Culture: organisations, personalities and nations. Gerhard Fink interviews Geert Hofstede

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Biographical notes: Geert Hofstede holds an Ir. Degree in Mechanical Engineering (University Delft, 1953), a Doctorate in Social Psychology (University of Groningen, 1967), and four times he was awarded a Degree Doctor Honoris Causa. He is one of the most cited European authors in the Social Sciences Citation Index. He had a varied and international career both in industry and in academia, retiring as a Professor of Organisational Anthropology and International Management from the University of Maastricht in 1993. Since the publication of his book Culture's Consequences (1980, 2001) he has been a pioneer in comparative intercultural research; his ideas are used worldwide.

Gerhard Fink is Jean Monnet Professor for applied micro-economics in European integration and Director of the doctoral programme at Wirtschaftsuniversität Wien. He was Chairman of the Business Faculty at Wirtschaftsuniversität Wien during 2001–2002 and Director of the Institute for European Affairs (Jean Monnet Centre of Excellence) during the period 1997–2003. He is author or co-author of about 200 publications in learned journals and has authored or (co-) edited about 15 books; in 2005 he was Guest Editor of the Academy of Management Executive, one of the leading management journals in the USA.

Telephone Interview on 6 October 2006, 10–11 a.m.

Fink: Professor Hofstede, could you please share your thoughts with us about the interrelations between corporate cultures and national cultures, and later about personality traits and national cultures?

Hofstede: My thinking about corporate, or rather organisational, cultures is influenced by a research project at my institute in the 1980s (Hofstede et al., 1990) across 20 different organisation units, half of them in Denmark, half of them in Holland. We started right from scratch. We interviewed a number of people in these units at all levels, from the head, the director, to the doorman and to the Labour Union representative and so on. Based on that, we made a questionnaire, which we administered to a sample of people in all those 20 units. We also included the questions I had used earlier in my research on national cultures.

The conclusion was that the differences between organisations did not follow the same dimensions as differences in national cultures. Organisational cultures are a different phenomenon from national cultures. National cultures belong to anthropology, organisational cultures to sociology. Organisational cultures are rooted in practices and national cultures are rooted in values. Organisational cultures are learned when we are adults, national cultures were learned when we were small children. Most are at the level of very basic values, which we acquired before puberty. Physiologically, human beings, at puberty, switch from one learning mode to another learning mode. As small children, we are able to acquire an enormous amount of implicit diffuse information, everything we need to function as human beings. At puberty, our way of learning becomes more conscious, based on explicit knowledge; but we continue to carry the programmes we acquired as children. While national cultures were acquired at the pre-puberty level, organisational cultures are obviously at the post-puberty level, because we acquire them when we enter the organisation.

Our project found six mutually independent dimensions of organisational cultures (Hofstede et al., 1990).[1] All six were, to some extent, already described in organisational sociology or in the management literature.

The differences among the organisational units on my five national culture dimensions[2] were small. They reflected the fact that some of the units were in Denmark and some in Holland, but the national cultures of these two countries are fairly similar.

Fink: Does the lack of knowledge of this distinction contribute to some confusion in the context of group cultures or in-group collectivism with respect to your collectivism/individualism dimension?

Hofstede: That confusion is partly due to a lack of interdisciplinary orientation. We all come from our own discipline, and we tend to see only our side of the social world. When you study cultures you have to be open to relevant information from various disciplines, from anthropology, from sociology, from social psychology, and even from individual psychology and from economics. All those disciplines play some role and without being an expert on all of them, one should at least be prepared to listen to what the experts from the other side say. Especially in the American literature there is

a horrible disciplinary parochialism. Actually if you cite too much literature from other disciplines your articles won't be accepted.

Fink: You have written many times that national cultures are not easily changeable. In contrast to that, there is a good chance that the culture of an organisation could be changed, because it is learned in a different way.

Hofstede: Organisational cultures are less deeply rooted, and because of that we can acquire a new culture when we move from one organisation to another. Cultures of existing organisations can be changed too, but that is often taken too lightly. It takes great effort, lots of management attention, time and money.

Fink: To say it in my own words, if foreign firms want to impose new corporate cultures on local subsidiaries abroad would they have to consider that it takes time and needs particular explicit and tacit information until their corporate culture will be adopted?

