Hofstede's Cultural Dimensions

1   National culture has been shown to impact on major business activities, from capital structure to group performance (Leung et al, 2005). Cultural awareness can lead to greater success of international business ventures and lack of it can just as well lead to their failure (Dowling et al, 2008: 57). Geert Hofstede is a renowned author who developed a model to describe various cultural 'dimensions', and has researched issues relating to cultural differences (for example in the GLOBE Project).

2   Geert Hofstede's model was based on a study of IBM employees in over fifty countries. He identified five dimensions or 'problem areas' which represent differences among national cultures (Hofstede, 1997): power distance, uncertainty avoidance, individualism/collectivism, masculinity/femininity and long-term orientation.

3   Power distance defines how social inequality is perceived and accepted in different cultures. Hofstede (1997) explains how in high power distance cultures children are raised with a great emphasis on respecting elders, which is carried through to adulthood. Therefore organisations are more centralised, employees prefer a more autocratic leadership style where subordinates are expected to be told what to do and there are wide wage gaps in the hierarchical structure. On the other hand, in low power distance cultures inequality is not desired, employees prefer to be consulted with regards to decision making and thus prefer a more resourceful and democratic leader.

4   Individualism (versus collectivism) is the preference of people to belong to a loosely knit society where importance is placed on the self and autonomy. In opposition, collectivist structures place importance on interdependent social units such as the family, rather than on the self. In individualist societies, employees require the freedom to work independently and desire challenging work (which is more important than personal relationships) that will help them reach self-actualisation. In collectivist cultures, unquestioned management structures are responsible for the organisation of teams of employees and the cohesion of the collective.

5   According to Hofstede, masculinity represents cultures with distinct gender roles where men focus on success, competition and rewards while women focus on tender

values such as quality of life and modesty. Femininity represents cultures where gender roles overlap. In masculine cultures managers are defined as more assertive and decisive, whereas feminine cultures breed more intuitive managers who negotiate disputes and encourage participation in decisions.

6   Uncertainty avoidance is the degree to which members of a culture feel threatened or uncertain in unfamiliar situations. Thus in high uncertainty avoidance cultures, people prefer a structured environment with rules and policies in place. Hard work is embraced, and there is a greater sense of anxiety amongst the workforce. In contrast, in weak uncertainty avoidance cultures rules create discomfort, almost fear, and exist only where absolutely necessary. People tend to be more relaxed in these cultures, and work at a slower pace.

7   Following Hofstede, a subsequent study based on Chinese Confucian Theory revealed a fifth dimension referred to as long-term orientation. This describes the extent to which people have a dynamic, future-oriented perspective (long-term orientation – LTO) rather than a focus on the past and present (short-term orientation – STO).

8   **Conclusion**

It appears that Hofstede's cultural dimensions are still valid today, supported by the recent GLOBE study. It can be concluded that cultures have different learned values and norms which can determine actions and play a significant role in influencing business outcomes.

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National Cultural Differences and Multinational Business

The eminent Dutch psychologist, management researcher, and culture expert Geert Hofstede, early in his career, interviewed unsuccessfully for an engineering job with an American company. Later, he wrote of typical cross-cultural misunderstandings that crop up when American managers interview Dutch recruits and vice versa:

> "American applicants, to Dutch eyes, oversell themselves. Their CVs are worded in superlatives…during the interview they try to behave assertively, promising things they are very unlikely to realize…Dutch applicants in American eyes undersell themselves. They write modest and usually short CVs, counting on the interviewer to find out by asking how good they really are…they are very careful not to be seen as braggarts and not to make promises they are not absolutely sure they can fulfill. American interviewers know how to interpret American CVs and interviews and they tend to discount the information provided. Dutch interviewers, accustomed to Dutch applicants, tend to upgrade the information. To an uninitiated American interviewer an uninitiated Dutch applicant comes across as a sucker. To an uninitiated Dutch interviewer an uninitiated American applicant comes across as a braggart."[1]

Cultural differences, while difficult to observe and measure, are obviously very important. Failure to appreciate and account for them can lead to embarrassing blunders, strain relationships, and drag down business performance. And the effects of culture persist even in life-and-death situations. Consider the example of Korean Air's high incidence of plane crashes between 1970 and 2000. As an analysis of conversations recorded in the black boxes of the crashed planes revealed, the co-pilots and flight engineers in all-Korean cockpits were too deferential to their captains. Even in the advent of a possible crash, Korean Air co-pilots and flight engineers rarely suggested actions that would contradict the judgments of their captains. Challenging one's superior in Korea was considered culturally inadequate behavior.[2]

The Korean Air example is particularly noteworthy for two reasons. First, if national culture can have significant – not to say existential – consequences among people of the same cultural origin, we need to be very cautious in how we deal with national cultural *differences* in cross-border interactions. Second, it is interesting to note that the attitudes and behaviors revealed by Korean Air co-pilots and flight engineers persisted in such a highly regulated environment like commercial aviation. National culture shapes behavior and this influence reaches beyond administrative attributes such as governmental policies, laws and public institutions. Therefore, this note focuses on how the influence of culture materializes and how cultural differences affect the operation of firms around the globe.

For the purpose of this note, *culture shall be defined as a set of shared values, assumptions and beliefs that are learnt through membership in a group, and that influence the attitudes and behaviors of group members.* This definition includes three key characteristics: First, culture can be understood as a group phenomenon that distinguishes people of one group from another. From this perspective, cultures exist at many different levels, including organizational functions or business units, occupational groups, organizations, industries, geographical regions, and nations. [3] This note focuses in particular on national culture and the role of cultural differences across countries rather than other cultural groups because this level of culture is particularly relevant for multinational business.

Second, the above definition implies that culture is not obtained by birth but rather acquired through a process of socialization. The learning of shared values, assumptions and beliefs occurs through interactions

with family, teachers, officials, experiences, and society-at-large. In this respect, Geert Hofstede speaks of culture as a process of "collective programming of the mind"[4]. Third, it is this collective programming that determines what is considered acceptable or attractive behavior. In other words, cultural values provide preferences or priorities for one behavior over another.

It is important to note that national cultural differences have remained fairly stable over time. While at the surface level there may be some convergence in cultural habits, artifacts and symbols, for example as witnessed by the spread of American consumer culture across the globe, at a deeper level cultural differences persist. For example, data from the World Value Survey, a study of 65 countries reflecting 75% of the world's population, showed a remarkable resilience of distinctive cultural values even after taking into account the far-reaching cultural changes caused by modernization and economic development.[5] Consider the following high-stakes example. You are riding in a car with a close friend, who hits a pedestrian. "You know that he was going at least 35 miles per hour in an area of the city where the maximum allowed speed is 20 miles per hour. There are no witnesses. His lawyer says that if you testify under oath that he was only driving 20 miles per hour it may save him from serious consequences." More than 90% of mangers in Canada, the United States, Switzerland, Australia, Sweden, Norway, and Western Germany reported that they would *not* testify falsely under oath to help their close friend, while fewer than half of managers in South Korea (26%), Venezuela (34%), Russia (42%), Indonesia (47%), and China (48%) said they would refuse to testify falsely in this hypothetical situation.[6] Some cultures put more emphasis on *universal* commitments (like honesty) while others put more weight on loyalty to *particular* people and relationships. Thus, the potential for misunderstanding is large, even between wealthy and deeply inter-connected countries like the United States and South Korea.

The persistence of cultural value differences is particularly relevant for large multinational companies that are exposed to *multiple* national cultures in their daily operations. This suggests that managing across borders introduces substantial complexity because it forces multinationals to tailor their practices and approaches to each and every cultural context they operate in. Therefore, while the concepts discussed in this note will apply to different aspects of cross-border activities, the primary focus is on multinational business firms.

Section 1 of this note discusses cultural frameworks and value dimensions that have been used to study national cultural differences. These frameworks are subjective in the sense that they are based on data that were self-reported by individual members of cultural groups. Section 2 introduces a range of objective indicators of cultural differences. Section 3 examines how culture shapes various aspects of multinational business. Section 4 discusses business implications and how multinational companies can manage adaptation to cultural differences.

I. Cultural Frameworks

The analogy of an iceberg is useful to conceptualize culture as consisting of different layers.[7] Certain aspects of a culture are more visible, just like the tip of an iceberg. This manifest culture includes observed elements such as behaviors, language, music and food. A deeper understanding of a culture only develops by looking at the submerged tip of the iceberg. This deeper layer consists of expressed values that reflect how cultural members explain the manifest culture. Finally, the very bottom of the iceberg consists of basic and taken-for-granted assumptions which form the foundations of each culture. It is these basic assumptions that provide the ultimate meaning to the expressed values and behaviors. For example, in many Asian cultures it is considered rude not to carefully study a business card that is presented to you because business cards reflect a person's professional identity, title and social status. Failing to study the business card is therefore a sign of disrespect towards that person. In other words, the ritual of exchanging business cards (a behavior) can be explained by the deeper-seated meaning that is associated with business cards in this particular context (expressed values). The expressed values, in turn, can only be fully understood by taking into account the underlying importance of respect towards seniority and status in that culture (basic assumptions).

Dealing with national cultural differences therefore requires not only knowledge about adequate behaviors but, more importantly, an understanding of deeper-level assumptions and values that explain why certain behaviors are more appropriate than others. A number of cultural frameworks exist that characterize and describe cultures along different value dimensions.

Hofstede's Cultural Dimensions

The most widely used framework for categorizing national cultures is the one developed by Geert Hofstede, a Dutch social psychologist and management scholar.[8] The data used to derive relevant cultural value dimensions came from IBM employee surveys conducted between 1967 and 1973 in more than 50 cultures. Analysis of responses from over 116,000 IBM employees to questions about their job and work settings revealed systematic cultural differences across four dimensions: *power distance*, *individualism/collectivism*, *uncertainty avoidance*, and *masculinity/femininity*.

Probably the most important cultural dimension identified in Hofstede's research is *power distance*, which concerns the degree to which a culture accepts and reinforces the fact that power is distributed unevenly in society. Members of high *power distance* cultures such as Malaysia accept status differences and are expected to show proper respect to their superiors. Status differences exist within the organizational hierarchy but they may also be based on age, social class, or family role. It is important to note that although these differences in rank will always be evident, a superior in a high *power distance* culture will treat those at lower levels with dignity. Low *power distance* cultures such as Denmark are less comfortable with differences in organizational rank or social class and are characterized by more participation in decision-making and a frequent disregard of hierarchical level. The concept of *power distance* helps to explain the importance of deference Korean Air's co-pilots showed towards their captains. It is important to note, however, that a culture's position along a certain cultural dimension (e.g., the higher level of power distance in Korea) is not an evaluation of whether members of that culture approach situations better or worse than in other cultures. Instead, the cultural dimensions simply demonstrate different preferences or priorities for how issues should be approached.

A second dimension Hofstede identified is *individualism/collectivism*. Individualist cultures show a relative preference for the individual in contrast to the group. Members of *individualist* cultures such as the UK maintain loose social structures that are characterized by independence, the importance of individuals' rights and the recognition of personal initiative and achievement. In contrast, *collectivist* cultures such as Venezuela value the overall good of and loyalty to the group. Members of *collectivist* societies clearly distinguish between in-groups and out-groups and are expected to subordinate their individual interests for the benefit of their in-groups (e.g., family, organization). In Hofstede's research, this cultural dimension was shown to strongly correlate with *power distance*, which means that *individualist* cultures tend to have a preference for lower *power distance*. A notable exception is France where a preference for status differences (relatively high power distance) goes hand-in-hand with a focus on individual rights and personal achievement.

