Organizational Culture

VOLUME II

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Part I
Culture at Different Levels: National, Occupational and Industry Cultures

[1]

THE CULTURAL RELATIVITY OF ORGANIZATIONAL PRACTICES AND THEORIES

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Abstract. This paper summarizes the author's recently published findings about differences in people's work-related values among 50 countries. In view of these differences, ethnocentric management theories (those based on the value system of one particular country) have become untenable. This concept is illustrated for the fields of leadership, organization, and motivation.

■ A key issue for organization science is the influence of national cultures on management. Twenty or even 10 years ago, the existence of a relationship between management and national cultures was far from obvious to many, and it may not be obvious to everyone even now. In the 1950s and 60s, the dominant belief, at least in Europe and the U.S., was that management was something universal. There were principles of sound management, which existed regardless of national environments. If national or local practice deviated from these principles, it was time to change local practice. In the future, the universality of sound management practices would lead to societies becoming more and more alike. This applied even to the poor countries of the Third World, which would become rich as well and would be managed just like the rich countries. Also, the differences between management in the First and Second World (capitalist and socialist) would disappear; in fact, under the surface they were thought to be a lot smaller than was officially recognized. This way of thinking, which dominated the 1950s and 60s, is known as the "convergence hypothesis."

During the 1970s, the belief in the unavoidable convergence of management practices waned. It was too obviously in conflict with the reality we saw around us. At the same time supranational organizations like the European Common Market, which were founded very much on the convergence belief, had to recognize the stubbornness of national differences. Even within existing nations, regional differences became more rather than less accentuated. The Welsh, the Flemish, the Basques, the Bangladeshi, the Quebecois defended their own identity, and this was difficult to reconcile with a management philosophy of convergence. It slowly became clear that national and even regional cultures do matter for management. The national and regional differences are not disappearing; they are here to stay. In fact, these differences may become one of the most crucial problems for management—in particular for the management of multinational, multicultural organizations, whether public or private.

Nationality is important to management for at least 3 reasons. The first, very obviously, is political. Nations are political units, rooted in history, with their own institutions: forms of government, legal systems, educational systems, labor and employer's association systems. Not only do the formal institutions differ, but even if we could equalize them, the informal ways of using them differ. For example, formal law in France protects the rights of the individual against the state much better than formal law in Great Britain or Holland. However, few French citizens have ever won court cases against the state, whereas this happens quite regularly in Holland or Britain. Such informal political realities are quite resistant to change.

INTRODUCTION
Management and
National Cultures

The Importance
of Nationality

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The second reason why nationality is important is sociological. Nationality or re-gionality has a symbolic value to citizens. We all derive part of our identity from it; it is part of the "who am I." The symbolic value of the fact of belonging to a nation or region has been and still is sufficient reason for people to go to war, when they feel their common identity to be threatened. National and regional differences are felt by people to be a reality—and therefore they are a reality.

The third reason why nationality is important is psychological. Our thinking is partly conditioned by national culture factors. This is an effect of early life experi-ences in the family and later educational experiences in schools and organiza-tions, which are not the same across national borders. In a classroom, I can easily demonstrate the process of conditioning by experience. For this purpose I use an ambiguous picture: one that can be interpreted in 2 different ways. One such pic-ture represents either an attractive young girl or an ugly old woman, depending on the way you look at it. In order to demonstrate the process of conditioning, I ask one half of the class to close their eyes. To the other half, I show for 5 seconds a slightly changed version of the picture, in which only the young girl can be seen. Then I ask the other half to close their eyes, and to the first half I show, also for 5 seconds, a version in which only the old woman can be seen. After this prepara-tion, I show the ambiguous picture to everyone at the same time. The results are amazing: the vast majority of those "conditioned" by seeing the young girl first, now see only the young girl in the ambiguous picture; and most of those "condi-tioned" by seeing the old woman first can see only the old woman afterwards.

