Relevance of the contribution of Hofstede

By

(Name)

Presented to

(Instructor/tutor)

(Course/subject)

(Institution/university)

(City)

(Date)

Introduction

Geert Hofstede is a famous scholar in the field of organisational studies, cultural economics as well as management. Hofstede is famous for his research in cross-cultural groups and organisations. He has played a vital role in coming up with a framework that assesses and differentiates organisational cultures and national cultures (Hofstede, 2001). Hofstede's research is one of the most popular researches that consider the relationship between national culture and organisational values. Hofstede research aims at coming up with a well-defined, and empirically based terminology, which defines culture. The dimensions of Hofstede are largely accepted as constructive tools for analysing the differences in cultural groups, people within a group as well as national culture. He stated that there exists cultural differences between countries and they can influence differences in organisational perceptions and practices (Hofstede, 2001). The culture of a country has a noteworthy influence on the attitude and values linked with workers. His literatures has been used by various researchers in the effort to understand the effects of culture in global organisations.

With the rising globalisation in the current world, it is vital to consider culture as one of the crucial factors that has influenced designing and implementation of organisational practices. According to Hafstede (2001), culture is a collective mind programming which differentiates member of one group from another. Since the social and economic structures in the world have become more connected and reliant to each other, understanding how people interact with each other in structures became vital. Managers connecting or expanding globally their operations must be receptive of how businesses in different regions and countries realise and react to various human resource factors and demands. According to Hofstede effective organisational practices is positively linked to financial and the performance of the organisation even though best practices due to institutional and cultural differences maybe not always transferred across countries (Rowley & Jackson, 2011). The organisational practices and values vary from one nation to another based on each country's unique culture and

customs. The cultural inheritance of many countries has a critical influence on its economic, social and political structures (Jakupec & Garrick, 2000). This influences the development of organisational practices and value in a given nation.

Generalisation of organisational practices may not be feasible across various countries due to differences in policies, law as well as cultures. Also differences in cultures may affect organisational practices across borders. According to Hofstede (2001), organisational practices are rooted in cultural principles which reflect the generic postulations and belief of the national culture where an organisation is engraft (Smith & Fitzgerald, 2008). In the business, every cultural fact like bureaucracy, power, accountability and innovation are dealt with differently. People institute organisations derived from their values and societies are made up of organisations and institutions which reflect the prevalent values within their culture (McGuire & Jørgensen, 2011). Culture has a crucial influence on the approach of people management hence culture differences pursue differences in organisational management practices.

Organisational practices differ across countries although in literature Universalist approach states that there will be some best practices which should be successful universally and with globalisation and rising transfer of competence, these practices will make organisational practices more comparable across countries (Burke & Cooper, 2005). Though, the contextual approach proposes that organisational practices will keep on varying between countries because of differences in culture, socio economic situation and other contextual factors affects these differences. Cultural considerations have become a trendy topic in global framework. International businesses should identify the increase in cultural challenges and formulate organisational practices in order to fulfill the global flexibility, rivalry and learning capabilities (In Aris & In Wenger, 2014). It is considerable for an organisation to recognize and figure out the model for analysing the cultural differences. This is critical since there is a link between various organisational behaviors such as norms of suitable leadership style as

well as cultural values. It is also vital to look deeply into the cultural differences so as to know how to reline organisational policy and practice it (Pembroke, N. (2004). The national culture influence on the implementation and development of organisational practices is considered with organisations from different countries and it has show significance differences in the organisational practices. Past studies have effectively tried to elucidate some of the discrepancy in organisational practices across cultures by utilizing Hofstede's cultural dimensions (Bolton & Houlihan, 2007). Nevertheless, the level of cultural influence on organisation practices vary depending on particular practices, with some organisational practices being more culture-bond compared to other.

According to Bolton & Houlihan (2007) national elements such as governance, economics and trade unions, legal as well as financial systems that together shape the national business system, are the causes of the differences in organisational practice across various countries. Others have stressed the effect of national culture, a concept that encompasses values, norms, beliefs as well as the expectations. Boxall (2008) noted that most organisational practices and policies are culture bounded. Hofspede (2001) noted that the raising internationalisation and globalisation of various businesses has made the concept of culture and its influence on the organisational practices. According to him, HRM is a vital function in the success of an organization (Hofspede, 2001). External aspects like the culture of a country, economy and socio-political environment affects the way an organisation manages its human assets.

