Comparing Cultural Differences and Communication

In USA, Kenya and China using Hofstede’s model

Presented to: Prof. Shawn M. Carraher

International Business 3310

October 27th, 2014

Submitted By:

Yodit Brehane

432

yoditbrhn@yahoo.com
Abstract

Purpose

The aim of this research is to show the differences between the three countries Kenya, United States and China in terms of their cultural differences within the global business. The research also compares ethical practices such as; corruptions, labor conditions, contract disputes and employment. This research is to help understand the cultural differences in today’s global business, and create a balanced environment that respects cultural differences hence be able to manage the daily business expectations in an organization.

Approach

The research is based on comparing the three countries using Hofstede’s Model which are power distance, individualism vs. collectivism, masculinity vs. femininity, and uncertainty/ avoidance index. Concentrating on the three countries using published journals to talked about communication in global business.

Findings

The findings showed that all three countries have one similarity which is masculinity. They all behave almost the same in that they believe that striving to be the best and winning is the ultimate success in their lives. They also showed a huge difference in terms of Individualism and pragmatism, Kenya and China almost behave the same way but United Sates had a higher percentage compared to the two countries. Communication plays a big role in global business, three different countries with different cultures and believes can work together when they understand and respect each other’s culture.
Introduction

This paper explores the cultural differences within the global business of three countries, Kenya, China and the United States of America using Hofstede’s Model. Hofstede’s model is based on power distance, compares individualism and collectivism, masculinity and femininity, and uncertainty or avoidance index. This paper also focuses on understanding the cultural differences in today’s global business, and create a balanced environment that respect to cultural differences hence be able to manage the daily business expectations in an organization. It also compares ethical practices such as; corruptions, labor conditions, contract disputes and employment within the three countries stated above.

According to Hofstede’s model all three countries have one similarity which is masculinity. They all behave almost the same in that they believe that striving to be the best and winning is the ultimate success in their lives. They also showed a huge difference in terms of Individualism and pragmatism, Kenya and China almost behave the same way but United States had a higher percentage compared to the two countries. Communication plays a big role in global business, three different countries with different cultures and believes can work together when they understand and respect each other’s culture.

As societies transitioned from a traditional society that is; primarily agricultural, resistant or slow to adopt new ideas, common based culture, isolated, lack of diversity or developed resources, less individualism, and tribal government, to a change-oriented society that demonstrates; diversity, resource development, entrepreneurship, communicating, government based on defined laws instead of traditions, emphasis on economic growth, globalization, and collectivism. “The importance of managers exercising ethical behavior appropriate to the
national culture in which they are operating will only increase as the concept of social responsibility becomes more widely accepted”, (Yates & Cutler, 1996). This will push leaders to be aware of the cultural differences for survival in today’s competitive economy. With increase in globalization and immigration, every organization has a vast number of employees with various values, cultures, beliefs, opinions and behaviors generating cultural diversity. Understanding the cultural differences in the workplace is a powerful element that shapes work satisfaction, relationships and performance. Managers working in an organization that have employees of varied native languages, ethnicities, and beliefs; maintaining organizational effectiveness requires a balance between respecting cultural differences and managing expectations.

A short introduction of Hofstede model, “While working in IBM, Professor Hofstede G. noticed that even though the company had a complete set of corporate culture, the great cultural differences among employees from different countries and regions varied a lot even within one company” (Shi & Wang, 2011). “With access to people working for the same organization in over 40 countries of the world, Hofstede collected cultural data and analyzed his findings. He initially identified four distinct cultural dimensions that served to distinguish one culture from another”…. “He scored each country using a scale of roughly 0 to 100 for each dimension. The higher the score, the more that dimension is exhibited in society” (Mind Tools, 2014). Hofstede developed four dimensions that identified the cultural differences; these dimensions are power distance, individualism, masculinity, uncertainty avoidance. “A fifth dimension was added in 1991 based on research by Michael Harris Bond, supported by Hofstede, who conducted an additional international study among students with a survey instrument that was developed together with Chinese professors. That dimension, based on Confucian thinking, was called
Long-Term Orientation (LTO) and was applied to 23 countries”, (National Culture- Greet Hofstede).

Hofstede’s dimensions of culture are often used to explain different ways of structuring organizations, different motivations of people within organizations, and different issues people and organizations face within society. By developing an understanding of the dimensions of culture, small business managers can improve their ability to relate to and supervise their employees.

