

# The importance of cross-cultural management



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## **1. Introduction**

Cross cultural management is the study of the behaviour of people in organizations located in cultures and nations around the world (Nancy 1983, p. 226). Cross Cultural management is increasingly gaining importance. Expanding international trade and continued immigration flows has resulted in the work place filled with people from diverse cultural backgrounds (Tjosvold and Leung 2003, p. 1). Companies from different parts of the world are operating across many countries, forming mergers, forming joint ventures and strategic alliances to participate in the global marketplace (ibid). Cross cultural management is a necessity for many organizations as they become more globalized. There are various models and frameworks available for cross cultural analysis which the organizations can use for effectively working across different cultures. This paper would evaluate two models of cross culture namely Hoffstede and Trompenaars with reference to two countries: United Kingdom and India. The paper would also identify the strengths and weaknesses of the models and illustrate it by considering the cultures of UK and India. The discussion in the paper would be limited to only two models with reference to the cultures of only two nations.

## **2. Hofstede Cultural Dimensions**

Geert Hofstede in 1980 published culture's consequences which was very influential and became a major source of referencing about cultural differences in the world (Luger p. 12). Geert Hofstede defines national culture as a set of collective beliefs and values that distinguish people between different nationalities (Vance et al 2010, p. 50). Hofstede conducted a study of more than 100, 000 individuals from fifty different countries and

three regions while he was working as a psychologist at IBM (ibid). Hofstede initially identified and validated four cultural dimensions and later identified fifth cultural dimension for which he presented the possible origins, predictors and consequences of management behaviours (Rosenhauer 2007, p. 20). The five cultural dimensions that were identified by Hofstede are:

- Power Distance
- Individualism Collectivism
- Uncertainty Avoidance
- Masculinity versus Femininity
- Long term versus Short term Orientation

(Bode 2007, p. 10)

1. Power Distance: Power Distance is the way the society addresses inequalities among people when they occur (Falkenreck 2009, p. 59 ). This dimension describes the extent to which the less powerful members of the organizations and institutions accept and expect the power to be distributed unequally (ibid). Power distance norms are reflected in the economic and cultural lives of humans as in parent-child relations, husband-wife relations, politics, religion and economics (Tian 2004, p. 19).

## 2. Individualism-Collectivism

Individualism-Collectivism describes the degree to which individuals are integrated into groups. It is used to measure the extent to which a culture values individual achievement compared to the achievements of a group. This dimension stresses as important work goals in which individual is an

active agent and independent of the organization, rather than those in which the individual is dependent on the organization. (Tian 2009, p. 20)

### 3. Uncertainty Avoidance

The uncertainty avoidance dimension reflects the extent to which people in a society feel threatened by ambiguity and therefore tries to avoid ambiguous situations by providing greater certainty and predictability (Adler and Gundersen 2008, p. 57). Organizations reduce uncertainty by establishing more formal rules, rejecting deviant ideas and behaviour, accepting the possibility of identifying absolute truths and attaining unquestionable expertise, and providing employees with greater career stability (ibid).

### 4. Masculinity versus Femininity

A masculine culture is basically a performance driven culture where rewards and recognitions are the primary motivational factors for achievement. In masculine societies individuals are supposed to be ambitious, assertive, competitive and willing to take risks in order to achieve their goals. On contrary, in feminine culture people tend to emphasize the quality of whole life rather than money, success and social status. (Vance 2010, p. 53)

### 5. Long term versus Short term Orientation

This dimension refers to the extent to which a society exhibits a pragmatic future oriented perspective rather than a conventional historic or short term point of view (Have et al 2002, p. 100) This dimension is also referred to as Confucian Dynamism vowing to its observance predominantly in eastern  
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countries. It measures employees devotion to the work ethic and their respect for tradition (Adler and Gundersen 2008, p. 60).

## **2. 1 Hofstede model applied to United Kingdom**

The Geert Hofstede analysis for United Kingdom illustrates that there are strong feelings towards individualism and masculinity in United Kingdom. The power distance and uncertainty avoidance are ranked considerably lower. Long-term orientation ranks the lowest, indicating that change in England can be achieved more rapidly than in many other countries. (Cyborlink 2007, United Kingdom)

## **2. 2 Hofstede model applied to India.**

The Geert Hofstede analysis for India shows a large power distance society and all other measures are relatively moderate. This would be indicative of the fact that India is in the midst of change. The traditional caste systems has been outlawed, however the large power distance score indicates that the attitudes still remain. (Cyborlink 2007, India)

India's Long Term Orientation (LTO) Dimension rank is 61, with the world average at 48. A higher LTO score can be indicative of a culture that is perseverant and parsimonious. (ibid)

India has Masculinity as the third highest ranking Hofstede Dimension at 56, with the world average just slightly lower at 51. The higher the country ranks in this Dimension, the greater the gap between values of men and women. It may also generate a more competitive and assertive female population, although still less than the male population. (ibid)

## **2.3 Criticisms of Hofstede model**

There has been a great deal of criticism on Hofstede's five dimension model.