Hofstede: Right, it is difficult to impose one's corporate culture when moving to a different place. The easiest way is by starting a 'greenfield site', building up one's own subsidiary in the other country from scratch. In this case you select the people you think will fit into your organisation. Right from the start, they will get accustomed to act in the corporate cultural way. This is the way IBM did it at the time, I was there. IBM had almost exclusively grown by 'greenfield investment'. Everybody who worked there had been an IBMer from the moment he or she joined that branch of the company. And, they had learned things in the IBM way. Nevertheless, they held their national values, as I discovered comparing survey data from different national subsidiaries. Sometimes these fitted more easily with the Head Office national values than at other times. All international firms I know a bit more about have their favourite nations. They have countries where they feel more at home than elsewhere. That might pose some constraints to global expansion of firms.

Fink: Apparently, two kinds of tensions persist. One of the tensions could be that a corporate culture does not have a good fit with the national culture into which it is transferred, and the other, that individuals, who are hired by these firms, may carry different personality characteristics. Discussing individuals and the societies, please share your views with us about your impressive study you undertook with Robert R. McCrae (Hofstede and McCrae, 2004).

Hofstede: One day I received an e-mail from McCrae. I knew and admired his work on the Big Five personality test, but I had never met him personally. McCrae wrote, "I now got data on my test on the NEO-PI-R (Costa and McCrae, 1992)[3] from some 30 odd countries. If we transfer these into standard samples (taking the same kind of people in each country), then we have a certain amount of variance left. I initially believed that would be random, but it correlates quite significantly with your culture dimensions". Then I said "That's interesting, could you send me the data so I can do my own calculations?" I got exactly the same results. So I proposed to him to write a joint paper about it. In the paper we offer two opposing conclusions. We show the correlations we found and then we interpret them in two ways: causality going from personality to culture or from culture to personality test scores. Actually, McCrae, who is a psychologist, takes the first position and I, the culture student, take the opposite position, and we offer both interpretations to the judgement of the reader.

We think this is a very useful exercise, both for students on the individual psychological side (which is McCrae's) and on the culture side (which is mine).

Fink: Thank you. This is a challenge for researchers. This apparently needs more investigation.

Hofstede: Absolutely, yes, that will be very interesting. But you see, what at least is clear, is that inside every nation we have a distribution of personalities. Imagine them to be distributed along a bell curve.[4] The top of the bell curve is not at the same place from one country to another. A small but significant part of the variance relates to national culture, and this produces the correlations with my dimensions.

Fink: The unresolved issue of causality from national culture to personality or vice versa shows that it is not only corporations that are bound by culture. Scholars, too, are bound by their professional cultures.

Hofstede: Yes, and crossing into neighbouring disciplines can be very productive. One example is a piece of research that emerged as a follow-up of our study into organisational cultures. I gave the data from that project to my colleague, Michael Bond (Hofstede et al., 1993) in Hong Kong who was interested in personality differences inside organisations. Bond and his Research Assistant Chung-Leung Luk split the variance in the answers that people gave to those organisational culture questions into variance between and variance within organisational units. The variance between organisational units was what I had been looking at so far, and it led to the six dimensions mentioned earlier. Bond and Luk looked at the variance across individual respondents within organisational units. After standardising the data, they could add them up across all 20 units. A factor analysis of their matrix produced six dimensions of individual variance, of which five correspond to the Big Five of McCrae. It takes a little bit of interpretation, because the dimensions were not formulated exactly the same way, but they are clearly describing the same things as the McCrae Big Five.

A continuation of this line of research will be published shortly in an paper from my hand in the *Asian Journal of Social Psychology* (Hofstede, 2007). It argues that if we want to use the 'Big Five' worldwide it should actually become a 'Big Six'. Based on follow up studies of McCrae's work in countries of East Asia and on Bond's analyses, and looking at other European data as well, I suggest the inclusion of a sixth personality dimension, called 'dependence on others'.

Fink: Discussing about dimensions, you have relatively small numbers of dimensions. Your initial study on national cultures had four dimensions, and then came the fifth; next, you had the six dimensions in corporate cultures. Now we end up with six personality traits. In the cultural field with the emergence of Shalom Schwartz's (Schwartz, 1992, 1994; Schwartz and Bilsky, 1990) work and the GLOBE Study (House et al., 2004) many more dimensions arose. What are the consequences of having a broader range of dimensions? In his study on Chinese culture, Ying Fan (2004) identified 30 values. What are the consequences for the field in general after the emergence of different and much larger sets of cultural dimensions?

