

Hofstede's model: outdated and obsolete?



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Hofstede's model is a well-known cultural model in the world for many decades as Geert Hofstede is a pioneer who has done the research regarding cultural diversification and differences. In his dimension, there are four plus one cultural index stated which are Individualistic, Power Distance, Uncertainty Avoidance, Masculinity and Long-term Orientation (Hofstede G., 1973). This model seems to give some knowledge foundation to people who do not have any basic understanding about cultural differences and it is also widely spread theory which is used in various fields of study especially business and management. However, Hofstede's dimension tends to be considered as dated and biased.

This essay discussion will be based upon the question: 'How far do you agree that Hofstede's model is dated and biased and, as such, is of no use to the contemporary international business executive?'

Given below are the following reasons to our agreement/disagreement with Hofstede's model

HOFSTEDE DIMENSIONS ARE OUTDATED

There are critical reasons to argue that Hofstede's model is dated and may be inapplicable to the contemporary international business environment. The first reason is globalization the broadening geographical inter-linkages of products, markets, firms and production factors, with a large portion of each derived, generated, or available in more countries and regions according to Papaconstantinou, G. (1995).

Due to the statistics from UNCTAD (United Nations Conference on Trade and Development), number of companies invest overseas and multinational companies (MNCs) operate worldwide are continually increased for decades which may reflect in higher number of immigrants and expatriate workers. Also, each business organization has its own culture promoted and inevitably workers should adapt themselves to organizational culture for instance encouraging teamwork, involving in decision making or maintaining relationship. Most of these companies operate globally, the organizational culture practices are consequently almost the same. Furthermore, global products such as McDonalds, Starbucks, Coca-Cola and jeans also influence people's lifestyles. One such illustration is when burgers become diet in many countries around the world not just only in Western countries. We now have a concept of global consumers, which are more aware about the availability of various options in the markets. Obviously, the cultures are converged and become similar from one and another, which are a complete contrast from the past.

Another key factor which rapidly stimulates this trend is advance technology for instance internet, e-mail, and social-network. According to the world internet users statistic, there is a significant increase of internet users; 380.3 percent in 2000-2009 and 444.8 percent in 2000-2010 (web ref. 1). Since internet is accessible everywhere and all contents are available online such as fashion, music and movies so it is the most distinct and easiest means of cultural exchange. Thus, the internet servers may directly or indirectly absorb other different cultures from what they have seen or heard and may imitate those norms. For example, independent and individualistic images of

Western people are positively present on internet, these may appreciate and motivated young Chinese to be individualist who prefer freedom lifestyle and seek for self-achievement (Guangrong R., 1998). As a result people tend to value things similarly because of globalization and advance technology.

The second reason is the new generation of the sample countries; those who were born after 1973, were not taken into account of Hofstede's research.

During the past thirty years this new generation is now becoming the effective workforce of the countries and can reflect the changes occurred in the society. One important driver which should be considered is education.

Referring to the Institute of International Education, U. S. Department of States Bureau of Educational and Cultural Affairs report Nov. 2007, number American students study abroad increased by 8.5 percent and tend to continually increase every year. Moreover, there are many partners universities in Asia generate AsiaLearn program for overseas students who want to study and experience Asian cultures. Consequently, there are higher numbers of students who explore and adapt to new culture. Therefore, this stimulates the cultures exchange in the global environment and then gradually invokes cultures to merge.

In addition, the educational system also influences people behaviors.

Globalization affects education by changing the roles of student and teacher and generating a shift in society from industrialization to an information-based society and this effect reflects on culture and result in a new form of cultural imperialism (Chinnammai, 2005).