Mental
Programming

This very simple experiment shows that, as a teacher, I can in 5 seconds condition a randomly taken half of a class to see something else in a picture than would the other half. If this is so, how much stronger should the differences in perception of the same reality be between people who have been "conditioned" by different edu-cational and life experiences not for a mere 5 seconds, but for 20, 30, or 40 years? Through our experiences we become "mentally programmed" to interpret new ex-periences in a certain way. My favorite definition of "culture" is precisely that its essence is *collective mental programming*: it is that part of our conditioning that we share with other members of our nation, region, or group but not with members of other nations, regions, or groups.

Examples of differences in mental programming between members of different nations can be observed all around us. One source of difference is, of course, lan-guage and all that comes with it, but there is much more. In Europe, British people will form a neat queue whenever they have to wait; not so, the French. Dutch peo-ple will as a rule greet strangers when they enter a small, closed space like a rail-way compartment, doctor's waiting room, or lift; not so, the Belgians. Austrians will wait at a red pedestrian traffic light even when there is no traffic; not so the Dutch. Swiss tend to become very angry when somebody—say, a foreigner—makes a mistake in traffic; not so the Swedes. All these are part of an invisible set of mental programs which belongs to these countries' national cultures.

Such cultural programs are difficult to change, unless one detaches the individual from his or her culture. Within a nation or a part of it, culture changes only slowly. This is the more so because what is in the minds of the people has also become crystallized in the institutions mentioned earlier: government, legal systems, edu-cational systems, industrial relations systems, family structures, religious organi-zations, sports clubs, settlement patterns, literature, architecture, and even scien-tific theories. All these reflect traditions and common ways of thinking, which are rooted in the common culture but may be different for other cultures. The institu-tions constrain and reinforce the ways of thinking on which they are based. One well-known mechanism by which culturally determined ways of thinking perpetu-ate themselves is the self-fulfilling prophecy. If, for example, the belief is held that

people from a certain minority are irresponsible, the institutions in such an environment will not admit these people into positions of responsibility; never being given responsibility, minority people will be unable to learn it, and very likely they will actually behave irresponsibly. So, everyone remains caught in the belief—including, probably, the minority people themselves. Another example of the self-fulfilling prophecy: if the dominant way of thinking in a society is that all people are ultimately motivated by self-interest, those who do not pursue self-interest are considered as deviant. As it is unpleasant to be a deviant, most people in such an environment will justify whatever they want to do with some reference to self-interest, thereby reinforcing the dominant way of thinking. People in such a society cannot even imagine motives that cannot be reduced to self-interest.

This paper shall be limited to national cultures, excluding cultural differences between groups within nations; such as, those based on regions, social classes, occupations, religion, age, sex, or even families. These differences in culture within nations, of course, do exist, but for most nations we can still distinguish some ways of thinking that most inhabitants share and that we can consider part of their national culture or national character. National characters are more clearly distinguishable to foreigners than to the nationals themselves. When we live within a country, we do not discover what we have in common with our compatriots, only what makes us different from them.

National Character

Statements about national culture or national character smell of superficiality and false generalization. There are 2 reasons for this. First, there is no commonly accepted language to describe such a complex thing as a "culture." We meet the same problem if we want to describe someone's "personality": we risk being subjective and superficial. In the case of "personality," however, psychology has at least developed terms like intelligence, energy level, introversion-extroversion and emotional stability, to mention a few, which are more or less commonly understood. In the case of "culture," such a scientific language does not exist. In the second place, statements about national character have often been based on impressions only, not on systematic study. Such statements can indeed be considered false generalizations.

My own research into national cultures was carried out between 1967 and 1978. It has attempted to meet the 2 objectives I just mentioned: to develop a commonly acceptable, well-defined, and empirically based terminology to describe cultures; and to use systematically collected data about a large number of cultures, rather than just impressions. I obtained these data more or less by accident. From 1967 to 1971 I worked as a psychologist on the international staff of a large multinational corporation. As part of my job I collected data on the employees' attitudes and values, by means of standardized paper-and-pencil questionnaires. Virtually all employees of the corporation were surveyed, from unskilled workers to research scientists in many countries around the globe. Then from 1971 to 1973 the surveys were repeated once more with the same group of employees. All in all the corporation collected over 116,000 questionnaires which were stored in a computerized data bank. For 40 countries, there were sufficient data for systematic analysis.

