Hofstede's Cultural Framework

by Sophia

1. Introduction to Culture in the Workplace

As the business world becomes more global, employees will likely face someone from another country at some point in their careers, companies will negotiate with companies from other countries, and even employees of domestic companies will likely encounter someone from another country.

Furthermore, trends suggest that **immigration**, the movement of people into a new country from their home country (or country of origin), will continue to grow worldwide, a process that will contribute to making companies' workforces increasingly diverse. Additionally, many multinational companies rely on **expatriates** to run their local operations. An expatriate is a foreign employee who moves to and works in another country for an extended period of time. All of these trends mean that during your career you are likely to encounter someone from a different culture and that the potential for cross-cultural tensions is high. It is therefore important for any international management student to understand culture to better prepare for dealing with such tensions.

According to Geert Hofstede, a Dutch social psychologist, **culture** is "the collective programming of the mind which distinguishes the member of one group or category of people from another." It tells people who they are, which behaviors are appropriate, and which are not acceptable in any society (Hofstede, 2001). It affects almost everything we do, see, feel, and believe. In fact, if you have heard of the "American dream," where if one works hard, one can achieve one's dream, you are aware of one characteristic aspect of American culture.

Consider any aspect of your life, and it is likely influenced by your culture. The food you eat, the clothes you wear, and even how you address your boss or teacher are influenced by your culture. Societies develop cultural norms, values, and beliefs to assist their members in adapting to their environments.

Why is an understanding of culture critical to a manager in a global environment?
As you have already seen, anyone from any country is likely to encounter someone from another country at the workplace. Such interactions can result in misunderstanding or tensions if not properly managed. Business magazines are full of examples of cross-cultural misunderstandings that have doomed relationships and business.

⤸ EXAMPLE U.S. managers sent to Beijing, China, get frustrated because they find that their hosts are more interested in socializing than concluding a deal. Understanding Chinese culture would have prevented such a misunderstanding because the U.S. managers would understand that it is very important for Chinese companies to get to know who they are working with before signing any deal.

📄 TERMS TO KNOW

Immigration
The movement of people into a new country from their home country (or country of origin); will continue to grow worldwide.

Expatriate
Foreign employee who moves and works in another country for an extended period of time.

Culture
The collective programming of the mind which distinguishes the member of one group or category of people from another.

2. Hofstede's Model of National Culture

Although there are several frameworks to understand cultural differences, one of the most powerful is **Hofstede's model of national culture** (Hofstede, 2001). Hofstede is a Dutch social scientist who developed his model by surveying over 88,000 employees in IBM subsidiaries from 72 countries. Hofstede developed this cultural model primarily on the basis of differences in values and beliefs regarding work goals. Hofstede's framework is especially useful because it provides important information about differences between countries and how to manage such differences. Recent reviews of research have shown the utility of Hofstede's framework for a wide variety of managerial activities, such as change management, conflict management, leadership, negotiation, and work-related attitudes (Kirkman 2006).

The Hofstede's model is shown in the table below.

Countries	Power Distance	Individualism	Uncertainty Avoidance	Masculinity

Australia	Low	High	Low	High
Canada	Low	High	Low	High
China	High	Low	Medium	Medium
Germany	Low	High	Medium	High
Mexico	High	Medium	High	High
France	High	High	High	Low
Spain	Medium	Medium	High	Low
Greece	Medium	Medium	High	Medium
Denmark	Low	High	Low	Low
Finland	Low	High	Medium	Low
Brazil	High	Medium	Medium	Medium
India	High	Medium	Low	Medium
Japan	Low	Medium	High	High
U.K.	Low	High	Low	High
U.S.A.	Low	High	Low	High

Source: Adapted from Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors and institutions across nations* (2nd ed.). Thousand Oaks, CA: Sage Publications.

🧠 LEARN MORE

There is a dynamic web-based tool available that allows you to choose a country and note the power distance data, per Hofstede. Visit **https://www.hofstede-insights.com/country-comparison-tool** for details.

