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# HOFSTEDE'S CULTURAL DIMENSIONS AND MANAGEMENT IN CORPORATIONS

Case  
Study

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## Keywords

*Cultural dimensions,  
Hofstede,  
Multinational organizations,  
Business environment,  
Management*

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## JEL Classification

*F20*

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## Abstract

*In many cases the success or failure in management is caused by the way leaders understand the cultural environment the companies develop. The leadership approach and rules applied increase or decrease performance in economies and companies. The paper describes the relation between management failure or success and the management adjustment to the cultural dimensions. People build organizations and rule them according to their values, but in the corporation field specific values might be successfully applied or implying the whole company failure. The analysis is made based on Hofstede research and having in mind his dimensions on a dynamic hypothetical case where there are taken into account cultural dimensions for Romania, Germany, Kazakhstan and United States of America.*

## INTRODUCTION

The current business is getting global and management is not anymore applied through classic theories of Frederick Taylor, Henri Fayol, Max Weber nor neoclassical theoreticians' ideas Herbert Simon, Chester Barnard, James March, Richard Cyert, but brings the business into the present as only direction possible and manage to overcome possible gaps. As the companies now cannot underestimate the power of multicultural management methods are getting close to Hofstede's theory that understands nations and can bring into life useful characteristics of each person.

## REASON

We choose Hofstede theory as classic pattern to understand current path of management. In his landmark study, *"Culture's Consequences: International Differences in Work Related Values"* published in 1980 and with an extended study in 2001 he underlined that culture is the "collective programming of the mind which distinguishes the members of one human group from another" (Hofstede, 1980, p. 13), furthermore he identified five universal values patterns that vary as influence in each country: individualism, masculinity, power distance, uncertainty avoidance, and long-term orientation. Our analysis is based on a comparison of global international business and companies where managers operate in the new, more multicultural environment (Albaum, G., Duerr E., Strandskov, 2005, pp. 99-119). That new challenge put the managers in a situation of working more closely with different cultures and to find "common ground" among different management styles (Jensen and Murphy, 1990). Also culture most of the time plays a role in identity and managers should assume difference is a rule till the similarities are proven. Our goal is to see the similarities in different patterns of success and failures of decision making because of different cultural behavior.

## THE FRAMEWORK OF MANAGEMENT STYLE

Adaptive management style that corporation leaders play is a strategic role in companies' success and survival in mature markets transferring business to a cheaper workforce area is one of the last century strategies. The latest 50 years increased the mobility in global workforce and transferring human resource is a common situation in management. Management styles are adaptive and defined as a recurring set of characteristics that are associated with the decisional process of the firm,

most of the time based on the observations of many others throughout the years that "acts of decision are characteristic of organization behavior as contrasted to individual behavior" (Albaum, 2003). According the above definition a company can be viewed as having a management style that is the collective of its individual managers, and this style becomes part of the "corporate culture" of a company, moreover the leader culture can influence directly his style and corporate culture which can be considered a summation of the cultural backgrounds possessed by company managers (Albaum and Duerr, 2011). Under these circumstances the current business environment is not only a mater of personal actions but collective actions within both a domestic environment and one or more foreign environments (Albaum and Duerr, 2011.).

According the two economista a leader can develop a style under the pressure of foreign environment pushed by: culture and social structure; economic forces; competition; and political and legal forces (Albaum and Duerr, 2011 p.175).

In a different cultural environment, managers impose their decisions differently. According to Ionescu and Stanciu in a power culture the manager is closer to the employees and the power distance is higher while the role culture implies the emphasis of every person importance the company being ruled by procedures and likely administrative (Stanciu and Ionescu, 2015, p. 42).

Following different decision-making' styles we can synthesise the followings management types counting also for the geographical diversity: 1. Information valuation, 2. Quantitative planning, 3. Individual Decision Making, 4. Advance Planning, 5. Information Using (Albaum, 2003, p.2). The five dimensions constitute management styles that empower Hofstede's cultural dimensions.

## CULTURAL DIMENSIONS

Hofstede's approach on different levels of culture implies values, rituals, heros and symbols (Picture 1. Hofstede, Hofstede, Minkov, 2010, p. 8) and a dual analysis in every level of implication being between two variables (evil versus good, dirty versus clean, dangerous versus safe, forbidden versus permitted, decent versus indecent, moral versus immoral, ugly versus beautiful, unnatural versus natural, abnormal versus normal, paradoxical versus logical, irrational versus rational). In Hofstede's opinion culture reproduces itself, roots being very deep in society, values, institution, habits, so having a high level of knowledge in cultural variations is very important in management style that can make international business persons more effective when dealing with

subordinates, colleagues and negotiation partners in foreign countries.

The main question for a manager would be: why cultural differences are important for my leading style as I can impose rules and ask questions? According Hofstede history is the source of values, identity and institutions' regulations (Picture 2.) and under condition of relativism we can identify some cultural dimensions:

1. **Power distance** as the measurement on which a society accepts unequal distribution of power of people and organizations.

2. **Individualism/collectivism**: the degree of responsibility in actions for individuals or groups.

3. **Masculinity/femininity**: the extent to which the social and emotional traits are allocated to different gender.

