

# Hofstede's model of organisational culture

[Business](#), [Organization](#)



## ABSTRACT

Organizational culture has become the buzzword in popular management with many experts suggesting it as an important determinant for organizational success. Management researchers have been quick to point out the impact that organizational culture may have on the effectiveness of the organization and have called for an increase in the attention paid to organizational culture. With more emphasis being placed on organizational culture, it becomes important to understand the appeal of this concept and examine its impact on management within the organization.

This paper thus explores on the concept of “organizational culture” and examines its impact on behaviours and management of the organization. This will involve identifying one associated model or theory and evaluating or determining the extent to which the chosen model plays a part in defining the style of management. A case study of Sony Ericsson will also be employed to help illustrate the application of Hofstede's model of organizational culture. The study will also identify limitations of this model and the strengths that have enabled it to be used as a basis for most research analyses.

## INTRODUCTION

Organizational culture has become the buzzword in popular management with many experts suggesting it as an important determinant for organizational success (Schein 1999). While the association between organizational culture and organizational success is far from certain, it is

obvious that each organization has its own unique social structure which drives much of the individual behavior within that organization.

Management researchers have been quick to point out the impact that organizational culture may have on the effectiveness of the organization and have called for an increase in the attention paid to organizational culture (Siehl & Martin 1998). With more emphasis being placed on organizational culture, it is important to understand the appeal of this concept and examine its impact on management within the organization.

This study thus explores on the concept of organizational culture and examines its impact on management style. This will involve identifying one associated mode or theory and evaluating or determining the extent to which the chosen model plays a part in defining the style of management. In this regard, Hofstede's ideas will form the basis of our analysis of organizational culture.

#### WHAT IS..“ CULTURE”?

The term culture has been given varied set of definitions by various scholars. Kroeber & Kluckholn (1952), for example, defined culture as consisting of patterns of behaviour acquired and transmitted through symbols, and which constitute distinctive achievement of human groups including their embodiment in artifacts. Hofstede (1980), on the other hand, defined culture as the collective programming of the mind which differentiates members of one human group in the society from the rest.

While Symington (1983) defined it as a complex whole which include belief, knowledge, morals, art, customs, capabilities and habits acquired in the society. These definitions suggest culture to consist of a set of value systems that are shared equally by members in the society and which binds people together. With the above conceptualization of culture, we can now define what we mean by organizational culture.

## ORGANIZAITONAL CULTURE

Organizational culture can simply be defined as a set of values, assumptions and beliefs that define the behaviours and style of management in an organization (O'Reilly et. al, 1991). There are three main sources of influence believed to interact to create organizational culture. These are the beliefs and values held by the leaders of the organization, the characteristics of the industry in which the organization is within, and the broader society in which the organization operates (O'Reilly et. al, 1991).

The most influential model used by management researchers and which has formed the basis of most analyses of organizational culture is Hofstede's model. While most noted for his groundbreaking work on dimensions of national culture, Hofstede also identified six dimensions of organizational culture which can be used in defining the style of management in an organization.

## **Process oriented vs goal oriented**

The process oriented vs result oriented dimension is concerned with the effectiveness of the organization. A key feature of a process oriented culture

is the means or rather the way in which work has to be conducted. While in a result oriented culture, emphasis is placed on the goals of the organization. That is, employees are primarily out to achieve specific organizational goals even if the risks involved are substantial (Hofstede 2001).

### **Parochial vs professional**

This dimension reflects the internal and external frame of the organization (Hofstede 2001). In a local culture the identity of the employees is with the immediate manager. Hence employees within this culture are internally focused and directed and there is also a strong social control. The converse is true in a professional culture where the identity of the employees is largely determined by the profession and content of the job.

### **Open system vs closed system**

The open system vs closed system dimension reflects the communication climate of the organization (Hofstede 2001). For an open system, new employees are welcomed and there is the belief that everyone fits well in the organization. While for a closed system, it is difficult to join and it is believed that only a certain kind of individuals may fit in the organization.