📄 TERM TO KNOW

Hofstede Model of National Culture
Cultural model developed primarily on the basis of differences in values and beliefs regarding work goals, involving a survey of over 88,000 employees in IBM subsidiaries from 72 countries.

2a. Cultural Dimension 1: Power Distance

Hofstede's original survey of the more than 88,000 employees of the 72 countries revealed four major cultural dimensions. The first cultural dimension is **power distance**, the degree to which members of a society accept differences in power and authority.

🖊 KEY CONCEPT

In societies with **high power distance**, people are more likely to accept that power inequality is good and acceptable. People in high power distance societies are more likely to accept that there are some powerful

people who are in charge and that these people are entitled to special benefits. In contrast, societies with **low power distance** tend to consider that all members are equal.

The following table shows the levels of power distance (and the other cultural dimensions discussed later) in 15 selected societies. Hofstede's scores range from 100 (the highest power distance) to 0 (the lowest).

Implications of Power Distance		
Type of Work Activity	**High Power Distance**	**Low Power Distance**
Organizational structures	• Very centralized • Tall hierarchies with clear levels of managers and subordinates	• Flat organizational hierarchies • Decentralized structures
Managerial authority	• Concentration of authority at the top • Managers rely on formal rules to manage • Authoritative managerial style and decision-making	• Dispersed authority • Managers rely on personal experience • More consultative or collaborative forms of decision-making
Relationship with supervisors	• Subordinates expect to be told what to do • Perfect boss is seen as one who is an autocrat • Information sharing constrained by hierarchy	• Subordinates often expect to be consulted • Ideal manager is seen as a democratic leader • Openness to sharing information
Other issues	• Wide salary gap between top and bottom of organization • Managers often feel underpaid and dissatisfied with careers	• Low salary gap between top and bottom of company • Managers feel paid adequately and are satisfied
Source: Adapted from Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors and institutions across nations* (2nd ed., pp. 107-108). Thousand Oaks, CA: Sage Publications.		

As the table above shows, many of the emerging markets in regions such as Asia and Latin America, such as India, Brazil, and Mexico, all have high power distance scores. In such countries, the concern for hierarchy and inequality in organizations is rooted in early socialization in the family and school. In these countries, children are expected to obey their parents and elders. When these children enter school, teachers assume the dominant role. Children must show respect, and they seldom challenge a teacher's authority. As these individuals take on work roles, the allegiance to teachers is transferred to bosses. Thus, people in high power distance societies will seldom question their supervisors. In contrast, Anglo countries such as the United States, Canada, and the United Kingdom have low power distance. In these countries, people do not expect power differences, and everyone is seen as an equal.

What are the implications of power distance for international management?

Power Distance

Refers to the degree to which societies accept power differences and authority in society.

High Power Distance

People in high power distance societies are more likely to accept that there are some powerful people who are in charge and that these people are entitled to special benefits.

Low Power Distance

People in low power distance societies tend to consider that all members are equal.

2b. Cultural Dimension 2: Individualism and Collectivism

The second cultural dimension we consider here is individualism/collectivism. **Individualism** refers to the degree to which a society focuses on the relationship of the individual to the group. **Collectivism** refers to the degree to which a society focuses on the relationship of the group as a whole.

In societies with high individualism (or low collectivism) scores, individuals are valued for their achievements and are rewarded and recognized for such achievements. In contrast, people who live in societies with low individualism (high collectivism) are seen as being part of a wider group, known as the in-group.

The in-group includes the family, team, or social class, and how individuals relate to such wider groups is seen as important to their success. In other words, people's success is gauged by how others in their groups view and support them.

We again see similar patterns whereby more Anglo cultures such as the U.S., Canada, and the U.K. have relatively high levels of individualism. In contrast, Asian, Latin American, and many emerging countries tend to have cultures that are either on the medium or low range of the individualism dimension. The table shows some of the implications of individualism for management. The effects of most management practices are determined by whether they are done at a group or individual level.

