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Article
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Amfiteatru Economic Journal

Provided in Cooperation with:
The Bucharest University of Economic Studies

Suggested Citation: Vrânceanu, Carmen Andreea; Iorgulescu, Maria-Cristina (2016) : A Look at Hofstede's Cultural Dimensions in Two Service Sectors from Romania, Amfiteatru Economic Journal, ISSN 2247-9104, The Bucharest University of Economic Studies, Bucharest, Vol. 18, Iss. Special Issue No. 10, pp. 875-884

This Version is available at:
http://hdl.handle.net/10419/169042

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A LOOK AT HOFSTEDE’S CULTURAL DIMENSIONS IN TWO SERVICE SECTORS FROM ROMANIA

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Please cite this article as:
Vrânceanu, C.A and Iorgulescu, C.M, 2016. A Look at Hofstede’s Cultural Dimensions in Two Service Sectors from Romania. *Amfiteatru Economic*, 18(Special Issue No. 10), pp. 875-884

Abstract

The economic literature on culture has mainly focused on the influence of national culture and its role in determining the organizational culture. Hofstede has demonstrated in his research the importance of culture in determining human relations in the workplace. People can comply with both organizational rules and cultural norms, but truly give priority to the latter. Differences between organizational rules may appear depending on the organizations’ activity or depending on the employees’ professions. These differences between industries and professions remain little explored in literature. As a result, the article presents Hofstede’s model of the first five dimensions of national culture in the Romanian service industry (individualism/collectivism, power distance, long/short term orientation, masculinity/femininity and uncertainty avoidance), by comparing the results obtained in two different domains: the hotel industry and the consultancy services industry. The findings are interesting, as they reflect employees’ work values in two sectors of the service industry. Furthermore, the article discusses whether the national culture has a direct impact on the culture developed in a specific activity sector. Also, the article debates if the organizational culture is more powerful than the national culture by comparing the values obtained at national level and the values obtained at organizational level through Hofstede’s model. Another objective of the research is to point out the differences in cultural dimensions between the workers from the hotel industry and workers from the consultancy services industry. The implications of the conclusions are discussed, considering the limitations of the empirical study presented and the future research directions.

Keywords: Hofstede, work values, consultancy services industry, hotel industry.

JEL Classification: M14, M12, O15, L83.

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Introduction

Culture continues to be a subject of interest for researchers from different domains, as its influence and impact can be studied from various points of view. In the business sector, the main interest is to study the influence of culture on organizational performance. Researchers still have not reached a consensus on whether national culture reflects on the organizational culture of the enterprises located in a specific country, this subject being continuously debated in literature. As a result, the authors intend to contribute to the literature on this highly controverted topic.

This first part of the paper focuses on highlighting the main studies on national culture and its influence on organizational culture. First of all, the terms “values” and “culture” are defined; afterwards, Hofstede’s research on national culture is briefly presented; last, but not least, the main cultural values in the service industry are discussed. After highlighting the main studies on national culture and its impact on organizational culture, the paper proceeds on presenting the main five dimensions of Hofstede’s model of national culture in the Romanian service industry (individualism/collectivism, power distance, long/short term orientation, masculinity/femininity and uncertainty avoidance), by comparing the results obtained in two different domains: the hotel industry and the consultancy services industry.

1. Brief conceptual clarification of national and organizational culture and their interdependence

Before outlining the way culture has been studied from the business environment point of view, it should be also outlined a conceptual clarification on “culture” and “cultural values”. Geert Hofstede (1984), one of the pioneers in culture research, based his studies on two “key constructs”: values and culture. While, in his acceptation, values can characterize both individuals and collectivities, he strongly stresses out that culture can only be studied at a collective level (he also highlights that culture could be viewed as “the personality of a human group”), as it includes systems of values. These being considered, he has defined values as “a broad tendency to prefer certain states of affairs over others”, while he has measured culture assuming it represents “the collective programming of the mind which distinguishes the members of one human group from another” (Hofstede, 1984; 2011).

Studies on culture have been developed considering two levels of manifestation (or of human groups): at national level and at organizational level. The two types of culture, although sometimes studied together, are profoundly different (van Oudenhoven, 2001): while national culture encompasses the beliefs, values and practices embraced by the members of a nation, organizational culture refers to the practices, beliefs and values shared by persons integrated in the same organization, these cultural characteristics being partially founded on those of the national culture.