A RESEARCH PROJECT ACROSS 50 COUNTRIES

It soon appeared that those items in the questionnaires that dealt with employee values rather than attitudes showed remarkable and very stable differences between countries. By an attitude I mean the response to a question like "how do you like your job?" or "how do you like your boss?" By a value I mean answers to questions of whether people prefer one type of boss over another, or their choice of factors to describe an ideal job. Values indicate their desires, not their perceptions of

what *actually went on. These values, not the attitudes,* reflect differences in mental programming and national character.

These differences, however, were always statistical in nature. Suppose people were asked whether they strongly agreed, agreed, were undecided, disagreed, or strongly disagreed with a certain value statement. In such a case we would not find that all employees in country A agreed and all in country B disagreed; instead we might find that 60 percent of the employees in country A agreed, while only 40 percent in country B agreed. Characterizing a national culture does not mean that every individual within that culture is mentally programmed in the same way. The national culture found is a kind of average pattern of beliefs and values, around which individuals in the country vary. For example, I found that, on average, Japanese have a greater desire for a strong authority than English; but some English have a greater desire for a strong authority than quite a few Japanese. In describing national cultures we refer to common elements within each nation, but we should not generalize to every individual within that nation.

In 1971 I went as a teacher to an international business school, where I asked the course participants, who were managers from many different countries, to answer the same values questions we used in the multinational corporation. The answers revealed the same type of pattern of differences between countries, showing that we were not dealing with a phenomenon particular to this one company. Then in my later research, from 1973 to 1979, at the European Institute for Advanced Studies in Brussels, I looked for other studies comparing aspects of national character across countries. I found about 40 such studies comparing 5 or more countries which showed differences confirming the ones found in the multinational corporation. All this material together forms the basis for my book *Culture's Consequences* [Hofstede 1980]. Later, supplementary data became available for another 10 countries and 3 multi-country regions, thereby raising the total number of countries to 50 [Hofstede 1983].

FOUR DIMENSIONS OF NATIONAL CULTURE

My terminology for describing national cultures consists of 4 different criteria which I call "dimensions" because they occur in nearly all possible combinations. They are largely independent of each other:

1. Individualism versus Collectivism;
2. Large or Small Power Distance;
3. Strong or Weak Uncertainty Avoidance; and
4. Masculinity versus Femininity.

The research data have allowed me to attribute to each of the 40 countries represented in the data bank of the multinational corporation an index value (between 0 and about 100) on each of these 4 dimensions.

The 4 dimensions were found through a combination of multivariate statistics (factor analysis) and theoretical reasoning. The cases analysed in the factor analysis were the 40 countries; the variables were the mean scores or answer percentages for the different value questions, as produced by the multinational corporation's employees within these countries. This factor analysis showed that 50 percent of the variance in answer patterns between countries on the value questions could be explained by 3 factors, corresponding to the dimensions 1 + 2, 3 and 4. Theoretical reasoning led to the further splitting of the first factor into 2 dimensions. The theoretical reasoning meant that each dimension should be conceptually linkable to some very fundamental problem in human societies, but a problem to which different societies have found different answers. These are the issues studied in primitive, nonliterate societies by cultural anthropologists, such as, the distribution of power, or the distribution of roles between the sexes. There is no reason why such issues should be relevant only for primitive societies.

The first dimension is labeled "Individualism versus Collectivism." The funda- | **Individualism-**
mental issue involved is the relation between an individual and his or her fellow in- | **Collectivism**
dividuals. At one end of the scale we find societies in which the ties between indi-
viduals are very loose. Everybody is supposed to look after his or her own self-
interest and maybe the interest of his or her immediate family. This is made possi-
ble by a large amount of freedom that such a society leaves individuals. At the
other end of the scale we find societies in which the ties between individuals are
very tight. People are born into collectivities or ingroups which may be their ex-
tended family (including grandparents, uncles, aunts, and so on), their tribe, or
their village. Everybody is supposed to look after the interest of his or her ingroup
and to have no other opinions and beliefs than the opinions and beliefs in their in-
group. In exchange, the ingroup will protect them when they are in trouble. We see
that both the Individualist and the Collectivist society are integrated wholes, but
the individualist society is loosely integrated, and the Collectivist society tightly
integrated.