4. **Uncertainty avoidance**: the level of acceptance given by the threat of uncertainty and ambiguity and as consequence avoidance in such situations.

5. **Long- versus short-term orientation**: the size of social, material and emotional need from a society to program its members to accept delayed satisfaction.

## METHODOLOGY

All the analysis made by Hofstede or all the coming researches based on his studies have used the coefficient of correlation in between dimensions showing the existing strength of the relationship.

Our research is based on different successful or failure analysis business situation famous world wide as their impact on economic life was important in their region or global. The aim was to find a result starting from the paradigm "culture is cognitive" (Nakata, 2009, p. 248), and "culture is collective programming of the mind" (Hofstede, Hofstede, Minkov, 2010, p. 10) to the reality of current economic environment. The existing analysis per countries were compared with those provided by <http://www.worldvaluessurvey.org/wvs.jsp>, <http://geert-hofstede.com>, and finally were made comparative cross data.

Mainly the analysed countries were Western Europe, United States of America, and Asian countries. We have searched failure and successful communication details that might emphasise Hofstede dimensions and with help from a potential case and [worldvaluessurvey.org/](http://www.worldvaluessurvey.org/) we have build potential treats and success taking into account countries like Germany, Kazakstan, Romania and United States of America.

## CASE STUDY

Peter Dowling and his colleagues (2013) present a few cases where different perspectives determine communication and executive actions. Starting from a very interesting situation of Bush challenges in Kazakhstan we have built a scenario with real data provided by used tool.

The Bosch Group is a leading global manufacturer of automotive and industrial technology, consumer goods and building technology. The Bosch Group today comprises a manufacturing, sales and after-sales service network of over 350 subsidiaries and regional companies and more than 15 000 Bosch service centers in roughly 150 countries on three continents (Picture 3.). Even if Europe had more than 65% employees (Table 1.), and the sales structure showed 53% the management and planning is based in Germany where the middle management is chosen from and prepared with guidance for development (Dowling, Festing and Engle, 2013). Talent managers are chosen after a very well prepared plan made by Human Resources department on different stages and following results per performance, individual results and management potential followed by an intermediary step of choosing the most valuable persons for acceptance in Manager Development Plan and after following the growing potential the career development discussion might start. As the internal recruiting takes up to three years a new resource came from expatriates. The production movement in Kazakstan rosen from economical reasons, global pressure and profits being important and finalized even if the educational system is not a priority for the country (Dowling, 2013, p.301). For preparing the production transfer there was prepared a survey to see the cultural dimension projections.

By using [worldvaluessurvey.org/](http://worldvaluessurvey.org/) we have simulated a questionnaire where the asked questions were:

Q1: How much do you trust people of another nationality?

Q2: How much do you worry about loosing your job?

Q3: Living in secure surroundings is important to this person; to avoid anything that might be dangerous?

Q4: How important in life is family?

Q5: How important in life is work?

Q6: How important in life is to feel happiness?

Q7: How important is the emphasis on technology?

Q8: Do you have a great respect for authority?

Q9: Is it important for this person to always behave properly; to avoid doing anything people would say is wrong?

Q10: What do you think is more important: protecting environment or economic growth?

## CONCLUSIONS

The results have shown a higher uncertainty in former soviet countries like Romania (30.9%) and Kazakhstan (42.6%) (Chart 1.) than in longer and stronger democracies with a higher score (more than 90% (Chart 2.) on collectivism showing that community and family is highly important. While for the same two countries work seems to be very important (more than 50%, Chart 3.), Kazakhstan is happier than Romania (13, 6%) (Chart 5.), this country showing the lowest term orientation, both countries counting more on technology than people by this showing the development level and trust is lower than for US or Germany (Chart 6.). The answers given on the importance of family in their life is higher on Kazakhstan (92.4%) and Romania (93.1), (Chart 4.) and shows the stability along feminity dimensions which are very high increasing the difference in between Eastern and Westen culture.

Power distance (Chart 7.) is very high in Romania (the highest 68,7%), even higher than Kazakhstan, in this pattern our country so not fits in the same trend as long democracies Germany and US. The interpretation would be caused by long time of soviet authority accepted.

On the same issue nine persons were asked if it is important to always behave properly; to avoid doing anything people would say is wrong we value their avoidance uncertainty (Chart 8) where Romania has the higher result, not accepting ambiguity and as consequence avoidance in many situations.

Long term orientation can be valued by analyzing the attitude people have regarding their purpose in life (Chart 9.) along their respect on the nature versus technology (Chart 10.), where the approach can be made per each case. If Romania seems to be less introspective about long term life plans, it has a higher percentage on getting involved in economic fields while Kazakhstan results show that the country has a great connection with nature.

Even if the case was built on Kazakhstan and Germany as power pool to highlight diffeences, Romania was chosen as side sample for emphasizing cultural challenges we see common in emergent economies.