Although Hofstede’s studies (1984; 2001; 2010) are based on the hypotheses that national cultures are reflected on the culture of the employees of a particular organization based in a country, van Oudenhoven (2001) argues that national cultures may not be identified at organizational level, as a company’s experience and characteristics can diminish the influence of national culture. In his research, van Oudenhoven (2001) concluded that there are differences between the desired culture (a person’s preference for certain values and practices) and the perceived culture (in most cases, the national culture), suggesting that on a long term basis, organizational cultures will no longer reflect the national culture, but its
members’ preferences. However, there are other studies that prove the strength and prevalence of national culture. For example, Mazanec et al. (2015) research on eleven different regions of the United States concluded that although the areas taken into account were generally known as different in terms of culture (the differences being derived from immigration patterns, available resources, political or religious preferences, history etc.), they did not register any significant differences when applying Hofstede’s dimensions.

These ideas were, in fact, the starting point of this paper, as the authors considered interesting to research whether there are any cultural differences between two domains of the service industry of a country.

2. Hofstede’s dimensions of national culture

When researching national culture, it seems it has become impossible not to mention Hofstede’s tremendous contribution to this field. As a results, the authors considered suitable to focus on Hofstede’s method of studying culture as most studies found in the literature developed on this subject agree that his research instrument is of utmost relevance (van Oudenhoven, 2001; Avloniti and Filippaios, 2014; Mazanec et al., 2015), despite the criticism it has aroused.

Another example supporting this fact is that, according to Google Scholar (2016), Hofstede’s paper on “culture’s consequences” published in 2001 (Hofstede et al., 2001) has been cited for 25529 times, his other books being equally appreciated by academics. Moreover, Mazanec et al. (2015) stress out that according to Business Source Primer, two of Hofstede’s papers (“Cultural consequences” published in 1980 and 2001) have been cited for more than 1900 times, exceeding the summed citations of other well-known academics who have developed research on cultural dimensions (Schwartz, 1994 and 2006; Inglehart and Baker, 2000; Steenkamp, 2001 – all cited by Mazanec et al., 2015).

However, Hofstede’s discoveries have been subject of criticism, founded on the fact that his research was developed in a single organization (hence, the results cannot be generalized at national level – McSweeney, 2002, cited by Avloniti and Filippaios, 2014), his cultural dimensions cannot be considered exhaustive for characterizing a nation’s culture, especially as they do not take into consideration the multicultural character that defines several nations at present time (Avloniti and Filippaios, 2014).

“Hofstede’s work provided the first large collection of data demonstrating that national culture constrains rationality in organizational behavior and management philosophies and practices, and in society at large” (Minkov and Hofstede, 2011). In each country we encounter different religions, beliefs, customs and traditions. Therefore each individual has its way of thinking and acting depending on the country in which he was born and depending on the experiences he had during his life. It is possible that in the same organization we encounter different ways of acting when it comes to the same situation but with people of different nationalities involved.

Hofstede has begun his study in the 1970s by researching the differences in national culture among 40 countries (Hofstede, 1984) and continuously developed his research among other countries, reaching a total number of 76 nations for which him and his team offer an insight on cultural dimensions (Hofstede et al., 2010). As a consequence of the continuous development of his research and as a result of attracting several academics in his team
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(such as Michael Harris Bond and Michael Minkov), Hofstede has managed to label six cultural dimensions (Hofstede, 2011):

- Power distance (PD): mainly reflecting human inequality and people’s acceptance of power distribution;
- Uncertainty Avoidance (UAI): outlining a society’s reaction to unpredictable situations and tolerance for ambiguity;
- Individualism/Collectivism (IDV): reflecting the role of individuals related to their primary groups;
- Masculinity/Femininity (MAS): indicating the distribution of emotional roles or values between people of different genders;
- Long Term/Short Term Orientation (LTO): outlining the targeting direction of people’s efforts (on the past, present or the future);
- Indulgence/Restraint (IND): reflecting people’s tendency to control or satisfy their desires of enjoyment.

As the last cultural dimension has been little researched, the current paper aims to focus on the main five socio-cultural values Hofstede and his team have identified. The influence and way of manifestation of each value will be later discussed in the context of the service industry.

3. Culture in the service industry

Culture and values can be a strong determinant of success and competitive advantage in an industry (Mas Machuca and Martínez Costa, 2012). Chatman and Jehn (1994) argue that the specific characteristics of an industry reflect on the organizational culture of the firms that activate in the respective industry, as these companies tend to be united by similar aims, procedures, difficulties and opportunities. As a result, the authors (Chatman and Jen, 1994) highlight the concept of „industry culture”, although they acknowledge that firms belonging to the same industry can adopt different cultural values.

