



Business Management Toolkit

11. HOFSTEDE'S CULTURAL DIMENSIONS (HL)

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Introduction: “Culture”

A. Culture in nations



B. Corporate Culture



A. Culture in nations - Definition

Culture in nations is the set of norms, behaviors, beliefs and customs that are associated with different groups and societies.



Main characteristics of Culture in nations

- Culture illustrates the accepted norms and values and traditional behaviour of a group.
- There is nothing good or bad about culture, there are only differences.
- Culture is a key component in business and has an impact on the strategic direction of business.
- Culture influences management, decisions and all business functions from accounting to production.
- Different cultures influence the strategy and operation of multinational companies.
- Culture can be expressed through language, food, religion, ethnicity, art.



B. Corporate culture - Definition

Corporate (or organizational) culture is the beliefs and behaviors that determine how a company's employees and management interact and handle outside business transactions.



Activity: Discuss how national culture can affect corporate culture.



Main characteristics of Corporate Culture

- Culture illustrates the accepted norms and values and traditional behaviour in a business environment.
- A company's culture could be reflected for example in its dress code, business hours, employee benefits, turnover, decision making, innovation, treatment of clients, and every other aspect of operations.
- Leadership influences corporate culture
- Corporate culture affects employees' motivation and attitude toward the organization.
- Cultures clashes may occur after a merger, acquisition or joint venture.



Hofstede's Cultural Dimensions - Introduction

- Hofstede's Cultural Dimensions Theory is a framework used to understand the differences in culture across countries. It has been developed by the Dutch management researcher Prof. Geert Hofstede in 1980.
- According to Hofstede, culture is "the programming of the human mind by which one group of people distinguishes itself from another group".
- His research initially conducted was replicated across 93 separate countries and confirmed the existence of the dimensions (Hofstede & Minkov, 2010).



Hofstede's Cultural Dimensions - Six dimensions

Hofstede's **six key dimensions** are:



The extent to which individual countries share key dimensions depends on a number of factors, such as shared language and geographical location.



Hofstede's Cultural Dimensions - Six dimensions

The power distance index describes the extent to which the less powerful members of an organization accept and expect that power is distributed unequally.



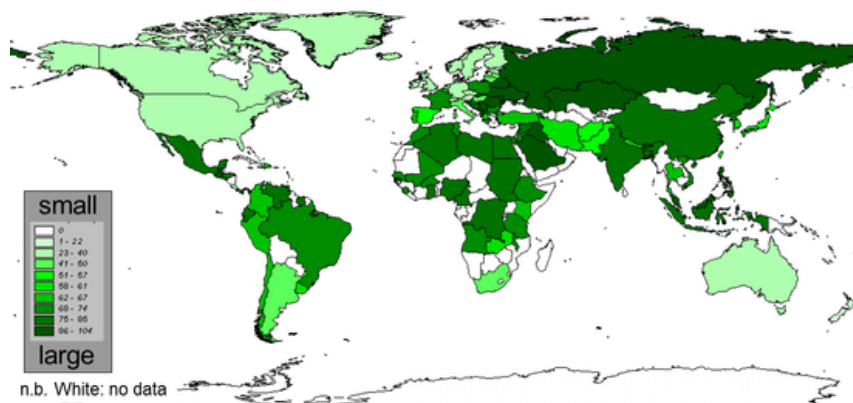
According to Hofstede, there is relatively more equality in some societies than in others.

In societies with high degree of power, individuals will accept hierarchies without the need for justification while individuals in societies with low power distance seek equal distribution of power. This could affect leadership styles and decision making processes, too.



Hofstede's Cultural Dimensions - Six dimensions

Power Distance World map



Source: <https://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/>



Hofstede's Cultural Dimensions - Six dimensions

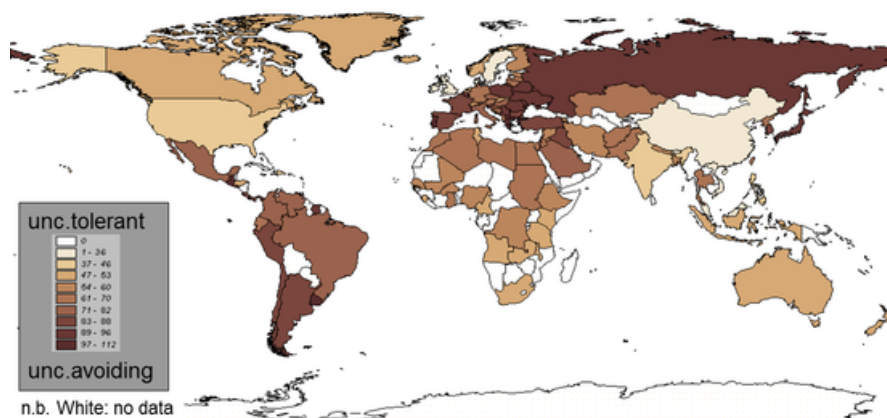
- The uncertainty avoidance dimension addresses a society's tolerance for uncertainty and ambiguity.
- A high uncertainty avoidance index shows a low tolerance for uncertainty, ambiguity, and risk-taking. In these societies, organisations tend to minimize the unknown through rules and regulations. On the other hand, in low uncertainty avoidance index the unknown is more accepted and there is a tendency for less rules.

uncertainty
avoidance



Hofstede's Cultural Dimensions - Six dimensions

Uncertainty Avoidance World map



uncertainty
avoidance

Source: <https://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/>



Hofstede's Cultural Dimensions - Six dimensions

Individualism and collectivism, respectively, refer to the integration of individuals into groups.