A major criticism arises on the research methodology that Hofstede has employed (Gooderham and Nordhaug 2003, p. 139). Hofstede's research is entirely based on an attitude-survey questionnaire, which is not the most appropriate way of studying culture (ibid). Hofstede's data collection was pursued not with the purpose of studying culture but the model was developed as an afterthought after data collection (Silverthorne 2005, p. 15).

Hofstede in his research has used exploratory factor analysis as a statistical technique to develop the cultural dimensions (Silverthorne 2005, p. 15). This approach is not considered statistically valid as it is based on trying a variety of options until one appears to fit rather than the more rigorous statistical approach of testing a specific set of parameters based on specific hypothesis (ibid). Hofstede studied only one company i. e, IBM which is a major company with strong corporate culture and was predominantly male populated at the time of data collection. It is not certain if the research is now conducted in the same company itself would yield similar results (ibid). Hofstede's research has also been criticised as outdated (Gooderham and Nordhaug 2003, p. 140). It is argued that the younger generation from the developing countries are converging at a common set of values due to globalization and hence the cultural dimensions may become less significant (ibid). Hofstede, however has been sceptical of this view and argues that the cultural changes happen slowly (ibid).

### **3. Trompenaars Cultural Dimension**

Trompenaars, an European researcher conducted an extensive research with 15, 000 managers from 28 countries representing 47 national cultures (Aswathappa 2008, p. 186). Trompenaars describes the cultural differences using seven dimensions namely

#### 1. Universalism vs. particularism

The degree of importance a culture assigns to either the law or to personal relationships. In a universalistic culture, people share the belief that general rules, codes, values and standards take precedence over the needs and claims of friends and other relationships. In a pluralistic culture, people see culture in terms of human friendship and intimate relationships. While rules do exist in a pluralistic culture, they merely codify how people relate to one another. (Proven Models 2010)

According to Trompenaar's finding UK is more universalist and India is more of a particularist (Rugman and Collinson 2009, p. 138).

#### 2. Individualism vs. collectivism

This dimension centers on whether the individual rights and values are dominant or subordinate to those of collective society. (Rugman and Collinson 2009, p. 138 )

The findings indicate that United Kingdom is more individualistic and India is more of a collectivist (ibid).

#### 3. Neutral vs. emotional

This dimension deals with the intensity of emotions expressed at workplace. It indicates whether emotional or subjective forms of assessment are thought to be the basis for good decision making in organizations. (Rugman and Collinson 2009, p. 138-139 )

#### 4. Specific vs. diffuse

This dimension centers on whether the work relationships exist just in the work place (specific) or extends beyond the work place in social context (diffuse). (Rugman and Collinson 2009, p. 139 )

#### 5. Achievement vs. ascription

This cultural dimension refers to an individuals status in organizations where credibility, authority, power tend to be based on achievements or based on class, gender, education or age. (Rugman and Collinson 2009, p. 139 )

In this aspect in United Kingdom respect is earned more by achievements (Nardon and Steers 2009, p. 6).

#### 6. Sequential vs. Synchronic

This dimension deals with the degree to which individuals do things one at a time versus several things at once. Time orientation has two aspects: the relative importance cultures assign to the past, present and future, and their approach to structuring time. In a sequential culture, people structure time sequentially and do things one at a time. In a synchronic time culture, people do several things at once, believing time is flexible and intangible. (Proven Models 2010)



The findings suggest that people in United Kingdom follow sequential pattern for time whereas Indians follow Synchronic pattern of time (Rugman and Collinson 2009, p. 139 ).

### 7. Internal vs. external control (ibid)

In this dimension emphasis is placed on people's relationship with nature and the natural environment. Some culture emphasize control and subjugation of environmental forces while others emphasize the need to work with nature in harmony with the environment. Religious and philosophical differences across the world greatly influences this dimension (Rugman and Collinson 2009, p. 139 ).

It has been observed that the United Kingdom is more inner-directed whereas India is more Outer-directed (Nardon and Steers 2009, p. 6).

## **3. 1 Criticisms of Trompenaars model**

The Trompenaars model and Hofstede model share many similarities but still Trompenaar and Hofstede disagree on various aspects (Rosenhauer 2007, p. 22). Hofstede argues that the dimensions identified by Trompenaar are actually categories as the dimensions should be statistically independent (Hofstede 2001, p. 223). Hofstede also points out that Trompenaar's extensive questionnaire measured only intercorrelated flavours of individualism (Hofstede 2001, p. 223).

The application of Trompenaars model indicates that former communist countries such as Czech Republic, Hungary and Russia are relatively individualistic in contrast to their communist history which does not seem to

be a plausible explanation of cultural difference (Gooderham and Nordhaug 2003, p. 145).