⤳ EXAMPLE in countries with low individualism, one will find that employees are hired and promoted mostly on the basis of association with a larger group, such as a university or high school. In such societies, emphasis is placed on loyalty, seniority, and age.

To operate smoothly in such societies, companies need to appreciate the importance of the larger social group. Additionally, the table below also illustrates that care should be taken in terms of how rewards are distributed. Rewarding individual team members in low individualism societies can result in tensions because the individual team member may become stigmatized. In such cases, rewards done on a group level may work best.

Implications of Individualism

Type of Work Activity	Low Individualism/High Collectivism	High Individualism/Low Collectivism
Relationship with companies	- Employees act in the interest of the in-group (members of the family or same university) - Employee commitment to company relatively low - Employee-employer relationship is almost like a family link	- Employees act in their own interests - Employee commitment to organizations high - Employee-employer relationship based on the market
Human resource, management	- Hiring and promotion takes the in-group into consideration - Better to reward based on equality (give everyone the same reward) rather than equity (base reward on work effort); relatives of employees preferred in hiring - Training best when focused at group level	- Hiring and promotions based on rules - Family relationships unimportant in hiring - Better to reward based on equity - Training done best individually
Other issues	- Belief in collective decisions - Treating friends better than others is normal - Support of teamwork - Less mobility across occupations - Personal relationships very critical in business	- Belief in individual decision-making - Treating friends better than others at the workplace is considered unethical - More mobility across occupations within company - Tasks and company prevail over personal relationships in business

Source: Adapted from Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors and institutions across nations* (2nd ed., pp. 169-170). Thousand Oaks, CA: Sage Publications.

📄 TERMS TO KNOW

Individualism

Degree to which a society focuses on the relationship of the individual to the group.

Collectivism

Degree to which a society focuses on the relationship of the group as a whole.

2c. Cultural Dimension 3: Uncertainty Avoidance

Hofstede's third cultural dimension is **uncertainty avoidance**, the degree to which people in a society are comfortable with risk, uncertainty, and unpredictable situations.

 KEY CONCEPT

People in high uncertainty avoidance societies tend to want to avoid uncertainty and unpredictability. As a result, work environments in such countries try to provide stability and certainty through clear rules and instructions. In contrast, societies with low uncertainty avoidance are comfortable with risk, change, and unpredictability. In these countries, risky and ambiguous situations are less likely to upset people.

The Implications of Uncertainty Avoidance table below shows details of the levels of uncertainty avoidance for the selected 15 countries. We see that Anglo and Scandinavian countries have relatively lower uncertainty avoidance scores. In contrast, many emerging markets (such as Brazil, Mexico, and China) have medium to high uncertainty avoidance scores. Such findings suggest that companies should adapt their practices to conform to the levels of uncertainty avoidance.

⤳ EXAMPLE In high uncertainty avoidance countries, managers are advised to provide structure and order to reduce uncertainty and ambiguity for subordinates. Companies in these cultures have many written rules and procedures that tell employees exactly what the organization expects of them. Additionally, managers should give clear and explicit directions to their subordinates about exactly what is expected of them in performing their jobs. By reducing any ambiguity, subordinates are less anxious.

In contrast, in low uncertainty avoidance countries, subordinates are much more comfortable with ambiguity. Managers can therefore give more flexibility and freedom to employees. Design of organizations also allows for fewer rules and regulations.

The following table provides more detail on the implications of uncertainty avoidance on several managerial aspects.