### **Employee oriented vs job oriented**

This dimension relates to the management philosophy in the organization. In an employee oriented organizational culture, concern is mainly on employee satisfaction. The staff members feel that their own personal problems and welfare is taken into account by the organization. While for a job oriented

organizational culture, work is characterized by heavy pressure to perform the specific task at the expense of the employee (Hofstede 2001).

### **Tighter control vs loose control**

This dimension relates to structuring, control and discipline in the organization. A tight control culture is characterized by seriousness and punctuality while the features of a loose control culture are casual and improvisation (Hofstede 2001). Examples of organizations that are often found within tighter controls are banks and pharmaceutical companies while those found in loose control are research laboratories and advertising agencies (Hofstede 2001).

### **Normative vs pragmatic**

This dimension reflects on the methods employed by organizations when dealing with the environment in general and customers in particular. It describes the level of “customer orientation”. Pragmatic cultures are flexible and more market driven while normative cultures are rigid and often emphasize on following applicable laws and rules (Hofstede 2001). Hofstede labeled organizations involved in the sale of services as pragmatic while those engaged in application of laws and rules as normative.

### **CRITICISMS OF HOFSTEDE'S MODEL**

Hofstede's ground breaking work on culture has indeed provided valuable insights into the management styles and dynamics of cross cultural relationships. However, his highly influential findings have not been without criticisms. A number of academics have discredited his work in part or whole.

Critics have argued that survey was not an important instrument that could be used in accurately determining and measuring the culture of organizations (Jones 2007). A survey of a set of limited questions certainly cannot adequately and comprehensively provide an in-depth understanding of culture of an organization. In response to this criticism, Hofstede argued that survey was one method and certainly not the only method that was used.

Hofstede's model has also been criticized on the basis that the five or six dimensions did not provide sufficient information about cultural differences (Jones 2007). In this regard, Hofstede agreed that his analysis was too narrow to credibly argue for the universal validity and sufficiency of the six dimensions of organizational culture that he identified. And in fact, suggested for additional dimensions to his original work. He also noted that some of the six dimensions that he identified may be less useful when analyzing other types of organizations in other countries (Jones 2007).

A third criticism is that Hofstede's work is seen as outdated, especially with the rapid changes in the global environment (Jones 2007). This critique has further been put forward by Holden (2002) who points out that the data used by Hofstede in his dimensions of organizational culture seem to have been gathered over 30 years ago and is therefore no longer applicable to the modern day world. In response to this criticism, Hofstede (1998) pointed out that a number of recent replications had confirmed his findings.

Hofstede's model is also criticized on grounds of his one company approach. Hofstede's analysis supposed that a single IBM organizational culture could

be used to make inferences about the entire world wide organizational cultures (Jones 2007). A study fixated on one company certainly cannot be used to make inferences about the entire world wide organizational cultures. The validity of his dimensions of organizational culture has thus been questioned and his model considered to be non-comprehensive as the study was based on data collected from a single company using questionnaires that lacked academic foundation.

Critics have also argued that Hofstede failed to recognize the diversity in his analysis of IBM culture (Jones 2007). He ignored extensive literature which suggested that there were multiple, dissenting and emergent cultures in an organization. If we are to ignore the assumption of a single culture in IBM and acknowledge the diversity in culture at IBM, then his analysis is likely to collapse.

After years of publication of his analysis on organizational culture based on the IBM survey data, Hofstede begun to acknowledge the presence of cultural diversity within and between units in the same organization. However, despite recognizing flaws in his work, Hofstede fails to admit error or weakness in his analysis. Accepting that organizations had multiple cultures as opposed to his assumption of a single culture would seem to undermine a crucial part of his analysis.

#### ARGUMENTS IN FAVOUR OF HOFSTEDE'S MODEL

Despite these criticisms, Hofstedes work is widely acknowledged and used by many scholars and practitioners due to its mainly appealing attributes.