Culture is composed of many factors that are explicit and others are explicit. Mostly these factors are elucidated by terms such as norms, values behaviors as well as basic assumptions (Hedge & Pulakos, 2002). It is therefore vital for managers to be aware of cultures and base organisational design and style of management on the national culture (Hands, 2011). They should have their own understanding of culture that shapes their thinking. Hofstede maintains that there will be so many barriers in doing business and without understanding various cultures; individuals will interpret various cultural behaviors wrongly. Cultural dimensions

affect the operations of business particularly on human resource management practices since it entails dealing with human assets who have been socialized in their environs.

Impacts of Hofstede cultural dimensions on organisational practices

Derived from differences in law, policies and cultures, organisational practices cannot be generalised among various countries and cultural difference may have effects on how organisational roles are executed across borders (Dunning & Lundan, 2008). In recent research in the field of relative organisational, culture has generated a lot of interest due to the idea that culture is at the base of behavior of people. Hofstede demonstrated that efficiency of organisational practices depend on how well the methods used are appropriate with the culture in which they are executed. According to Hands (2011) there are three diverse stages where the cultural dimensions affect organisational practices. The initial stage sees the internal work culture of an organisation as a way which shares managerial assumptions and ideas that relate to the roles of workers. In the second stage, task driven assumptions are determined by the characteristics like industry, resources availability, status of ownership and market rivalry. In the final stage employee linked assumptions are driven by socio-cultural aspects.

According to Hedge & Pulakos (2002) high power-distance societies choose one-way over participative training delivery and education courses where the instructor is perceived to have sufficient power. In these societies, organisations tend to recruit senior managers instead of external trainers as instructors so as to ensure a high credibility and trust level. Boxall & Purcell (2008) noted that cultural value like high uncertainty avoidance compels managers to pursue organised, internal and long-term directions in personnel growth.   They stated that collectivist societies focus on seniority-based promotional decisions but individualistic cultures are deemed to place a stronger focus on arguing worker's potential for future promotion based on the roles.

Pembroke (2004) stated that uncertainty-avoidance cultures set a stronger focus on personal performance-based pay. He further demonstrated that in low power-distance cultures, workers

share alternatives and ownership of stock plans are more prevalent while high uncertainty-avoidance culture favor seniority and skill-based reward systems considering their inherent certainty.

McGuire & Jørgensen (2011) stated that in a collectivist cultures, it is complex for candidates who recruited externally to go into the strong social networks in the organisation and survive with the resistance subsequent to their appointment, particularly in cases where there is a support of an internal candidate.

Burke & Cooper (2005) sampled Chinese and Dutch industrial organisations and found a range of differences in organisational perceptions among the two countries in the fields of performance appraisal, training, hiring as well as reward practices. For example, Dutch organisations were more likely than Chinese organisations to have formal compensation and hiring procedures. Organisations in China portrayed a greater affinity to base compensation on both organisational and individual performance compared to Dutch organisations.

Jakupec & Garrick (2000) compared HRM views of both managers and employees in Indian and Canadian industries and observed the influence of cultural and contexts on these views. They found numerous significant differences in the views between the two countries. Canadians pointed out that that they felt self-controlled and independent on their decision making and they worked without direct supervision compared to Indian workers. Indian workers showed more advanced thinking while planning objectives and actions (Jakupec & Garrick, 2000). They figured out noteworthy correlation between the differences in views and differences in cultural dimensions such as avoidance of uncertainty, power distance as well as paternalism. The Indians scored more on these traits compared to Canadians. Jakupec & Garrick (2000) indicated that cultural dimensions have contribution in training and development programs' development.

Bolton & Houlihan (2007) compared organisational practices in United States with India, China and Philippines and found out significant differences among the managers in the four

countries. The managers in the four countries had differences in perception of self-confidence, communication skills, academic achievements, previous experience, planning and decision making as well as the ability to lead. Conclusion was drawn that the differences in organisational practices of the four countries is based on the variations of Hofstede's cultural dimensions such as collectivism/individualism evidenced in the four nations.