In the chosen cases we see two different powerful actions that change or bring together results: the

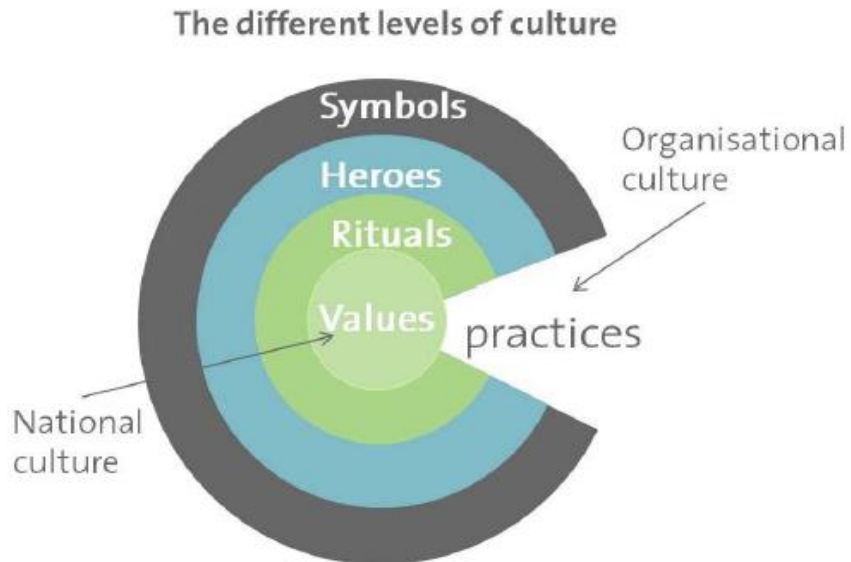
cultural dimensions very powerful activated by *history and values* but also the *economical and political threats* that balance the dimensions by adapted traits, learned in a short time, adopted mostly forced under pressure of economic development.

The conclusion would be that ignoring a cultural dimension can cause economic disruption in new sites implementation. Management should not be taken into account as a standardized correction but within limits of cultural approach taking into account values, history and national identity.

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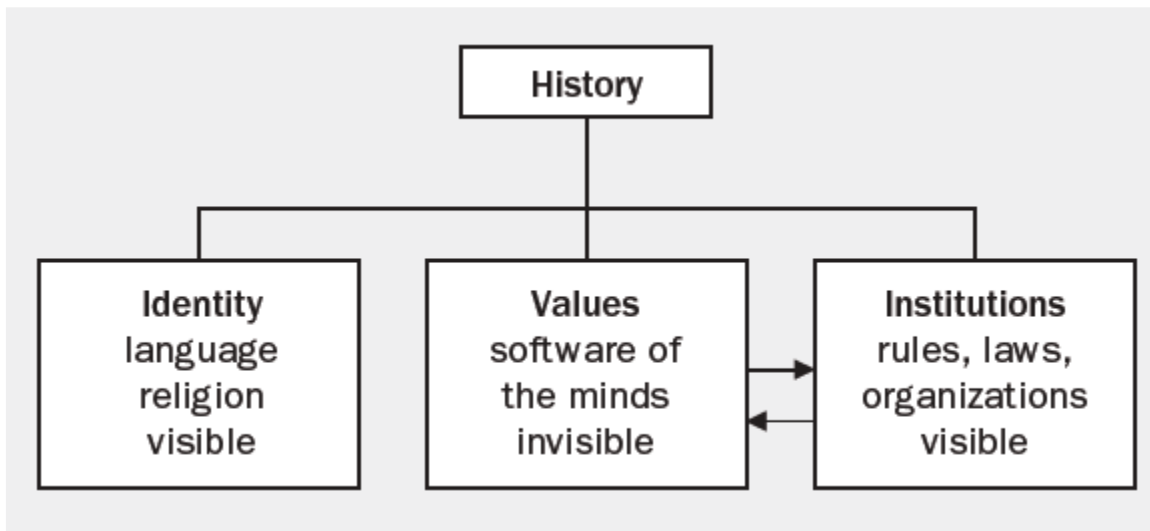
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ANNEXES



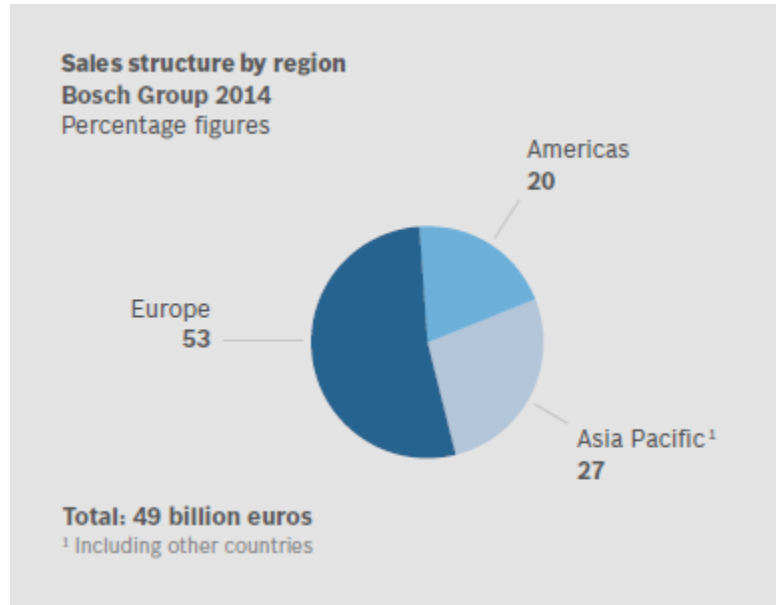
**Picture 1. Hofstede's vision about different levels of culture**

*Source:* Hofstede, G., Hofstede, G.I., Minkov M., (2010), "Cultures and Organizations: Software of the Mind", 3rd Edition, McGraw-Hill USA, p.8.



