

TRENDS AND CHALLENGES OF NORDIC MANAGEMENT STYLE. SOME RESULTS FROM THE HOFSTEDE CULTURAL MODEL.

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Abstract

Culture is an important perspective in intercultural relations and management. In the current context of globalization, cultural research represents in-depth knowledge of values, preferences, and behaviours in various contexts. Culture affects the way national, and especially international, relations are developed and maintained.

The goal of this paper is to present an overview of national culture according to Hofstede's 6-D model and to analyze the national culture of Nordic countries: Denmark, Finland, Norway, and Sweden. Using Hofstede's 6-D culture dimensions and management practices, the conclusion explains why cultural management of Nordic countries plays a such important role according to comparative management.

Keywords: *International Management, Intercultural Management, National Culture, Hofstede's 6-D model*

JEL classification: *F00, F23, O52*

1. Introduction

Culture has no limits and is not conditioned by borders. Today, the national culture is understood and accepted with its values, beliefs, attitudes and forms of behavior, being a necessary condition for success in the modern business environment. We understand that culture needs a long time to change its profile (Hofstede, G. 2011). But until change, today, in the context of globalization of the economy, foreign trade and international business relations, knowledge of a culture is extremely important. Even if some countries are

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located on the same continent, they may have different cultures (Adamczyk, 2017). This being influenced by the historical course, in most cases, but also by other internal or external factors, which helped its development. The purpose of this paper is to identify the literature review of the concept of culture, but also how Hofstede's cultural model can be used and interpreted and what information results from its applicability.

This paper aims to examine certain Nordic country-specific cultural characteristics according to Hofstede 6-D model.

2. Literature Review

In the literature, the theory of the concept of “culture” is treated in various approaches, either at the level of anthropology or at the level of management. There are a lot of definitions that describe and present the essence of meaning. Among the first definitions of culture is that of Edward Burnett Tylor (1871/1881), British anthropologist and founder of cultural anthropology. From his perspective: „culture is that whole complex which comprises the knowledge, beliefs, art, morals, laws, customs, and any other abilities and habits acquired by the individuals of a society” (Tylor, 1871/1881).

Taking a different approach, Hofstede, the Dutch researcher and social psychologist (1980) holds that management is culturally dependent once it consists of manipulating intangible symbols that are directly connected with culture. Geert Hofstede (2001) offers a credible definition of culture as: „the collective programming of the mind, which differentiates the members of one human group from another”. The same author stated that “cultural differences are manifested in many ways, only that among the many terms used to describe the manifestations of culture are: symbols, heroes, rituals and values” (Hofstede, 2001). His interest in this subject can be found in his research and results, conducted at IBM. Over time, a system of thinking about cultural values was created by the philosophers of the Baden School, represented by V. Wideband and Rickert (Herciu, 2007). In their vision, fidelity and autonomy represent the world of cultural values. In other words, this concept - culture, represents „the whole legacy of a society and organization that can be transmitted through speech, literature or other forms of communication, but also through the way of life and thinking of that group of people” (Hofstede, 2012). The concept of cultural factors plays a crucial role within business and management field (Boscari, Danese, and Romano 2016; Gambi et al. 2015; Hasle et al. 2012; Kull et al. 2014). National culture is an interdependent web

of mental models that is shared by national groups and transcends the individual (Smale, 2016). Although it has received a substantial amount of research attention, it is still unclear whether and how national culture influences management practice (Boscari et al., 2018). Culture is a substantial part of people's daily lives and influences how they communicate (Amaechi, 2021).

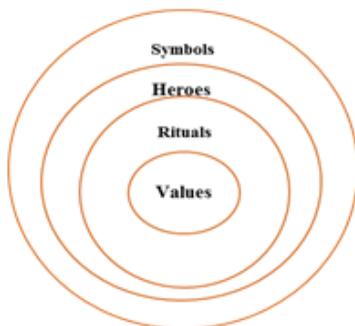
The complexity of the definition, we can consider that culture is: "as a collective phenomenon, which is shared with people from the same social environment, so it is learned and developed over time, in the environment in which it exists, distinguishing -the human nature and the personality of the individual" (Hofstede, 2012).

3. The Hofstede's Cultural 6-D Model

The national culture is specific to each country, region due to the time in which it was established and developed. The interest in culture and its measurement has been addressed by several researchers and specialists in this field, among them is in particular: Geert Hofstede.

Hofstede (1980) was the first researcher expressed his desire and interest in cultural differences. He conducted one of the most comprehensive studies: how culture influences workplace values. Thus, 2 years later, following his research, he published the book: *The Consequences of Culture*. In the first phase, he emphasized the theoretical aspects, the reasoning of some theories, and then to continue his research in various forms: collection of statistical data, questionnaires, teaching, replicate studies. Before reaching the definition of culture, he described the manifestations of culture (Figure 1), the 4 factors that underline cultural differences: symbols (words, gestures, images), heroes (patterns of behaviour), rituals (collective activities, speech, ceremonies) and values (bipolar feelings).