Uncertainty avoidance concerns the degree to which cultural members are willing to accept and deal with ambiguous or risky situations. Cultures with high levels of *uncertainty avoidance* such as Greece prefer structure and predictability, which results in explicit rules of behavior and strict laws. Members of these cultures tend to be risk averse towards changing employers, embracing new approaches, or engaging in entrepreneurial activities. In societies with low *uncertainty avoidance* such as Singapore there is a preference for unstructured situations and ambiguity, which favors risk taking (i.e., starting a new business), innovation and the acceptance of different views.

The fourth dimension Hofstede identified is *Masculinity/Femininity*. *Masculine* cultures such as Japan are thought to reflect a dominance of tough values such as achievement, assertiveness, competition and material success, which are almost universally associated with male roles. In contrast, *feminine* cultures focus on tender values such as personal relationships, care for others, and quality of life. In addition, *feminine* cultures such as Sweden are also characterized by less distinct gender roles. Compared to *masculine* cultures,

firms in feminine cultures place a relatively stronger emphasis on overall employee well-being rather than bottom-line performance.

Based on the responses to the IBM employee surveys, Hofstede was able to compute average scores for each national culture involved in the study along these four dimensions. Over the years, Hofstede's study has been replicated by other scholars and extended to over 80 cultures for which data on the four dimensions are available. **Exhibit 1** lists the cultural scores for each dimension across 30 selected cultures. Using these scores, Hofstede developed national cultural profiles to compare cultures and highlight cultural differences (see **Exhibit 2**). This provides a useful tool to analyze what to expect when entering into a new culture and which value differences will be relatively more pronounced.

Limitations of Hofstede's Cultural Framework

Although Hofstede's framework remains the most widely used approach to classify and compare national cultures, it is not without limitations. An obvious weakness is that the data are relatively old and, despite the study's replications, may not fully capture recent changes in the political environment (e.g., the end of the Cold War and the decline of communism) or the work place (stronger focus on cooperation, knowledge-sharing and empowerment). Furthermore, Hofstede's study was restricted to data from a single organization. Generalizing about national cultural characteristics based on the analysis of a small subset of cultural members relies on the untenable assumption that each nation consists of a uniform national culture and that data from a section of IBM employees would be representative of that supposed national uniformity.[9]

It is also worth noting that the dimension of *uncertainty avoidance* did not emerge as a distinct cultural dimension in a later study that Hofstede conducted using a Chinese equivalent of his original survey developed by Chinese social scientists.[10] Based on data from 23 countries, including 20 from Hofstede's original study, the scholars identified a different fourth dimension representing Chinese values related to Confucianism. Originally termed Confucian Work Dynamism, this dimension was later re-labeled *long-term/short-term orientation* and added as a fifth dimension rather than replacing *uncertainty avoidance*. Therefore, while the dimension of *uncertainty avoidance* is conceptually relevant, its applicability is necessarily limited. Further, beyond the mere confusion associated with the labels of *masculinity* and *femininity*, it is also less clear what exactly this dimension involves. For example, the finding that Japan scored as the most *masculine* culture appears to contradict the high levels of concern and care that Japanese organizations usually show towards their employees and that would be more indicative of a *feminine* culture as defined by Hofstede. It is possible that four cultural dimensions are simply insufficient to capture the complexity of national culture.

Hofstede's cultural value scores have also been used to compute aggregate cultural distances between countries along these four dimensions in order to quantify cultural differences between countries.[11] Although these cultural distance scores have been widely used to explain different phenomena in international business such as entry mode choice, international diversification, and performance of multinational companies[12], this approach has also been heavily criticized. [13] First, the calculation of distances based on Hofstede's scores suggests that the distances are symmetric. In other words, a Swedish firm investing in China is thought to face exactly the same cultural distance as a Chinese firm investing in Sweden, an assumption that has however received little support.

Second, the concept of cultural distance assumes homogeneity within each nation, a criticism already voiced against Hofstede's data collection per se. It becomes even more serious when the data are then used to compute distance scores between countries, taking into account neither different intra-cultural variations nor the actual physical distance between both locations. For example, we would expect significant differences for a Spanish firm investing in France depending on whether the home and host units are located in Barcelona and Perpignan, respectively, or in Seville and Le Havre, respectively. This is particularly relevant for large and diverse countries like the BRICs (Brazil, Russia, India, and China) but it also applies to smaller countries: The computed cultural distance between the Czech Republic and Slovakia, two states that shared the same national flag for a long time, is higher than for most other cultural pairs! This not only highlights the role of

intra-cultural variation but it also raises doubts over whether the country is necessarily a suitable proxy for defining cultural regions.

Other Cultural Frameworks

In addition to Hofstede's work, a number of other frameworks exist that categorize national cultures along different dimensions. While some dimensions conceptually match the ones identified by Hofstede's a few others are worth mentioning. Fons Trompenaars, another Dutch researcher, collected more recent data in over 40 countries. Out of the seven dimensions identified in his study, five focus on relationships between people (for example the relative importance of applying universal and standardized rules across cultural members, or the extent to which people are free to express their emotions in public) whereas the remaining two dimensions concern time management and a culture's relationship with nature.[14] Shalom Schwartz, an Israeli psychologist, provides yet another approach to describe and classify national cultures. Schwartz argues that cultural values reflect three basic issues societies are confronted with: the nature of the relation between the individual and the group, how to guarantee responsible behavior, and how to regulate the relation of people to the natural and social world. Using data from schoolteachers and university students in over 60 countries, Schwartz derived three dimensions that represent solutions to the above issues.[15] In one of the most ambitious efforts to characterize cultures, an international team of researchers around Robert House mainly focused on cultural differences in leadership. Termed the GLOBE study (Global Leadership and Organizational Behavior Effectiveness), the research derived nine cultural dimensions that addressed both previously identified (e.g., power distance and individualism/collectivism) and new (e.g., gender egalitarianism and performance orientation) value categories.

It is important to note that the application of any of the cultural value dimensions described above comes with an important caveat. While the cultural frameworks are certainly useful in comparing one culture with another, they only represent central tendencies at the level of the nation rather than a description of specific individuals within that nation. Information about the actual values and behaviors of a particular individual should therefore always supersede the group tendency.

2. Objective Indicators of Cultural Differences

Objective indicators of cultural differences abound at the behavioral level and become progressively more elusive as one moves through the levels of expressed values toward basic assumptions. As we get farther away from those aspects of difference that are directly observable, the comparisons themselves become subject to greater degrees of uncertainty as they inevitably rely on theoretical positions linking observable behaviors to thought processes that are not directly observable.

Cultural differences at the level of behavior form the basis for much of the casual comparison that takes place in diverse settings like business schools, for both serious and humorous purposes. Citizens in the United States maintain a culture around owning guns that most Europeans can't fathom. The Czechs drink far more beer than people in Saudi Arabia, and even more than the Irish, who come in second. [16] India and China are so close geographically that they still haven't resolved their territorial disputes, but couldn't display more distinct food cultures, particularly around which animals and parts of animals should or shouldn't be eaten. Argentines see psychotherapists more often than other nationalities. Brazilians spend a higher proportion of their income on beauty products than the citizens of any other major economy.[17] And so on.

Focusing on the submerged tip of the iceberg that reflects the level of expressed values, one objective indicator of differences is the diversity of religious beliefs around the world. According to the World Christian Encyclopedia, "there are 19 major world religions, which are subdivided into 270 large religious groups, and many smaller ones." The largest high-level groupings are Christianity (33% of the world population in 2000), Islam (21%), non-religious (16%), and Hindu (14%). And the diversity within these, as well as smaller religious groupings, is tremendous. The world's 2.1 billion Christians subdivide into some 34,000 separate groupings![18] The fact that the largest religion in the Czech Republic is Christianity (in which wine is consumed as part of ritual practice) and an even larger number of Czechs are not religious, while the

official religion of Saudi Arabia is Islam (which prohibits alcohol consumption), is probably the best explanation for those countries' widely divergent alcoholic beverage sales. Similarly, we can understand dietary differences between Indians and Chinese in large part based on religious distinctions.

Most research using religion as a marker of cultural differences has focused only on the binary condition of whether or not national communities share a common religion. Based on a sample of 163 countries, 51% of country pairs have at least thirty percent or more of both populations practicing the same religion. But that analysis does not account for differences between denominations within religions. Metrics that do exist of religious distance treat commonalities at the level of denomination or sect as closest (e.g. Methodist), then consider matches at broader levels of aggregation within a single religion (e.g. Protestant), then at the level of a religion (e.g. Christianity), and then most broadly combine groups of religions with a similar origin and some common beliefs (e.g. "monotheistic religions of a common Middle-Eastern origin," the category that encompasses Judaism, Christianity, and Islam).[19] Note also that religions differ in their level of internal diversity.[20]

Language is another observable aspect of culture, which according to some researchers offers a window into deeper beliefs and thought processes.[21] Writing on potential implications of linguistic differences on thought patterns across cultures dates back at least to early work by Edward Sapir (1921)[22] and Benjamin Whorf (1940).[23] Michael Agar provided the following description of the language's deeper impact, "Language carries with it patterns of seeing, knowing, talking, and acting…patterns that mark the easier trails for thought and perception and action."[24] Later scholars, particularly in the 1960s, moved decisively away from this view as they focused on universal patterns across languages, but more recently research in linguistics has again shown a "growing appreciation of how interpretive differences can be rooted as much in systematic uses of language as in its structure."[25]

One simple way to summarize the persistence of linguistic differences is to note that among the same sample of 163 countries referenced above, in only ten percent of the country pairs do twenty percent or more of the populations of both countries speak a common language.[26] Furthermore, the concept of linguistic distance allows us to measure cultural distance based on the genealogical classification of languages, i.e. the presence of common linguistic ancestors. **Exhibit 3** presents such a linguistic distance table calculated versus English as the focal language.

What is particularly interesting about the use of linguistic distance as an objective indicator of cultural differences is that it has been shown to correlate with cultural distinctions such as those described in the previous section. Two examples will be presented here, based on distinctions between English and Spanish that will be familiar to many readers. First, consider Hofstede's dimension of *individualism/collectivism*. English speaking cultures are considered more *individualistic* (they score 84 on this dimension) whereas Spanish speaking cultures are deemed more *collectivistic* (22). Linguistically, the requirement in Spanish, but not English, to specify a person's gender when describing his or her occupation is seen as reflecting the collectivist pattern of rooting description in social context. English, by casting aside the requirement to communicate such contextual information, "tends to elevate individuals vis-à-vis their groups."[27] Hofstede's dimension of *power distance* is also related to linguistic differences between Spanish and English. Spanish speaking countries score much higher on this dimension (69) versus English speaking countries (32).   And in Spanish, we note the distinct formal (usted) and informal (tu) forms of the English "you." This hierarchical emphasis is also seen in speech patterns such as the tendency in Mexico to introduce an engineer as "ingeniero" or a lawyer as "licenciado" whereas both would just be called "mister" in English.[28] More sophisticated statistical tests have also validated linguistic distance as a marker of cultural distance.

In addition to serving as observable markers of cultural differences at deeper levels than behavior, religion and language categories are also useful for grouping countries. It quickly gets overwhelming to try to look at the world in terms of countries where business cards are received in particular ways or in terms of the presence or absence of particular ingredients in local cuisine. Thinking in terms of countries where English is the main language or where most of the population are Catholic can be useful, though again one has to be careful of oversimplification. More sophisticated efforts at classifying countries into cultural clusters have often relied on geography, language, and religion as primary factors, while others have also

used cultural frameworks such as Hofstede's as well as levels of economic development.[29]   The clusters resulting from a synthesis across eight such studies are shown in **Exhibit 4**.