All 50 countries studied can be placed somewhere along the Individualist-
Collectivist scale. On the basis of the answers obtained on the questionnaire in
the multinational corporation, each country was given an Individualism index
score. The score is such that 100 represents a strongly Individualist society, and 0
a strongly Collectivist society; all 50 countries are somewhere between these
extremes.

It appears that the degree of Individualism in a country is statistically related to
that country's wealth. Figure 1 shows the list of countries used, and Figure 2

FIGURE 1.

The Countries and Regions

ARA	Arab countries	JAM	Jamaica
	(Egypt, Lebanon, Lybia, Kuwait, Iraq, Saudi-	JPN	Japan
	Arabia, U.A.E.)	KOR	South Korea
ARG	Argentina	MAL	Malaysia
AUL	Australia	MEX	Mexico
AUT	Austria	NET	Netherlands
BEL	Belgium	NOR	Norway
BRA	Brazil	NZL	New Zealand
CAN	Canada	PAK	Pakistan
CHL	Chile	PAN	Panama
COL	Colombia	PER	Peru
COS	Costa Rica	PHI	Philippines
DEN	Denmark	POR	Portugal
EAF	East Africa	SAF	South Africa
	(Kenya, Ethiopia, Zambia)	SAL	Salvador
EQA	Equador	SIN	Singapore
FIN	Finland	SPA	Spain
FRA	France	SWE	Sweden
GBR	Great Britain	SWI	Switzerland
GER	Germany	TAI	Taiwan
GRE	Greece	THA	Thailand
GUA	Guatemala	TUR	Turkey
HOK	Hong Kong	URU	Uruguay
IDO	Indonesia	USA	United States
IND	India	VEN	Venezuela
IRA	Iran	WAF	West Africa
IRE	Ireland		(Nigeria, Ghana, Sierra Leone)
ISR	Israel	YUG	Yugoslavia
ITA	Italy		

INDIVIDUALISM INDEX (IDV)
versus 1970 NATIONAL WEALTH
(per capita GNP) *for 50 countries*