To give you a clear example, the Child-Centered System by Dewey J., 1963; system which encourages students to think by themselves, participate in group and be more confident to discuss with teacher in class, are continually promoted in Thai educational system since 1978 (web ref. 2). This can directly affect the new generation of Thai in power distance aspect. As an Asian country, Thailand is perceived as a high power distance country and seniority are very important and widely practised in society (Rowley & Warner, 2007). However, the Child-Centered System tends to lower the power distance between students and teachers which was rooted in Thai culture for centuries. Furthermore, people graduated from international school or international university tends to have different value, norms and behaviors from those who study in ordinary schools for example; less or no seniority system in international school because the curriculum and teaching methods of those international institutions are mostly based on American or British educational system.

The third reason to argue against the Hofstede's dimension is changes in household structure. According to UN report about demographic and social trends affecting families in the South and Central Asia region (De Silva, I. 2003), in the recent years there is an increasing number of nuclear family due to the economic condition in Asia. This may reveal that close relationship between family's members are declining in Asian society and also the culture may be no longer transcend from generation to next generations anymore. Surprisingly, single household, lone parent, cohabitating couples, decline in fertility rate and delay marriage trend are also greater every year in many countries such as Bangladesh, Kazakhstan and the Anglicized based

countries. (De Silva, I. 2003a). Besides, there is another considerable trend of women's changing role, as they tend to focus more on self achievement including higher education, higher rank position and career success (De Silva, I. 2003b). This may be implied that nowadays women tend to have more masculinity characteristic and are practicing more independent lifestyle than the past.

The last reason is, Hofstede's research was based in surveys between 1967 and 1973. During that period, the economic and political condition in most of the countries, which are mentioned in his research, was a lot different than nowadays. Generally:

½ In North America, the United States and Canada were to the dusk of the postwar prosperity, when an economic slowdown became visibly apparent in the early 70's (Web Ref. 7).

½ In South America, Brazil had a spectacular growth after a five year stagnation period, Argentina was under a fast-pace development through developmentalism tactics when Mexico had a strong but unstable economic performance with problems in fiscal management and the investments (Victor Bulmer-Thomas, 2003).

½ Europe was under an Industrial decline. Great Britain's growth was struggling and the pound's devaluation (1967) was the second after 1949 (Cairncross, Alec: 1992), (Nicholas Woodward, 1995). Germany, having serious problems with the industrial decline, was making efforts to guide an economic policy (Federal German Budget Legislation 1967), (Web Ref. 3). Only France was passing through a booming period (Web Ref. 4).

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In Asia, India was in a post-war period (with China-1962, with Pakistan-1965) and a currency devaluation in 1966 (Devika Johri & Mark Miller). Japan was in a post-war rebuilding, with a great industrial development by mid-60's (Alfred K. Ho, 1968). In Singapore, despite of the difficulties faced by the separation from Malaysia in 1965, it's economy moved upwards through many policies and investments (Web Ref. 5) and South Korea was in the dawn of a rapid industrialization, through an outward-looking strategy adopted in the early 60's (Web Ref 6).

As can be seen, the changes in political and economic environment taking place in the above countries. It can be concluded that the business environment has completely changed from the period of the survey to the present business scenario. Moreover, Hofstede's model will not be applicable in present business environment due to the changes until today.

Globalization, advance technology, changing education system, new generation, smaller household structure, different roles of women and period of conducting research seem to be the crucial answers why Hofstede's dimension is dated and inappropriate for international business application since many cultures become more similar and people independently choose to behave in the way they want.

HOFSTEDE DIMENSION IS BIAS

According to McSweeney, there are some limitations of Hofstede's methodology. He states that Hofstede is sceptical and can provide information about entire national cultures. We will now review the research method of Hofstede's model also in this part we are going to discuss about <https://assignbuster.com/hofstedes-model-outdated-and-obsolete/>

Hofstede's method of conducting research and his way of over assumption and mere hypothesis.

Method of conducting research

Firstly, Hofstede's findings are from a single company – IBM, and his informants worked with a single industry – the information technology industry. Although this survey covered all workers, the data used by Hofstede to construct national cultural comparisons were largely limited to response from marketing-plus-sales employees (McSweeney, 2002).