3. Effects of National Cultural Differences

One broad indicator of the effects of cultural differences is provided by patterns of trust within versus between countries. The best data available come from Eurobarometer surveys that measure trust among citizens of different countries, mainly within Europe.[30] Surveys in 16 West European countries asked people whether they trusted their countrymen, the citizens of the other 15 countries, and people from some East European countries, Japan, the United States, and China "a lot."[31] The results are summarized in **Exhibit 5**. In Sweden, for example, the data indicate differences between trust in fellow citizens (64%), in other Nordic countries (63%), in the remaining European countries in the sample (40%), and trust in all other countries (29%). Scholars looking to explain patterns of international trust have concluded that trust falls as the populations of any two countries grow more different in terms of their languages, religions, genes, body types, geographic distance, and incomes, and if they have a more extensive history of wars.[32]

To provide a more systematic review of the effects of cultural differences, this section will review impacts on four types of international flows: information, people, products, and capital. We begin with information flows because economists often consider information costs (an aspect of transaction cost) as a factor that reduces the other types of flows. People flows are treated next because of the importance of relationships in facilitating product and capital flows, which are covered third and fourth, respectively.

As we have seen, linguistic differences are a useful proxy for cultural differences. One way of quantifying the impact of language barriers on information flows is to look at the intensity of international telephone calls on a population-weighted basis. The intensity of minutes of phone calls between countries where at least twenty percent of the populations share a common language is ten times greater than between other countries.[33] The impact of language barriers on information flows is also seen in the analysis of patent citations. According to one study conducted in Europe, "having the same language increases the amount of knowledge flows between two regions by up to 28 percent."[34] And while language barriers are more amenable to quantification, one can easily think of other more subtle ways in which cultural differences impede information flows, ranging from misinterpretation to unwillingness to share information across cultural boundaries (note the information already presented on the geography of trust).

The impact of cultural differences on people flows are evidenced by migration patterns. 60 percent of migrants move to a country with the same major religion, and 40 percent go to a country with the same major language.[35] And research on diasporas and international business networks has shown migration to have an important effect on information flows as well as patterns of trade and investment. As one study noted, "in addition to being used to transmit information about past opportunistic business conduct, [diaspora] networks can be used to transmit information about current opportunities for profitable international trade (or investment)."[36]

Shifting to evidence directly linking cultural factors to product flows (trade), language is the factor that has been studied most widely. A common language has been shown to increase the bilateral merchandise trade between a pair of countries by 42 percent.[37] While there is less research on services trade, one study indicates that a common language increases services trade by 50 percent.[38] It seems reasonable that language barriers would be even more formidable when trading services rather than products. And it's useful to dig deeper into the impacts of linguistic differences on trade. While communication via a translator can indeed facilitate trade, one analysis indicates that "direct communication appears about three times more effective than indirect communication in promoting trade." And the same study also indicates that linguistic diversity within a country as well as higher levels of literacy promote foreign over domestic trade.[39] Language barriers have also been shown to pose more of a problem for those receiving information than those providing it, as evidenced by the finding that people tend to tune out on accents they have trouble understanding.

Countries that share a common religion have also been shown to trade more than countries that don't, with one study showing that a common religion increases trade by 22 percent.[40] Some religious

communities have also been shown to be more conducive to the development of international trade networks than others.[41] Hofstede's cultural framework has also been linked to trade flows. One of the more intuitive findings from such research is that "countries high in uncertainty-aversion export disproportionately less to distant countries (with which they are presumably less familiar)."[42] Other research looking at Hofstede's original four dimensions (and their aggregation into a single measure of cultural distance) has produced results that don't fit as well with theory and intuition. One study indicates that cultural distance actually increases bilateral trade, which its authors surmise may result from companies preferring to export to culturally different markets rather than invest to serve them via local production.[43] This, however, contrasts with the general view that cultural differences are an impediment to trade.

Much research has also been done linking Hofstede's cultural framework to foreign investment flows, and in particular to patterns of foreign market entry. A summary article reports that, "Firms from countries with large *power distance* prefer subsidiary and equity JV entry modes whereas firms from countries high in *uncertainty avoidance* prefer contract agreements and export entry modes."[44] The same summary article also cited various studies analyzing the effects of cultural distance on entry modes, though we have already noted methodological concerns about such studies: "Findings demonstrated that as the cultural distance between countries increased, the tendency to choose a joint venture (JV) over an acquisition increased Also, as cultural distance increased, Japanese firms were more likely to choose green-fields or wholly owned subsidiaries over shared ownership; the tendency to choose licensing over JVs or wholly owned subsidiaries increased; the tendency to choose a greenfield over an acquisition increased; wholly owned subsidiaries were less preferred than either shared-equity ventures or technology licensing; the tendency to choose management-service contracts over franchising increased…"[45]

Moving beyond entry modes specifically, it has also been shown that "cultural distance is a significant deterrent to Foreign Portfolio Investment (FPI), with a coefficient one third the size of geographic distance….[and] Hofstede's *power distance* in the originating country is negatively related to cross-border debt and equity holdings…*uncertainty avoidance* is positively related to cross-border debt holdings…[and] both *masculinity* and *individuality* are positively related to cross-border debt and equity FPI."[46] Language differences have also been shown to have a significant and negative impact on Foreign Direct Investment (FDI).[47] Similar findings have also been found for M&A flows, however, one comparative study found that "while geographic, linguistic, and colonial variables explain 39% of variations in telephone traffic and trade, they explain only 24% of the variations in M&A flows."[48]

4. Business Implications of National Cultural Differences

As we have seen, differences in national culture are reflected in business decisions, such as choices about foreign entry modes. But how can we use our understanding of national culture to make better decisions? The basic answer is that improving the alignment or congruence between management practices and cultural contexts yields tangible business benefits:[49]

- Participative management can improve profitability in low *power distance* cultures but worsen it in high *power distance* cultures

- Quick fixes can improve profitability in more *short-term oriented* cultures but worsen it in more *long-term oriented* cultures

- Merit-based pay and promotion policies can improve profitability in more *masculine* cultures and reduce it in more *feminine* cultures

- Emphasizing individual contributions can improve profitability in more *individualistic* cultures and worsen it in more *collectivistic* cultures

Based on such findings, this section proceeds to highlight key points that can help align business practices to national culture. It often makes sense to structure such analyses around the intersection of specific dimensions of cultural distance and business functions or activities in order to arrive at a meaningful level of specificity. Thus, we begin with a look at the implications of Hofstede's dimensions across functions,

focusing specifically on *power distance*. The section concludes with material on managing adaptation to cultural differences.

Power Distance across Functions and Activities

This review of the implications of Hofstede's *power distance* begins at the company's external boundary (marketing) and progressively moves to more internally oriented functions (organization and human resources). The endpoints of this review, marketing and organization, are areas where human culture is of particular importance in the sense that marketing requires a deep understanding of customers and organization requires a deep understanding of employees; hence more extended treatments are provided in these areas.

Begin with humor as an introduction to the impact of national culture and *power distance* in marketing. Humor is widely employed in marketing communications and particularly apt to fall flat if not well tailored to national culture. According to one study, 63% of humorous television advertisements in Thailand and Korea (countries with high *power distance*) contain characters of unequal status, versus only 29% in the U.S. and Germany (countries with low *power distance*).[50] In fact the use of humor itself in advertising is more prevalent in countries with lower *power distance* as well as low *uncertainty avoidance*.[51] Indeed, cultural differences are one of the main impediments to globally standardized advertising campaigns.

High *power distance* also correlates with consumers making purchase decisions based on emotion rather than information, which has clear implications for advertising as well as other aspects of marketing communications. Shifting to public relations, research indicates that in countries with high *power distance* and *collectivism*, public relations focuses more on building and maintaining relationships whereas in low *power distance* and *individualistic* cultures, it entails more explicit dissemination of information. And looking at online marketing, "high *power distance* explains less consumer-marketer interactivity because of a larger gap between marketers and consumers." There also tend to be higher service expectations in high *power distance* cultures, and even the organization of products in retail stores has been shown to vary based on this dimension of culture.[52] *Power distance* may also impact adoption patterns of some products, as in the case of a negative impact found in the adoption of Enterprise Resource Planning (ERP) software.[53]

The link between marketing and innovation/new product development seems to work better when managed in a centralized way in cultures with high *power distance*.[54] And looking at innovation more broadly, there are studies indicating that countries with low *power distance* tend to have stronger innovation capabilities, which might impact a company's thinking about alternative locations for work requiring high levels of innovation. Low *uncertainty avoidance* and high *individualism* also correlate with innovation capability.[55] Marketing and product development both need to account for the impact of national culture on consumers' product preferences. In cultures with high *power distance*, consumers are more likely to want products that help them demonstrate their status, but there are also less obvious correlates. Consumption of mineral water and newspapers both correlate with *power distance*, along with more obvious dimensions (such as mineral water consumption fitting with higher levels of *uncertainty avoidance*).[56]

Entire books have been written on cross-cultural negotiations. A typical prescription is that in higher *power distance* cultures, the seniority of the negotiator (and size of the negotiating team) send important signals. Companies from low *power distance* cultures can run into trouble by sending a junior negotiator (who might be better versed in the content) or by trying to save money by limiting the size of the negotiating team. There are also indications that negotiators from high *power distance* cultures may be less attuned to synergistic negotiation, as they may be more accustomed to power differences simply determining outcomes.

National culture has also been shown to have an impact on manufacturing and supply chain practices, which can be useful to consider in a variety of contexts: analyzing manufacturing footprints, managing multi-plant operations, assessing competitors and suppliers and different countries, and so on. Consider the adoption of quality management practices. One European study indicates that in cultures with low *power distance* and *uncertainty avoidance*, implementation of formal quality management systems may require external market pressure, versus internal management initiative.[57] Higher *power distance* scores are

also associated with companies purchasing rather than manufacturing in-house a larger proportion of inputs for products they make. [58]

Finance is an area where one might expect rather limited cultural influence, and indeed *power distance* has not been researched heavily in this function. Among other dimensions, *uncertainty avoidance* has been linked to greater reliance on bank finance.[59] *Power distance*, however, has been researched in the related area of Accounting. Hofstede wrote that, "In large *power distance* countries, the accounting system will be used more frequently to justify the decisions of the top power holder(s); in fact it usually is their tool to present the desired image, and figures will be twisted to this end."[60] Subsequent research, however, has cast doubt on the impact of *power distance* on accounting disclosure, but does indicate that high levels of *uncertainty avoidance* do fit with disclosure and conservatism in accounting.[61]

Finally, there are important organizational or human resources implications of national culture. In countries with high (versus low) *power distance*, employee selection tends to give more emphasis to social class (over education), training tends to emphasize conformity (versus autonomy), evaluations focus on compliance or trustworthiness (over performance), wage differences between managers and workers are larger, leadership is more authoritarian (instead of participative), motivation is based on the assumption that subordinates dislike work and hence is more coercive (rather than assuming employees like work and trying to strengthen their motivation through intrinsic and extrinsic rewards), and organizations are more hierarchical (versus flat).[62] Managers who wish to achieve significant change in high *power distance* cultures are advised to put senior staff front and center in communication efforts, use legitimate authority, and "tell subordinates what to do." In contrast, in lower *power distance* cultures, it is more important to explain the reasons for change, "allow for questions and challenges" and involve employees in figuring out how to implement the desired change.[63]

Managing Adaptation to Cultural Differences

We have seen that operating in ways that are congruent with their cultural contexts can improve business performance. So, it's clearly a bad idea to simply ignore cultural differences. For multinational companies, some variation in operating practices across locations is normally required. And as companies push farther with variation across locations, complementary moves such as decentralization of decision-making and indigenization of in-country management teams can support a company's ability to be responsive to local conditions. But simply varying practices everywhere to maximize congruence and pushing all important decision-making authority down to the country level or below isn't a very good idea either, because the result is likely to be a tremendous amount of costly complexity. At the extreme, a multinational becomes so localized that it gives up all of its potential international synergies and performs no better (and perhaps even worse) than a series of separate local firms would. So, managing adaptation (to cultural as well as other types of differences) entails finding ways to limit the need for and/or cost of variation.

