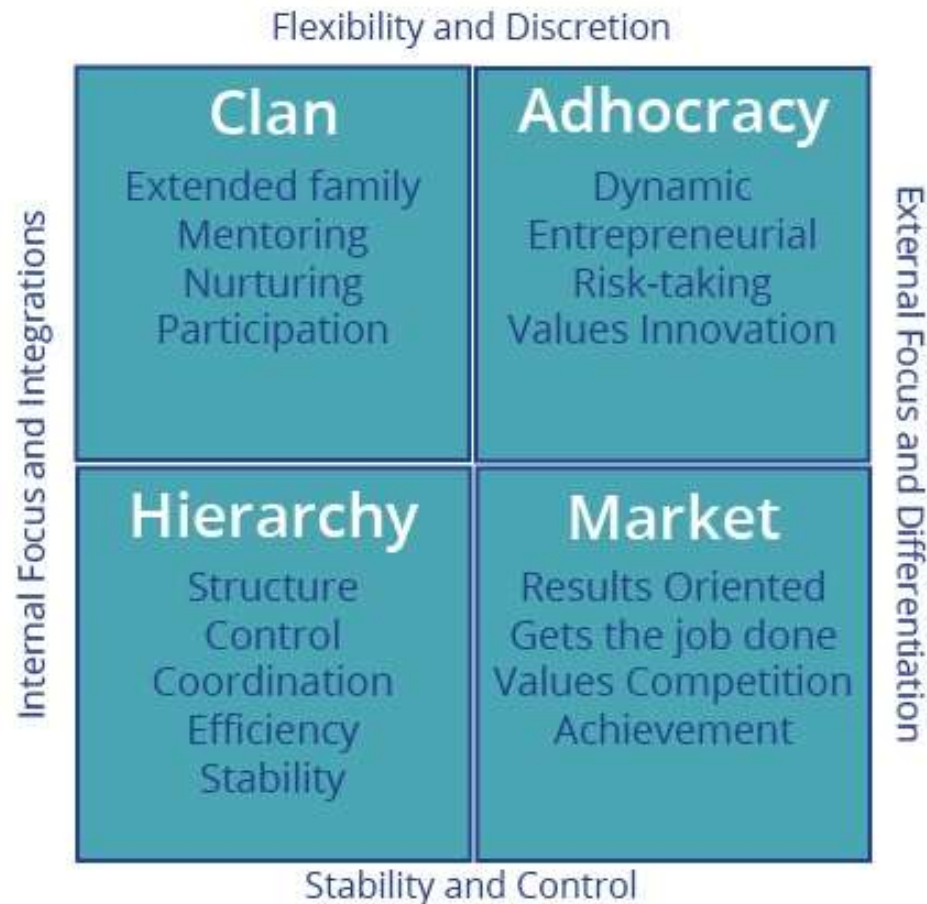


Organizational Culture

- Organizational culture is the set of values, expectations, and practices that guide and inform the actions of all team members.

Types of Organizational Culture



1. Clan Culture:

Primary Focus: Mentorship and teamwork.

Motto: “We’re all in this together.”

A clan culture is people-focused in the sense that the company feels family-like. This is a highly collaborative work environment where every individual is valued and communication is a top priority.

2. Adhocracy Culture:

Primary Focus: Risk-taking and innovation.

Motto: “Risk it to get the biscuit.”

Adhocracy cultures are rooted in innovation and adaptability. These are the companies that are on the cutting-edge of their industry — they’re looking to develop the next big thing before anyone else has even started asking the right questions.

3. Market Culture:

Primary Focus: Competition and growth.

Motto: “We’re in it to win it.”

Market culture prioritizes profitability.

Everything is evaluated with the bottom line in mind; each position has an objective that aligns with the company’s larger goal, and there are often several degrees of separation between employees and leadership roles.

4. Hierarchy Culture:

Primary Focus: Structure and stability.

Motto: “Get it done *right*.”

Companies with hierarchy cultures adhere to the traditional corporate structure. These are companies focused on internal organization by way of a clear chain of command and multiple management tiers that separate employees and leadership.