After conducting a research on four industries of the service sector (accounting, consulting, transportation and household goods carrier firms) Chatman and Jen (1994) empirically proved that culture tends to vary across industries, rather than within a specific industry. Furthermore, their study outlined that consulting firms have a culture that promotes teamwork and an orientation towards people, while focusing on details and outcomes. Mas Machuca and Martínez Costa (2012) stress the importance of a knowledge management culture in consulting firms, this being described by values such as: trust, collaboration, transparency, flexibility, commitment, professionalism and honesty.

Moreover, as Mas Machuca and Martinez Costa (2012) highlight the importance of knowledge transfer for gaining success in the consulting service sector, they also note that a traditional culture, that promotes competition and rigid procedures should be avoided. From their study’s conclusions it could also be deduced that consulting companies should lower power distance (as this tends to restrain communication and knowledge transfer) and teamwork should be highly promoted, as “collective achievements […] support individual talent”.

Moreover, the hotel industry itself needs to change its largely known traditionalist culture that promotes high power distance, risk avoidance and low tolerance for mistakes, as these practices lower the chances of adopting an innovative behaviour (Marée, 2011). Tajeddini and Trueman (2012) have reached similar conclusions, as they suggest that the hotel
industry needs to develop a culture with low power distance, a long-term orientation and an individualistic orientation, as these attributes seem to be positively correlated to customer orientation and innovativeness, two critical factors in achieving financial performance and competitive advantage in the actual market conditions.

These being considered, the authors intend to outline the service industry’s culture in Romania, by presenting the results of an exploratory research.

4. Research methodology

The main objective of the study was to verify Hofstede’s cultural dimensions in two different activity domains, but integrated in the service industry of the same country – Romania. As a result, the research attempted to test the following hypothesis: “Service organizations in Romania reflect the national culture measured by Hofstede’s method”.

Hofstede’s socio-cultural dimensions identified in the hotel industry were obtained as a result of one of the authors’ PhD research, the partial findings of the study being disseminated in an article (State and Iorgulescu, 2014). In the end, as a result of a survey initiated in May 2013 and ended in April 2015, 254 hotel employees working in 7 accommodation units in Bucharest have been questioned.

Hofstede’s socio-cultural dimensions from the consultancy industry were obtained by applying Hofstede’s questionnaire in a multinational company from Bucharest on a sample of 122 employees with managerial and executive position. The questionnaires were distributed in three days of November 2015 and were completed at the office by each employee.

After centralizing the results, the authors have calculated the values of Hofstede’s socio-cultural dimensions and have compared them with the ones obtained by the study of Interact and Gallup Organization for Romania (Luca, 2005) and with Hofstede’s estimations for the same country.

5. Results and discussion

Before going ahead with analysing the results and debating the similarities or differences between the two activity domains, the authors considered that a “portrait” of the respondents from the consultancy industry (table no. 1) is needed in order to compare it with the one from the hotel industry. This way the differences regarding the structure of employees can be pointed out and can be considered in the interpretation of the results.

<table>
<thead>
<tr>
<th>Industry</th>
<th>AGE</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>15-24 years</td>
<td>25-34 years</td>
</tr>
<tr>
<td>hotel</td>
<td>18,48</td>
<td>44,57</td>
</tr>
<tr>
<td>consultancy</td>
<td>16,39</td>
<td>76,23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>hotel</td>
<td>53,88</td>
</tr>
<tr>
<td>consultancy</td>
<td>26,23</td>
</tr>
</tbody>
</table>

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As presented in table no. 1, some differences between the structures of workers in the two activity domains under consideration can be observed. The first one is related to age. In the consultancy industry the majority of employees are aged between 25 and 34 years and none of them is over 44 years, as opposed to the hotel industry where 14.12% of the respondents are over 44 years old. Another notable difference refers to the sex of the employees. Considering the hotel industry, the survey addressed to an almost equal number of female and male workers, while in the consultancy industry the percentage of female workers who have participated in the study reaches almost 74%. This fact may determine a strong feminine culture in the multinational company, as opposed to the culture from the hotel industry which may reflect a moderate degree of masculinity.