Moreover, because all of the respondents worked for IBM, and the effect of organizational culture were single and same (McSweeney, 2002).

Therefore, it can be argued that the background and values of IBM workers are a considerable small group i. e. they cannot cover holistically the different perceptions of various countries. (Mead and Andrews, 2009).

Secondly, due to the research conducted in a single industry with a single company, the type of sample involved in this research is similar. Although these employees were from different countries, the effect of organization culture is the same on them (McSweeney, 2002). What is a culture? In an organization, culture can be defined as a way of studying and working everyday (Martin, 2002). Morgan provides us with a basic understanding of organizational culture: “ The set of beliefs, values, and norms, together with symbols like dramatized events and personalities that represents the unique character of an organization, and provides the context for action in it and by it.” (Morgan, 1997, p. 41). In addition, Hofstede highlights that the type of IBM culture is unique and uniform within the organization (cited in Risberg,

1999). As a result, it can be argued that the effect of the organizational culture on the IBM employees is very limited and similar.

The third problem of his methodology is the method of questionnaire is not effective. McSweeney (2002) states that the administration of the survey and the ownership of its results were IBM's; some of the questionnaires were completed within groups and not individually (McSweeney, 2002, p. 103). Also, McSweeney (2002) explained that some employees of IBM were under a perception that their managers might provide more strategies on the basis of the survey results. Consequently, according to McSweeney's arguments, there are two main questionable points in the IBM's questionnaires. The first one is each country has different style of answering questions, due to this survey covered 66 countries. For instance, the effect of traditions and culture in Asia is profound (Littlewood, 1999), Asian people tend to answer questions giving more weightage to the theory aspect as well as their answers are based on their perceptions. In contrast, the westerners are opposite, their answers tend to be based on what they think is factual rather relying on the theory. Hofstede also displays that the general amount per country was small (Hofstede, 1980a). McSweeney (2002) critiqued that his research covered 66 countries, but the final data and result were from only 40 countries. According to the data from the IBM's survey, it is undeniable that samples of this research are really not homogeneous.

Furthermore, the sample size in each country was different. Only in a few European countries and in Japan, the responders were over than 1000. In most of the countries they were less than 200 in total for both surveys (McSweeney, 2002: 94). This inequality makes the research more accurate for

only a few countries. That means that the data of the research are unequally weighted. When a statistical analysis has to take place, the data have to be collected in a similar way, for all the parties (sample range-extent-quality). The questionnaires were answered by the employees of a particular company who would like to take part and not by Hofstede's choice of separate categories of people. That's obvious from the large differences of the sample size in each country. That means that the sample was not heterogeneous enough, in terms of population distribution, age diversity, behaviour, attitudes and perceptions. Hence, the data were not enough to characterize a whole country through these. It would be more accurate to refer to Hofstede's research as an IBM study of that period.

According to Taras, Steel, Kirkman (2010: 27),

½In terms of conceptualization of culture, Hofstede's (1980a) multidimensional model may not adequately capture the complete phenomenon of culture, because a singular focus on cultural values largely ignores other aspects of culture. Furthermore, at the individual and national levels, culture may not be as stable as Hofstede believed it was.½ So, ½... as Hofstede's approach has a number of conceptual and methodological limitations that can contaminate data and introduce a systematic error.½

Hofstede's Dimensions are contradicting with each other

The addition of the fifth dimension identified by the Hofstede might have boosted the strength of his national culture model. However an intense scrutinising of study from which Hofstede mined the further dimension ½½Chinese value survey½ by the Chinese culture connection group

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(CCC: Bond, 1988)-reveals that one of this fifth dimension is problematic. That study recognised one of Hofstede's fourth dimensions-Uncertainty avoidance (UA)-as irrelevant to Chinese population and consequently demoted UA from being a worldwide dimension of national culture to a non-universal dimension. None of the CVS aspects were correlated with UA. If Hofstede regards the CCC study to be valid he should not have added the fifth dimension to his previous one. He should also have downgraded UA in his model. If, instead Hofstede regards the CCC study as unsound he should not have attached the fifth dimension. However the problem was? Hofstede wants it both ways.