Focusing on cultural similarities is one way to reduce the need for variation. The simplest way to do this is by focusing operations on locations with more similar cultures. Focusing on serving members of a company's home country's diaspora can ease entry into new markets by reducing the cultural distance that has to be crossed to reach local customers. Internally, using expatriates (typically from the company's home country) in particular roles also represents a type of focus. Employing an expatriate as country finance chief reduces the scope for potential culture-related misunderstandings around sensitive financial matters, and reflects the patterns of trust we have reviewed.

Externalization, e.g. via joint ventures, is a way that companies can reduce the cost of adapting to local cultures. Partnering with a local firm can provide access to local cultural understanding, business networks, and so on, that would be costly and time-consuming for a foreign company to develop on its own. As long as the partners can set up an effective interface to address cultural (and other) differences in managing the partnership, broader cultural congruence can be improved. Moving beyond joint ventures, companies can acquire foreign firms, gaining access to local knowledge and networks as well as direct

managerial control but requiring acquiring firms to have sufficient cross-cultural capability to manage and in most cases integrate acquired firms.

Another approach to reducing the need for variation is to promote a strong corporate culture. By attracting and cultivating employees and customers who are drawn to a particular corporate culture, the need to respond to national cultural differences might be reduced. However, it's important not to place too much confidence in a typical corporate culture overpowering national cultural differences. Recall that Hofstede's original research took place within a single company – IBM – and still revealed large cultural differences. Furthermore, research by Andre Laurent indicates that bringing employees from different cultures together in the same company might actually strengthen rather than mitigate national cultural differences among them.[64]

More broadly, an organization can also improve its capabilities for bridging cultural differences. Hiring for adaptability and investing in cross-cultural training can improve workforce capabilities and flexibility. Exposure to and deeper experience with foreign locations and cultures via participation in international teams, travel, and expatriation can inform and grow these kinds of capabilities. For many companies with high growth targets in foreign markets, increasing the diversity of their management teams should also be a priority. However, firms currently make only little use of this source of cultural capability. Of the 2008 *Fortune* Global 500 companies, only 14 percent had a nonnative CEO.[65] And among the directors of U.S. S&P 500 companies in 2008, only seven percent were foreign nationals, only 9 percent had degrees from non-U.S. institutions, and only 27 percent had any international work experience.[66] Most firms from emerging markets have even less internationalized leadership teams.

In thinking through decisions about how far to push efforts to adapt to local cultural conditions, it's also important to account for industry characteristics that increase or decrease sensitivity to cultural differences. Generally, businesses that sell directly to consumers (rather than to other businesses) are less sensitive to cultural differences. Service industries are generally more sensitive to cultural differences than industries focused on selling physical products. Thus, while they sell to other businesses, most kinds of IT services are highly sensitive to language differences. In contrast, industrial machinery (sold to other companies for use in their factories) tends to be relatively insensitive to cultural distance. This is one factor that helps explain the global success of Germany's relatively small *mittelstand* firms in many such sectors even though they have fewer resources for cultural adaptation than larger firms.

5. Conclusions

Cultural differences remain persistent and present an array of challenges for multinational companies. Firms that manage adaptation effectively are able to achieve congruence in the various cultures where they operate while extending their main sources of advantage across borders, and in some cases even making cultural diversity itself a source of advantage. While this note has emphasized cultural differences, which are often underappreciated, it's equally important to take note of cultural similarities. High and low *power distance* cultures, for example, both reflect responses to common challenges around how human beings should properly interact with each other in the face of inevitable differences in the power they hold in particular contexts. In managing adaptation, as well as more broadly, there's also a great deal to be gained by focusing on what unites us rather than what divides us.

Exhibit 1

Hofstede's Cultural Value Scores for 30 Selected Cultures

Country	Power Distance	Individualism/ Collectivism	Uncertainty Avoidance	Masculinity/ Femininity
Argentina	49	46	86	56
Australia	36	90	51	61
Brazil	69	38	76	49
Canada*	39	80	48	52
Chile	63	23	86	28
China	80	20	30	66
Colombia	67	13	80	64
Denmark	18	74	23	16
France	68	71	86	43
Germany	35	67	65	66
Greece	60	35	112	57
Indonesia	78	14	48	46
India	77	48	40	56
Iran	58	41	59	43
Israel	13	54	81	47
Italy	50	76	75	70
Japan	54	46	92	95
Korea (South)	60	18	85	39
Malaysia	104	26	36	50
Mexico	81	30	82	69
Netherlands	38	80	53	14
Philippines	94	32	44	64
Poland	68	60	93	64
Portugal	63	27	104	31
Russia	93	39	95	36
Singapore	74	20	8	48
Spain	57	51	86	42
Sweden	31	71	29	5
United Kingdom	35	89	35	66
United States	40	91	46	62
Mean	58.4	49.0	64.5	50.2
Median	60	46	70	51

Source: Geert Hofstede, *Culture's Consequences: International Differences in Work-Related Values,* 1980, Beverly Hills, CA: Sage.

*English-speaking part

Exhibit 2

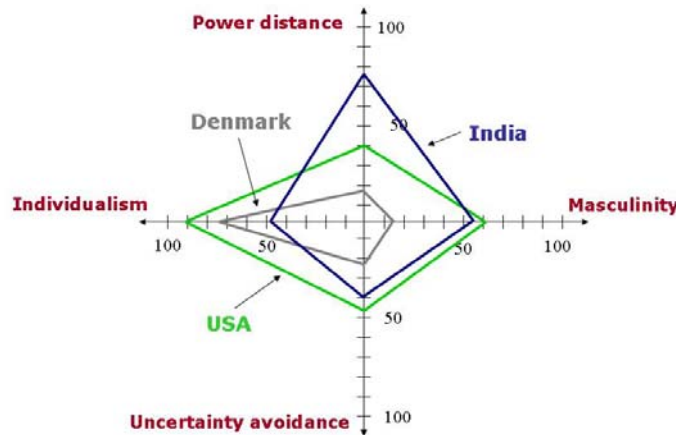**Cultural Profiles Based on Hofstede's Cultural Dimension**

Exhibit 3

Linguistic Distance from English

Country	Primary Language	Secondary Language	Measure (wt.avg)	Country	Primary Language	Secondary Language	Measure (wt.avg)
Argentina	Spanish		3	Korea	Korean		4
Australia	English		0	Malaysia*	Malay		7
Austria	German		1	Mexico	Spanish		3
Belgium*	Flemish	French	1/3(1.7)	Netherlands	Dutch		1
Brazil	Portuguese		3	New Zealand	English		0
Canada*	English	French	0/3(0.9)	Norway	Norwegian		2
Chile	Spanish		3	Pakistan	Panjabi	Sindhi	3/3(3)
Columbia	Spanish		3	Panama	Spanish		3
Costa Rica	Spanish		3	Peru	Spanish		3
Denmark	Danish		2	Philippines*	Tagalog	Cebuan	7/7(7)
El Salvador	Spanish		3	Portugal	Portuguese		3
Ecuador	Spanish		3	Singapore*	Taiwanese		6
Finland	Finnish		4	South Africa*	Afrikaans	English	1/0(0.6)
France	French		3	Spain	Spanish		3
Germany	German		1	Sweden	Swedish		2
Great Britain	English		0	Switzerland*	German	French, Italian	1/3(1.6)
Greece	Greek		3				
Guatemala	Spanish		3	Taiwan	Taiwanese		6
Hong Kong	Cantonese		6	Thailand	Thai		7
India*	Indo-Aryan	Dravidian	3/5(3.7)	Turkey	Turkish		4
Indonesia	Bahasa	Javanese	7/7(7)	US	English		0
Iran	Farsi		3	Uruguay	Spanish		3
Ireland	English		0	Venezuela	Spanish		3
Israel	Hebrew		5	Yugoslavia	Serbo-Croatian	Slovenian	3/3(3)
Italy	Italian		3				
Jamaica*	Creole		1	Arabic countries	Arabic		5
Japan	Japanese		4				

* Language ambiguos countries = a substantial portion of the population is bilingual

Source: Joel West and John L. Graham, "A Linguistic-based Measure of Cultural Distance and Its Relationship to Managerial Values," Management International Review, vol. 44, no. 3, 2004, p. 249 (Table 1).

Exhibit 4

Synthesis of Country Clusters
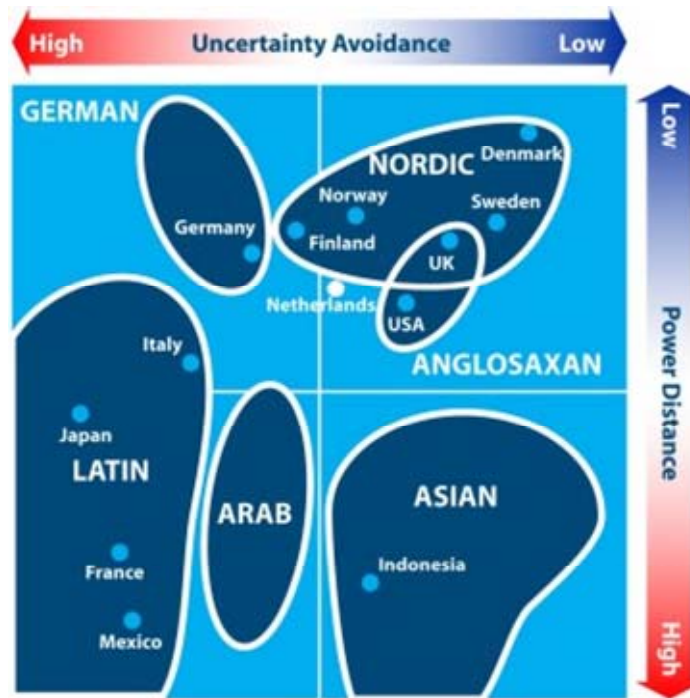
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See figure 2 The Cultural Map of the world. Adapted form Gert Hofstede, 2001

Exhibit 5
National vs. International Trust
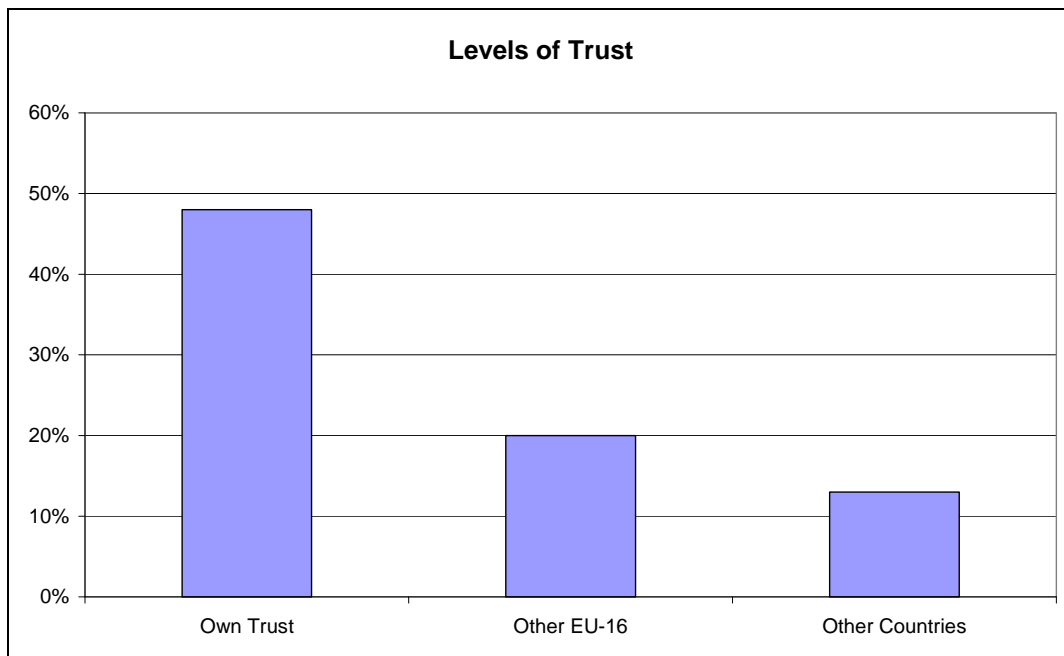
Source: Based on a previous version Luigi Guiso, Paola Sapienza, and Luigi Zingales, "Cultural Biases in Economic
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Dimensionalizing Cultures: The Hofstede Model in Context

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Dimensionalizing Cultures: The Hofstede Model in Context

Abstract

This article describes briefly the Hofstede model of six dimensions of national cultures: Power Distance, Uncertainty Avoidance, Individualism/Collectivism, Masculinity/Femininity, Long/Short Term Orientation, and Indulgence/Restraint. It shows the conceptual and research efforts that preceded it and led up to it, and once it had become a paradigm for comparing cultures, research efforts that followed and built on it. The article stresses that dimensions depend on the level of aggregation; it describes the six entirely different dimensions found in the Hofstede et al. (2010) research into organizational cultures. It warns against confusion with value differences at the individual level. It concludes with a look ahead in what the study of dimensions of national cultures and the position of countries on them may still bring.

