

MGT 407

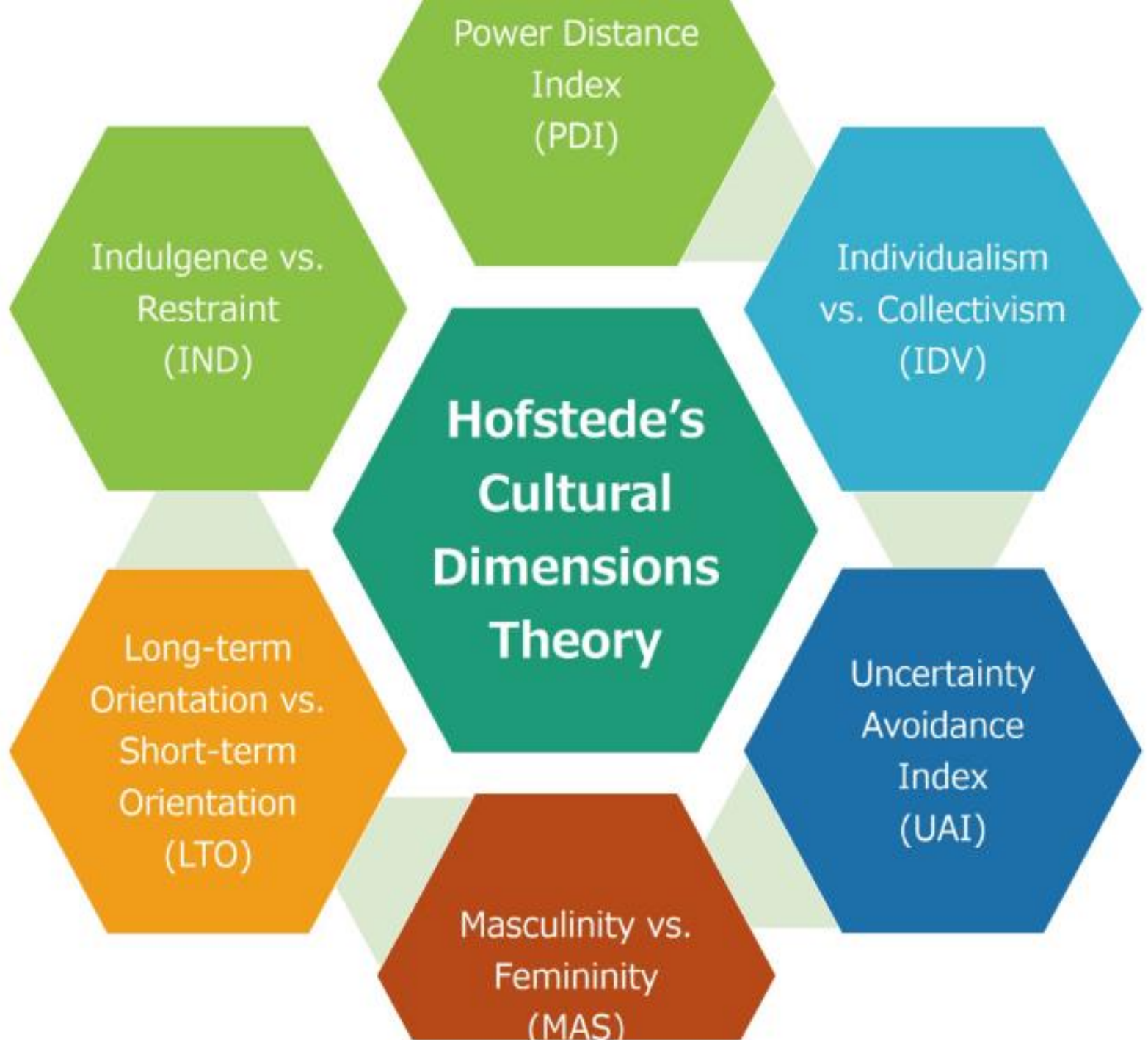


International Management Practices

Hofstede's Cultural Dimensions



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1. Power Distance Index (PDI)

High PDI Example (Military-style corporate hierarchy):
In India or Malaysia, an entry-level employee will rarely contradict a manager. Decisions flow strictly from the top down. Directives are followed without question to show respect for the leader's status.

Low PDI Example (Flat organizational structure):
In Denmark or the Netherlands, managers actively consult their teams before making decisions. It is common for an intern to openly disagree with a CEO during a meeting, as everyone's opinion carries weight.