Rowley & Jackson (2011) noted disparities in organisational practices across ten countries in Europe: France, Netherlands, Denmark, Germany, Italy, Spain, United Kingdom, Sweden, Norway and Switzerland. The organisations that were sampled represented numerous industries and public sectors like agriculture, chemical and health, manufacturing as well as the engineering. Measurement on the degree to which HRM tasks were placed on line managers as compared with HR specialists and the extent to which these organisations viewed HRM as part of business strategy and the nations that portrayed higher degree of development more closely equalised one another's cultural dimensions compared with nations with little levels of devolvement (Rowley & Jackson, 2011).

Netherlands and Denmark have high devolvement but low integration. The two countries have a common score on the cultural dimensions of Hofstede of small power distance, high individualism as well as low masculinity. According to Rowley & Jackson (2011) Switzerland and Sweden indicated the same small power distance and high scores on individualism. The two countries have high degree of devolvement and integration. Nations with low devolvement did not fit in the cultural dimensions score of each other. Nations with low devolvement but high integration like Spain and France are culturally related to each other. German and Italy were close to each other though with high avoidance of uncertainty but more closely matched to the Great Britain but with lower power distance. In relation to their findings, various combinations of cultural dimensions can affect organisational practices in various ways.

Marchington & Chartered Institute of Personnel and Development (2008) indicated that high uncertainty avoidance members tend to use more selection test types, use them more widely, and conduct more interviews as well as monitoring their procedures in deeper details hence suggesting a bigger intention of collecting decision making objective data. It was also found out that the strategy of selection and recruitment varied across cultures (Marchington & Chartered Institute of Personnel and Development, 2008). For example, collectivist cultures prefer using internal labour market so as to promote loyalty to business.

Smith & Fitzgerald (2008) noted that high power-distance culture members tolerate autocratic assessment styles which do not necessitate them to openly express their perspectives in the review of appraisal while low power-distance cultures seem to use more participative and egalitarian performance evaluation. They indicated that cultural values and norms affect designing and execution of organisational practices. Some cultural dimensions like power distance, individualism and collectivism affects key organisational practices such as recruitment, evaluation, compensation as well as promotion (Boxall & Purcell, 2008). In individualistic cultures, job description is set up for individual employees in contrast with collectivistic cultures where the unit of analysis in description of job is work group instead of individual worker. Hence good interpersonal relationships with co-employees and team are anticipated.

According to Hands (2011) high power distant and collectivistic nations tend to place a greater meaning on the criteria of recruitment, such as socio-cultural links and ascribed status compared to hard criteria like knowledge, skills as well as abilities. According to him, collectivistic cultures worker selection is individual-centered and it mainly focuses on the fit of the recruit with the rest of the organisation. Employers in individualistic cultures are most possibly to decide on applicants on the basis of the required skills and the ability to select measures on the grounds of their validity when assessing attributes.

Greatly structured, bureaucratic interviews that are most common and essential selection instruments are less likely to be used in collectivistic but more likely to be used in individualistic cultures (Pembroke, 2004). In big power distance cultures educational qualifications of applicants are more vital when hiring, probably due to the emphasis that various cultures place on status. Avoidance of uncertainty makes an organisation to use a more structured selection practices.

Smith & Fitzgerald (2008) found that nations high in femininity have extra overlap in the social responsibilities of women and men and value to a big magnitude quality of life, relationships, minding about the weak as well as modesty. The role of selection process in feminine culture is to hire people with positive relationships with others. However, it is evident that in a masculine culture, there is a greater utilisation of greatly structures interviews with standardided guidelines.

Haywood & Mac (2013) suggested that logical and participative human resource planning in big power distance cultures might not exist or may be rare. They may also be short-term oriented and conducted with high elasticity, because of human resource centralisation. Organisational plans might regularly change to contain the high level executives' requests. Also human resource planning in low power distance cultures is carried out with the participation and inputs of all line managers and it is a long-term, rational as well as systematic approach organisational practices. Avoidance of uncertainty and power distance dimensions determined formalisation and centralisation in South Korean organisations. South Korea high power distance attainment is reflected in the centralised structure of the country's organisations.

There is a relationship between organisations and the environmental cultures and the cultural dimensions affects the design and execution of organisational practices. There are considerable differences between collectivist and individualist cultures since collectivist cultures normally use group-based allocation of rewards and shows lower overall dispersion of

pay while pay for the performance schemes are extremely common in individualists cultures (Bolton & Houlihan, 2007).