Introduction

Culture has been defined in many ways; this author's shorthand definition is: "*Culture is the collective programming of the mind that distinguishes the members of one group or category of people from others*". It is always a collective phenomenon, but it can be connected to different collectives. Within each collective there is a variety of individuals. If characteristics of individuals are imagined as varying according to some bell curve; the variation between cultures is the shift of the bell curve when one moves from one society to the other. Most commonly the term culture is used for tribes or ethnic groups (in anthropology), for nations (in political science, sociology and management), and for organizations (in sociology and management). A relatively unexplored field is the culture of occupations (for instance, of engineers versus accountants, or of academics from different disciplines). The term can also be applied to the genders, to generations, or to social classes. However, changing the level of aggregation studied changes the nature of the concept of 'culture'. Societal, national and gender cultures, which children acquire from their earliest youth onwards, are much deeper rooted in the human mind than occupational cultures acquired at school, or than organizational cultures acquired on the job. The latter are exchangeable when people take a new job. Societal cultures reside in (often unconscious) values, in the sense of *broad tendencies to prefer certain states of affairs over others* (Hofstede, 2001, p. 5). Organizational cultures reside rather in (visible and conscious) practices: the way people perceive what goes on in their organizational environment.

Classifying Cultures: Conceptual Dimensions

In an article first published in 1952, U.S. anthropologist Clyde Kluckhohn (1962) argued that there should be universal categories of culture:

> In principle ... there is a generalized framework that underlies the more apparent and striking facts of cultural relativity. All cultures constitute so many somewhat distinct answers to essentially the same questions posed by human biology and by the generalities of the human situation. ... Every society's patterns for living must provide approved and sanctioned ways for dealing with such universal circumstances as the existence of two sexes; the helplessness of infants; the need for satisfaction of the elementary biological requirements such as food, warmth, and sex; the presence of individuals of different ages and of differing physical and other capacities. (pp. 317-18).

Many authors in the second half of the twentieth century have speculated about the nature of the basic problems of societies that would present distinct dimensions of culture (for a review see Hofstede, 2001, pp. 29-31). The most common dimension used for ordering societies is their degree of economic evolution or modernity. A one-dimensional ordering of societies from traditional to modern fitted well with the nineteenth- and twentieth-century

belief in progress. Economic evolution is bound to be reflected in people's collective mental programming, but there is no reason why economic and technological evolution should suppress other cultural variety. There exist dimensions of culture unrelated to economic evolution.

U.S. anthropologist Edward T. Hall (1976) divided cultures according to their ways of communicating, into high-context (much of the information is implicit) and low-context cultures (nearly everything is explicit). In practice this distinction overlaps largely with the traditional versus modern distinction.

U.S. sociologists Talcott Parsons and Edward Shils (1951, p. 77) suggested that all human action is determined by five *pattern variables*, choices between pairs of alternatives:

1. *Affectivity* (need gratification) versus *affective neutrality* (restraint of impulses);
2. *Self-orientation* versus *collectivity-orientation*;
3. *Universalism* (applying general standards) versus *particularism* (taking particular relationships into account);
4. *Ascription* (judging others by who they are) versus *achievement* (judging them by what they do);
5. *Specificity* (limiting relations to others to specific spheres) versus *diffuseness* (no prior limitations to nature of relations).

Parsons and Shils (1951) claimed that these choices are present at the individual (personality) level, at the social system (group or organization) level, and at the cultural (normative) level. They did not take into account that different variables could operate at different aggregation levels.

U.S. anthropologists Florence Kluckhohn and Fred Strodtbeck (1961, p. 12) ran a field study in five geographically close, small communities in the Southwestern United States: Mormons, Spanish Americans, Texans, Navaho Indians, and Zuni Indians. They distinguished these communities on the following value orientations:

1. An evaluation of *human nature* (evil - mixed - good);
2. The relationship of man to the surrounding *natural environment* (subjugation - harmony - mastery);
3. The orientation in *time* (toward past - present - future);
4. The orientation toward *activity* (being - being in becoming - doing); and
5. *Relationships among people* (linearity, i.e., hierarchically ordered positions – collaterality, i.e., group relationships – individualism).

Others have extrapolated Kluckhohn and Strodtbeck's (1961) classification to all kind of social comparisons, without concern for their geographic limitations without considering the effect of levels of aggregation, and without empirical support.

British anthropologist Mary Douglas (1973) proposed a two-dimensional ordering of ways of looking at the world:

1. '*Group*' or inclusion - the claim of groups over members, and
2. '*Grid*' or classification - the degree to which interaction is subject to rules.

Douglas saw these categories as relating to a wide variety of beliefs and social actions: Views of nature, traveling, spatial arrangements, gardening, cookery, medicine, the meaning of time, age, history, sickness, and justice. She seemed to imply that these dimensions are applicable to any level of aggregation.

The one- or more-dimensional classifications above represent subjective reflective attempts to order a complex reality. Each of them is strongly colored by the subjective choices of its author(s). They show some overlap, but their lack of clarity about and mixing of levels of analysis (individual-group-culture) are severe methodological weaknesses.

These weaknesses were avoided in an extensive review article by U.S. sociologist Alex Inkeles and psychologist Daniel Levinson (1969, first published 1954). The authors limited themselves to culture at the level of nations, and they summarized all available sociological and anthropological studies dealing with what was then called *national character,* which they interpreted as a kind of modal (most common) personality type in a national society. What I have labelled *dimensions* they called *standard analytic issues.* From their survey of the literature Inkeles and Levinson (1969) distilled three standard analytic issues that met these criteria:

1. Relation to authority;
2. Conception of self, including the individual's concepts of masculinity and femininity;
3. Primary dilemmas or conflicts, and ways of dealing with them, including the control of aggression and the expression versus inhibition of affect.

As will be shown below, Inkeles and Levinson's (1969) standard analytic issues were empirically supported in a study by this author more than 20 years later.

Empirical Approaches and the Hofstede Dimensions

In 1949 U.S. psychologist Raymond Cattell published an application of the new statistical technique of factor analysis to the comparison of nations. Cattell had earlier used factor analysis for studying aspects of intelligence from test scores of individual students. This time he took a matrix of nation-level variables for a large number of countries, borrowing from geography, demographics, history, politics, economics, sociology, law, religion and medicine. The resulting factors were difficult to interpret, except for the important role of economic development. Replications of his method by others produced trivial results (for a review see Hofstede, 2001, pp. 32-33). More meaningful were applications to restricted facets of societies. U.S. political scientists Phillip Gregg and Arthur Banks (1965) studied aspects of political systems; U.S. economists Irma Adelman and Cynthia Taft Morris

(1967) studied factors influencing the development of poor countries, and Irish psychologist Richard Lynn (1971; Lynn & Hampson, 1975) studied aspects of mental health.

In the 1970s this author – more or less by accident – got access to a large survey database about values and related sentiments of people in over 50 countries around the world (Hofstede, 1980). These people worked in the local subsidiaries of one large multinational corporation: IBM. Most parts of the organization had been surveyed twice over a four-year interval, and the database contained more than 100,000 questionnaires. Initial analyses of the database at the level of individual respondents proved confusing, but a breakthrough occurred when the focus was directed at correlations between mean scores of survey items at the level of countries. Patterns of correlation at the country level could be strikingly different from what was found at the individual level, and needed an entirely different interpretation. One of the weaknesses of much cross-cultural research is not recognizing the difference between analysis at the societal level and at the individual level; this amounts to confusing anthropology and psychology. From 180 studies using my work reviewed by Kirkman, Lowe, and Gibson (2006), more than half failed to distinguish between societal culture level and individual level differences, which led to numerous errors of interpretation and application.

My hunch that the IBM data might have implications beyond this particular corporation was supported when I got the opportunity to administer a number of the same questions to nearly 400 management trainees from some 30 countries in an international program unrelated to IBM. Their mean scores by country correlated significantly with the country scores obtained from the IBM database. So it seemed that employees of this multinational enterprises – a very special kind of people – could serve for identifying differences in *national* value systems. The reason is that from one country to another they represented almost perfectly matched samples: they were similar in all respects except nationality, which made the effect of national differences in their answers stand out unusually clearly.

Encouraged by the results of the country-level correlation analysis I then tried country-level factor analysis. The latter was similar to the approach used earlier by Cattell and others, except that now the variables in the matrix were not indices for the country as a whole, but mean scores and sometimes percentages of survey answers collected from individuals in those countries. Analyses of data at higher levels of aggregation are called *ecological.* Ecological factor analysis differs from the factor analysis of individual scores in that a usual caution no longer applies: the number of cases does not need to be (much) larger than the number of variables. The stability of the results of an ecological factor analysis does not depend on the number of cases, but on the number of individuals whose scores were aggregated into these cases. Ecological factor analysis may even be performed on matrices with fewer cases than variables.

Factor analyzing a matrix of 32 values questions for initially 40 countries, I found these values to cluster very differently from what was found at the individual level. The new factors revealed common problems with which IBM employees in all these societies

had to cope, but for which their upbringing in their country presented its own profile of solutions. These problems were:

1. Dependence on superiors;
2. Need for rules and predictability, also associated with nervous stress;
3. The balance between individual goals and dependence on the company;
4. The balance between ego values (like the need for money and careers) and social values (like cooperation and a good living environment); the former were more frequently chosen by men, the latter by women, but there were also country differences.

These empirical results were strikingly similar to the *standard analytical issues* described in Inkeles and Levinson's 1969 article. Dependence on superiors relates to the first, need for predictability to the third, the balance between the individual and the company to the conception of self, and the balance between ego and social values to concepts of masculinity and femininity, which were also classified under the second standard analytic issue.

The four basic problem areas defined by Inkeles and Levinson (1969) and empirically supported in the IBM data represent dimensions of national cultures. A dimension is an aspect of a culture that can be measured relative to other cultures. The four dimensions formed the basis for my book *Culture's Consequences* (Hofstede, 1980).

The main message of the 1980 book was that scores on the dimensions correlated significantly with conceptually related external data. Thus Power Distance scores correlated with a dimension from Gregg and Banks' (1965) analysis of political systems and also with a dimension from Adelman and Morris' (1967) study of economic development; Uncertainty Avoidance correlated with a dimension from Lynn and Hampson's (1975) study of mental health; Individualism correlated strongly with national wealth (Gross National Product per capita) and Femininity with the percentage of national income spent on development aid. The number of external validations kept expanding, and the second edition of *Culture's Consequences* (Hofstede, 2001, Appendix 6, pp. 503-520) lists more than 400 significant correlations between the IBM-based scores and results of other studies. Recent validations show no loss of validity, indicating that the country differences these dimensions describe are, indeed, basic and enduring.