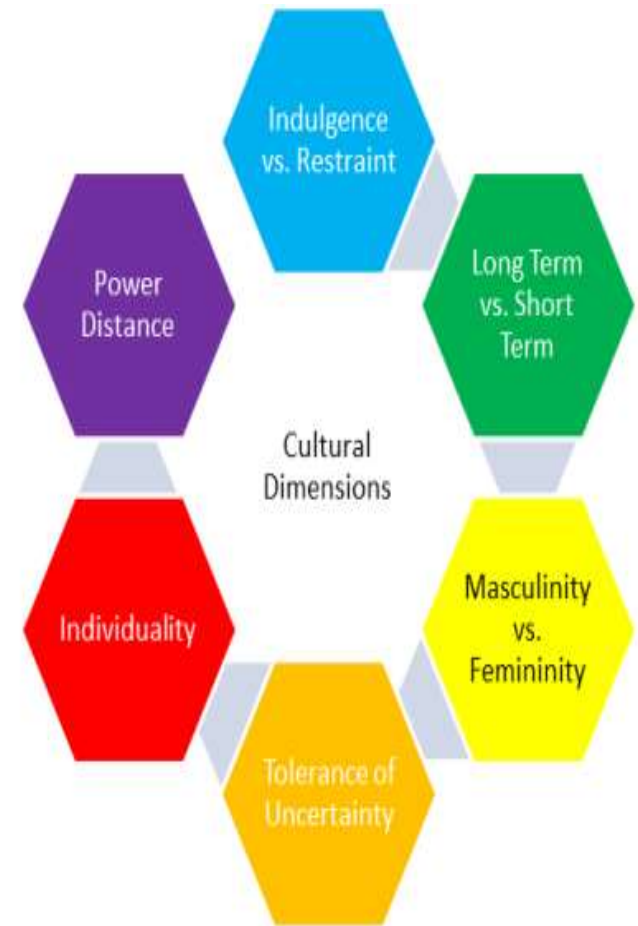
Hofstede cultural dimensions

- National culture has an influence on major business activities, from capital structure to group performance.
- Cultural awareness can lead to greater success and lack of it can lead to their failure in international market.
- 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 cultural dimensions

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- Power distance
- Individualism vs. collectivism
- Tolerance of uncertainty or uncertainty avoidance
- Masculinity vs. femininity
- Long term vs. short term orientation
- Indulgence vs. restraint



Hofstede cultural dimensions

1. Power distance index (PDI)

- This refers to the degree of inequality that exists – and is accepted – between people with and without power.
- A high PDI score indicates that a society accepts an unequal, hierarchical distribution of power, and that people understand "their place" in the system.
- A low PDI score means that power is shared and is widely dispersed, and that society members do not accept situations where power is distributed unequally.
- **Application:** According to the model, in a high PDI country, such as [Malaysia](#) (100), team members will not initiate any action, and they like to be guided and directed to complete a task. If a manager doesn't take charge, they may think that the task isn't important.

Hofstede cultural dimensions

2. Individualism vs. collectivism

- This refers to the strength of the ties that people have to others within their community.
- A high individualism score indicates weak interpersonal connection among those who are not part of a core "family." Here, people take less responsibility for others' actions and outcomes.
- In a collectivist society, people are supposed to be loyal to the group to which they belong, and, in exchange, the group will defend their interests. The group itself is normally larger, and people take responsibility for one another's wellbeing.
- Individual Vs Team

Hofstede cultural dimensions

3. Tolerance of uncertainty or uncertainty avoidance (UAI)

- This dimension describes how well people can cope with anxiety.
- In societies that score highly for Uncertainty Avoidance, people attempt to make life as predictable and controllable as possible.
- If they find that they can't control their own lives, they may be tempted to stop trying. These people may put their fate "in the hands of God."
- People in low UAI-score are more relaxed, open or inclusive.
- **Application:** In Hofstede's model, **Greece** tops the UAI scale with 100, while **Singapore** scores the lowest with eight.

Hofstede cultural dimensions

4. Masculinity versus femininity

- This refers to the distribution of roles between men and women. In masculine societies, the roles of men and women overlap less, and men are expected to behave assertively. Demonstrating your success, and being strong and fast, are seen as positive characteristics.
- In feminine societies, however, there is a great deal of overlap between male and female roles, and modesty is perceived as a virtue. Greater importance is placed on good relationships with your direct supervisors, or working with people who cooperate well with one another.

Hofstede cultural dimensions

5. Long term versus short term orientation

- High scoring countries tend to be pragmatic, modest, long-term oriented, and more economical and careful. In low-scoring countries, people tend to be religious and nationalistic. Self-enhancement is also important here, along with a person's desire to please their parents.
- **Application:** The U.S. has a normative score. This is reflected in the importance of short-term gains and quick results (profit and loss statements are quarterly, for example). It is also reflected in strong normative positions politically and socially.

Hofstede cultural dimensions

6. Indulgence versus restraint (IVR)

- Countries with a high IVR score allow or encourage relatively free gratification of people's own drives and emotions, such as enjoying life and having fun. In a society with a low IVR score, there is more emphasis on suppressing gratification and more regulation of people's conduct and behavior, and there are stricter social norms.
- **Application:** According to the model, Eastern European countries, including Russia, have a low IVR score. Hofstede argues that these countries are characterized by a restrained culture, where there is a tendency towards pessimism. People put little emphasis on leisure time and, as the title suggests, people try to restrain themselves to a high degree.

Hofstede Cultural Dimensions

Individualistic/collectivistic	Prioritization of personal and group goals
Masculine/Feminine	Role definitions. Masculine societies compartmentalize rules and roles for men and women but it is less so in feminine cultures
Uncertainty avoidance	How comfortable are people with changing the way they work or live with or prefer the familiar systems (high UA)
Power distance	Comfort regarding influencing upward hierarchy
Time perspective	Long-term vs. short term planning
Indulgence/Restraint	Allowing gratification and enjoyment vs. following strict social norms