**Picture 2. The source of differences between countries and groups**

*Source:* Hofstede, G., Hofstede, G.I., Minkov M., (2010), "Cultures and Organizations: Software of the Mind", 3rd Edition, McGraw-Hill USA, p.22.



**Picture 3. Bosch Owned business WW,2014**

*Source:* Bosch report on 2015 with recent results. Source: Robert Bosh GmbH, [http://media.bosch.com/media/ro\\_master\\_remote/publications\\_documents/Bosch\\_Today\\_2015.pdf](http://media.bosch.com/media/ro_master_remote/publications_documents/Bosch_Today_2015.pdf).

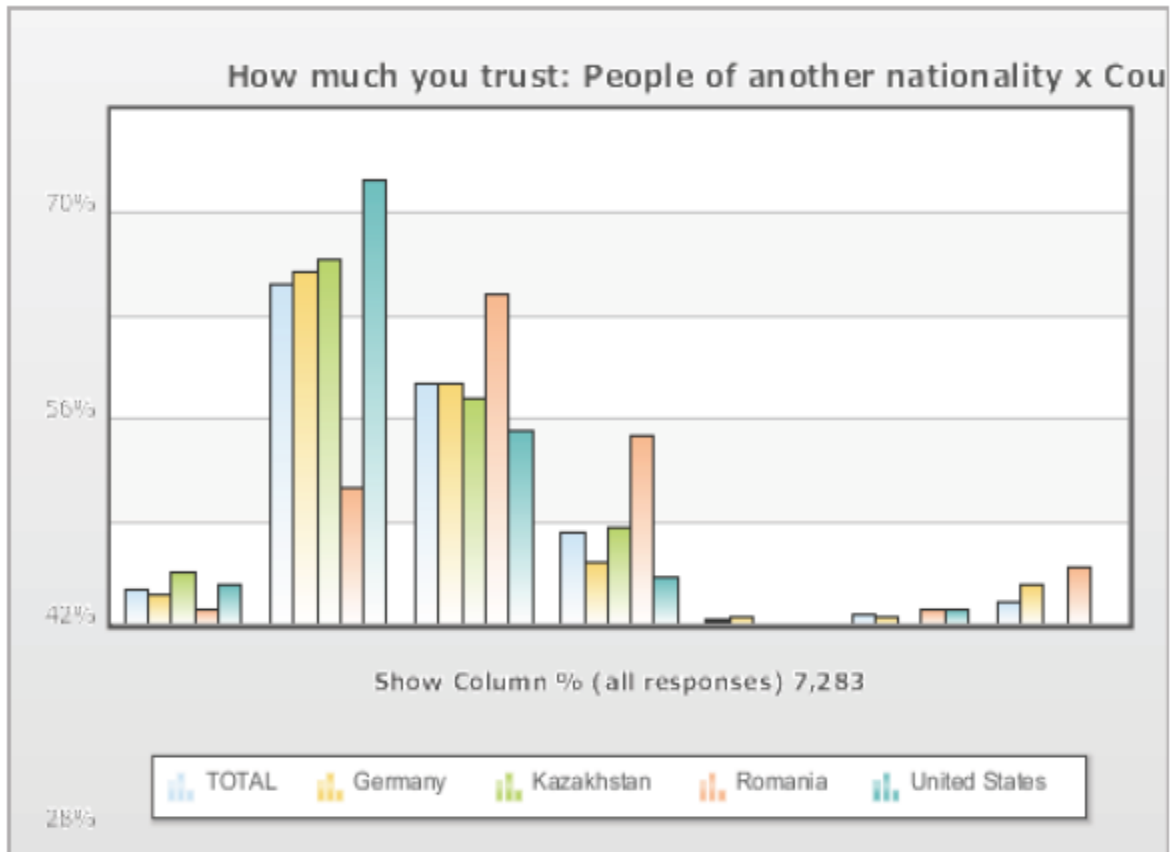
**Table 1. The number of employees 2011 Robert Bosh GmbH, 2011**

Worldwide	283 507
Europe	186 602
Of these in Germany	113 557
Americas	33 689
Asia-Pacific (including other regions)	63 216

*Source:* Robert Bosh GmbH.

**How much you trust: People of another nationality**

	TOTAL	Country Code			
		Germany	Kazakhstan	Romania	United States
Trust completely	4.5	4.0	6.9	1.8	5.2
Trust somewhat	46.0	47.8	49.6	18.4	60.5
Do not trust very much	32.8	32.8	30.5	44.9	26.1
Do not trust at all	12.2	8.4	12.9	25.5	6.3
DE,SE:Inapplicable ; RU:Inappropriate response; Missing	0.3	1.0	-	-	-
No answer	1.2	0.8	-	1.7	1.9
Don't know	3.0	5.2	-	7.7	-
(N)	(7,283)	(2,046)	(1,502)	(1,503)	(2,232)



**Chart 1. Power Distance for Germany, Kazakhstan, Romania and United States**

Source: <http://www.worldvaluessurvey.org/>.