Implications of Uncertainty Avoidance		
Type of Work Activity	Low Uncertainty Avoidance	High Uncertainty Avoidance
Relationship with companies	- Weak loyalty to companies - Average duration of employment shorter - Preference for smaller organizations	- Strong loyalty to employing organizations - Employment is long-term in duration - Preference for larger companies
Characteristics of supervisors/managers	- Superiors optimistic about subordinate ambition and leadership abilities - Top managers usually involved in strategy - Power of superiors based on relationships and position	- Superiors pessimistic about subordinate ambition - Top managers often involved in operations - Power of superiors based on control of uncertainties

	• Transformational leaders preferred	• Hierarchical control roles preferred
Entrepreneurship and innovation	• Innovators feel less constrained by rules • Renegade championing • Tolerance for ambiguity in procedures and structures • Innovation welcomed	• Innovators feel constrained by rules • Rational championing • Formalized management structures • Innovation resisted

Source: Adapted from Source: Adapted from Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors and institutions across nations* (2nd ed., pp. 169-170). Thousand Oaks, CA: Sage Publications.

📄 TERMS TO KNOW

Uncertainty Avoidance

Refers to the degree to which people in a society are comfortable with uncertainty and unpredictable situations.

2d. Cultural Dimension 4: Masculinity

The fourth and final dimension we consider is **masculinity**, the degree to which a society emphasizes traditional masculine qualities such as advancement and earnings.

✏️ KEY CONCEPT

In high masculinity societies, work tends to be very important to people, gender roles are clear, and work takes priority over other aspects of a person's life, such as family and leisure. In addition, masculine societies emphasize earnings and achievements, and employees tend to work very long hours and take very little vacation time.

The table below shows the masculine scores for selected societies. Anglo cultures such as the U.S. and Canada tend to have high masculinity. This is not surprising given that both the U.S. and Canada tend to have some of the highest number of hours worked. In contrast, Latin European countries such as France and Spain have much lower masculinity as reflected in the importance of leisure in these societies. Scandinavian cultures also reflect low masculinity, a characteristic that is consistent with the preference for quality of life in such countries. We also see that many of the emerging nations have medium to high masculinity.

Implications of Masculinity		
Type of Work Activity	**High Masculinity**	**Low Masculinity**
Relationship with work	• Live in order to work • Preference for high pay	• Work in order to live • Preference for lower number of work hours

	• Workers look for security, pay and interesting work	• Workers look for better working conditions and relationships in work
Characteristics of managers	• Managers seen as cultural heroes • Successful managers primarily exhibit male characteristics • Managers need to be competitive, firm, aggressive, and decisive; managers are very ambitious • Fewer women in management • Managers prepared to move family for career reasons	• Managers are employees like others • Successful managers are seen as possessing both male and female characteristics • Managers hold fairly modest career ambition • More women in management • Managers less prepared to uproot family because of career move
Other issues	• Large pay gap between genders • Job applicants oversell their abilities • Absences due to sickness lower • General preference for larger companies • Conflicts are resolved through fighting until the best person wins	• Low salary gap between top and bottom of company • Managers feel paid adequately and are satisfied • Absences because of sickness higher • Preference for smaller organizations • Conflicts are resolved through compromise and negotiations

Source: Adapted from Source: Adapted from Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors and institutions across nations* (2nd ed., pp. 318). Thousand Oaks, CA: Sage Publications.

⚙ THINK ABOUT IT

Hofstede's category of "masculinity" is representative of its time, and while we need to refer to the terms and concepts used by Hofstede, we can also frame his use of "masculinity" in terms of competition vs. collaboration. The term "masculinity" in this specific context reflects an antiquated view of work as "man's work" and reflects dominance displays vs. collective efforts and tangible reward vs. relationships. Hofstede himself spoke to this issue in an interview later in life.

In his framework of cultural dimensions, Geert Hofstede defines masculinity as the degree to which a society emphasizes traditional "masculine" values. High masculinity cultures prioritize achievement, assertiveness, competition, and material success. These societies often have distinct gender roles, with men expected to be assertive breadwinners and women seen as more nurturing and concerned with quality of life.

By contrast, in this framework, low masculinity cultures place a greater emphasis on cooperation, modesty, and caring for others. Gender roles tend to be more fluid, with both men and women expected to exhibit a wider range of characteristics.