Hofstede: Both in the Schwartz study and in the GLOBE study the dimensions that were found are not independent, but heavily intercorrelated. With regard to GLOBE, the November 2006 issue of the *Journal of International Business Studies*

(Hofstede, 2006) contains my review of the GLOBE book. It includes a reply from the GLOBE book editors and two comments on the discussion (which explains why it took the Journal more than two years to publish it). GLOBE, in fact, produced 18 dimensions, nine 'as is' and nine 'should be' dimensions. I have factor-analysed the country scores for their 18 dimensions and found five meta-dimensions; four of them correlated each with one of mine, and the fifth with the rare GLOBE items corresponding to my fifth dimension, Masculinity vs. Femininity. So that's rather sensational, although the GLOBE editors don't seem to like it much.

Shalom Schwartz used a rather esoteric method for finding his dimensions, called Smallest Space Analysis. I have only seen Israeli researchers use it; it was developed by an Israeli professor, Louis Guttman, and it leads to dimensions that may be intercorrelated. Recently Schwartz has started also using another type of dimensional analysis. Thus, it is partly a matter of method.

The point is that both GLOBE and Schwartz, and others as well, present alternative uses of the paradigm that I started in 1980 with 'Culture's Consequences', which describes cultures through a set of dimensions. They use other instruments and find other dimensions, although the results of all our studies overlap. As far as the optimal number of dimensions goes, I think that is determined by the human ability to distinguish differences. There is a famous classic paper by Miller (1956), arguing that the human ability to distinguish differences has a limit somewhere, he thinks that the magical number is '7 ± 2'. To me it may even be a bit lower.

You can find as many dimensions as you want to find, just depending on what point of view you start from, but they only make sense as long as people can imagine something with them. There exists a personality test called the '16 PF', proposing 16 personality factors (Karson et al., 1997). I have tried to use that but it is hopeless; how can you describe anybody on 16 dimensions? I think the popularity of McCrae's Big Five or of the classic Myers/Briggs Type Indicator is that they have got dimensions one can remember and relate to something.

Fink: I often refer my students to Poincaré's 'principle of simplicity'. Poincaré had emphasised that scientific theories are more easily accepted if simple and easily applicable, rather than true (FOLDOP, 2006). Then, I jokingly say to them that although there are *n*-dimensional geometries possible, we only need geometry with three dimensions to build stable houses. Nevertheless, though, I also see that Schwartz's work and the GLOBE study use your paradigm, but there were many comments on your work and different ideas of what should be done. They try to capture some of those.

Hofstede: You must be familiar with the work of Thomas Kuhn (1970), who says in the "Structure of scientific revolutions" that if there is a new paradigm, in the beginning everybody criticises it and in the end everybody uses it. It becomes normal science. My paradigm has now moved to the stage where it is now more or less normal science, so everybody uses it. Discussions are inside the paradigm.

Fink: Given the correlations between the GLOBE dimensions and those of Schwartz with your dimensions, we apparently have to be cautious when using the data sets simultaneously within a single model.

Hofstede: More importantly, the fact of the influence of the GDP, per capita, on the value dimensions is one of the big issues, as argued in my review of the GLOBE book (Hofstede, 2006). My original dimensions did not control for wealth, but in follow up studies I have always included wealth as a possible explanation. Six out of Schwartz's seven country-level dimensions are significantly correlated with wealth (Schwartz, 1994; Hofstede, 2001, p.265) and 12 of the 18 GLOBE dimensions are also correlated with wealth (House et al., 2004, p.118). According to your 'principle of simplicity', if you can explain differences in values by differences in wealth between nations you do not need culture. Therefore, I now try to eliminate wealth differences first and then see what is left: that I call culture.

Fink: OK, then again, the issue of causality is emerging: does culture contribute to a high GDP per capita or does the development in GDP per capita influence values in the long run?

Hofstede: It is obviously both. In the past, at least for a quarter century, Long-Term Orientation has contributed to growth. Wealth itself – per capita GDP – has contributed to increased individualism.

Fink: Is it a sort of learning process? With the success of the system, people learn to adopt behaviours, then to adapt their values, and then take new action, which is even more successful than the earlier one.

Hofstede: More or less successful.

Fink: Or less?

Hofstede: I think about individualism. Wealth leads to individualism, but if individualism goes to an extreme, it does not further increase wealth, because people cannot collaborate anymore.

Fink: If your paradigm is the established one, what could be a new direction in cross-cultural research? Apparently, there is some room for a new paradigm to emerge?