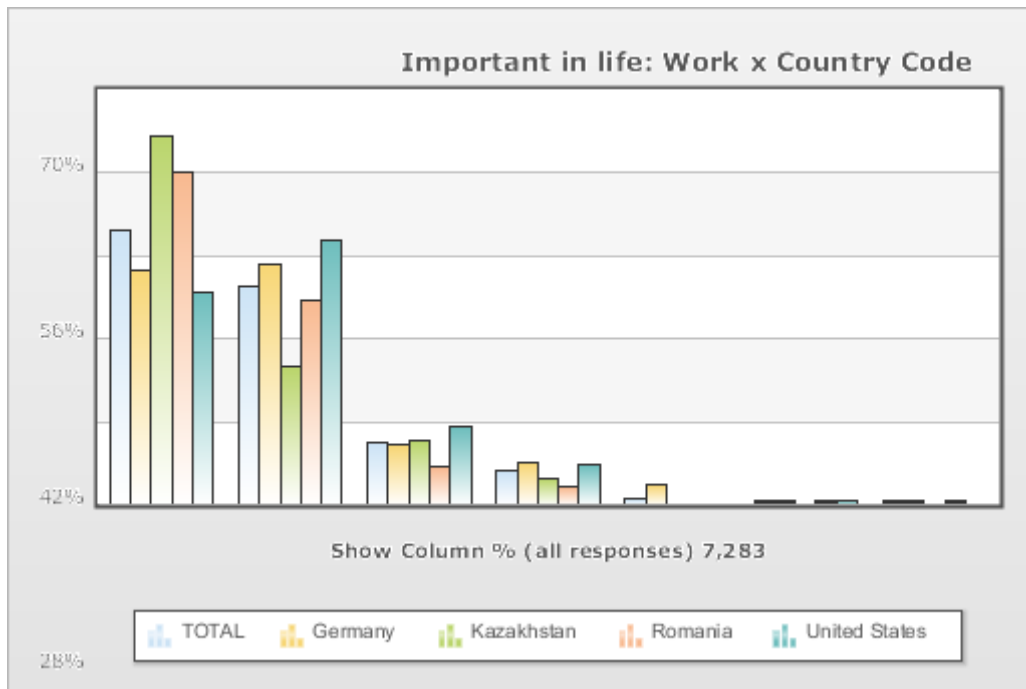
Worries: Losing my job or not finding a job					
	TOTAL	Country Code			
		Germany	Kazakhstan	Romania	United States
Very much	25.4	12.7	42.6	30.9	21.7
A great deal	20.7	19.7	26.6	18.6	18.9
Not much	22.2	27.1	15.2	14.7	27.4
Not at all	25.1	28.9	12.7	24.7	30.2
Inapplicable (Neither has, nor seeks a job)	3.2	11.3	-	-	-
No answer	2.2	0.1	2.8	5.0	1.8
Don't know	1.3	0.2	-	6.1	-
(N)	(7,283)	(2,046)	(1,502)	(1,503)	(2,232)



**Chart 2. Uncertainty if loosing a job in Germany, Kazakhstan, Romania and United States**

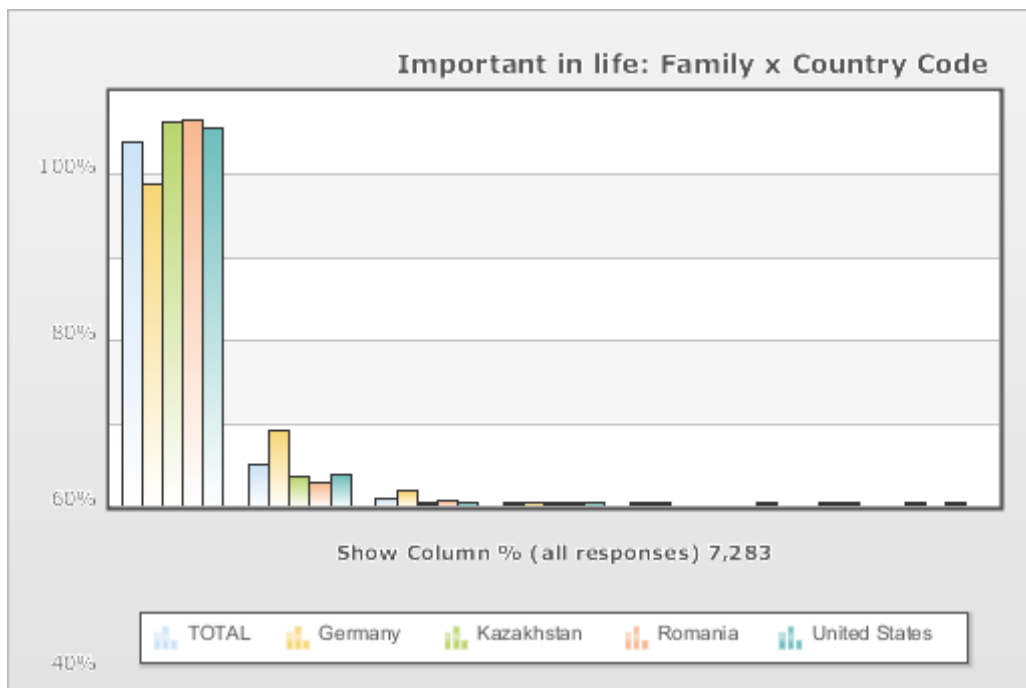
Source: <http://www.worldvaluessurvey.org/>.





