International Business
Across Cultures

World Trade Practices
Chapter 10

Geert Hofstede
Danish psychologist
Cultural research
while working at IBM
Originally 4 dimensions
Later a 5th dimension added

The world in which you were born is just one model of reality. Other cultures are not failed attempts at being you; they are unique manifestations of the human spirit.
Power distance

Power distance measures the degree to which less powerful members of a culture accept the unequal distribution of power.
- The Arabic-speaking nations, Latin America, Russia, and nearly all of Asia (especially India and China) are high in power distance.
- Most of Europe, Canada, Australia and Israel are low in power distance.
- Japan and Mediterranean-Europe fall in the middle range.

In a high power distance culture:
- It’s acceptable for a supervisor to display his authority
- Superiors rarely give their subordinates important work
- If something goes wrong, the subordinates are usually blamed for not doing their proper job/role
- Managers rarely interact or socialize with workers
- Teachers are treated respectfully
- Local politics are prone to totalitarianism
- Class distinctions are emphasized
- Parents are more highly respected and corporal punishment is more common

In a low power distance culture:
- Supervisors are expected to treat employees respectfully
- Subordinates may do important work, thus having the opportunity to get promoted quickly
- If something goes wrong, the superior/authority figure is usually blamed for having unrealistic expectations or being too strict
- Managers socialize and interact with workers more often
- Teachers are simply employees and parents are merely people
Uncertainty avoidance

Measures a nation’s preference for strict laws and regulations over ambiguity and risk. According to Hofstede’s research, Greece is the most risk-averse culture, and Singapore the least. Protestant, Buddhist, and Hindu cultures rank relatively low. Catholic and Islamic countries tend to score high in uncertainty avoidance. Ironically, high uncertainty avoidance cultures tend to have a less efficient infrastructure than low uncertainty avoidance cultures.

Characteristics of a low uncertainty avoidance culture:

- Typically the country is newer or more recently settled (but not always, as in the case of China and India).
- The population tends to be ethnically diverse.
- Risk is valued in business (e.g., U.S.A.)
- Frequent innovations
- Citizens are proud of the nation
- Foreigners or minorities are encouraged to assimilate.
- Examples: U.S., Singapore, Jamaica, Ireland, Sweden, China, India

Characteristics of a culture high in uncertainty avoidance:

- Generally older countries/cultures with a long history
- The population is more ethnically homogeneous
- Risk is avoided in business (e.g., Germany)
- Low tolerance for innovation, prefer to stick to traditional routines.
- Citizens are often critical of their own nation
- People tend to be more superstitious.
- Smoking is more common.
- Higher maximum speed limits and a higher rate of motor vehicle accidents.
- Examples: Belgium, Germany, France, Greece, Portugal, Japan, Israel, Spain, Latin America
Individualistic and Collectivist Cultures
the extent to which people are expected to stand up for themselves, or alternatively act predominantly as a member of the group or organization.
- Latin American cultures rank the lowest in this category.
- U.S.A. is the most individualistic culture.

Masculinity vs. Femininity
- Refers to the value placed on traditionally male or female values.
  - Masculine cultures value competitiveness, assertiveness, ambition, and the accumulation of wealth and material possessions.
  - Feminine cultures place more value on relationships and quality of life.
- Japan is considered by Hofstede to be the most “masculine” culture.
- Sweden the most “feminine.”
- The U.S. and UK are moderately masculine.

Long vs. Short time orientation
- Describes a society’s “time horizon,” or the importance attached to the future versus the past and present.
- Eastern nations tend to score especially high here.
- Western nations score low and the less developed nations very low.
- China scored highest and Pakistan lowest.
Long vs. Short time orientation

In long term orientation cultures:
- persistence
- ordering relationships by status and observing this order
- thrift
- having a of shame

In short term orientation cultures:
- personal steadiness and stability
- protecting your “face”
- respect for tradition
- reciprocation of greetings, favors, and gifts

IBIS-Consulting Group

Exploring key cultural differences

Gannon’s Metaphors

U.S. – Football
- Most popular sport
- Super Bowl – most popular holiday for gatherings
- Huddling to make decisions
- Based on statistics-reaching a goal

Japan- Garden
- Wa (group harmony)
- Shikata (rules governing behavior)
- Seishin (training the mind to control the body)
- Aesthetics
Universalism vs. Particularism
Individualism vs. Collectivism
Neutral versus Affective relationships
Specific versus diffuse relationships
Achievement versus ascription
Relationship to time
Relationship to nature

Kluckholn and Strodtbeck's Dimensions of Culture

- Six dimensions determined
- So what?
  - As with other cultural models, understand where people are coming from and then respond in alignment with their view of the world.
  - The theme of self vs. others runs through several of these dimensions. If a person is concerned first with themselves, they may avoid duty to others and hoard resource.

The nature of people

- What do people assume about the basic nature and beliefs about other people?
  - Good, bad or some combination.
  - ‘Good’ here is in the traditional sense of being socially oriented.
- A bad person is thus considered selfish.
- How you think about other people in this way will have significant effects on how you respond to them. It also affects how you think about yourself.
**Relationship with nature**

What do people think about nature and their responsibilities and rights around it?
- Some people believe that we should live in harmony with nature, preserving and supporting it.
- Others (and perhaps a majority now) see nature as our servant and supplier. This view allows us to plunder it without concern.
- In other parts of life this translates into the use of all kinds of resources, whether it is used up or sustained.

Kluckholn and Strodbeck, 1961

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**Duty towards others**

What duty do we have towards others?
- Act first to support others?
- Focus only on ourselves?
- Considering the group first supports society, but it also limits the freedom of the individual. It also raises the question about who chooses what is right for the group.

Kluckholn and Strodbeck, 1961

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**Modes of Activity**

- What is the primary mode of activity in an organization or society?
- In some societies, there is a focus on 'being', where who you are is more important than what you do.
- Other societies are very action oriented and status comes from what has been achieved rather than an ascribed status.
Privacy of Space

- How is space treated in a society? Who owns it?
- What rights do people have to occupy it?
- One approach is that space is owned by individuals and privacy is important. Meetings are held behind closed doors and are by invitation only. The alternative is open ownership, where people can go where they please and meetings are open to all who want to attend.

Temporal Orientation

Past?
- Some societies focus on the past, ancestors and traditionalism.

Present?
- Others are focused on the hedonism of today.

Future?
- Still others plan carefully for the future.

Salad Bowl concept

- The salad bowl is the idea that the U.S. is not a melting pot but a salad bowl. It is known as cultural mosaic in Canada.
- All the different cultures are combined (like a salad) but they do not merge together as a homogenous culture.
- Each culture keeps its own distinct qualities, just as an onion does not take on traits of a tomato merely by being placed adjacent to it.
Gestures and Etiquette

Roger Axtell
"Dos and Taboos"