Individualistic societies stress achievement and individual rights, focusing on the needs of oneself and one's immediate family.

A person's self-image in this category is defined as "I." In contrast, collectivist societies place a greater importance on the goals and well-being of the group, with a person's self-image in this category being more similar to a "We."

individualism-
collectivism



Hofstede's Cultural Dimensions - Six dimensions

Those from collectivist cultures put more emphasis on relationships and loyalty than people from individualistic cultures.

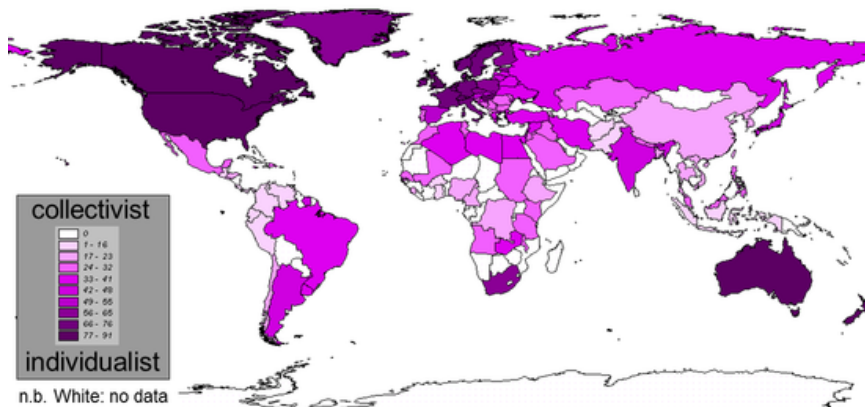
They tend to belong to fewer groups, but are defined more by their membership in them. Lastly, communication tends to be more direct in individualistic societies, but more indirect in collectivistic ones (Hofstede, 1980).

individualism-
collectivism



Hofstede's Cultural Dimensions - Six dimensions

Collectivism – Individualism World map



individualism-
collectivism

Source: <https://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/>



Hofstede's Cultural Dimensions - Six dimensions

The dimension of femininity vs. masculinity, also known as gender role differentiation, looks at how much a society values traditional masculine and feminine roles.

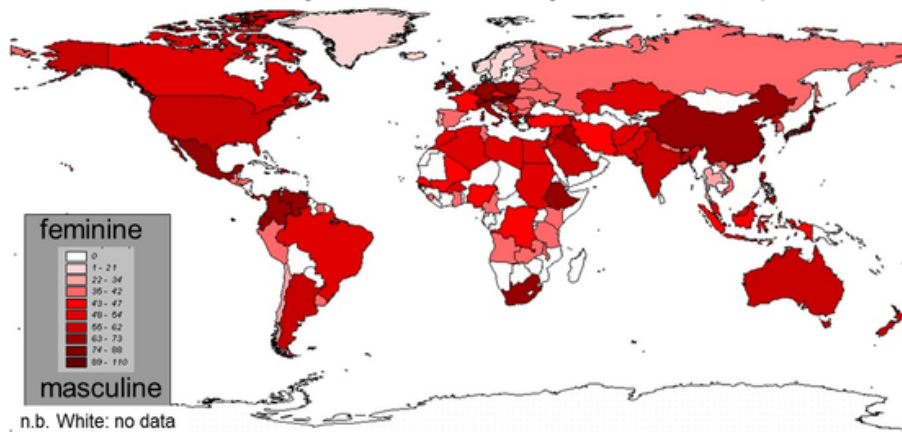
According to Hofstede, a masculine society values assertiveness, courage, strength, and competition; a feminine society values cooperation, nurturing, and quality of life.

masculinity-
femininity



Hofstede's Cultural Dimensions - Six dimensions

Femininity - Masculinity World map



Source: <https://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/>



Hofstede's Cultural Dimensions - Six dimensions

The long term vs short term orientation dimension refers to the degree to which a society encourages delaying gratification or the material, social, and emotional needs of its members (Hofstede, 1980).

