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Keywords
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Hofstede - Culturally Questionable?

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INTRODUCTION

"Undoubtedly, the most significant cross-cultural study of work-related values is the one carried out by Hofstede” Bhagat and McQuaid (1982)

Much interest has been placed on culture in business in the last two decades, and it has never been as important in business terms as it is today. The study of the field began in earnest with the work of Hofstede with his landmark study of IBM (Hofstede 1980), and with Peters and Waterman who started the organisation culture sensation with “In Search of Excellence” (Peters and Waterman 1982). Preceding these studies however, was the work of Bartels (1967) who was one of the first to relate the importance of culture, illustrating the concept in decision-making and business ethics. Bartels identifies several criteria for the identification of cultural differences, including:

- Law;
- Respect for individuality;
- Nature of Power and Authority;
- Rights of Property;
- Concept of Deity;
- Relation of Individual to State;
- National Identity and Loyalty;
- Values, Customs and Mores;

Culture is important for many aspects of business life especially when a business must interface with people, either as customers, employees, suppliers or stakeholders. Cross-cultural research has had most value therefore when it has been able to provide substance to modern management practices and techniques. Many cross-cultural researchers, including Hofstede, have been criticised for not providing this valuable guiding intelligence. Michael and College (1997) state that literature tends to lack specificity and is expressed in broad behavioural terms. This paper concentrates on the research provided by Hofstede, not on its applicability, however, it is important to note the potential for maladaptive application.

WHAT IS CULTURE?

A discussion on culture should first begin with a definition. The quantity of cultural definitions expounded by learned researchers are too numerous to count, each one having a relevant claim to a meaningful understanding of the terms of culture. Olie discusses over 164 different definitions for culture collected up until 1951 (Olie 1995, 128). Hofstede himself also provides equivocal definitions. “A collective programming of the mind which distinguishes one group from another” (Hofstede 1980, 25). “Mental programming … patterns of thinking and feeling and potential acting” (Hofstede 1991a, 4).
A key term in these definitions is the word ‘programming’. Culture is not something that is easily acquired it is a slow process of growing into a society. It includes:

- learning values (dominant beliefs and attitudes),
- partaking of rituals (collective activities),
- modelling against heroes (role models), and
- understanding symbols (myths, legends, dress, jargon, lingo…)

These ingredients of culture are acquired from birth. They are influenced by family, school, religion, workplace, friends, television, newspapers and books, and many other sources.

**HOFSTEDE’S STUDY**

Geert Hofstede’s gargantuan research effort commencing in 1980 is the most celebrated of its kind (Bond 2002; Hofstede 1997). The study comprised 116,000 questionnaires, from which over 60,000 people responded from over 50 countries. Hofstede worked with IBM (at the time identified as Hermes) staff over the years 1967 to 1978 to obtain this research. From the data he obtained he provided a factor analysis of 32 questions in 40 countries. From this he identified four bipolar dimensions (Power Distance; Individualism/Collectivism; Uncertainty Avoidance; Masculinity/Feminity), which became the basis of his characterisations of culture for each country (d'Iribarne 1996, 33; Dorfman and Howell 1988, 129; Hofstede 1980; Schneider and Barsoux 1997, 79).

A subsequent study conducted by Hofstede and Bond (Hofstede 1991b; Hofstede and Bond 1984; Hofstede and Bond 1988) introduced a fifth element ‘Confucian Dynamism’ or ‘Long/Short Term Orientation’, which was an attempt to fit the uncertainty avoidance dimension into the Asian culture. **Note: This dimension is not discussed in this paper.**

Hofstede’s research has had a remarkable effect on academics and practitioners alike. Hofstede’s model has been instrumental in the implementation of many business systems, including: compensation practices; budget control practices; entrepreneurial behaviour; training design; conflict resolution; workgroup dynamics and performance; innovation; leadership styles; management control systems; participative management (Michael 1997, 84; Smith 1998, 62), and of course many other cross-cultural issues.

**PROBLEMS ASSOCIATED WITH CROSS-CULTURAL RESEARCH**

Cross-cultural research is not an easy task (Cavusgil and Das 1997). The researcher must overcome many additional factors not inherent in typical research tasks. Some of these factors are discussed below.

**Definition Problems**

Terms used in research instruments; particularly the word ‘culture’ itself is open to interpretation (Nasif, Al-Daeaj, Ebrahimi and Thibodeaux 1991, 82). As has been discussed there are more than 164 definitions for this one word alone (Olie 1995, 128). Then when one considers other terminology used in the questionnaire these too become subject to interpretation. It can become a case of: is the question determining the culture, or the culture determining the question? Problems of translating questions and responses add to these difficulties (Henry 1990, 32).