In the 1980s, on the basis of research by Canadian psychologist Michael Harris Bond centered in the Far East, a fifth dimension 'Long-Term versus Short-Term Orientation' was added (Hofstede & Bond, 1988; see also Hofstede, 1991; Hofstede, 2001).

In the 2000s, research by Bulgarian scholar Michael Minkov using data from the World Values Survey (Minkov, 2007) allowed a new calculation of the fifth, and the addition of a sixth dimension (Hofstede, Hofstede & Minkov, 2010). The six dimensions are labelled:

1. *Power Distance*, related to the different solutions to the basic problem of human inequality;
2. *Uncertainty Avoidance*, related to the level of stress in a society in the face of an unknown future;
3. *Individualism* versus *Collectivism*, related to the integration of individuals into primary groups;
4. *Masculinity* versus *Femininity*, related to the division of emotional roles between women and men;
5. *Long Term* versus *Short Term Orientation*, related to the choice of focus for people's efforts: the future or the present and past.
6. *Indulgence* versus *Restraint*, related to the gratification versus control of basic human desires related to enjoying life.

Each country has been positioned relative to other countries through a score on each dimension. The dimensions are statistically distinct and do occur in all possible combinations, although some combinations are more frequent than others.

After the initial confirmation of the country differences in IBM in data from management trainees elsewhere, the Hofstede dimensions and country scores were validated through replications by others, using the same or similar questions with other cross-national populations. Between 1990 and 2002 six major replications (14 or more countries) used populations of country elites, employees and managers of other corporations and organizations, airline pilots, consumers and civil servants (see Hofstede et al., 2010, p. 35).

In correlating the dimensions with other data, the influence of national wealth (Gross National Product per capita) should always be taken into account. Two of the dimensions, Individualism and small Power Distance, are significantly correlated with wealth. This means that all wealth-related phenomena tend to correlate with both these dimensions. Differences in national wealth can be considered a more parsimonious explanation of these other phenomena than differences in culture. In correlating with the culture dimensions, it is therefore advisable to always include the wealth variable. After controlling for national wealth correlations with culture usually disappear.

Of particular interest is a link that was found between culture according to the Hofstede dimensions and personality dimensions according to the empirically based Big Five personality test (Costa & McCrae, 1992). After this test had been used in over 30 countries, significant correlations were found between country norms on the five personality dimensions (Neuroticism, Extraversion, Openness to experience, Agreeableness and Conscientiousness) and national culture dimension scores. For example, 55% of country differences on Neuroticism can be explained by a combination of Uncertainty Avoidance and Masculinity, and 39% of country differences on Extraversion by Individualism alone (Hofstede & McCrae, 2004). So culture and personality are linked but the link is statistical; there is a wide variety of individual personalities within each national culture, and national culture scores should not be used for stereotyping individuals.

Validating the dimensions is of course not only and not even mainly a quantitative issue. Equally important is the qualitative interpretation of what differences on the dimensions mean for each of the societies studied, which calls for an *emic* approach to each society, supporting the *etic* of the dimensional data.

The Hofstede Dimensions in a nutshell

In this section I will summarize the content of each dimension opposing cultures with low and high scores. These oppositions are based on correlations with studies by others, and because the relationship is statistical, not every line applies equally strongly to every country.

Power Distance

Power Distance has been defined as the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally. This represents inequality (more versus less), but defined from below, not from above. It suggests that a society's level of inequality is endorsed by the followers as much as by the leaders. Power and inequality, of course, are extremely fundamental facts of any society. All societies are unequal, but some are more unequal than others.

Table 1
Ten Differences Between Small- and Large- Power Distance Societies

Small Power Distance	Large Power Distance
Use of power should be legitimate and is subject to criteria of good and evil	Power is a basic fact of society antedating good or evil: its legitimacy is irrelevant
Parents treat children as equals	Parents teach children obedience
Older people are neither respected nor feared	Older people are both respected and feared
Student-centered education	Teacher-centered education
Hierarchy means inequality of roles, established for convenience	Hierarchy means existential inequality
Subordinates expect to be consulted	Subordinates expect to be told what to do
Pluralist governments based on majority vote and changed peacefully	Autocratic governments based on co-optation and changed by revolution
Corruption rare; scandals end political careers	Corruption frequent; scandals are covered up
Income distribution in society rather even	Income distribution in society very uneven
Religions stressing equality of believers	Religions with a hierarchy of priests

Table 1 lists a selection of differences between national societies that validation research showed to be associated with the Power Distance dimension. For a more complete review the reader is referred to Hofstede (2001) and Hofstede et al. (2010). The statements refer to extremes; actual situations may be found anywhere in between the extremes, and the association of a statement with a dimension is always statistical, never absolute.

In Hofstede et al. (2010) Power Distance Index scores are listed for 76 countries; they tend to be higher for East European, Latin, Asian and African countries and lower for Germanic and English-speaking Western countries.

Uncertainty Avoidance

Uncertainty Avoidance is not the same as risk avoidance; it deals with a society's tolerance for ambiguity. It indicates to what extent a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. Uncertainty avoiding cultures try to minimize the possibility of such situations by strict behavioral codes, laws and rules, disapproval of deviant opinions, and a belief in absolute Truth; 'there can only be one Truth and we have it'.

Table 2
Ten Differences Between Weak- and Strong- Uncertainty Avoidance Societies

Weak Uncertainty Avoidance	Strong Uncertainty Avoidance
The uncertainty inherent in life is accepted and each day is taken as it comes	The uncertainty inherent in life is felt as a continuous threat that must be fought
Ease, lower stress, self-control, low anxiety	Higher stress, emotionality, anxiety, neuroticism
Higher scores on subjective health and well-being	Lower scores on subjective health and well-being
Tolerance of deviant persons and ideas: what is different is curious	Intolerance of deviant persons and ideas: what is different is dangerous
Comfortable with ambiguity and chaos	Need for clarity and structure
Teachers may say 'I don't know'	Teachers supposed to have all the answers
Changing jobs no problem	Staying in jobs even if disliked
Dislike of rules - written or unwritten	Emotional need for rules – even if not obeyed
In politics, citizens feel and are seen as competent towards authorities	In politics, citizens feel and are seen as incompetent towards authorities
In religion, philosophy and science: relativism and empiricism	In religion, philosophy and science: belief in ultimate truths and grand theories

Research has shown that people in uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy. The opposite type, uncertainty accepting cultures, are more tolerant of opinions different from what they are used to; they try to have fewer rules, and on the philosophical and religious level they are empiricist, relativist and allow different currents to flow side by side. People within these cultures are more phlegmatic and contemplative, and not expected by their environment to express emotions. Table 2 lists a selection of differences between societies that validation research showed to be associated with the Uncertainty Avoidance dimension.

In Hofstede et al. (2010) Uncertainty Avoidance Index scores are listed for 76 countries; they tend to be higher in East and Central European countries, in Latin countries, in Japan and in German speaking countries, lower in English speaking, Nordic and Chinese culture countries.

Individualism

Individualism on the one side versus its opposite, **Collectivism**, as a societal, not an individual characteristic, is the degree to which people in a society are integrated into groups. On the individualist side we find cultures in which the ties between individuals are loose: everyone is expected to look after him/herself and his/her immediate family. On the collectivist side we find cultures in which people from birth onwards are integrated into strong, cohesive in-groups, often extended families (with uncles, aunts and grandparents) that continue protecting them in exchange for unquestioning loyalty, and oppose other in-groups. Again, the issue addressed by this dimension is an extremely fundamental one, regarding all societies in the world. Table 3 lists a selection of differences between societies that validation research showed to be associated with this dimension.

Table 3
Ten Differences Between Collectivist and Individualist Societies

Individualism	Collectivism
Everyone is supposed to take care of him- or herself and his or her immediate family only	People are born into extended families or clans which protect them in exchange for loyalty
"I" – consciousness	"We" –consciousness
Right of privacy	Stress on belonging
Speaking one's mind is healthy	Harmony should always be maintained
Others classified as individuals	Others classified as in-group or out-group
Personal opinion expected: one person one vote	Opinions and votes predetermined by in-group
Transgression of norms leads to guilt feelings	Transgression of norms leads to shame feelings
Languages in which the word "I" is indispensable	Languages in which the word "I" is avoided
Purpose of education is learning how to learn	Purpose of education is learning how to do
Task prevails over relationship	Relationship prevails over task

In Hofstede et al. (2010) Individualism Index scores are listed for 76 countries; Individualism tends to prevail in developed and Western countries, while collectivism prevails in less developed and Eastern countries; Japan takes a middle position on this dimension.

Masculinity – Femininity

Masculinity versus its opposite, **Femininity**, again as a societal, not as an individual characteristic, refers to the distribution of values between the genders which is another fundamental issue for any society, to which a range of solutions can be found. The IBM studies revealed that (a) women's values differ less among societies than men's values; (b) men's values from one country to another contain a dimension from very assertive and competitive and maximally different from women's values on the one side, to modest and caring and similar to women's values on the other. The assertive pole has been called 'masculine' and the modest, caring pole 'feminine'. The women in feminine countries have the same modest, caring values as the men; in the masculine countries they are somewhat assertive and competitive, but not as much as the men, so that these countries show a gap between men's values and women's values. In masculine cultures there is often a taboo around this dimension (Hofstede et al., 1998).

Table 4

Ten Differences Between Feminine and Masculine Societies

Femininity	Masculinity
Minimum emotional and social role differentiation between the genders	Maximum emotional and social role differentiation between the genders
Men and women should be modest and caring	Men should be and women may be assertive and ambitious
Balance between family and work	Work prevails over family
Sympathy for the weak	Admiration for the strong
Both fathers and mothers deal with facts and feelings	Fathers deal with facts, mothers with feelings
Both boys and girls may cry but neither should fight	Girls cry, boys don't; boys should fight back, girls shouldn't fight
Mothers decide on number of children	Fathers decide on family size
Many women in elected political positions	Few women in elected political positions
Religion focuses on fellow human beings	Religion focuses on God or gods
Matter-of-fact attitudes about sexuality; sex is a way of relating	Moralistic attitudes about sexuality; sex is a way of performing

Taboos are based on deeply rooted values; this taboo shows that the Masculinity/Femininity dimension in some societies touches basic and often unconscious values, too painful to be explicitly discussed. In fact the taboo validates the importance of the dimension. Table 4 lists a selection of differences between societies that validation research showed to be associated with this dimension.

In Hofstede et al. (2010) Masculinity versus Femininity Index scores are presented for 76 countries; Masculinity is high in Japan, in German speaking countries, and in some Latin countries like Italy and Mexico; it is moderately high in English speaking Western countries; it is low in Nordic countries and in the Netherlands and moderately low in some Latin and Asian countries like France, Spain, Portugal, Chile, Korea and Thailand.

Long-Term vs. Short-Term Orientation

This dimension was first identified in a survey among students in 23 countries around the world, using a questionnaire designed by Chinese scholars (Chinese Culture Connection, 1987). As all countries with a history of Confucianism scored near one pole which could be associated with hard work, the study's first author Michael Harris Bond labeled the dimension *Confucian Work Dynamism.* The dimension turned out to be strongly correlated with recent economic growth. As none of the four IBM dimensions was linked to economic growth, I obtained Bond's permission to add his dimension as a fifth to my four (Hofstede & Bond, 1988). Because it had been identified in a study comparing students from 23 countries, most of whom had never heard of Confucius, I re-named it Long- Term versus Short-Term Orientation; the long-term pole corresponds to Bond's Confucian Work Dynamism. Values found at this pole were perseverance, thrift, ordering relationships by status, and having a sense of shame; values at the opposite, short term pole were reciprocating social obligations, respect for tradition, protecting one's 'face', and personal steadiness and stability. The positively rated values of this dimension were already present in the teachings of Confucius from around 500 BC. There was much more in Confucius' teachings so Long-Term Orientation is not Confucianism *per se,* but it is still present in countries with a Confucian heritage. In my book for a student readership *Cultures and Organizations: Software of the Mind* (Hofstede, 1991) the fifth dimension was first integrated into my model. It was more extensively analyzed in the second edition of *Culture's Consequences* (Hofstede, 2001) and in the new edition of *Cultures and Organizations: Software of the Mind*, for which my eldest son Gert Jan Hofstede joined me as a co-author (Hofstede & Hofstede, 2005).