Hofstede: Yes, there is. Of course, it is difficult to predict a new paradigm. That is precisely where the unexpected comes in. I mean, my paradigm was certainly unexpected, it is still not accepted in mainstream anthropology. I think it will, one day, be accepted. But, anthropologists are extremely traditional. Where anthropology gets a bit less, let's say, 'dogmatic' there it can contribute, because I believe there is more need for qualitative studies; but, qualitative studies within the context of a quantitative framework; to have a better understanding of what different positions on the dimensions represent, be it GLOBE dimensions or Schwartz dimensions, or whatever else. What do they mean in practice? What do they mean in terms of the things of the world, which people recognise? In my own work, I have shown this quantitatively through the validation of my dimension scores against the results of other quantitative cross-country studies (Hofstede, 2001, pp.503–520), and qualitatively where I could, but much more can be done. Schwartz and GLOBE so far have presented few quantitative and qualitative validations.

Fink: Before concluding our conversation, I want to ask you about your notion of "European Management". I was so much impressed by your finding that when you tried to correlate the GLOBE dimensions with your own dimensions, you did not find any correlation to the Masculinity/Femininity dimension. Would that imply that there is a clear distinction to be made of European Management in comparison with American management?

Hofstede: In Europe, this dimension is more generally accepted. Masculinity/Femininity is very much a taboo in the USA. Robert House and his team hardly included any questions which could measure the dimension. You may know my 1998 reader "Masculinity and femininity: The taboo dimension of national cultures" (Hofstede, 1998).
I wrote about half of that book and nine others report on various researches related to the dimension. Most of the authors are, in fact, Dutch, not because they worked with me, because with one or two exceptions, I never knew them before, but they were motivated to do research in this area. They asked questions which Americans overlooked.

Fink: So there is some difference between European management and American management.

Hofstede: There is at least a difference between Dutch/Scandinavian and American management. But beyond that, I think, European management is accustomed to dealing with people who are different. The American tendency is to say, if everybody would start behaving like decent Americans, most problems would be resolved. Thus they feel they should educate the others. Now, we do not believe that, of course. It would be nice if everybody started behaving like decent Dutch or decent Austrians, but since we know that this will not happen, we better take our differences into account, and use them. Without any doubt we Europeans are better at that.

Fink: Concluding from that, the implication for European management and European management research is that there is a different quality of development. Different kinds of corporate cultures are emerging from the European cultures than from the US cultures.

Hofstede: Yes, and even influenced by the kind of nation. Corporate cultures reflect the national culture of their founders. For example, organisations born in Switzerland, like the Red Cross, still carry a kind of Swiss culture flavour. It is the same with, say, British companies, or Dutch companies, or Japanese companies. Nationality comes in through the values of the founders, which are converted into the practices of the followers. I think using Max Weber's (1962/1922) terminology, corporate culture is converted from 'wertrational' into 'zweckrational', from being dominated by (the founders') values to being dominated by the aims to be achieved.[5]

Fink: Now we are back to the context of relations between corporate and national cultures: To some extent, corporate cultures have to be different from the national cultures because otherwise the nations would not need these organisations. There may remain some stretch between imported corporate cultures and the dimensions of national culture in the host country. The values, which individuals have and who are engaged in subsidiaries of foreign companies, may not fully conform to the imported corporate culture.

Hofstede: Since the cultural roots are on different levels, they affect different behaviours. I explain that with my 'onion model': we have the outer skins of symbols, heroes, and rituals, together forming what I call 'practices'; these are related to organisational cultures. But inside are the values which relate to national cultures. If the stretch becomes too large it does not work. If the stretch is relatively modest, then you can still bridge it by selecting different individuals who fit your corporate culture and by playing on the personality difference range you have inside the company.

Fink: Thank you very much for the interview.

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Notes

[1]The six dimensions of corporate culture by Hofstede *et al*. (1990):

1   Process-oriented vs. results-oriented

2   Job-oriented vs. employee-oriented

3   Professional vs. parochial

4   Open system vs. closed system

5   Tight vs. loose control

6   Pragmatic vs. normative.

[2]Power Distance, Uncertainty Avoidance, Individualism/Collectivism, Masculinity/Femininity, Long/Short Term Orientation.

[3]NEO-PI-R = Revised NEO-Personality Inventory: see Costa and McCrae, (1992) 'Big Five' Personality Traits: Neuroticism, Extraversion, Openness to Experience, Agreeableness, and Conscientiousness.

[4]'A normal distribution'.

[5]Interviewer's note: Max Weber (1922) distinguished four categories:

1   zweckrational

2   wertrational

3   affektuell

4   traditional.

Zweckrational: the purpose of action determines its rationality; wertrational: values (ethics, religion, etc.) independent of success determine action, affektuell: emotions determine actions and traditional: take action in the same way as it was always done before.