

The cultural  
dimensions between  
the us and  
netherlands  
commerce essay



“ Culture is program of human mind which distinguishes two different human groups one from the other. Culture according to sense is a system of collectively held values” geert hofstede

“ Culture is a level of basic assumption and the belief that has been shared by members of an organisation, which operates unconsciously and is defined as ‘ taken for granted’ style of an organisation view of its self and environment “-Edgar schein

Culture is some thing which is differentiated between in —groups, out— group of people.

Now that the growth of the organisations are developing internationally there is much relation existing between the international companies to work together, these interactions occurs differently in different countries there develop the cultural difference which indeed effect the organisations. These cultural differences have been discussed and analysed by hofstede analysis in detail.

Hofstede also defined culture as “ software of the mind which guides us with our daily interactions. Culture is a collective phenomenon of thinking, feeling, potential acting, which are acquired in early childhood . to change these acquired characteristic’s and establish and develop in new ways of thinking, feeling, acting is more difficult for the first time using the analogy in which computer are programmed the patterns of thinking, feeling, acting are referred to “ software of mind”. Culture is a collective programme of mind, which has the ability to distinguish the members of one group of people from another.

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Hofstede did studies on IBM in 72 different countries and identify 5 different types of cultural dimensions

## **HOFSTEDE'S CULTURAL DIFFERENCE BETWEEN UNITED STATES AND NETHERLANDS**

SOURCE: [http://www.geert-hofstede.com/hofstede\\_dimensions.php?](http://www.geert-hofstede.com/hofstede_dimensions.php?culture1=95&culture2=62)

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### **A. Power distance**

Power distance is used to measure how the subordinates usually respond to their power and authority according to Hofstede they are high power distance countries and low power distance countries in high power distance countries

The subordinates are scared of the bosses, the bosses tend to be very autocratic and demanding over the employees, in lower power distance countries the subordinates are more friendly with the bosses who can even challenge them at work, the bosses usually tend to use a consultative management style.

### **United States**

US has the lower power distance ranking (PDI) (40), when compared to the world's average of 55 according to Hofstede's cultural dimension in a country with low power distance is an indicative of a great quality between societal, government, organisation and families. This shows the cooperative interactions across all power levels and these create a suitable cultural environment, this low power distance shows that there is a friendly relation

between bosses and employees which helps the companies to stay stable in many situations.

## **Netherlands**

Netherlands have the power distance (PDI) (44) which indicates that there is good understanding between the higher officials and the employees yet they might be some differences in some situations.

## **B. Individualism**

Individualism is a level of independence in a community or organisation; there are two types of individualisms, high individualism and low individualism, low individualism according to Hofstede is described as having low interaction and dependence for another work with other persons, in high individualism there is more involvement with the organisation and work responsibilities rather than the immediate family, a high individualism is expected to be more respectful and dedicated towards the work in the organisation.

## **United States**

US ranks high in the individualism, which would indicate that there are more individualistic attitude less bonding between direct family members and others. Usually the members in the individualistic society concentrate more on the work and themselves and very close members. Individualism is expected to look after themselves, on the collective side we find people who are strongly bonded and connected with in groups and extended families which has exchangeable loyalty. Collectivism has no political meaning it refers only to group and is extremely fundamental one.

## **Netherlands**

Netherlands has high individual ranking which is almost similar to us this also have loose bonding towards the family and others in this place people are expected to be more individualistic with the work they do, they usually care take of themselves and close family members where as in the collective society people are bonded to relations and are expected to work with each other in the organisation

## **C. Masculinity**

By hofstede analysis it is said that men's goals are different from women's goals and these can be differentiated as masculine and feminine. Where're the feminine values most strongly with the relationship at work they tend to work with people who cooperate well with each other living in an area where they are comfortable with the families and tend to have a security that they can work in particular organisation as long as they want to. Where the masculine is high, people have attitude of respecting for high earnings, getting recognition, which they deserve while doing good job, to look for opportunity in higher levels jobs challenging their work.