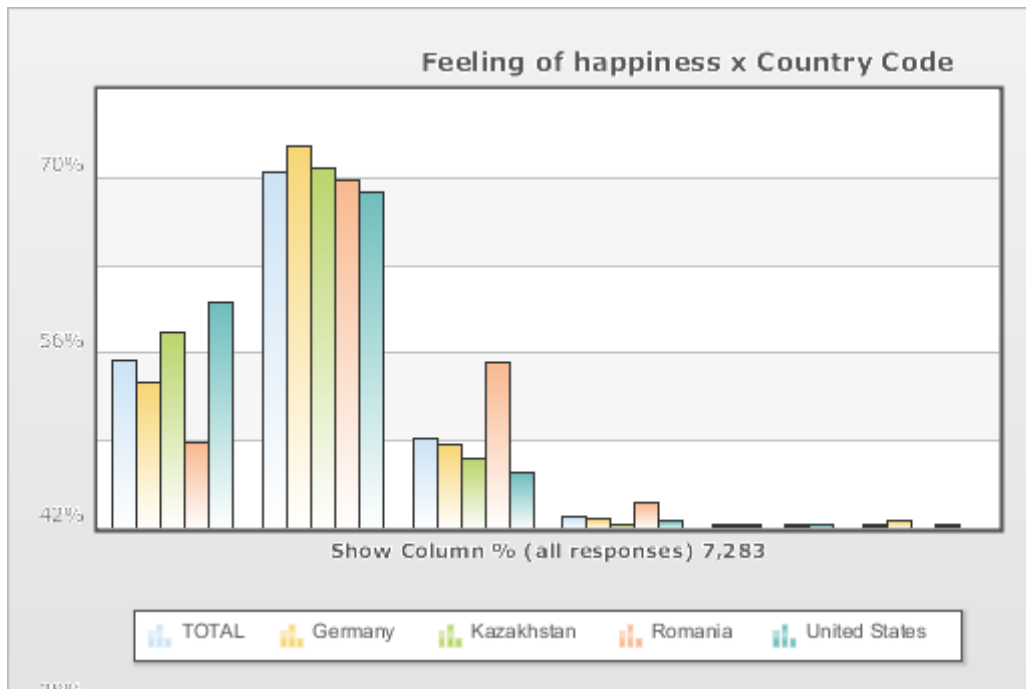
**Chart 3. Work importance in Germany, Kazakhstan, Romania and United States**

Source: <http://www.worldvaluessurvey.org/>.



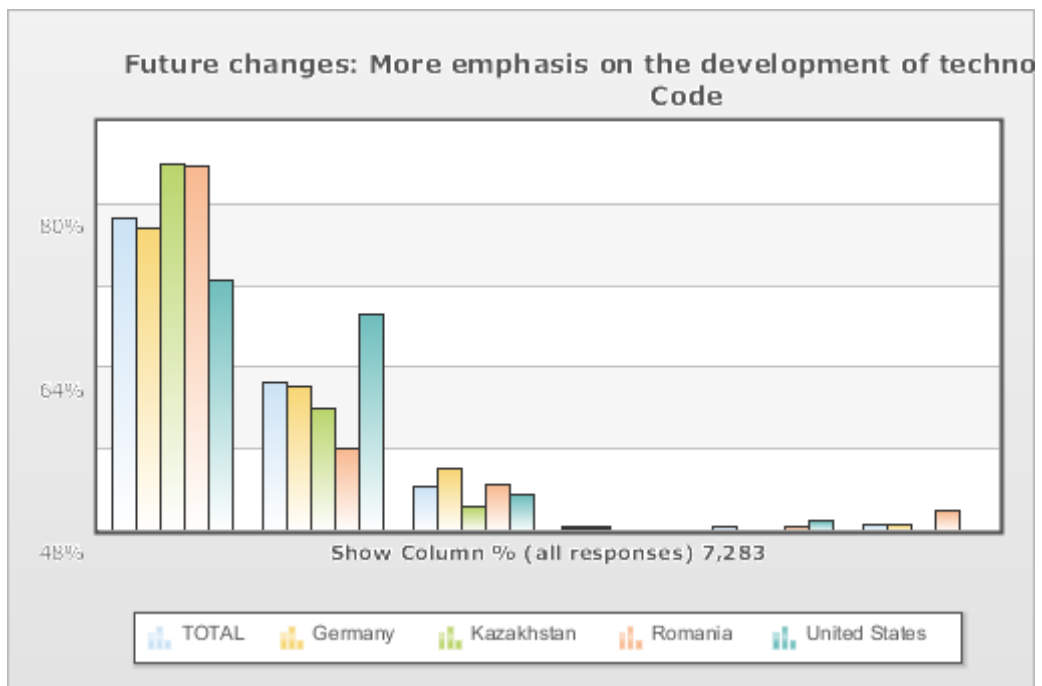
**Chart 4. Family significance in Germany, Kazakhstan, Romania and United States**

Source: <http://www.worldvaluessurvey.org/>.