2. Individualism vs. Collectivism (IDV)

Individualism Example (The "Self-Made" mindset):
In the United States, job advertisements frequently look for "self-starters" and "independent thinkers." Employees are rewarded based on personal merit, and individuals readily change employers to advance their own careers.

Collectivism Example (Harmony and "Saving Face"):
In Japan or Guatemala, achievements are celebrated as a team effort rather than an individual victory. A worker might decline a promotion if it disrupts team harmony or makes colleagues look bad.

3. Motivation Toward Achievement vs. Relationships (MAS)

High Masculinity Example (Live to work): In Japan or Hungary, professional life is highly competitive. Long working hours, performance metrics, and material rewards (like bonuses or luxury company cars) are primary drivers of employee satisfaction.

Low Masculinity / High Femininity Example (Work to live) In **Sweden** or **Norway**, companies heavily prioritize work-life balance. Flexible working hours, extensive parental leave, and workplace well-being take precedence over aggressive corporate competition.

4. Uncertainty Avoidance Index (UAI)

High UAI Example (Rigid protocols and planning):
In **Germany** or **Greece**, business contracts are incredibly detailed to account for every possible future scenario. Companies rely on strict processes, standardized operating procedures, and exhaustive data before launching a project.

Low UAI Example (Agile and comfortable with ambiguity):
In **Singapore** or the **United Kingdom**, businesses are more comfortable with the "learn as you go" approach. Entrepreneurs lean into volatile markets, shifting strategies quickly without needing a highly structured long-term plan.

5. Long-Term vs. Short-Term Orientation (LTO)

Long-Term Orientation Example (Generational planning):

In **China**, companies frequently invest in projects with 10- or 20-year horizons, prioritizing market share and sustainability over immediate returns. Personal saving rates are traditionally high to prepare for the future.

Short-Term Orientation Example (Quarterly results focus):

In the **United States**, corporate success is heavily judged by quarterly financial reports. Companies prioritize immediate profit, stock price spikes, and quick wins to satisfy stakeholders right away.

6. Indulgence vs. Restraint (IVR)

Indulgence Example (Leisure and personal freedom):
In **Mexico** or **Australia**, social life, entertainment, and personal happiness are highly valued. Work hard, play hard is a common mentality, and people freely spend money on experiences and leisure.

Restraint Example (Duty and social strictness):
In **Egypt** or **Russia**, social norms tightly regulate impulses and behavior. Enjoyment or leisure is often viewed with a sense of duty or cynicism, and expressing excessive personal emotion in public is discouraged.

LOW ← → HIGH

EGALITARIAN ←

POWER DISTANCE

Level of acceptance of an unequal power distribution in a society

→ EMBRACES HIERARCHY

COLLECTIVIST ←

COLLECTIVISM VS. INDIVIDUALISM

Extent to which members of a culture prioritize their individual goals over the goals of the group

→ INDIVIDUALIST

COMFORTABLE
WITH UNCERTAINTY ←

UNCERTAINTY AVOIDANCE INDEX

Desire to accept or avoid unknown or uncertain situations

→ UNCOMFORTABLE
WITH UNCERTAINTY

NURTURE
IMPORTANT ←

FEMININITY VS. MASCULINITY

What motivates people = want to be the best (masculine) or liking what you do (feminine)

→ POWER
IMPORTANT

TRADITIONAL AND
SHORT-TERM ←

LONG-TERM ORIENTATION

Planning and action are based on long-term goals vs. short-term goals

→ FUTURISTIC AND
LONG-TERM

RESTRAINT IS
GOOD ←

RESTRAINT VS. INDULGENCE

Extent to which people try to control their desires and impulses

→ SATISFACTION IS
GOOD

—

+

Equality

Power distance

Inequality

Risk tolerant

Uncertainty avoidance

Risk intolerant

Collectivistic

Individualism

Individualistic

Collaboration &
cooperation

Feminity/masculinity

Power &
competitiveness

Tradition & short
term

Time perspective

Future & long term

Normative repression

Restraint vs indulgence

Free satisfaction

Hofstede's Cultural Variables

- ❑ Low power distance
- ❑ Very high individualism
- ❑ Moderate to high masculine-associated values (aggressiveness, assertiveness, competitiveness)
- ❑ Low uncertainty avoidance (i.e., high tolerance of risk and change)
- ❑ Short-term time orientation