The meticulous examination of the research reveals that it relies on, fundamentally flawed assumptions. Hofstede's Model involves four vital assumptions upon which his measurements are based. Though it is reasoned that assumptions are all flawed and that therefore his national cultural explanations are invalid and misleading but these assumptions are vital in the sense that they are essential for the probability of his identification claims.

Hofstede refers in multiple instances, to the common characteristics, the common traits (1991: 19) of the inhabitants of a particular nation. Thus a unique national culture is assumed to be individually carried out by everyone in nation just like A. J. P Taylor stated that "The problem with Hitler was that he was German". He assumed that the data of IBM was commendably restricted to the workplace only, while other segments of national population which includes- the waged and the unwaged, full-time students, the self-employed, part time students, the retired, home workers,

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and others – were not taken into consideration. So, Brenden McSweeney (University of Essex) a critique while criticising his research, keeping all the flawed assumptions in his mind, contends, that Hofstede's project is a misguided attempt to measure the unmeasurable.

IN INTERNATIONAL BUSINESS ENVIRONMENT HOFSTEDE'S MODEL IS USEFUL TO SOME EXTENT

Hofstede's model predicts what most people would do in routine situations, in other words it provides us with some basic understanding of how a person would behave in a particular culture. Let's say for example an American, who has never worked in a Chinese based organization and has no experience in working with Chinese people, will have some general ideas about how the Chinese work culture operates. We can say this by looking into one of the dimensions of Hofstede such as power distance: in which he has mentioned how cultures cope with societal inequality. Cultures with narrow power distance such as USA will try to reduce differences and solve problems via consultation and support whereas their counterparts (China) will do the opposite i. e. encourage differences and follow autocratic and paternalistic type leadership style. Now let's presume the previous example of the American going to work for a Chinese based company, if he/she has looked upon Hofstede model then he/she will have a certain outlook of how things run around in China. We do not say that the American should be completely guided by the model but it does help. In China, differences in power is indicated when people come for a meeting and the junior personnel may arrive much before time so has to show respect to his seniors. The American may find this hard to accept but when they become

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aware about this they are psychologically prepared to face this inequality. If the American has to establish and implement a management structure then it is very important for him to know the significant differences in various cultures. (Mead and Andrews, 2009)

CONCLUSION

As stated above there are a number of reasons why we agree that Hofstede's model is dated and biased. It cannot be used by an international business executive simply because they cannot be applied in the current international business environment for a number of factors, such as, work related values are not similar in the international business context. To infer we would like to state that Hofstede's dimensions are outdated due to change in technology, globalization from an international business perspective, emerging trends in different cultures.

Another reason to argue that Hofstede's dimensions are biased is that the method of conducting research is based upon one industry and one company, similar types of sample involved in conducting research, various discrepancies in the questionnaire, elongated period of conducting research (changes in economic conditions), disproportionate sample size used to analyze data. Hofstede has relied more on assumptions and hypothesis thereby creating a paradigm wall around his model to protect his theory.

In contrast Hofstede's model can be used in some parts of the business environment such as it provides business executives with some form of basic understanding. When an international business executive enters into a foreign culture everything seems different from the home environment.

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Using Hofstede's cultural dimensions as a reference point he/she can evaluate the approach to be taken, the decisions to be made, the actions to be executed in a very general sense for that cultural environment. No culture is homogenous and there will be deviations in real life business environment from Hofstede's cultural findings, however, with the use of Hofstede's model the business executive can have a foresight about how things may function in the foreign environment. It becomes less intimidating for him/her as he/she gets a much needed boost of confidence and security from studying the cultural model.