My initial cross-cultural data collected around 1970 by the IBM corporation among its employees in more than 50 countries worldwide represented probably the largest matched-sample cross-national database available anywhere at that time. Bond's Chinese Value Survey showed the power of adding results from other surveys; unfortunately, it covered only 23 countries, and attempts to extend it to other populations were small-scale and hardly reliable.

In the past quarter century the volume of available cross-cultural data on self-scored values and related issues has increased enormously. If I had to start my research now, I

would select the best elements from all these new databases. My prime choice would be the *World Values Survey*. In the early 1980s departments of Divinity at six European Universities, concerned with a loss of Christian faith, jointly surveyed the values of their countries' populations through public opinion survey methods. In the following years their *European Values Survey* expanded and changed focus: in the hands of U.S. sociologist Ronald Inglehart it grew into a periodic World Values Survey (WVS). Subsequent data collection rounds took place with 10-year intervals; as this is written, a fourth round is in process. The survey now covers more than 100 countries worldwide with a questionnaire including more than 360 forced-choice items. Areas covered are ecology, economy, education, emotions, family, gender and sexuality, government and politics, health, happiness, leisure and friends, morality, religion, society and nation, and work. The entire WVS data bank, including previous rounds and down to individual respondent scores, is freely accessible on the Web (www.worldvaluessurvey.org). So far it has remained under-used; potential users tend to drown in its huge volume of information.

Michael Minkov, a Bulgarian linguist and sociologist whom I had met on the e-mail at the turn of the millennium, took up the challenge of exploring the riches of the WVS. In 2007 he published a book with a Bulgarian publisher, in which he described three new cross-national value dimensions extracted from recent WVS data, which he labeled Exclusionism versus Universalism, Indulgence versus Restraint and Monumentalism versus Flexumility (the latter a combination of flexibility and humility). Exclusionism versus Universalism was strongly correlated with Collectivism/Individualism and could be considered an elaboration of aspects of it. The other two dimensions were new, although Monumentalism versus Flexumility was moderately but significantly correlated with Short Term/Long Term Orientation.

Minkov's findings initially inspired the issuing of a new, 2008 version of the Values Survey Module, a set of questions available to researchers who wish to replicate my research into national culture differences. Earlier versions were issued in 1982 (VSM82) and 1994 (VSM94). Next to the established five Hofstede dimensions, the VSM08 included on an experimental basis Minkov's dimensions Indulgence versus Restraint and Monumentalism versus Flexumility (which I re-baptized Self-Effacement). The Values Survey Module (VSM) can be downloaded from www.geerthofstede.nl. Aspiring users should carefully study the accompanying Manual before they decide to collect their own data. In most cases, the use of available results of already existing quality research is to be preferred above amateur replications.

The next step in our cooperation with Minkov was that Gert Jan Hofstede and I invited him to become a co-author for the third edition of *Cultures and Organizations: Software of the Mind* (Hofstede et al., 2010). Minkov's Exclusionism versus Universalism was integrated into the Individualism/Collectivism chapter. By combining elements from his Monumentalism versus Flexumility dimension with additional WVS items, Minkov succeeded in converting into a new version of Long- versus Short-Term Orientation, now available for 93 countries and regions. Indulgence versus Restraint became an entirely new dimension that will be described below.

Table 5 lists a selection of differences between societies that validation research showed to be associated with the old and new version of the Long- versus Short-Term Orientation dimension. In our 2010 book, dimension scores have been re-calculated including Minkov's analysis of recent World Values Survey data.

Long-term oriented are East Asian countries, followed by Eastern- and Central Europe. A medium term orientation is found in South- and North-European and South Asian countries. Short-term oriented are U.S.A. and Australia, Latin American, African and Muslim countries.

Table 5

Ten Differences Between Short- and Long-Term-Oriented Societies

Short-Term Orientation	**Long-Term Orientation**
Most important events in life occurred in the past or take place now	Most important events in life will occur in the future
Personal steadiness and stability: a good person is always the same	A good person adapts to the circumstances
There are universal guidelines about what is good and evil	What is good and evil depends upon the circumstances
Traditions are sacrosanct	Traditions are adaptable to changed circumstances
Family life guided by imperatives	Family life guided by shared tasks
Supposed to be proud of one's country	Trying to learn from other countries
Service to others is an important goal	Thrift and perseverance are important goals
Social spending and consumption	Large savings quote, funds available for investment
Students attribute success and failure to luck	Students attribute success to effort and failure to lack of effort
Slow or no economic growth of poor countries	Fast economic growth of countries up till a level of prosperity

Indulgence versus Restraint

The sixth and new dimension, added in our 2010 book, uses Minkov's label Indulgence versus Restraint. It was also based on recent World Values Survey items and is more or less complementary to Long-versus Short-Term Orientation; in fact it is weakly negatively correlated with it. It focuses on aspects not covered by the other five dimensions, but known from literature on "happiness research". Indulgence stands for a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun. Restraint stands for a society that controls gratification of needs and regulates it by means of strict social norms. Scores on this dimension are also available for 93

countries and regions. Table 6 lists a selection of differences between societies that validation research showed to be associated with this dimension.

Indulgence tends to prevail in South and North America, in Western Europe and in parts of Sub-Sahara Africa. Restraint prevails in Eastern Europe, in Asia and in the Muslim world. Mediterranean Europe takes a middle position on this dimension.

Table 6
Ten Differences between Indulgent and Restrained Societies

Indulgence	Restrained
Higher percentage of people declaring themselves very happy	Fewer very happy people
A perception of personal life control	A perception of helplessness: what happens to me is not my own doing
Freedom of speech seen as important	Freedom of speech is not a primary concern
Higher importance of leisure	Lower importance of leisure
More likely to remember positive emotions	Less likely to remember positive emotions
In countries with educated populations, higher birthrates	In countries with educated populations, lower birthrates
More people actively involved in sports	Fewer people actively involved in sports
In countries with enough food, higher percentages of obese people	In countries with enough food, fewer obese people
In wealthy countries, lenient sexual norms	In wealthy countries, stricter sexual norms
Maintaining order in the nation is not given a high priority	Higher number of police officers per 100,000 population

Other Applications of the Dimensional Paradigm

When *Culture's Consequences* appeared in 1980, it represented a new paradigm in social science research: analyzing survey-based values data at the national level and quantifying differences between national cultures by positions on these dimensions. Like other new paradigms, it initially met with rejection, criticism and ridicule next to enthusiasm (Kuhn, 1970). By the 1990s the paradigm had been taken over by many others, and discussions shifted to the content and number of dimensions. The paradigm inspired a number of other studies into dimensions of national cultures.

Many projects further explored the dimension of individualism versus collectivism (e.g. Kim et al., 1994; Hofstede, 2001, ch. 5; Triandis, 1995). From all the Hofstede dimensions, this one met with the most positive reactions among psychologists, especially in the U.S.A. which happened to be the highest scoring country on it. Individualism/Collectivism scores were strongly correlated with national wealth which led some people to the conclusion that promoting individualism in other cultures would

contribute to their economic development. In fact, data show that the causality is most probably reversed: wealth tends to lead to individualism (Hofstede, 2001, p. 253). The individualism in U.S. culture also led people to studying it at the *individual* level (comparing one person to another), not at the level of societies. In this case it is no longer a dimension of culture but an aspect of personality. Also there is no more reason why individualism and collectivism need to be opposite; they should rather be considered separate features of personality. An extensive review of studies of individualism *at the individual level* was published by Oyserman, Coon and Kemmelmeier (2002). Comparing these studies across societies they found a different ranking of countries from the Hofstede studies; but Schimmack, Oishi and Diener (2005) proved this was due to a methodological error: Oyserman et al. (2002) forgot to control for acquiescence (response set), and the acquiescence in their data was significantly negatively correlated with the object of their study which made their results random.

The cultural focus on the Individualism versus Collectivism dimension led Triandis (1995) to splitting it into horizontal and vertical individualism. This split overlooks the fact that the Hofstede dimension of large versus small Power Distance already covered the horizontal/vertical aspect quite satisfactorily. From my point of view the horizontal/ vertical distinction for Ind/Col as a dimension of culture is redundant. It may be useful at the individual level, but this is for others to decide.

Like individualism and collectivism, the terms masculinity and femininity have also been used for describing values at the individual level. Earlier studies by U.S. psychologist Sandra Bem (1974) showed already that in this case masculinity and femininity should again rather be treated as separate aspects than as opposite poles.

An important alternative application of the dimensional paradigm was developed by the Israeli psychologist Shalom Schwartz. Borrowing mainly from the work of U.S. psychologist Milton Rokeach (1972, 1973) who studied values of U.S. individuals, Schwartz composed a list of 56 values. Through a network of colleagues he collected scores from samples of elementary school teachers and of college students in over 50 countries. (Schwartz, 1994; Schwartz & Bardi, 2001). Respondents scored the importance of each value "as a guiding principle in my life". Schwartz at first assumed the same dimensions would apply to individuals and to countries, but his data showed he needed different classifications at different levels. At the country level he distinguished seven dimensions: Conservatism (later rebaptized "Embeddedness"), Hierarchy, Mastery, Affective autonomy, Intellectual autonomy, Egalitarianism and Harmony. Country scores for teachers published by Schwartz in 1994 were significantly correlated with the IBM scores for Individualism, Masculinity and Uncertainty Avoidance (Hofstede, 2001, p. 265).

Another large scale application was the GLOBE (Global Leadership and Organizational Behaviour Effectiveness) project, conceived by US management scholar Robert J. House in 1991. At first House focused on leadership, but soon the study branched out into other aspects of national and organizational cultures. In the period 1994-1997 some 170 voluntary collaborators collected data from about 17,000 managers in nearly 1,000 local (non-multinational) organizations belonging to one of three industries: food processing, financial services, and telecommunication services, in some 60 societies

throughout the world. In the preface to the book describing the project (House et al., 2004), House writes "We have a very adequate dataset to replicate Hofstede's (1980) landmark study and extend that study to test hypotheses relevant to relationships among societal-level variables, organizational practices, and leader attributes and behavior".

For conceptual reasons GLOBE expanded the five Hofstede dimensions to nine. They maintained the labels Power Distance and Uncertainty Avoidance (but not necessarily their meaning). They split Collectivism into Institutional Collectivism and In-Group Collectivism, and Masculinity-Femininity into Assertiveness and Gender Egalitarianism. Long Term Orientation became Future Orientation. They added two more dimensions: Humane Orientation and Performance Orientation. The nine dimensions were covered by 78 survey questions, half of them asking respondents to describe their culture ('as is') and the other half to judge it ('should be'). GLOBE thus produced 9 x 2 = 18 culture scores for each country: nine dimensions 'as is' and nine dimensions 'should be'.