Sondergaard (1994) noted that Hofstede's analysis on corporate culture received 1,036 citations in comparison with another highly regarded study by Miles & Snow (1978) which only received 200 citations. Moreover, a number of researchers have replicated Hofstede's study including Trompenaars & Hampden-Turner (1997). Some of the strengths that have enabled it to be used as the basis of most research analyses include:

**Relevance:** – Hofstede's discoveries came at a time when there was very little known about culture and businesses were just globalizing and were in need of advice (Jones 2007). Hofstede's framework exceeded this demand and became widely accepted by many scholars and practitioners. His work offered guidance to managers who were expanding their businesses as cultures were clashing and creating difficulties (Jones 2007).

**Rigour** – Hofstede model is based on a rigorous research design with systematic data and is built on a coherent theory (Jones 2007).

**Simplicity:** – Knudsen & Loloma (2007) argues that Hofstede's model has remained influential and successful due to its simplicity of appliance. His analysis of culture offered a simple way of understanding organizational culture. The six dimensions that define organizational culture put forth by Hofstede made it easier for managers and researchers to understand corporate culture without the need of expert knowledge.

**Relative accuracy:** – strength of Hofstede's model is also reflected in its level of accuracy. Majority of the replications conducted by other researchers have confirmed Hofstede's findings. Four replications have concurred fully with Hofstede's findings while fifteen showed partial confirmation (Jones 2007).

Moreover, Hofstede's framework has become very influential in management

studies and is most widely cited in social sciences. His work remains instrumental in the implementation of various business systems in organizations including entrepreneurial behaviour, workgroup performance and dynamics, leadership styles, participative management and management control systems among many others (Jones 2007).

#### A CASE STUDY OF SONY ERICSSON

In order to explore on the extent to which Hofstede model plays a part in defining management style, we will conduct a case study of Sony Ericsson, a joint venture between Sony and Ericsson. Sony Ericsson has its headquarters and all of its management based in the UK. The firm aims at becoming the most innovative and attractive mobile brand globally (Cooper & Ross 2007).

#### ORGANIZATIONAL CULTURE IN SONY ERICSSON

Organizational culture has long been acknowledged as an important factor for driving behaviour, decision making and shaping management style at Sony Ericsson. With regard to the rules and procedures, Sony Ericsson follows a certain procedure laid down by the firm (Cooper & Ross 2007). While it is not a requirement for employees to follow strict dress code and office timings, it is mandatory for employees at Sony Ericsson to abide by the business ethics and code of conduct (Cooper & Ross 2007). Since the firm does not follow a strict dress code and office timings, it can be concluded that the organization employs a loose control culture.

With regard to employee evaluation and performance, the staffs at Sony Ericsson are not differentiated on their individual performance and are

allowed to participate in decision making except at the higher level which requires the executive management team only (Cooper & Ross 2007). Sony Ericsson's corporate culture is also more employee oriented with managers more concerned on the welfare and employee satisfaction.

Sony Ericsson's organizational culture is also very professional as employees are subjected to scrutiny checks prior to their appointment to ensure that individuals hired are competent and have a certain level of experience deemed necessary for the position (Tayeb 2001). With regard to normative and pragmatic approach, the firm is seen in between, as its organizational culture is both normative and pragmatic oriented. While Sony Ericsson focuses on meeting customer and market needs, the firm also adheres to certain rules and guidelines in meeting these needs (Tayeb 2001). Clearly, Hofstede's model plays a significant part in defining the management style and organizational behaviour at Sony Ericsson.

## CONCLUSION

There is no doubt that Hofstede's model is one of the most widely acknowledged and used piece of research. His ground breaking work on culture has indeed provided valuable insights into the management styles and dynamics of cross cultural relationships as evident in Sony Ericsson. A number of academics have however discredited his work in part or whole.

Although Hofstede's work on culture has been heavily criticized on grounds of his one company approach, survey methodological approach, and for fewer dimensions and his assumption of a single organizational culture;

majority of his findings have had remarkable effect on practitioners and researchers and continue to guide multi-national practitioners into the “global” future. While there is a high level of controversy in his analysis of culture, there is no doubt that his study is one of the most influential in the analysis of organizational culture.

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