NATIONAL WEALTH IN 1970 (GNP/capita) IN 10$
IDV.GNP = .84
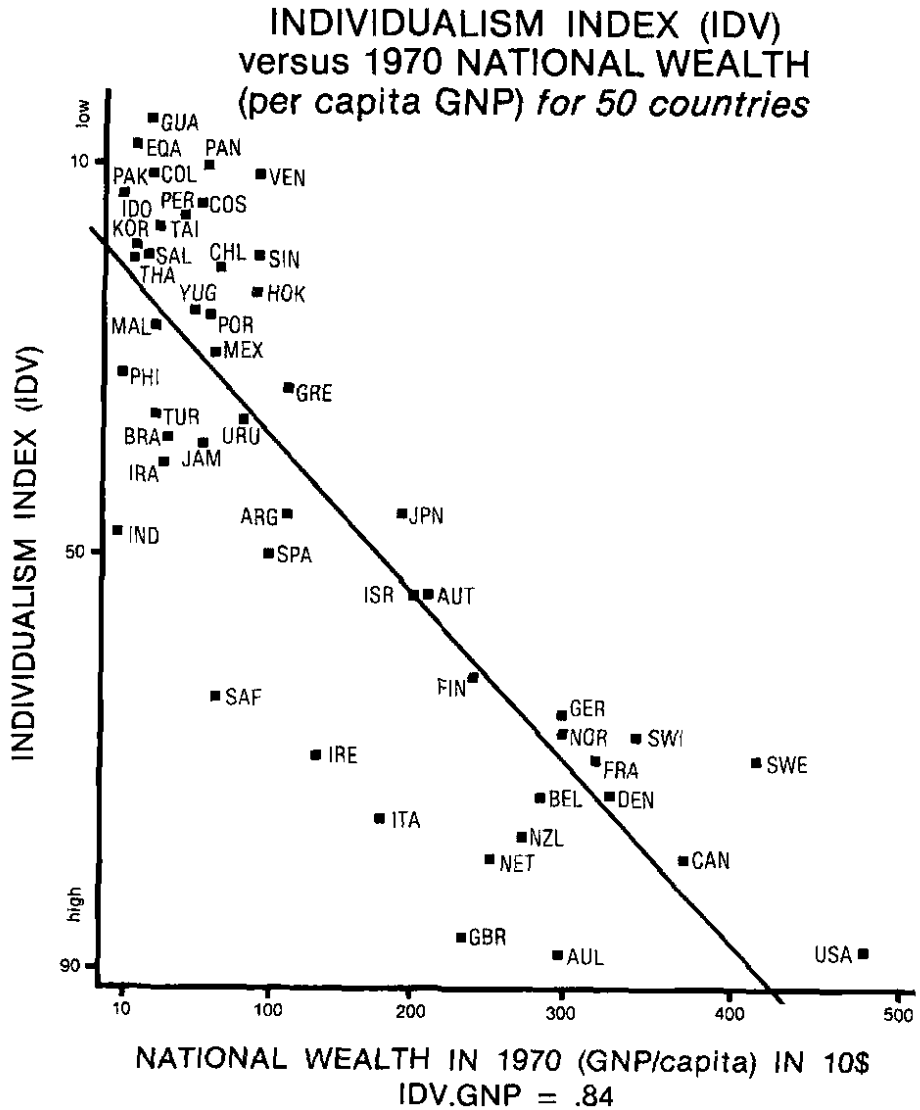
shows vertically the Individualism Index scores of the 50 countries, and horizontally their wealth, expressed in their gross national product per capita at the time the surveys were taken (around 1970). We see evidence that wealthy countries are more individualist and poor countries more Collectivist. Very Individualist countries are the U.S., Great Britain, the Netherlands; very Collectivist are Colombia, Pakistan, and Taiwan. In the middle we find Japan, India, Austria, and Spain.

The second dimension is labeled "Power Distance." The fundamental issue involved is how society deals with the fact that people are unequal. People are unequal in physical and intellectual capacities. Some societies let these unequalities grow over time into inequalities in power and wealth; the latter may become hereditary and no longer related to physical and intellectual capacities at all. Other societies try to play down inequalities in power and wealth as much as possible. Surely, no society has ever reached complete equality, because there are strong forces in society that perpetuate existing inequalities. All societies are unequal, but some are more unequal than others. This degree of inequality is measured by the Power Distance scale, which also runs from 0 (small Power Distance) to 100 (large Power Distance). **Power Distance**

In organizations, the level of Power Distance is related to the degree of centralization of authority and the degree of autocratic leadership. This relationship shows that centralization and autocratic leadership are rooted in the "mental programming" of the members of a society, not only of those in power but also of those at the bottom of the power hierarchy. Societies in which power tends to be distributed unequally can remain so because this situation satisfies the psychological need for dependence of the people without power. We could also say that societies and organizations will be led as autocratically as their members will permit. The autocracy exists just as much in the members as in the leaders: the value systems of the 2 groups are usually complementary.

In Figure 3 Power Distance is plotted horizontally and Individualism–Collectivism vertically. The Philippines, Venezuela, India, and others show large Power Distance index scores, but also France and Belgium score fairly high. Denmark, Israel, and Austria score low. We see that there is a global relationship between Power Distance and Collectivism: Collectivist countries always show large Power Distances, but Individualist countries do not always show small Power Distances. The Latin European countries—France, Belgium, Italy, and Spain, plus marginally South Africa—show a combination of large Power Distances plus Individualism. The other wealthy Western countries all combine smaller Power Distance with Individualism. All poor countries are Collectivist with larger Power Distances.