In an evaluation of the GLOBE project (Hofstede, 2006), I re-factor analyzed the country scores on GLOBE's 18 dimensions. Five meta-factors emerged, of which the strongest, grouping seven of the 18 measures, was highly significantly correlated with GNP per capita and next with the Hofstede Power Distance dimension. Three more meta-factors were significantly correlated with respectively the Hofstede Uncertainty Avoidance, Individualism and Long Term Orientation dimensions. The GLOBE questionnaire contained very few items covering Masculinity in the Hofstede sense, but whatever there was belonged to the fifth meta-factor. The results show that in spite of a very different approach, the massive body of GLOBE data still reflected the structure of the original Hofstede model. The GLOBE research has provoked an extensive debate in the literature, but I have seen few applications relevant for practical use by cross-cultural practitioners (Hofstede, 2010). Minkov and Blagoev (2011) have tried to validate each of GLOBE's 18 dimensions by testing their nomological networks (correlation patterns with variables from other sources). The largest number of GLOBE's mutually correlated dimensions can be considered useful as facets of Hofstede's Individualism/Collectivism; some have enriched insights into Hofstede's Power Distance dimension, and GLOBE's Assertiveness "should be" provides some new elements. GLOBE's Humane Orientation and Performance Orientation, both "as is" and "should be" cannot be meaningfully validated at all.

An author sometimes cited as having researched dimensions of national culture is the Dutch management consultant Fons Trompenaars (1993). He distinguished seven conceptual dimensions, the first five borrowed from Parsons and Shils (1951) and the last two from Kluckhohn and Strodtbeck (1961) which he applied to the level of nations (see earlier in this article). Trompenaars collected a database of survey items related to these dimensions, but in the only statistical analysis of his data published so far, applying Multidimensional Scaling to some 9,000 questionnaires, only two interpretable factors emerged, both correlated with Hofstede's Individualism, one of these also with Power Distance (Smith, Dugan, & Trompenaars, 1996; Smith, Trompenaars, & Dugan, 1995). The only country scores that could be based on Trompenaars' data refer to these two flavors of individualism (Smith, Peterson, & Schwartz, 2002). Trompenaars' claim to seven dimensions therefore lacks empirical support.

The World Values Survey has been described above. Although the search for dimensions was not a primary purpose of this study, WVS director Ronald Inglehart in an overall statistical analysis found two key country-level factors which he called: 'Well-being versus survival' and 'Secular-rational versus traditional authority' (Inglehart, 1997, pp. 81-98). Well-being versus survival correlated with a combination of Individualism and Masculinity; Secular-rational versus traditional authority negatively with Power Distance.

Michael Minkov issued an extended and updated version of his 2007 book in a new volume *Cultural Differences in a Globalizing World* (Minkov, 2011). For the dimensions Exclusionism versus Universalism and Monumentalism versus Flexumility, country scores have been re-calculated from partly different sources, for 86 countries for exclusionism and for 43 countries for monumentalism. Indulgence versus Restraint has been reversed and renamed Industry versus Indulgence; scores for 43 countries have been based on a slightly different choice of WVS items. The old and new versions of these three dimensions are still strongly correlated, in the case of Indulgence obviously negatively.

A unique feature of the new book is the addition of a dimension not based on survey questions but on a statistically strong cluster of national statistics: murder rates, HIV (AIDS) rates, adolescent fertility rates and low average IQ (Intelligence Quotient, explainable from low education levels). This can be used for validation of dimensions based on survey items. Minkov called it Hypometropia versus Prudence; hypometropia is a medical term for short-sightedness, which he borrowed to avoid an *a priori* depreciating term. He calculated hypometropia scores for 80 countries. It correlates significantly with Minkov's Exclusionism and Monumentalism. From the six dimensions in Hofstede et al. (2010) only Individualism correlates significantly negatively with hypometropia, across 55 overlapping countries.

Dimensions of Organizational Cultures

The dimensional paradigm can be applied at other than the national level as well, in particular at the organizational and occupational levels (Helmreich & Merritt, 1998). A research project similar to the IBM studies but focusing on organization rather than national differences was carried out by this author and a team of collaborators in the 1980s (Hofstede, Neuijen, Ohavy, & Sanders, 1990). Qualitative and quantitative data were collected in twenty work organizations or parts of organizations in the Netherlands and Denmark. The units studied varied from a toy manufacturing company to two municipal police corps. The study consisted of three phases: open-ended interviews with a selection of informants, forced-choice questionnaires with all, or random samples of, employees, and collecting measurable characteristics at the organization level. The questionnaires included the items used for calculating national culture dimensions in the IBM cross-national survey, but added a large number of questions collected by the 18 interviewers in the interview phase. This study found large differences among units in perceptions of daily practices but only modest differences in values, beyond those due to such basic facts as nationality, education, gender and age group.

Six independent dimensions, resembling distinctions known from organization sociology, were identified that describe the larger part of the variety in organization practices. These six dimensions can be used as a framework to describe organization cultures, but their research base in twenty units from two countries is too narrow to consider them as universally valid and sufficient. For describing organization cultures in other countries and/or in other types of organizations, additional dimensions may be necessary or some of the six may be less useful. The six dimensions found in our research were:

1. *Process-oriented versus results-oriented*

Process-oriented cultures are dominated by technical and bureaucratic routines, results-oriented by a common concern for outcomes. This dimension was associated with the culture's degree of homogeneity: in results-oriented units, everybody perceived their practices in about the same way; in process-oriented units, there were vast differences in perception among different levels and parts of the unit. The degree of homogeneity of a culture is a measure of its 'strength': the study confirmed that strong cultures are more results- oriented than weak ones, and vice versa (Peters & Waterman, 1982).

2. *Job-oriented versus employee-oriented*

The former assume responsibility for the employees' job performance only, and nothing more; employee-oriented cultures assume a broad responsibility for their members' well-being. At the level of individual managers, the distinction between job orientation and employee orientation has been popularized by Blake and Mouton's Managerial Grid (1964). The Hofstede et al. study (1990) shows that job versus employee orientation is part of a culture and not (only) a choice for an individual manager. A unit's position on this dimension seems to be largely the result of historical factors, like the philosophy of its founder(s) and the presence or absence in its recent history of economic crises with collective layoffs.

3. *Professional versus parochial*

In the former, the (usually highly educated) members identify primarily with their profession; in the latter, the members derive their identity from the organization for which they work. Sociology has long known this dimension as 'local' versus 'cosmopolitan', the contrast between an internal and an external frame of reference (Merton, 1949).

4. *Open systems versus closed systems*

This dimension refers to the common style of internal and external communication, and to the ease with which outsiders and newcomers are admitted. This is the only one of the six dimensions for which a systematic difference was found between Danish and Dutch units. It seems that organizational openness is a societal characteristic of Denmark more than of the Netherlands. This shows that organization cultures also contain elements from national culture differences.

5. *Tight versus loose control*

This dimension deals with the degree of formality and punctuality within the organization; it is partly a function of the unit's technology: banks and pharmaceutical companies can be expected to show tight control, research laboratories and advertising agencies loose control; but even with the same technology some units may still be tighter or looser than others.

6. *Pragmatic versus normative*

The last dimension describes the prevailing way (flexible or rigid) of dealing with the environment, in particular with customers. Units selling services are likely to be found towards the pragmatic (flexible) side, units involved in the application of laws and rules towards the normative (rigid) side. This dimension measures the degree of 'customer orientation', which is a highly popular topic in the marketing literature.

The research grounding of these dimensions is documented extensively in Hofstede et al. (1990). Applications and implications can be found in Hofstede et al. (2010, ch. 10).

Dimensionality of Cultures in the Future

The fact that the world around us is changing does not need to affect the usefulness of the dimensional paradigm; on the contrary, the paradigm can help us understand the internal logic and the implications of the changes.

Some critics suggest that the number of dimensions should be extended. Triandis (2004) has defended this position, and the GLOBE project actually tried to extend the five Hofstede dimensions to 18. But additional dimensions are only meaningful if they are both conceptually and statistically independent from those already available, and they should also be validated by significant correlations with conceptually related external measures. There is an epistemological reason why the number of meaningful dimensions will always be small. Dimensions should not be reified. They do not 'exist' in a tangible sense. They are constructs: if they exist, it is in our minds (Levitin, 1973). They should help us in understanding and handling the complex reality of our social world. But human minds have a limited capacity for processing information, and therefore dimensional models that are too complex will not be experienced as useful. In a famous short article, Miller (1956) argued that useful classifications should not have more than seven categories, plus or minus two. I would go for the minus rather than the plus.

Within the dimensional model cultures can of course change their position on a dimension. Critics argue that Hofstede country scores based on IBM subsidiaries around 1970 are obsolete. But studies correlating the old country scores with related variables available on a year-by-year basis in many cases find no weakening of the correlations. A good reason for this is that the country scores on the dimensions do not provide *absolute* country positions, but only their positions *relative to the other countries* in the set. The relationship of the dimensions to basic problems of societies and the historical evidence of the continuity of national solutions to such problems suggest that even over much longer

periods the measures obtained will retain their validity. Influences like those of new technologies tend to affect all countries without necessarily changing their relative position or ranking; if their cultures change, they change together. Only if on a dimension one country leapfrogs over others will the validity of the original scores be reduced. This is a relatively rare occurrence. China might be one of those rare cases, where after a period of relative isolation, decades of unparalleled double-digit economic development concurrent with rapid global exposure and integration may be bringing about shifts, especially in the younger generation. But this remains to be demonstrated in carefully designed research.

Some authors predict that new technologies will make societies more and more similar. Technological modernization is an important force toward culture change and it leads to partly similar developments in different societies, but there is not the slightest proof that it wipes out variety on other dimensions. It may even increase differences, as on the basis of pre-existing value systems societies cope with technological modernization in different ways.

Culture change basic enough to invalidate the country dimension index rankings, or even the relevance of the dimensional model, will need either a much longer period – say, 50 to 100 years – or extremely dramatic outside events. Many differences between national cultures at the end of the 20th century were already recognizable in the years 1900, 1800 and 1700 if not earlier. There is no reason why they should not play a role until 2100 or beyond.

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Geert Hofstede (1928) holds an M.Sc. level degree in mechanical engineering and a Ph.D. level degree in social psychology. He had a varied career both in industry and in academia, retiring as a professor of organizational anthropology and international management from the University of Maastricht, the Netherlands, in 1993. Through his book *Culture's Consequences* (1980, new edition 2001) he became a pioneer of comparative intercultural research; his ideas are used worldwide. A student-level book Cultures and Organizations: Software of the Mind (1991, third edition 2010 co-authored with Gert Jan Hofstede and Michael Minkov) has so far appeared in 16 European and 3 Asian languages. Geert Hofstede was listed in the Wall Street Journal of May 2008 among the Top 20 most influential business thinkers. He held visiting professorships in Hong Kong, Hawaii, Australia and New Zealand. He received honorary doctorates from seven European universities, and is a Fellow of the Academy of Management and the Academy of International Business in the USA and a Honorary Fellow of the International Association for Cross-Cultural Psychology.

Discussion Questions

1. In today's newspaper, find an article about an event or situation in which cultural differences between persons born and educated in different countries may have played a role (there are always several). Which *one* of the six Hofstede et al. (2010) dimensions is most useful for understanding what was said and done?[1]

2. Think of the last time you personally experienced a culture shock. Culture shock occurs when somebody becomes painfully aware that a person or persons born and educated in another country think(s), feel(s) and/or act(s) differently from what was expected. What happened and which *one* of the six Hofstede et al. (2010) dimensions explains best the reason for the shock?

3. Next time you attend an international meeting, compare the theories and ways of presentation of participants born and educated in different countries. Which *one* of the six Hofstede et al. (2010) dimensions was most useful for understanding the differences in what was said and how?

4. Draw the culture profile of the country in which you grew up on the six Hofstede et al. (2010) dimensions. Then imagine two persons from two different countries and imagine how each of them will describe your culture to a compatriot.

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[1] Culture scores of countries can be found in Hofstede, Hofstede and Minkov (2010) and on our home website www.geerthofstede.nl under "research and VSM" and "dimension data matrix". Scores are also published on a website www.geert-hofstede.com operated by ITIM consultants and on a "Culture GSM" app, but the author is not responsible for the information presented there.