Looking at seniority, it can be observed that in the hotel industry 46.66% of the respondents have been working in the same hotel for at least 1 year and for less than 3 years, while in the consultancy industry almost the same percentage of the respondents (39.34%) have been working in the same multinational company for at least 5 years and for less than 10 years. Regarding the intention of remaining in the company, in the hotel industry it can be observed that 52% of the questioned employees desire to remain more than 5 years in their current workplace, while in the multinational company only 25% of the respondents desire to remain more than 5 years in the company. This situation can be justified by seniority.

The major difference between the two industries’ “portraits” of the employees is noticed when considering the educational background. In the hotel industry almost 45% of the respondents have university and postgraduate studies, while in the consultancy industry all respondents are highly educated - 55.74% even having postgraduate studies. In both industries the majority of the respondents have an executive role. The only difference between the two samples is that in the consultancy industry none of the respondents held a top management position, while in the hotel industry 0.97% of the respondents held such a role.

Taking into account the previously mentioned differences between the two samples it is possible that some differences between the values of Hofstede’s socio-cultural dimensions
(Table 2) may be explained by the typology of workers from the two industries. Why “may be explained” and not “can be explained”? Because for example, based on Hofstede’s affirmation – “culture is not an intellectual thing – it operates on an emotional not on an intellectual level… I don’t believe that educational level impacts on sensitivities” (Interview by Sarah Powell, 2006), one would normally have to exclude the differences noticed at level of studies between the two typology of workers.

Hofstede’s approach regarding culture is to make it “discussable”, therefore the culture dimensions he describes “are very much a way of making culture discussable” (Interview by Sarah Powell, 2006). In the present research this is exactly what the authors are trying to do: to make culture “discussable”.

Looking at the results from Table 2 it can be argued that, even though the researches were conducted in the same country, there are still notable differences between the values of Hofstede’s socio-cultural dimensions, especially between the hotel industry and consultancy industry.

<table>
<thead>
<tr>
<th>Table no. 2: Values of Hofstede’s socio-cultural dimensions</th>
<th>IDV</th>
<th>PDI</th>
<th>MAS</th>
<th>UAI</th>
<th>LTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel industry (2013-2015)</td>
<td>83.45</td>
<td>78.66</td>
<td>48.07</td>
<td>-</td>
<td>50.71</td>
</tr>
<tr>
<td>Consultancy services industry (2015)</td>
<td>22.5</td>
<td>75.37</td>
<td>4.54</td>
<td>41.76</td>
<td>51.27</td>
</tr>
<tr>
<td>Interact’s study for Romania (2005)</td>
<td>49</td>
<td>33</td>
<td>39</td>
<td>61</td>
<td>42</td>
</tr>
<tr>
<td>Hofstede’s estimations for Romania</td>
<td>30</td>
<td>90</td>
<td>42</td>
<td>90</td>
<td>52</td>
</tr>
</tbody>
</table>

Source: research results, Luca, 2005 and Hofstede et al., 2010

The previous researches (Interact’s study (Luca, 2005) and Hofstede’s estimations, 2010) argue that Romania has a collectivist orientation, as the values of IDV are below 50. The research conducted in the multinational company shows a value even lower (22.5) than the ones obtained until now. This kind of orientation promotes before all social norms the loyalty. The workers from the multinational company are oriented towards a group mentality, they take responsibility for each group member. Opposed to this result, is the value obtained in the hotel industry. The hotel staff included in the study has a strong individualistic orientation (score 83.45), which is not surprising because the development of cultures toward individualism is favoured by increasing social mobility and by developing urban areas and economic environment (Hofstede, 1984). All these factors were met by Romania when it joined the European Union and therefore Romania has obtained finances which determined a growth in population mobility and quality to become financially independent.

Why a similar value was not obtained in the multinational company can be explained through the fact that in the organizations of the hotel industry there are not formed teams which are compared through their results, while in the multinational company (in the department where the study was conducted) these type of teams exist, they have key performance indicators (KPI) and each member of the team is responsible for the outcome of his team. As a result, each member is encouraged to ask for help or to provide help to his teammates in order for the team to obtain good results, each member being proud to be part of the team especially when the team has green KPIs, meaning that in the teams’ activity everything went by the book and there were no errors on the process and no escalations. It can further be mentioned that in the consultancy industry it seems that the organizational culture has an impact on each individual, as the company promotes working in teams and even promotes forming a team with its customers.
Regarding the Power Distance, both researches show almost the same value as Hofstede’s estimation, indicating a high power distance. This orientation can be translated through employees who are afraid to disagree with their superiors who adopt an autocratic or paternalistic style (Hofstede, 1997). The employees obey the hierarchical order, accept their position based on this order without needing other justifications. In high power distance cultures „employees end to work and behave in a particular way because they accept that they will be directed to do so by the hierarchy of the organisation” (Montebello, 2003).