**Power distance**

“This refers to the degree of inequality that exists – and is accepted – among people with and without power. A high power distance society indicates that society accepts an unequal distribution of power, and that people understand "their place" in the system. Low power distance means that power is shared and well dispersed. It also means that society members view themselves as equals” (Mind Tools, 2014). Kenya is one of the countries that have a high of 70 score in power distance, they look up to their managers or their top leaders and they presume to be told what to do, (The Hofstede Center, 2014). Kenya has a strong culture of respect to their elders and their leaders, disrespecting higher authorizes was a sign of shame. “Still, more than half of Kenya’s population is estimated to live below the poverty level”, (Emerton, Karanja & Gichere, 2001). World Bank ranks Kenya 27 out of 100 in terms of corruption perceptions index as of 2013, (Transparency International, 2014). Corruption is a very serious issue that Kenya’s are trying to fight, it creates inequality between the people, it also creates corruption which is very high in Kenya, and this tends to increase the poverty level since everyone wants to get something in exchange or of bribery.
China is also another country that is hierarchal society; it has much higher score of 80 compared to Kenya,” a society that believes that inequalities amongst people are acceptable. The subordinate-superior relationship tends to be polarized and there is no defense against power abuse by superiors”, (The Hofstede Center, 2014). China also tries to fight corruption, “Official data shows the authorities investigated 32,909 cases related to abuses of power in 2010, involving 44,085 people. Disciplinary inspection agencies also took disciplinary or administrative action against 146,517 Party members and officials”, (Yan, 2011). World Bank ranks China 40 out of 100 in terms of corruption perceptions index as of 2013, (Transparency International, 2014). Leaders should therefore be prepared to lead by example by providing insights and directions for employees and not take advantage of their rankings in the organization.

When we look at United States it’s almost the opposite of China and Kenya, It has a score of 40 which means that managers and employees are considered almost equal, (The Hofstede Center, 2014). “We value the American premise of “liberty and justice for all.” This is also shown through the importance of equal rights in every aspect of the United States government and society. Within American organizations, “hierarchy is established for convenience, superiors are always accessible and managers rely on individual employees and teams for their expertise”, (Holder, 2014). We also see corruptions going on in United States starting from money laundering in federal state and local level. World Bank ranks US 73 out of 100 in terms of corruption perceptions index as of 2013, (Transparency International, 2014). The difference is that US has developed anti-corruption law that will persecute any fraud being committed.

**Individualism versus collectivism**
According to Hofstede, Individualism stands for a preference for a loosely knit social framework in society wherein individuals are supposed to take care of themselves and their immediate family only”, (Milner, Fodness & Speece, 1993). It therefore becomes important for leaders to acknowledge and reward individual accomplishments. “It’s opposite, Collectivism, stands for a preference for a tightly knit social framework in which individuals can expect their relatives, clan, or other in-group to look after them”, (Milner, Fodness & Speece, 1993). The people within this group would care for each other and work together as a group. They are responsible for each other's well-being. Leaders should therefore respect groups and encourage teamwork while respecting the traditions of the group.

When we look at Kenya using Hofstede’s cultural dimensions, we see that it is considered as a collective society, it scores at 25 in individualism. This is because Kenyans are loyal in whatever they do, starting from their family, friends, jobs and to the society. “For instance, Hofstede (1985) says that in collectivistic societies, "the individual is nothing without his/her in-group and will strive for the group interest" (p. 354). Such a statement suggests that joint decision making would be more frequent in these countries than independent decisions”, (Milner, Fodness & Speece, 1993).

China has a low score of 20 it, “is a highly collectivist culture where people act in the interests of the group and not necessarily of themselves. In-group considerations affect hiring and promotions with closer in-groups (such as family) are getting preferential treatment”, (The Hofstede Center, 2014). The society is very loyal to the people who are in the higher hierarchy. Their mentality is to work for them and not for the organization or for the company to make a profit. Employees take their relationship with their boss more serious than they do with their work for the organization.
United States is very high in individualism it has a score of 91; this is a society where time is money, they like their freedom. “We are taught early to be self-reliant and to enjoy our personal freedom. Many times we find teamwork difficult because it requires us to suppress our “I” thinking in support of a more collective “we” approach. For people in Asia, the Middle East and Europe, the culture is more collective or group-oriented”, (Mackin, 2011). Most of the individuals are independent and they take care of themselves, they like their privacy and share less responsibility among family and friends. “In the business world, employees are expected to be self-reliant and display initiative. Also, within the exchange-based world of work we see that hiring, promotion and decisions are based on merit or evidence of what one has done or can do”, (The Hofstede Center, 2014). Most of the companies in the United States are diverse, employees are expected to be outgoing, be able to socialize easily with different kinds people without discriminating anyone.