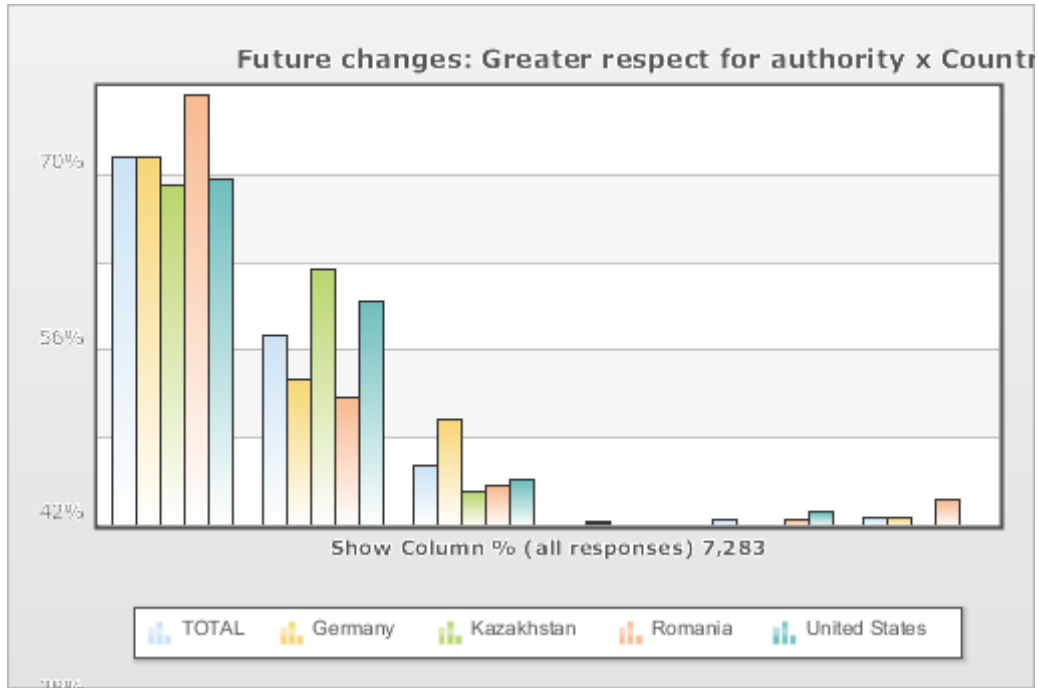
**Chart 5. Happiness consideration in Germany, Kazakhstan, Romania and United States**

Source: <http://www.worldvaluessurvey.org/>.



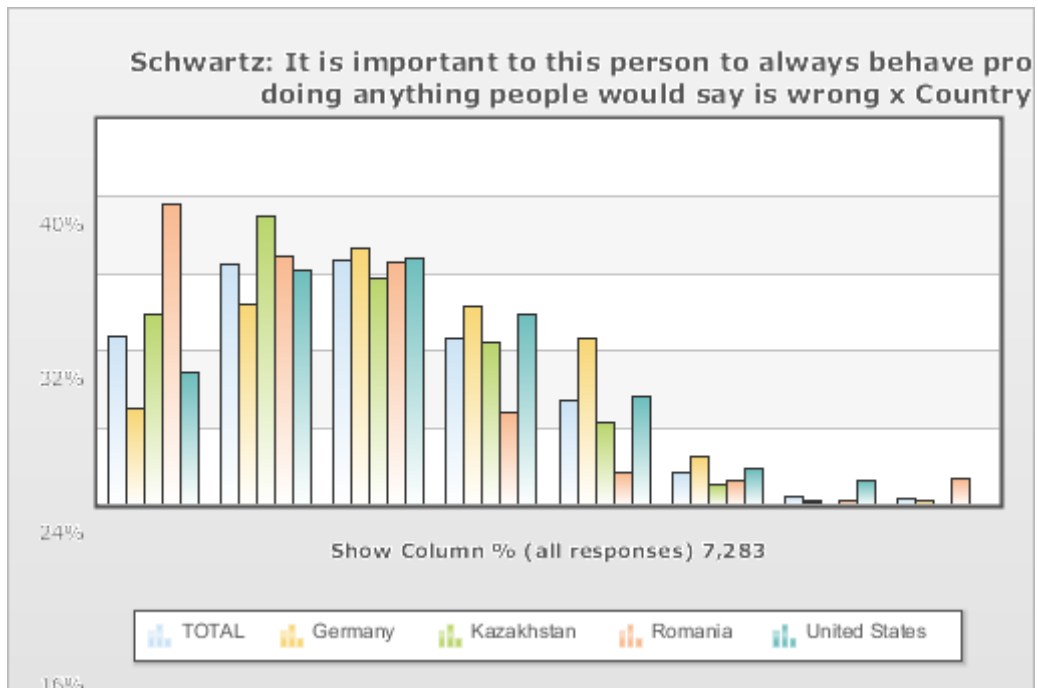
**Chart 6. Reaction to technology for Germany, Kazakhstan, Romania and United States**

Source: <http://www.worldvaluessurvey.org/>.