## **United States**

In hofstede dimension us ranks 62 in masculinity, When it is compared to the worlds average of 50 they shows that united state has large gender difference, male domination in the society, usually male s are considered as important because of their roles play in the society this generates the female population become more competitive with woman trying to shift into male roles.

## **Netherlands:**

Netherlands has the lowest Hofstede dimension in masculinity at 14. This shows that there is a very low level of discrimination between the genders. Female are treated equally with males in the society. This low masculinity ranking in the society displaces an open society.

## **D. Uncertainty avoidance:**

Uncertainty shows the level of uncertainty among people and uncertain situations. There are two types of uncertainties: high uncertainty and low uncertainty. Where an uncertainty is strong, the culture tends to develop unknown situations as threats, and people will tend to avoid them. In places where uncertainty is low, people feel very less threatened by the situations. By these people tend to be more open and innovative.

## **United States**

United States ranks 46 in Hofstede dimension of uncertainty avoidance when compared to the world's average of 64. Low ranking of uncertainty avoidance in a society is known to have very few rules and regulations, and they do not attempt to control the outcomes and results. This type of society is always open to new ideas, thoughts, and beliefs.

## **Netherlands**

The uncertainty avoidance of Netherlands is 53 when compared to the world's average of 64. This shows that Netherlands have a moderate score for the uncertainty avoidance, which indicates that cultural tendency to minimize this shows the reduction level of uncertainty within the population with rules, laws, policies to overcome most of the situations.

## **E. Long-term orientation**

This is the last Hofstede cultural dimension, which was established in 1990, this refers to long-term and short-term tradition and values. Long-term orientation has a respect for the status of relationships. In short-term orientation there is a sense of security and stability, keeping up reputation, to respect the tradition.

### **United States**

US ranked lowest in the long term orientation as 29 when it is compared to world's average of 45. This shows that society has the cultural traditional according to rules and regulations.

### **Netherlands:**

When compared to United States, Netherlands have the high long term orientation as 44 when compared to world's average it shows that country has a great level of social obligations, stability, reputations, tradition are well followed.

## **3. Sony Corporation of America:**

Sony Corporation of America based in New York (United States of America) is a subsidiary of Sony head quarter in Tokyo. Sony is a leader in manufacture of video, audio and communication and information technology products for the consumer and professional markets. Sony's television, computer entertainment, online business, music and its motion pictures makes Sony one of the most wide spread entertainment companies in the world. Sony's US businesses include Sony Pictures Entertainment, Sony Electronic, Sony Computer Entertainment America and Sony Music.

entertainment the company recorded an annual sales of approximately 78.9\$billions for the year 2009 Sony employees 1, 71, 300 people worldwide.

Sony American is one of the leading music, audio visual electronic and information technology in united states and worldwide it is also said to be code developer of the CD, DVD and SACD. to its credit it is the first developer manufacturer and marketers of the play station . it is also inventor of vast range of consumer audio , video products Sony has always manage to dominate the competitive electronics market within the united states . the company has almost seen a constant growth ever since its start in 1960 throughout this time In the us it has introduce a varied no of products that has revolutionise the electronic industry the walkman personal stereo and the Sony Trinitron televisions have become industrial leaders there are even more products on the horizon such as VIAO, CLIO AND SONY LINE OF CAMERAS .

#### **4. Managing innovation and creativity**

For developing and producing these products Sony employees 21000 person work force the Sony mainly encourages these employee work forces to innovate take risk and to exceed customer expectation they work done by talented individual's lead to nearly 14 billion dollars in sales in the recent years a poll conducted among leading 2000 companies, in America Sony was recognize as number 1 brand name beating out cocola, ford and Disney Sony mainly invests greatly in the community and relationships with both their employees and customers every day at Sony corporate ethics play major part the company has develop ethics and action programme which is



designed to train all levels of workers of Sony how they remain trust worthy, honesty and fair.