**Methodological Simplicity**

One error most researchers have in common, is that they are based on an ethnocentric pattern, and they represent a single timeframe only. These errors can provide bias, misinterpretation and inaccuracies (Lubrosky 1959, 326; Nasif et al. 1991, 83-84).

A final problem with methodological simplicity is the question of the researchers background, that is, research tends to be from only one discipline, a better foundation is for multi-disciplinary approach (sociology, psychology, political science, economics, anthropology, etc.) (Nasif et al. 1991, 83-84).

**Equivalency**

Equivalency can be divided into four dimensions: functional, conceptual, instrument and measurement equivalence (Cavusgil and Das 1997).
Functional equivalence assumes that a functional role in one country is the same in another (Hays, Anderson and Revicki 1993; Johnson 1998, 4-6; Nasif et al. 1991, 83-84). For example considering the usage of bicycles in Australia and Vietnam, the two countries would perceive different uses. Australians would see the use as predominately recreational, while many Vietnamese would see it as an essential mode of transport (Cavusgil and Das 1997).

Conceptual equivalence regards the cultural utility of behavioural or attitudinal constructs. For instance, company loyalty in Asia may be seen as devotion to one’s workplace and by following the rules, while in Australia it may be following instructions and not breaking the rules (Cavusgil and Das 1997).

Instrument equivalence and measurement equivalence regard the cross-cultural consistency of the research instrument, whether it is equally represented across the entire sample. This includes participant bias towards scaling. For example some cultures will tend not to provide extreme levels on a scaled question, while other cultures will tend to (Nasif et al. 1991, 85). Language can also be problematic in this regard and can be overcome through the adoption of back-translation and multilingual panel analysis (Cavusgil and Das 1997).

Inadequate attention to these methodological constraints can affect the viability of cross-cultural research. It is therefore critical a researcher adopts as unbiased and unambiguous a research instrument as is practical.

**HOFSTEDE’S FINDINGS**

As result of his multi-nation study Hofstede devised four dimensions to characterise cross cultural differences, these are discussed below.

**Power Distance (PD)**

PD has to do with the degree to which unequal distribution of power and wealth is tolerated. This can be determined by the level of hierarchy in workplaces and distance between social strata. Malaysia ranks low on Hofstede’s scale showing that they hold large distances between ranks in an organisation; communications are likely to be through the command chain rather than direct. Israel is at the other end of Hofstede’s scale, meaning that Israeli’s are very egalitarian, a worker can generally approach her boss and vice versa (Newman 1996, 755-756; Redpath 1997, 329; Schneider and Barsoux 1997, 80).

**Individualism (IC)**

This is a measure of whether people prefer to work alone or in groups. It indicates the degree of social/community integration. Indigenous nations tend to be collective where the original culture has not become fractured. USA measures the lowest on this scale, that is, they prefer singular achievement. This comes from a cultural upbringing which expects people to be independent at a very early age. On the other hand is Guatemala, they rank the highest meaning that they work in groups and ascribe performance as a cooperative achievement. The lifestyle of a Guatemalan is likely to be based around close family ties with strong community support (Redpath 1997, 328-329; Schneider and Barsoux 1997, 80; Smith 1998, 61).

**Masculinity (MF)**

This scale does not refer, absolutely, to the dominance of gender. It depicts the degree to which masculine traits like authority, assertiveness, performance and success are preferred to female characteristics like personal relationships, quality of life, service and welfare. Japan ranks the lowest on Hofstede’s scale showing that they are highly male oriented. Workplaces are likely to be autocratic. At the other extreme Hofstede found Sweden and Norway. People in these two countries are likely to show more empathy for their fellow workers, they are likely to spend time on relationships and personal ties (Schneider and Barsoux 1997, 80; Smith 1998, 61).

**Uncertainty Avoidance (UA)**

UA is the extent to which people are threatened by a lack of structure or by uncertain events. It refers to the way in which people will deal with the future, whether they have inherent control, or whether events are beyond their control (fatalism). People with low UA will require structure and order with clear rules and guidelines. Hofstede found Greece to have the lowest UA score. Therefore, people in Greece will be reluctant to make decisions and they will require very structured work routines. Swedes on the other hand can work well without structure and will have a high tolerance for ambiguity (Newman 1996, 756-757; Redpath 1997, 329; Schneider and Barsoux 1997, 80; Smith 1998, 61).
ARGUMENTS AGAINST HOFSTEDE

Criticised and complemented on the breadth, depth and import of his study into culture (“Culture's Consequences”) Hofstede's work has been nothing short of highly controversial. Like some of the great economists (Keynes, Malthus, Philips) Hofstede is not without his protagonists and antagonists. Many arguments run against Hofstede's work, the discussion which follows endeavours to capture some of the more pertinent issues.