The third dimension is labeled "Uncertainty Avoidance." The fundamental issue involved here is how society deals with the fact that time runs only one way; that is, we are all caught in the reality of past, present and future, and we have to live with uncertainty because the future is unknown and always will be. Some societies socialize their members into accepting this uncertainty and not becoming upset by it. People in such societies will tend to accept each day as it comes. They will take risks rather easily. They will not work as hard. They will be relatively tolerant of behavior and opinions different from their own because they do not feel threatened by them. Such societies can be called "weak Uncertainty Avoidance" societies; they are societies in which people have a natural tendency to feel relatively secure. **Uncertainty Avoidance**

Other societies socialize their people into trying to beat the future. Because the future remains essentially unpredictable, in those societies there will be a higher level of anxiety in people, which becomes manifest in greater nervousness, emo-

A POWER DISTANCE ×
INDIVIDUALISM—COLLECTIVISM PLOT
for 50 countries & 3 regions

POWER DISTANCE INDEX (PDI)
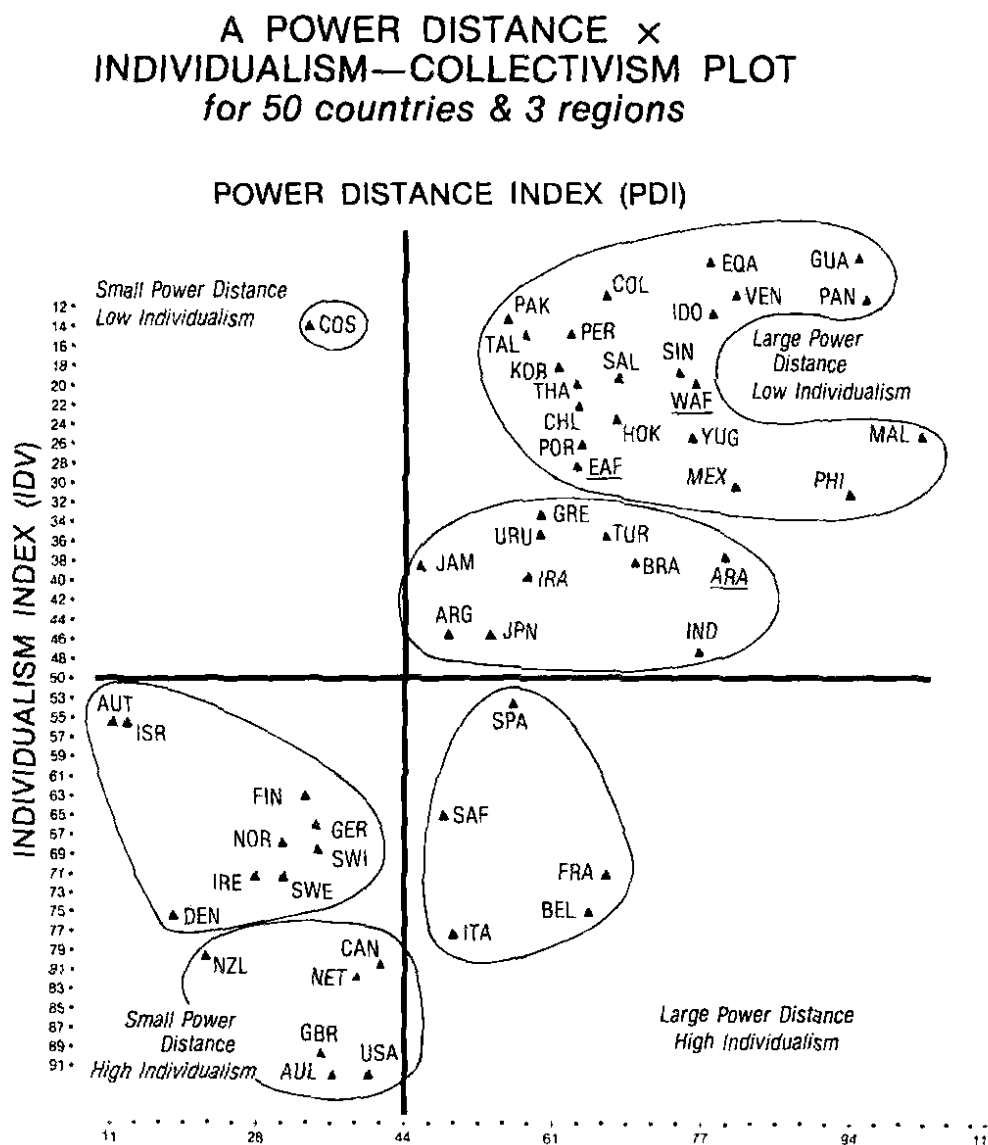
tionality, and aggressiveness. Such societies, called "strong Uncertainty Avoidance" societies, also have institutions that try to create security and avoid risk. We can create security in 3 ways. One is technology, in the broadest sense of the word. Through technology we protect ourselves from the risks of nature and war. We build houses, dikes, power stations, and ICBMs which are meant to give us a feeling of security. The second way of creating security is law, again in the broadest sense of the word. Through laws and all kinds of formal rules and institutions, we protect ourselves from the unpredictability of human behavior. The proliferation of laws and rules implies an intolerance of deviant behaviours and opinions. Where laws cannot be made because the subject is too fuzzy, we can create a feeling of security by the nomination of experts. Experts are people whose word we accept as a kind of law because we assume them to be beyond uncertainty. The third way of creating a feeling of security is religion, once more in the broadest sense of the word. This sense includes secular religions and ideologies, such as *Marxism, dogmatic Capitalism, or movements that preach an escape into medita*tion. Even science is included. All human societies have their religions in some way or another. All religions, in some way, make uncertainty tolerable, because they all contain a message that is beyond uncertainty, that helps us to accept the *uncertainty of today because we interpret experiences in terms of something big*ger and more powerful that transcends personal reality. In strongly Uncertainty Avoiding societies we find religions which claim absolute truth and which do not tolerate other religions. We also find in such societies a scientific tradition look-*ing for ultimate, absolute truths, as opposed to a more relativist, empiricist tradi*tion in the weak Uncertainty Avoidance societies.