#### **4. 1SONY COMPANY innovation practices**

Changing management structure to remain innovative. The shift from analogy to digital technology and growth of it have been continuous at the 50th anniversary of Sony it was embarked as the start of new digital age by recognising its management structure to improve its decisional company system in order to respond more fast to the market change and to generate a structure e that encourages development of new business the Sony has now reconstructed their corporate structure from a vertical system to horizontal system for first time 50 year history in order to speed up market responsiveness and decision making Sony puts itself into strong position in fulfilling its goals by internalising much of the technological advances by being prepared to change and adapt from itself,

#### **4. 2. Establishing new ventures for innovation**

In the year 1995 Sony has made in long-term technology agreement with Intel Corporation, which is largest manufacturer of microprocessors for computers in US. Sony strengths of any software and hard ware are now combined with Intel's strengths of computer technology and semi conductors. Since these agreement Sony has introduce the revolutionary DVD player and DVD anticipating with innovation(" digital dream kids")digital dream kids shows the Sony strong commitments in realising their dream to digital technologies the" digital Dream kids" are analyse as future customers, at all the levels of Sony the employees become " dream kids " to continue generating new products that will satisfy meet the expectations of <https://assignbuster.com/the-cultural-dimensions-between-the-us-and-netherlands-commerce-essay/>

future customers to connect the potential of digital technology, Sony will identify dreams of young and digitally educate to create unique fun products and applications the Sony uses “ dream kids “ format in union with market research to regularly keep in touch with customers future dreams pioneers of market in the process of constant technological innovation marketing plays a vital role the Sony has always standardized the view that a very good marketing always involves pioneering the market , which comes down to market creation in the long run there will always be a failure by simply producing the goods that meets market current needs rather than having react to changes Sony has been able to become proactive force by driving markets forward innovation research and development

#### **4.3 Future innovation programmes**

Sony has set few continuous challenges to face in coming future

1. Sony has plan to further strengthen its leading position in the AV while developing it business
2. To secure a firm foot hold in the entertainment industry it will promote a deeper understanding among the company employees and management
3. To integrate an entertainment business and electronics in order to create totally new business opportunities

#### **5. Sony innovative research and development**

as a leader in innovation Sony electronics is a company that majorly focuses imagination than manufacturing in the past manufacturing hardware has been major drive of the business it is now currently taking newer and

different paths to the future the companies majorly focussing its research and development on integrating the broadband and finding the synergy between contend and hardware the main aim of the Sony creative centre is that the engineers are thinking of the ways to “ touch the heart of consumers “ foreseeing future trends is the Sony main method of developing new product this really means that Sony is majorly trying to getting tune with what the consumers want and majorly what the consumers are willing to accept another major issue Sony currently faces is timing that is “ reducing products ahead of markets ability to use them “ in a recent fortune article emphasizing on happening of Sony electronics and development” future wonders has a TV display with thickness of not more than few sheets of paper, ‘ granting light valve’ -a high definition video projector that turns entire walls into’ film screens ‘,’digital chopsticks’ appointer that allows a user to pick a particular folder and transfer it directly to another screen beside,”

The companies R and D has been described as” the future toy factory” buy few of the open minded employees and engineers

Sony. com indicates that” Sony ‘ s vision is not necessarily about refrigerators talking to toasters . it’s about bringing to market products that capture imagination of consumers and enhance their life in the process.

## **6. Philips company profile**

Royal Philip electronics situated at Netherlands is a diversified health and well being company mainly focus on improving peoples life through their timely innovations it is a world leader in health care lightening and life style .

Philips combines technology and design into people's solutions based on simple customer needs and the brand promises of "sense and simplicity". The Philips headquarters is situated in Netherlands and employees approximately 1,21,000 employees more than 60 countries around the world the company had sales of 26 billion Euros in year 2008, it is market leader in cardiac care and home health care and acute care it also leading provider of energy saving lightening solutions and new lightening applications along with life style products with personal wellbeing. It also has the pleasure by being a strong leadership position in flat TV grooming, male shaving, portable entertainment and oral health care.