Relevancy

Many researchers allude a survey is not an appropriate instrument for accurately determining and measuring cultural disparity. This is especially apparent when the variable being measured is a value which culturally sensitive and subjective (Schwartz 1999). Hofstede addresses this criticism saying that surveys are one method, but not the only method that was used (Hofstede 1998, 481).

Cultural Homogeneity

This criticism is perhaps the most popular. Hofstede’s study assumes the domestic population is an homogenous whole. However most nations are groups of ethnic units (Nasif et al. 1991, 82; Redpath 1997, 336). Analysis is therefore constrained by the character of the individual being assessed; the outcomes have a possibility of arbitrariness. On the other hand Hofstede tends to ignore the importance of community, and the variations of the community influences (Dorfman and Howell 1988, 129; Lindell and Arvonen 1996; Smith 1998, 62).

National Divisions

Nations are not the proper units of analysis as cultures are not necessarily bounded by borders (McSweeney 2000). Recent research has found that culture is in fact fragmented across group and national lines (DiMaggio 1997). Hofstede points out however that national identities are the only means we have of identifying and measuring cultural differences (Hofstede 1998, 481).

Political Influences

The outcomes, particularly those pertaining to Masculinity (Søndergaard 1994, 451-452) and Uncertainty Avoidance (Newman 1996, 775), may have been sensitive to the timing of the survey. Europe was in the midst of the cold war and was still haunted by vivid memories of World War Two, similarly their was the communist insurgence in Asia, Africa and Europe. As a result of the political instabilities of the time, the sample lacks data from socialist countries, as well as from the less affluent Third World Countries.

One Company Approach

A study fixated on only one company cannot possibly provide information on the entire cultural system of a country (Graves 1986, 14-15; Olie 1995, 135; Søndergaard 1994, 449). Hofstede said he was not making an absolute measure, he was merely gauging differences between cultures and this style of cross-sectional analysis was appropriate (Hofstede 1998, 481). In addition, Hofstede points out that the use of a single multinational employer eliminates the effect of the corporate policy and management practictices from different companies influencing behaviour differently, leaving only national culture to explain cultural difference (Hofstede 1980).

Out-dated

Some researchers have claimed that the study is too old to be of any modern value, particularly with today’s rapidly changing global environments, internationalisation and convergence. Hofstede countered saying that the cross-cultural outcomes were based on centuries of indoctrination, recent replications have supported the fact that culture will not change overnight (Hofstede 1998, 481).

Too Few Dimensions

Four or five dimensions do not give sufficient information about cultural differences. Hofstede agrees, he believes additional dimensions should continue to be added to his original work (Hofstede 1998, 481).

Statistical integrity

Dorfman and Howell (1988) have found that in his analysis, Hofstede has, on occasion, used the same questionnaire item on more than one scale, and several have significant cross-loadings. In fact, when closely observed, the analysis comprises 32 questions with only 40 cases or subjects (40 data points
corresponding to 40 countries). An analysis built on so few ‘subjects’ takes great advantage of chance and increases the likelihood of sample error (Dorfman and Howell 1988, 130; Furrrer 2000, 358).

ARGUMENTS IN SUPPORT OF HOFSTEDE

While the criticisms may be sound, Hofstede’s research is one of the most widely used pieces of research among scholars and practitioners, it has many appealing attributes (Furrer 2000, 358; Ross 1999, 14; Søndergaard 1994). Søndergaard (1994) found that Hofstede’s 1980 study received 1,036 citations, while another highly regarded study on strategy by Miles and Snow received only 200 citations. Many researchers agree on the following points which reinforce the value of the study.

Relevance
During the time of its delivery there was very little work on culture, and at this time many businesses were just entering the international arena and were experiencing difficulties; they were crying out for credible advice. Hofstede’s work met and exceeded this demand for guidance. Scholarly attention was also turning toward culture during this period, and Hofstede was considered a pioneer and pathfinder (Søndergaard 1994, 448-449).

Rigour
The research framework used by Hofstede was based on rigorous design with systematic data collection and coherent theory. This is just what scholars and the marketplace had been asking for (Søndergaard 1994, 448-449). However, many critics claim the sampling was flawed, being sparse and unevenly distributed (McSweeney 2000).