Moving on to the Masculinity/Femininity orientation, it can be observed that in the previous studies Romania is shown as a country with a moderate degree of masculinity, this statement being also confirmed by the research conducted in the hotel industry. Considering this relatively feminine orientation, people work in order to live, appreciate equality, solidarity and quality of work. Conflicts are solved through compromises and negotiations (Hofstede et al., 2010). Moreover, the value obtained in the multinational company shows a strong feminine culture (score 4,54) which can be justified by the organisational culture which promotes having a good relationship with your manager and teammates, cooperation and also employment security. The company has strong legal clauses which are putting the employee and its needs above all. The result can also be explained by the fact that the organisational culture of the company is focused on relationships among people, feature encountered in the high feminine cultures (Higgs, 1996). Also, the value obtained for the sample from the multinational company can be explained by the fact that the employees chose to remain in the company on a lower salary because they prefer incentives such as flexibility and free time instead of money. Despite the plausible causes mentioned previously for the relatively feminine orientation we also have to admit that another factor in determining such culture orientation may be the gender of the respondents, almost 73,77% female.

When it comes to Uncertainty Avoidance, according to the previous studies (Luca, 2005), Romanians prefer to avoid uncertainty and therefore require strict rules in matters of faith and conduct, being intolerant of unorthodox ideas and behaviours. In this country there is an emotional need for rules, „time means money”, people work hard, focusing on precision and punctuality, while safety is considered to be an important motivational element (Hofstede et al., 2010). In the present research, the value for UAI shows a lower degree of uncertainty avoidance, unfortunately this dimension not being available for the hotel industry, as the study conducted in this sector (part of one of the author’s PhD research) studied the relationship between creativity and cultural values, the level of creativity not being influenced by this specific dimension. The lower value is explainable by the fact that in the consultancy company people are motivated by achievement and esteem or belongingness, things specific for workplaces of weak uncertainty avoidance societies (Hofstede, 1997). The multinational company rewords each achievement of an employee by giving prizes and by sending recognitions at superior level of management. Also the company’s culture empowers employees to be creative and to come with better solutions or ideas even though some of them are sometimes considered deviant from the formal rules. Moreover, in the consultancy company, the formal rules (expressed by specific written procedures) are not always followed by the book if the employees identify ethic and compliant ways to solve the problems in a different manner. The motto of the department where the survey was developed is: “there is no perfect written procedure for processes”, as the procedure of a process must continuously change in order to be creative and up to date with customers’ needs.

Last, but not least, both studies, from the hotel and consultancy industry, confirmed the results of the previous studies regarding the long term orientation, indicating a medium-term
orientation. This means that the organizations from both industries are adaptable and characterized by a synthetic thinking (Hofstede, 2001; Hofstede et al., 2010). Both companies have employees with a coherent and logical thinking. This means that they look at the big picture and analyse the whole not pieces of the whole and they do not search for immediate outcomes. They take the necessary time to respond in an appropriate manner to unexpected change in their organizational environment and therefore a sort of stability is build.

Conclusions

Considering the obtained results, the hypothesis expressed for the study presented in this paper - “Service organizations in Romania reflect the national culture measured by Hofstede’s method” - was not 100% confirmed, as there are some differences between the values of Hofstede’s socio-cultural dimensions for the 2 samples. It is possible that these differences can be explained through the organizational culture as Kattman (2014) has demonstrated in his research that “organizational culture is more dominant over national and the influence of leadership within the organization drives the impact of continuous improvement”. Therefore further research of the impact of organizational culture on individuals’ culture is needed.

The present research may be only a small brick from the large wall of studies regarding Hofstede’s cultural dimensions but it offers for the first time a comparison between the values of Hofstede’s socio-cultural dimensions from two different industries from Romania. This research may represent the start up for studying the cultural values from all industries from Romania to see if similar results are reached and if not to keep studying the differences and determine the real factors of such differences in order to build an accurate model for determining cultural values.

The present paper sums up to the previous ones which are trying to complete or to bring a plus to Hofstede’s research. It is true that it raises some question marks regarding the fact that Hofstede’s cultural values for each country are accurate and indisputable due to the fact that in the same country there were obtained different values for the socio-cultural dimensions, but it also has its limitations. One of them is the fact that the study from the consultancy industry was conducted in only one multinational company. Therefore, as previously mentioned, further research is needed.

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