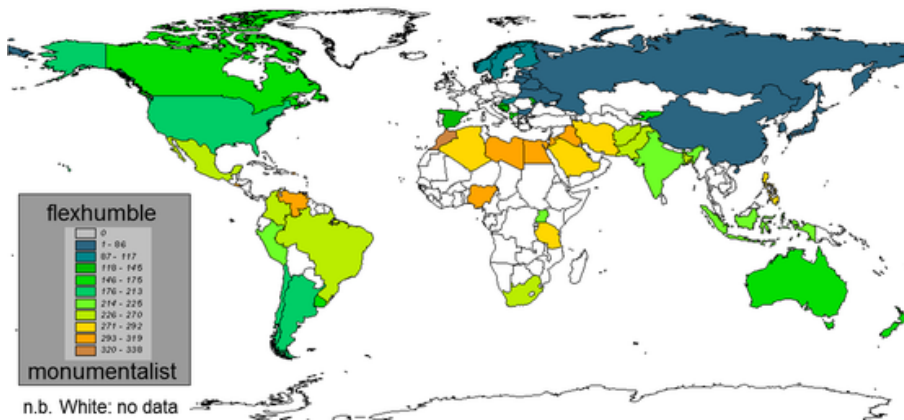
For example, a society with long term orientation shows focus on the future in a way that delays short-term success in favor of success in the long-term. A society like this will have as characteristics perseverance, saving, long term growth etc. while a short-term orientation focuses on the present and quick results.

short vs. long-term orientation



Hofstede's Cultural Dimensions - Six dimensions

Short-term orientation (Monumentalism) – Long-term orientation (Flexhumility) World map (based on WVS)



Source: <https://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/>

short vs. long-term orientation

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Hofstede's Cultural Dimensions - Six dimensions

The restraint vs indulgence dimension considers the extent and tendency for a society to fulfill its desires.

High levels of indulgence show that a society might allow relatively free gratification, and high levels of bon de vivre. On the other hand, restraint indicates that a society tends to suppress the gratification of needs and regulate them through social norms.

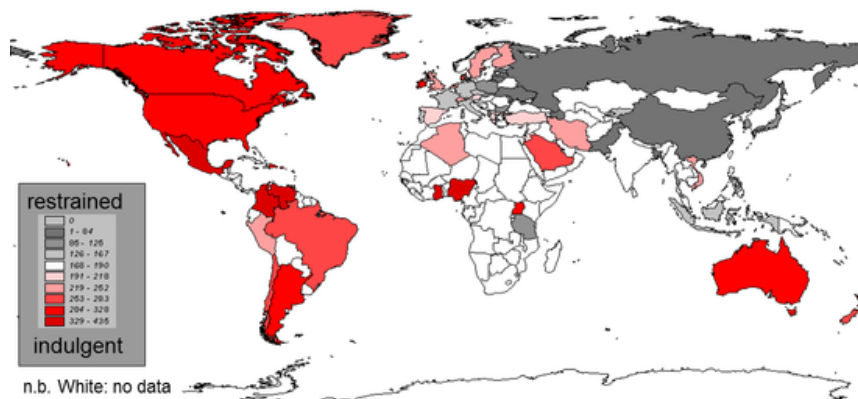
For example, in a highly indulgent society, people may tend to spend more money on luxuries and enjoy more leisure time activities while, in a restrained society, people might mostly save money and focus on practical needs (Hofstede, 2011).

restraint vs. indulgence

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Hofstede's Cultural Dimensions - Six dimensions

Indulgence - Restraint World map (based on WVS)



restraint vs. indulgence

Source: <https://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/>



Hofstede's Cultural Dimensions - Six dimensions

Activity: Visit the following site and choose the countries of your choice to compare different cultures.

<https://www.hofstede-insights.com/fi/product/compare-countries/>



Hofstede's Cultural Dimensions - Six dimensions

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Hofstede's Cultural Dimensions - Six dimensions

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Cultural differences in business

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Cultural differences in business

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Cultural differences in business

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Hofstede's Cultural Dimensions - Evaluation

Advantages	Disadvantages
<ul style="list-style-type: none">- He provided a framework of how culture can be measured- His dimensions are useful for multinational companies as culture affects employee motivation and organizational conflict	<ul style="list-style-type: none">- There has been criticism about the methodology followed as it was based on a questionnaire- Hofstede's definition of culture ignores effects of globalization and this could defeat his overall research objectives.- Hofstede assumed that location does not affect employees' reactions, which is not the case, as people react differently to different situations and places



Are you ready for the quizz?

- Do the quiz in the ibGenius platform
- You need 70% to pass!
- Then you are ready to move on to the next Business Management Tool!



Hofstede's Cultural Dimensions - References

- <https://www.ukessays.com/essays/management/hofstede-and-trompenaars-models-of-doing-business-management-essay.php>
- <https://geerthofstede.com/culture-geert-hofstede-gert-jan-hofstede/6d-model-of-national-culture/>
- <https://www.simplypsychology.org/hofstedes-cultural-dimensions-theory.html#:~:text=Hofstede's%20Cultural%20Dimensions%20Theory%2C%20developed,long%2Dterm%20orientation.>

<https://www.hofstede-insights.com/fi/product/compare-countries/>

<https://corporatefinanceinstitute.com/resources/knowledge/other/hofstedes-cultural-dimensions-theory/>