Relative Accuracy
In Søndergaard’s bibliographical analysis (1994) he compared the replications (research similar to Hofstede’s IBM study, originated to compare his findings) of Hofstede’s research. 61 replications were analysed. The majority of the replications confirmed Hofstede’s predictions. Four of the replications concurred in their entirety, and 15 showed partial confirmation. The only dimension of Hofstede’s that could not be validly confirmed was ‘Individualism’, however, Hofstede addressed this issue by predicting that cultures will shift over time (Søndergaard 1994, 450-453).

Several studies were developed not as replications, but along similar lines, to test the relevancy of Hofstede’s questions. These have also confirmed the accuracy of Hofstede’s four dimensions (Søndergaard 1994, 453).

A TWO-COUNTRY ANALYSIS USING HOFSTEDE

Australia and Indonesia have been selected as two countries to illustrate Hofstede’s findings because the two countries are relatively close to each other (geographically), yet there seems to be large cultural gaps between the countries. Australia and Indonesia are also strong trade partners with important political linkages. Note: For ease of description the country scenarios will be examined from the situation of an Australian Manager working in Indonesia.

The illustration in Exhibit 1 shows each country according to Hofstede’s scale. Exhibit 2 is an attempt to map these dimensions, again this map shows the large differences between the countries. As can be seen from these exhibits, except for the UA dimension, there are significant differences between Australian and Indonesian cultures.

Power Distance
The two countries are poles apart on these two dimensions. An Australian working in Indonesia will find the following differences from his or her more familiar cultural environment:

- A formal hierarchy with each tier wielding more power than the rank below.
- Management will be centralised, subordinates are unlikely to be consulted or expected to participate in decision-making.

Individualism/Collectivism
This dimension represents the most striking difference between the two countries. Indonesians tend to be highly collective. Australians on the other hand are individually motivated. An Australian working in Indonesia will find the following differences from his or her more familiar cultural environment:
• The employees will be team-oriented and group motivated. An individual’s achievement will be attached to group promotion. While the Australian will say “I did this”, an individual in Indonesia will say “we did this”.

Masculinity/Femininity
There is only a small variance on this scale between Australia and Indonesia. Both countries tending to be middle of the road, Australia slightly biased towards a Masculine culture. The Indonesian workforce will show more affection and compassion than would the Australian workforce who will be more task-oriented and result-focussed. An Australian working in Indonesia will find:
• Indonesian workers will have strong bonds and maintain personal relationships. Belonging to the group is more important than pleasing the boss. Workers will tend to socialise at work, more than Australian workers.

Uncertainty Avoidance
The countries were similar in this dimension, both tending to plan for future events, neither culture has much fear of making decisions or of the unknown.

RECOMMENDATIONS FOR FURTHER RESEARCH
Culture is one area of social science that receives constant attention. As Søndergaard (1994) found in his research; many researchers have replicated Hofstede’s study and many more continue with other cross-cultural studies. However, although Hofstede does not agree (Hofstede 1998, 481), many researchers find culture to be a dynamic, constantly changing field. Cultures are merging, technology is changing the way we communicate, and globalisation is changing the way we trade and interface. Therefore, researchers must keep abreast of these changes to ensure practitioners are provided the best and latest tools ensuring global cooperation. More research is needed to evaluate culture in terms of contemporary standards. Research is also needed to better explore the dimensions proposed by Hofstede and Hofstede and Bond to determine whether more can be added.

CONCLUSION
This paper has provided an evaluation of Geert Hofstede’s ground-breaking work on cross cultural differences. It has included argument in support of Hofstede as well as against his work. While the level of controversy surrounding this work is still quite high, it remains the most valuable piece of work on culture for both scholars and practitioners. Based on the theoretical and practical value of Hofstede’s work an analysis of two countries – Australia and Indonesia – is provided.

To conclude, more research is needed to capture the shifting cultural maps which are influenced by, and influence, globalisation and technology, however this is difficult to achieve and may have temporal value. As a result the work of Hofstede will continue to have value now and into the future.

REFERENCES


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**TABLES AND FIGURES**

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Exhibit 1. Hofstede's Four Dimensions
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- INDONESIA (PD v IC)
- INDONESIA (MF v IC)
- INDONESIA (PD v UA)
- INDONESIA (MF v UA)
- AUSTRALIA (MF v UA)
- AUSTRALIA (PD v UA)
- AUSTRALIA (MF v IC)
- AUSTRALIA (PD v IC)

Exhibit 2. Hofstede’s Four Dimensions, mapped in a 4-D Representation