Understanding a society's score on the Hofstede masculinity dimension can be crucial for international business interactions. For instance, companies operating in high masculinity cultures may find employees motivated by performance incentives and status symbols, while those in low masculinity cultures may prioritize work-life balance and collaborative work environments.

This information provides some more insights into the implications of masculinity differences for work-related issues. As you can see, companies in high masculinity (competetive) societies can count on very work-oriented employees. Multinationals are therefore advised to motivate their employees through pay and security. In contrast, individuals in more feminine (collaborative) societies tend to prefer interesting work and more leisure. Strong motivational policies in these societies emphasize a balance between work and leisure, and multinationals in such societies tend to have stronger policies catering to both genders.

⭐ BIG IDEA

One of the underlying themes of cross-cultural research is that countries tend to cluster around cultural dimensions. For instance, we saw how Anglo cultures, Latin American cultures, and Scandinavian countries tend to share similar cultural characteristics. Such categorizations are useful because they help managers simplify their organizational world.

❓ REFLECT

1. Describe Hofstede's approach to defining national culture.
2. Describe power distance and its implications for managers in cultural contexts.
3. Describe individualism versus collectivism and its implications for managers in cultural contexts.
4. Describe uncertainty avoidance and its implications for managers in cultural contexts.

📄 TERM TO KNOW

Masculinity Cultural Dimension
   The degree to which a society emphasizes traditional masculine qualities such as advancement and earnings.

📋 SUMMARY

In this lesson, you explored an **introduction to culture in the workplace**, learning that culture is defined as the collective programming of the mind which distinguishes the member of one group or category of people from another. As the business world becomes more global, it is likely that during your career, you will encounter someone from a different culture; therefore, it is important for any international management student to understand culture, to better navigate any potential cross-cultural tensions. You learned that one way of understanding culture differences in the workplace is through **Hofstede's model of national culture**, a cultural model developed primarily on the basis of differences in values and beliefs regarding work goals. Hofstede's framework is useful for a wide variety of managerial activities, such as change management, conflict management, leadership, negotiation, and work-related attitudes, based upon four major cultural dimensions: **power distance, individualism and**

collectivism, **uncertainty avoidance**, and **masculinity**. It is important to note than countries tend to cluster around cultural dimensions; such categorizations are useful because they help managers simplify their organizational world.

Best of luck in your learning!

Source: Access for free at

REFERENCES

Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors and institutions across nations* (2nd ed.). Sage Publications.

Kirkman, B. (2006). A quarter century of culture's consequences: A review of empirical research incorporating Hofstede's cultural values framework. *Journal of International Business Studies 37*(3), 285-320. doi.org/10.1057/palgrave.jibs.8400202

📄 TERMS TO KNOW

Collectivism
Degree to which a society focuses on the relationship of the group as a whole.

Culture
The collective programming of the mind which distinguishes the member of one group or category of people from another.

Expatriate
Foreign employee who moves and works in another country for an extended period of time.

High Power Distance
People in high power distance societies are more likely to accept that there are some powerful people who are in charge and that these people are entitled to special benefits.

Hofstede Model of National Culture
Cultural model developed primarily on the basis of differences in values and beliefs regarding work goals, involving a survey of over 88,000 employees in IBM subsidiaries from 72 countries.

Immigration
the movement of people into a new country from their home country (or country of origin); will continue to grow worldwide.

Individualism
Degree to which a society focuses on the relationship of the individual to the group.

Low Power Distance

People in low power distance societies tend to consider that all members are equal.

Masculinity Cultural Dimension

The degree to which a society emphasizes traditional masculine qualities such as advancement and earnings.

Power Distance

Refers to the degree to which societies accept power differences and authority in society.

Uncertainty Avoidance

Refers to the degree to which people in a society are comfortable with uncertainty and unpredictable situations.