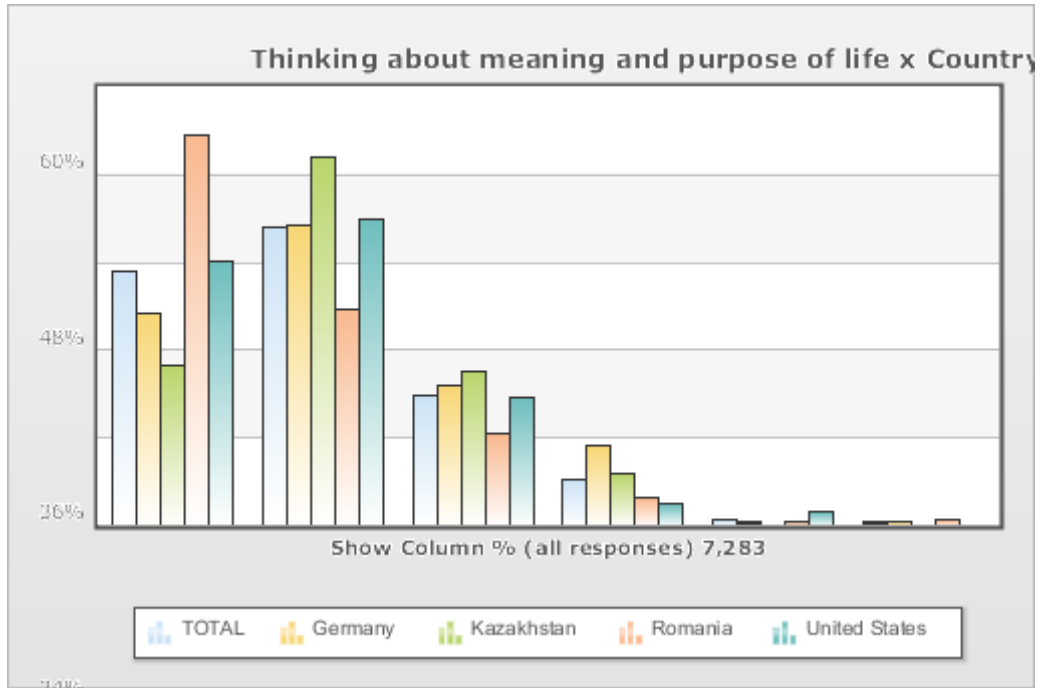
**Chart 7. Power distance for Germany, Kazakhstan, Romania and United States**

Source: <http://www.worldvaluessurvey.org/>.

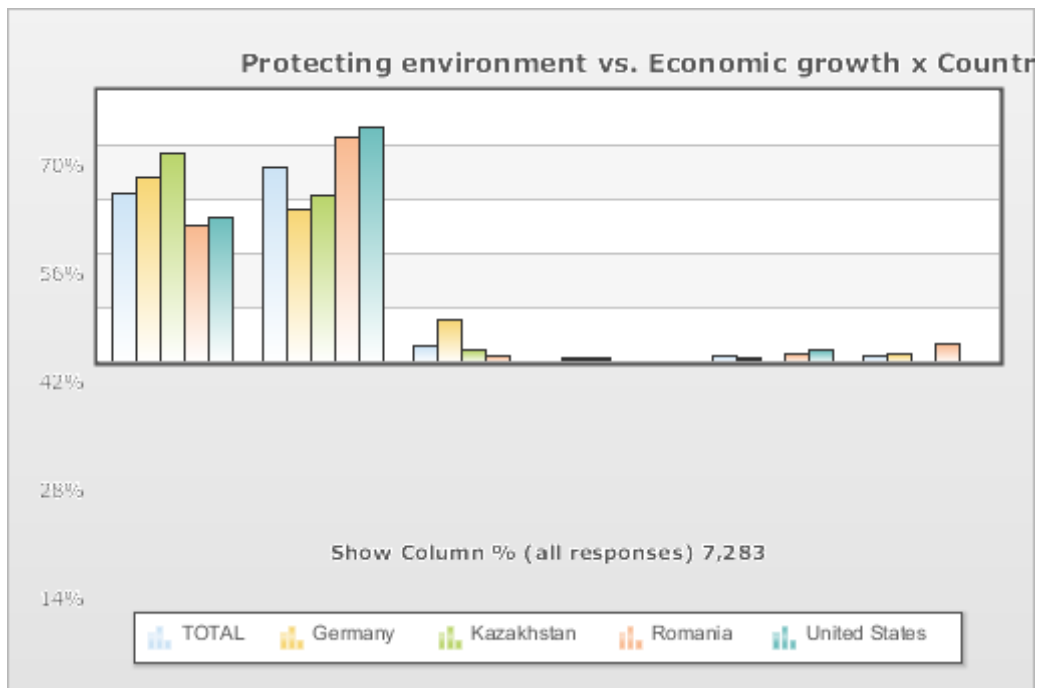


**Chart 8. Avoidance level in Germany, Kazakhstan, Romania and United States**

Source: <http://www.worldvaluessurvey.org/>.



**Chart 9. Long vs. Short orientation in Germany, Kazakhstan, Romania and United States**



**Chart 10. Long vs. Short orientation in Germany, Kazakhstan, Romania and United States nature vs economy**