Figure 1: The Manifestations of Culture



Source: Hofstede G., Hofstede G.J., Minkov M., trad. Zografu M., (2012). *Culturi și organizații: Softul mental: cooperare interculturală și importanța ei pentru supraviețuire*. București: Humanitas

His cultural model was from data collected in attitudinal surveys conducted in subsidiaries of IBM. It has shown that there are national and regional cultural groups that directly influence the behaviour and development of society (resistance over time) and implicitly of the organizations to which they belong. In addition, cultural dimensions are, in fact, independent choices for one state of affairs over another, which differentiate countries (rather than people) from one another. Thus, following this study, the final model 6-D cultural dimensions resulted in the Table 1.

Table 1: The Hofstede’s 6-D Cultural Model

| Cultural dimension | Characteristics |
|---------------------------------------|---|
| PDI (Power Distance Index) | This dimension highlights inequality in society. The distance from power denotes the unequal distribution of power. |
| IDV (Individualism Distance Index) | Cultural dimension that describes the importance given to individualistic behaviors. It examines “the way people approach various situations: through “I” or “we” (Nardon, L., & Steers, RM (2006). |
| MAS (Masculinity Distance Index) | This dimension refers to the way in which social roles are divided between the sexes. Thus, a competitive society, driven by success and performance will identify a high score in this dimension, and with low score of masculinity, denotes a "feminine" culture. |
| UAI | UAI indicate the way of the future is unknown, and the emphasis is on the approach to the notion of time. In other words, it |

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|--|---|
| (Uncertainty Avoidance Distance Index) | describes the degree of threat or security perceived by members of a culture in various obscure situations. |
| LTO (Long Term Orientation) | This dimension expresses the importance given to defined goals and objectives in the short or long term. High-scoring cultures, take a more pragmatic approach: they promote prudence as a means of preparing for the future. |
| IND (Indulgence) | IND suggests the degree to which a society satisfies its pleasures, enjoys life and has fun. The opposite pole the countries/companies with a score below 50, which repress their pleasures. |

Source: <https://www.hofstede-insights.com/>

Culture research in global strategy is dominated by Hofstede's framework of dimensions of national culture. Without doubt, Hofstede has developed the most useful and practical cultural model (Țîmbalari, 2019).

4. The Nordic National Culture in the Context of International Management

Cultural globalization is one of the major effects of the global phenomenon, which is characterized by the creation of a new nation belonging to a culture adopted in principles, beliefs, and values. The presence of emerging global culture can have an impact on the formation and development of a nation (Bird & Stevens, 2003). Different national cultures comprise different systems of cultural values. These values are a concern for various researchers at the macroeconomic level. According to Herciu (2006) „culture is, in most of the cases, the principal explication of this fact that some countries are developing faster than others.”

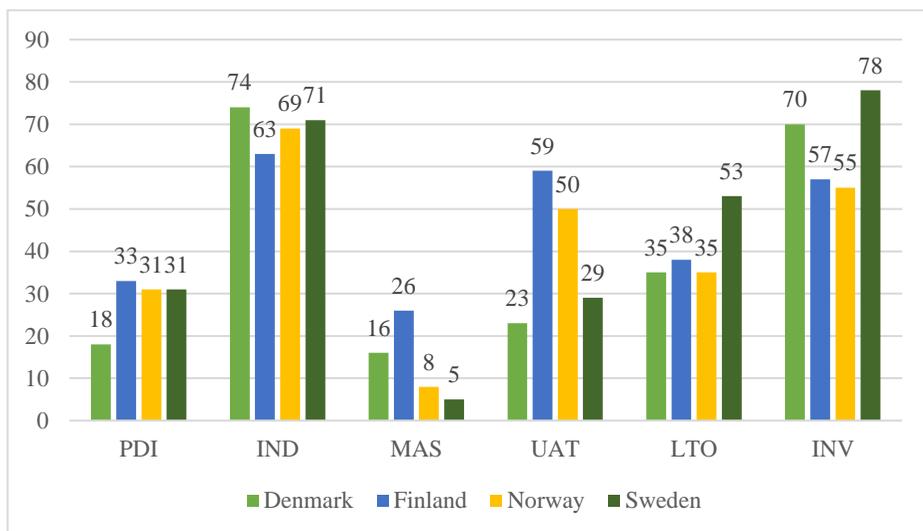
The impact of culture on management at national and international level, highlighted the main models for measuring culture and presented cultural clusters from the perspective of international management Hofstede's dimensional model of culture (Table 1), dominates in cross-cultural psychology and international management. The model helps us to distinguish values, but at the same time to harmonize them in the most appropriate specific for each person, region, nation.

The cultural dimensions show that there are no good cultures or bad cultures, but each culture is distinguished by its values and elements that ultimately form its own profile. Also, Herciu, M. (2006) related that: „a country development may be influenced by its culture, but there is no cultural model that can assure the success, that means that there is no possible combination of

Hofstede’s cultural dimensions, which applied can guarantee the country development”. Starting from this idea, we investigate cultural profile of some successful countries like: Finland, Sweden, Norway, and Denmark. There are significant differences between these countries in terms of history, national identity, artistic and cultural policy. However, we identify similarities in how cultural policy has influenced to the changing ethnic and cultural design of society.