The Uncertainty Avoidance dimension, thus, implies a number of things, from aggressiveness to a need for absolute truth, that we do not usually consider as belonging together. They appear to belong together in the logic of culture patterns, but this logic differs from our own daily logic. Without research we would not have found that, on the level of societies, these things go together.

Figure 4 plots the Uncertainty Avoidance index for 50 countries along the vertical axis, against the Power Distance index on the horizontal axis. We find several clusters of countries. There is a large cluster of countries with strong Uncertainty Avoidance and large Power Distance. They are: all the Latin countries, both Latin European and Latin American; Mediterranean countries, such as, Yugoslavia, Greece, and Turkey; and Japan plus Korea.

The Asian countries are found in 2 clusters with large Power Distance and medium to weak Uncertainty Avoidance. Then we find a cluster of German-speaking countries, including Israel and marginally Finland, combining small Power Distance with medium to strong Uncertainty Avoidance.

Both small Power Distance and weak Uncertainty Avoidance are found in Denmark, Sweden, Great Britain, and Ireland, while the Netherlands, U.S., Norway, and the other Anglo countries are in the middle.

The fourth dimension is labeled "Masculinity versus Femininity." The fundamental issue involved is the division of roles between the sexes in society. All societies have to deal with the basic fact that one half of mankind is female and the other male. The only activities that are strictly determined by the sex of a person are those related to procreation. Men cannot have babies. Human societies, however, through the ages and around the globe, have also associated other roles to men only, or to women only. This is called social, rather than biological, sex role division.

Masculinity-Femininity

All social role divisions are more or less arbitrary, and what is seen as a typical task for men or for women can vary from one society to the other. We can classify societies on whether they try to minimize or to maximize the social sex role divi-