## **7. Philips innovative campus (PIC)**

This is a division of Philips electronics India limited situated at Bangalore and owned 96 percent by royal Philips electronics Netherlands it was established with a vision to be an innovative hub creating next generation solutions and products of life style and health care the pic comprises of the industries finest professionals using platforms including real time system and state of art software engineering paradigm's, component based software engineering and multi threaded architecture to drive the creation tomorrow's services and products the pic has adopted an open innovation strategy which leverages the partnering companies for joint innovative power and researches in order to bring more innovations in the market faster and effectively.

### **7.1 Philips innovations**

On the fortune list of global top corporations royal Phillips electronics is in the 10th position the company active in its 60 different business varying <https://assignbuster.com/the-cultural-dimensions-between-the-us-and-netherlands-commerce-essay/>

from domestic appliances to consumer electronics and semiconductors to security systems they are said to be world leaders in digital technologies for wireless communications, video compressions, televisions and displays optical products and underlined semiconductor technologies that makes these breakthrough possible the company plays leading role in shaping the world's digital electronics by bringing meaningful technological innovations to people most of those innovations find their routes in the labs of Philips research the company is majorly dedicated to innovations that are environmentally sound in the terms of its products how it takes them. In the company, the traditionally design disciplines are included with skills from the human science and technology from multi-disciplinary research based approach that makes possible to generate new solutions that convince and satisfy people's needs and aspirations they call these new enriched design as high design

## **7. 2Innovation at Philips**

Philips mammon trak system is developed for breast screening and diagnosis and biopsy application combination with MRI system (magnetic resonance tomography) this application improves patient comfort, work flow and simplifies the process for biopsy this creation was done keeping in mind the cost and time wasted during the diagnosis of different breast cancers in women this innovation was result of increase of rate of breast cancer patients every year and demand for mammography procedures

## **8. Managing innovation and creativity**

At Philips design they think that they can fully fill only people needs and desires when they truly understand what they are for these reasons they  
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always begin with getting information as much as possible about their targeted audiences, their values, their priorities, likes and dislikes with these approaches their international multi-disciplinary and diverse design team is able to bring out truly applicable solutions that predict people's needs enhance their customers' business success by exceeding their expectations. This is why the Philips is said to be one of the largest organisations in the world with around seven studios in North America, Europe, Asia. The Philips design wins a minimum of 50 plus design awards each year. It comprises of a creative force of 400 professionals representing over 35 nationalities with a varied client list of 60 Fortune 500 companies.

## **9. Recommendations**

As both the firms are very large multinational firms, these firms have used quite very varied types of creative tools. The tools used by both the firms vary in final outcome but the tools used are generally the same. When taking the Sony America company, this company majorly emphasises on using the creative tools for the outcome of products related to the entertainment sector like televisions, music systems and other accessories. So, they majorly need to use the creative tools for making the life of human more comfort and more luxurious and easy. But when coming to the Philips they majorly work on healthcare like operating and scanning machines and other health products. They do even produce electronics like televisions music systems and other gadgets but not as the way Sony does. This company uses creative tools that give an outcome relating to bringing down the medical costs for a person. They are also majorly involved in semiconductor

industry. Both the firms have very large group of people working in their own R and D centres using much of the creative tools.

Even though there are a numerous Sony products coming up every day, the company is lacking behind the Philips in the electronics sector. This can be said because Philips wins 50+ awards every year for its innovation achievements. Even though Sony's working on innovations there has been not much results compared to Philips. So we recommend that Sony to use all the varied types of creative tools and techniques to even get better results. Philips has even mentioned that whatever new innovation it does it also does in way that is environmental friendly.

## **10. Conclusion**

Managing of innovation and creativity is a very important aspect for any organization in any country. For any firm to compete and sustain in this fast moving world it should majorly emphasise on using the creativity and innovation tools to get innovative and creative ideas. Hofstede methodology of cultures will help in better understanding the effects of culture on innovation. It will help in studying the cross cultural dimensions and help in growth of the firms eventually.

For both multi- national firms it has been important that they manage the innovation and creativity centres well. As these are very large firms both Sony and Philips are managing their innovation centres well by spending lots of amounts on these centres. Both the companies are using varied tools for generating the innovative ideas. So by this we can conclude that both the

companies are using and managing the innovations and creativity very well to gain more profits and lead the market.