Aris & Wenger (2014) stated that in a collectivist culture, there is a comparatively greater application of workplace child-care practice; supple benefit plans and maternity leave plan and career break schemes, whereas these practices are less important in masculine cultures.

Derived from Garsten & De (2008) all organisational policies and practices are affected by cultural dimensions and have to be taken into consideration when coming up with effective HRM practices. They stated that HRM can aid in instilling culture by training, selection, socialisation as well as numerous forms of worker involvement in winning minds and hearts and ensuring shared beliefs and values. Embracing organisational practices that fit the cultural contexts has positive impacts on the financial productivity of employees compared to the use of management styles which does not fit the cultural background.

Hedge & Pulakos (2002) argued that in high power distance cultures workers support hierarchies and centralised power structures. Whereas workers from low power distance culture support decentralised power structures, flat organisation as well as equal privileges. They contended that workers from high uncertainty avoidance culture do not like uncertainty. These employees are fond of orders and rules whereas in low uncertainty avoidance culture, workers like fewer rules. There is an influence of national culture on the culture of an organization since assumptions of a culture affects the decision making process of an organization.

Conclusion

Hofstede played a critical role in explaining culture and its impacts on the global organisational practices. Numerous studies have been carried out that explore relationships between cultures and dimensions. The studies makes it clear that culture is a vital determinant of shaping organisational practices and alignment of cultural dimensions can result to long-

term competitive advantage of a business. Culture is one of the major factors that affect organisational practices and efficient global human resource management is directly linked to culture hence due to cultural disparities best organisational practices cannot always transfer across nations.

Even though the work of Hofstede is highly criticised on many grounds and by many researchers, the reputation and usefulness and of the categories developed by Hofstedes shows that this theory is still famous and it is being utilized in various fields.

References

Boxall, P. F., & Purcell, J. (2008). Strategy and human resource management. New York: Palgrave Macmillan.

Dunning, J. H., & Lundan, S. M. (2008). *Multinational enterprises and the global economy*. Cheltenham, UK: Edward Elgar.

Hedge, J. W., & Pulakos, E. D. (2002). Implementing organizational interventions: Steps, processes, and best practices. San Francisco, Calif: Jossey-Bass.

Smith, C., McSweeney, B., & Fitzgerald, R. (2008). Remaking management: Between global and local. Cambridge: Cambridge University Press.

Garsten, C., & De, M. M. L. (2008). Transparency in a new global order: Unveiling organizational visions. Cheltenham: Edward Elgar.

In Aris, S., & In Wenger, A. (2014). Regional organisations and security: Conceptions and practices.

Haywood, C., & Mac, . G. M. (2013). Education and Masculinities: Social, cultural and global transformations. Hoboken: Taylor and Francis.

Hands, J. (2011). @ is for activism: Dissent, resitance and rebellion in a digital culture. London: Pluto.

Hofstede, G. H. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations*. Thousand Oaks, Calif: Sage Publications.

Burke, R. J., & Cooper, C. L. (2005). Reinventing human resource management: Challenges and new directions. London: Routledge.

Bolton, S. C., & Houlihan, M. (2007). Searching for the human in human resource management: Theory, practice and workplace contexts. Basingstoke: Palgrave Macmillan.

Smith, C., McSweeney, B., & Fitzgerald, R. (2008). Remaking management: Between global and local. Cambridge: Cambridge University Press.

Pembroke, N. (2004). Working relationships: Spirituality in human service and organisational life. London: Jessica Kingsley Publishers.

Marchington, M., Wilkinson, A., & Chartered Institute of Personnel and Development. (2008). Human resource management at work: People management and development. London: Chartered Institute of Personnel and Development.

McGuire, D., & Jørgensen, K. M. (2011). Human resource development: Theory and practice. London: SAGE.

Smith, C., McSweeney, B., & Fitzgerald, R. (2008). Remaking management: Between global and local. Cambridge: Cambridge University Press.

Jakupec, V., & Garrick, J. (2000). Flexible learning, human resource, and organisational development: Putting theory to work. London: Routledge.

Rowley, C., & Jackson, K. (2011). Human resource management: The key concepts. London: Routledge.