From Hofstede's point of view, the analyzed Northern European cluster includes the group of countries such as: Denmark, Finland, Sweden, Norway. If we examine these countries through culture of the 6-D Model, presented by Hofstede website (<https://www.hofstede-insights.com/countrycomparison/>) we can observe (Figure 2):

Figure 2: Nordic Cultural Cluster – Hofstede 6-D Model



Source: <https://www.hofstede-insights.com/country-comparison/>

The cultural differences of the Nordic countries, analyzed in Figure 2, from Hofstede's perspective are identified with some interesting particularities: (Table 2).

Table 2: Characteristics of Cultural Dimensions of the Nordic Cluster

| Country | PDI | IDV | MAS | UAI | LTO | IND |
|----------------|--|--|---|--|---|--|
| Denmark | The Danes have a very egalitarian mindset, believing in self-sufficiency, equal rights, accessible superiors, and management that enables and empowers. | Denmark (74) has the highest score - is an Individualist society. | In feminine society like Denmark it is important to maintain the life/work harmony. | Low UAI societies emphasize a more relaxed approach in which practice result more than principles. | Danish culture is normative in their thinking. | They value their free time more, act as they please, and spend money as they like. |
| Finland | Finland has the highest value (33) of power distance compared to the other countries in the cluster. So, they are independent, with equal rights and participative management. | There is a strong desire for an informal social structure in which people are expected to take care of each other. | Finland is considered a Feminine society with 26 score. | Finland has a high preference for avoiding uncertainty. Precision and punctuality are important. | They express a great respect for traditions and a focus on gaining quick results. | They have a positive attitude and tend to be optimistic. |
| Norway | Managers rely on the experience of their team members because power is decentralized | In other words, the „self’ is important, and the individual’s personal opinion is evaluated and expressed. | Norwegian culture is the second most Feminine society. Solidarity in life is crucial. | Norway scores 50 and on this dimension, thus does not illustrate a direction/ preferences | Norwegian culture is evident one normative. | Norway has an in-between therefore ambiguous score of 55 in this dimension. |
| Sweden | Workplaces are quite informal, with direct and involving | Is an individualist society, that means the management | People follow the equality, solidarity, and excellence in | Avoiding uncertainty is a low priority for swedish. Work | Sweden is considered as not having a strong preference | Sweden's culture is one of indulgence, with people following |

| Country | PDI | IDV | MAS | UAI | LTO | IND |
|----------------|--|-----------------|--|-------------------------|-------------------------|--|
| | communication and everyone knows each other by their first names. Employees expect to be consulted on a regular basis. | of individuals. | their work lives. Swedes are notorious for holding lengthy debates until a consensus is reached. | schedules are flexible. | in this dimension (55). | their instincts and inclinations to enjoy life and have fun. |

Source: <https://www.hofstede-insights.com/>

In conclusion, Nordic societies according cultural 6-D model are: independent, with decentralized power, participative management, equal rights and superiors accessible. Also, management is oriented to individuals that results an individualist societies. The importance of work balance and keep the life demonstrate that countries are feminine. This societies are focusing on well-being and quality of life. The dimension Uncertainty Avoidance highlights some differences for Nordic countries, especially: Finland and Norway score 59 and 50, that means “time is money”, punctuality and precisions are the norm for these societies. At the same time, Denmark and think that there should be no more regulations than are absolutely essential, and they take a more casual approach to practice. All analyzed countries are normative, focused on achieving quick results, except Sweden, is considered as not having a strong preference on this dimension (score 53).

Finally, this cluster emphasizes the satisfaction of pleasures. We identify a degree of indulgence over 50 in all countries. They have a positive and optimistic attitude. They attach more importance to free time, act as they wish and spend money as they desire.

5. Conclusion

In the current context of globalization, economic activity takes place in multicultural environments, with cultural differences and particularities specific to each nation. National cultures have a role to influence starting with a management component, the entire organization, and the impact on the entire national and international system is found in the deepest elements of operation. This study identified the specific characteristics of Nordic international business, illustrated the background of a Nordic management style focused on

Hofstede's 6-D cultural model, detailed common particularities of cultural model. According to these, the Nordic nations were designated as very low on power distance, and very high score on femininity. Individualism was revealed to be rather high, while there was some variation within the countries on avoidance of uncertainty, with Sweden and Denmark scored low to uncertainty avoidance, at the same time Finland and Norway recorded rather more. All countries are normative, except Sweden who is considered as not having a strong preference for this dimension. The Nordic countries like to enjoy life and have fun, so the indulgence scored high level.

In conclusion, the Nordic countries are considered a cultural model to follow, being competitive countries, performing from a macroeconomic point of view and occupying top positions in the international rankings. Summarizing, the Nordic cultural model is characterized by: participative management (short distance from power), reducing differences between men and women (feminine culture), providing social stability, supporting pragmatism, orientation due to the desire for rigorous planning of all details, increasing productivity and efficiency.

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