

## Week 2 Culture dimension

### **Culture:**

- › Shared system of meanings (Trompenaars)
- › “Software of the mind” (Hofstede)
- › Dictates what we notice, how we act, what we value, and what is important to us
- › Has many dimensions

### What influences culture?

- › Economy
- › Religion
- › History
- › Geography/climate
- › Government
- › Attitude towards outsiders
- › Media
- › Education
- › Mobility
- › Population
- › Language
- › Popular Myths

### **8 Frameworks:**

- › Hofstede
- › GLOBE
- › Trompenaars
- › Hall
- › Kluckhohn & Strodtbeck
- › Schwartz
- › Inglehart et al (World Values Survey)
- › Triandis

### **Hofstede (1980)**

- › Individualism/Collectivism (U.S. vs. Guatemala)
- › Power Distance (Malaysia vs. Austria)
- › Masculinity/Femininity (Japan vs. Sweden)
- › Uncertainty Avoidance (Greece vs. Singapore)
- › ... Later on, Long Term Orientation, developed in 1985 with Michael Bond (China vs. Pakistan)
- › Most recently, Indulgence vs. Restraint (Latin America vs. East Asia & Muslim Mid. East)
- › Collected data in late 60's and early 70's
- › 100,000+ respondents, IBM

### Globe Project dimensions (2004):

- › Individualism/collectivism (in-group)
- › Individualism/collectivism (institutional)
- › Performance orientation (society encourages and rewards work, innovation, and high standards)
- › Future orientation (encourage or reward future-oriented behaviours)
- › Gender egalitarianism (how roles should be allocated btw. Men and women)
- › Assertiveness (highly assertive vs. highly nurturing)
- › Humane orientation (encourage individuals for being fair, altruistic, friendly, etc.)
- › Power distance
- › Uncertainty avoidance

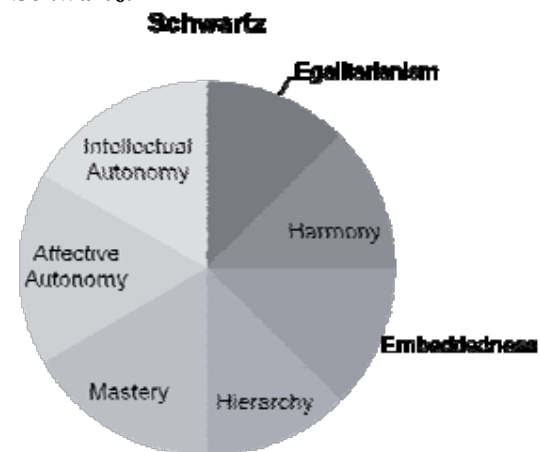
### **K & S (50s to 60s)**

- › Relation to Nature (harmony vs. mastery)
- › Time Orientation (past, present, or future orientation)
- › Basic Human Nature (evil, good, neutral)
- › Activity Orientation (being, doing, or controlling/thinking)
- › Relationships among People (individualistic, group, & hierarchical)
- › Space Orientation (public, private, or mixed)
- › \*\*\*note: no quantitative scores. Theory only!

### **Trompenaars (1990s)**

- › Universalism vs. particularism
- › Individualism vs. collectivism
- › Specificity vs. diffusion
- › Achieved status vs. ascribed status
- › Inner vs. outer direction/control
- › Sequential time vs. synchronous time
- › Neutral vs. emotional

### **Schwartz:**



### Triandis's Framework

- › 'Verticalness' vs. 'horizontalness'
- horizontal collectivism [Israeli kibbutim] individual is a member of a group, members have = status
- vertical collectivism [India] individual is member of group, members have ≠ status
- horizontal individualism [Australia, Sweden] individual self is valued, individual = others in status.
- vertical individualism [USA, UK] individual self is valued, individuals have ≠ status

### Additional cultural dimensions:

- › “Clock time” vs. “event time”
- › High context vs. low context culture
- › (Edward Hall gives example of Arabs, Italians as being “high context,” and Germans as being “low context.”)

### Cultural studies:

- › World Values Survey
- (Self-expression, survivalism, traditionalism, secular-rationalism)
- › Cultural metaphors (Gannon)
- › Cultural clusters (Ronen & Shenkar)

***How these dimensions affect IB:***

- Contracts: existence, specificity, flexibility
- Planning for ST and LT
- Role in the community
- HR: employer commitment and rules for employment
- Management: who leads? How did they get there?
- Accounting: culture's impact on accounting values and standards
- Strategy: how best to enter market
- Laws: how to protect assets

## 1 Hofstade's (1980):

- **Individualism/ collectivism:**
  - **Individualism: concern for themselves and their families**
  - Eg. UK employees receive recognition for individual achievement even work as a team
  - **Collectivism: value overall good of the group**
  - Eg. Mexico people look after each other in exchange for loyalty, emphasize belongings and make group decision
- **Power distance:**

**The extent to which the lower members of the society accept and expect the power will be distributed unequally** (they recognize there are people at the top and they are ok)

  - Eg. Large PD society Malaysia: managers make most decisions, layers of management in an org, clear difference in rank
  - Eg. Small PD society Austria: more participation in decision making and disregard hierarchical level (high level = low level positions)
- **Masculinity/ Femininity:**
  - **Masculinity: Preferences in society for tough values** like achievements, assertiveness, material rewards, earnings, competition, recognition, independent decision making
  - Eg. Japan
  - **Femininity: a society that concerns tender values** like cooperation, caring for the weak, personal relationship, QoL, services, group decision making
  - Eg. Sweden
- **Uncertainty avoidance**

**The extent to which the society wishes to avoid or minimize ambiguity or uncertainty through a form of rules and processes**

  - **High UA** society wishes to avoid uncertainty a lot, tend to have a lot of rules and procedures, very low tolerance in deviations from the rules
  - Eg. Greece: strict laws, high need of security, great respect for experts
  - **Low UA** society: more comfortable with not knowing how employees are going to behave, more open-minded to unplanned things happening, fewer rule to deal with ambiguity

➤ Eg. Singapore: simple process & broadly stated strategies

- **Long term orientation:**

**Culture that look into current actions' influences on future generations**

  - Japan and China: take farsighted view of investments
  - U.S.: concern here and now, focus on quarterly and yearly profit results
- **Indulgence/ Restraint:**

**the extent to which a society rewards fun, pleasure, your pursuit of own personal happiness**

  - Indulgence: Latin America; Restraint: East Asia and Middle East

## 2 GLOBE project dimension (2004):

- **Individualism/ collectivism (in-group)**

About family, company, ...

  - **Individualism: Emphasize individual achievement and rewards** eg. Greece and Brazil
  - **Collectivism: individuals express pride, loyalty, cohesiveness in orgs or family**
  - Eg. Egypt and Russia
- **Individualism/ collectivism (institutional)**

**Society wide**

  - Eg. Singapore: encourage and reward collective distribution of resources and collective action
- **Performance orientation:**

**Society encourages and rewards work, innovation, high standards**

  - US and Singapore: emphasize training and development
  - Russia and Greece: family and background count for more
- **Future orientation:**

**Society encourages future-orientated behaviors like delaying gratification, planning and investing in future**

  - Singapore and Switzerland: LT horizons and more systematic planning process