimension, there is a greater probability they will face critical challenges at each step of the negotiation. At the business-level, Ross suggests that "the greater the power distance, collectivist, and uncertainty avoidance scores, the greater the preference for centralized, hierarchical organizations and large scale production facilities which appear to support firms pursuing cost leadership strategies" in that country (1999: 17). In short, understanding cultural differences and developing guidelines to evaluate

cultural environmental fit may be important as a company designs international strategies at the corporate, business, and functional levels of the organization

### SOME CLOSING THOUGHTS

The research on national cultural differences pioneered by Geert Hofstede suggests the need to understand the impact of national, regional, and other kinds of diversity on people's behavior in the workplace. While the global economy and rapid telecommunications may act as great equalizers that allow organizations to communicate with, access information from, and transport products to just about anyone in the world at a click of a button, there are still differences. Although Gomez-Mejia and Balkin (1991) noted that some supervisory management practices are becoming more similar across the globe, there are still differences. People make up the critical core of our organizations, and people from different national and cultural environments may respond differently to a singular set of managerial interventions. In fact, it becomes more important for organizations to understand national cultural differences as they expand beyond their own national boundaries and attempt to win the loyalty and business of customers around the globe.

In the preface of Cultures and Organizations: Software of the Mind, Geert Hofstede thinks of his grandchildren and hopes his work will "contribute a little bit to mutual understanding across cultures in tomorrow's world, which is theirs" (Hofstede, 1991). Since his research began twenty years ago, international management professionals have learned much and debated frequently the influence of national cultural differences in the workplace. We still have much to learn.

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