**Masculinity versus Femininity**

“The masculinity represents a preference in society for achievement, heroism, assertiveness and material rewards for success. Society at large is more competitive. Femininity stands for a preference for cooperation, modesty, caring for the weak and quality of life”, (The Hofstede Center dimensions, 2014). United States, Kenya and China are all masculine society. They have a score of 62, 60 and 66, this suggests that each culture recognizes some behavior as more closely identified with males and some behaviors more closely identified with females. While gender roles vary from one society to another. Common masculine values often include assertiveness, performance, ambition, achievement, material possessions, and progress. Common feminine values include people and warm relationships, quality of life, concern for the less
fortunate, and modesty. It therefore becomes important for employees to treat men and women equally and ensure that job designs are not gender discriminative.

**Avoidance of Uncertainty**

Uncertainty avoidance refers to the extent to which the members of a culture feel threatened or uncomfortable dealing with uncertain or unknown factors. In some societies high levels of uncertainty can create extreme levels of anxiety. “Low avoidance of uncertainty societies, such as the United States, can be expected to have legislations that allow relatively easy personnel dismissal, whereas high avoidance of uncertainty countries, such as Greece, will have legislations, and perhaps trade unions, that make this more difficult”, (Minkov & Hofstede, 2014). China has a low score of 20 meaning that leaders need to plan, communicate and organize plan early and be clear on expectations. They can also ease anxiety by training and coaching employees on the objectives to be met and offering job security to assure employees fear of the unknown. Kenya is a fast growing country but other countries are hesitant to do business what hinders them are issues such as corruption, and political issues. “International business managers also deal with many uncertainties as regulatory differences and political disputes are common when a company operates in several markets. Analyzing how managers in Africa deal with uncertainty can provide us with great insight on how to successfully manage an international business”, (Pennisi, 2013). Hofstede model Kenya shows a score of 50 that means it does not have a preference on where it stands whereas United States has a lower score of 46. “There is a fair degree of acceptance for new ideas, innovative products and a willingness to try something new or different, whether it pertains to technology, business practices or food. Americans tend to be more tolerant of ideas or opinions from anyone and allow the freedom of expression. At
the same time, Americans do not require a lot of rules and are less emotionally expressive than higher-scoring cultures”, (The Hofstede Center, 2014).

**Cross Cultural Communication**

“Our cultural differences might also arise in the manner we communicate with each other. Cultural communication is described as either explicit or implicit”, (Mackin, 2011). Leaders need the ability to effectively form, promote, and improve relationships with members of a culture different from one's own. It is based on knowledge of many factors, such as the other culture's values, perceptions, manners, social structure, and decision-making practices, and an understanding of how members of the group communicate verbally, non-verbally, in person, in writing, and in various businesses. Every culture has its own set of tacit assumptions and tendencies when it comes to face-to-face interactions, and trying to get your point across effectively can sometimes be difficult. Even when a language barrier doesn’t exist, cross-cultural communication is one of most challenging aspects of diversity management. Difficulties in communication are however experienced due to different interpretations of the non-verbal communication among the various cultures in the world. This may lead to miscommunication of important messages.

Effective communication involves using assertiveness skills to express your expectations in a straightforward manner without stepping on other’s toes. This helps one to simultaneously show self-confidence and respect, thus earning a good reputation and mutual respect from others. Effective communication involves active listening where one aims to understand the other person. This shows the person that you care about their points of view. The benefit here is that people will be more willing to go out of their way in order to help, support and create
opportunities for those whom they believe sincerely care about them. When employees feel loved and cared for they work they feel a sense of belonging which improved work performance. An effective strategy for improving cross-cultural communication is active listening. This involves restating the other speaker’s statements to ensure that one understands their meaning and asking frequent questions. This is a great way to ensure that important information is not miscommunicated in a cross-cultural conversation.

**Ethical Reflection**

One formula to approach diversity leaders should enhance, the idea is to treat each individual with civility. According to this approach, the only important differences are individual differences. And since everyone is special and different, everyone should be appreciated and treated the same. Prejudice and systemic oppression are not recognized, individual responsibility and morality make diversity work. Leaders should create an environment that allows the people being lead to reach their full potential. At its best, it means getting from employees not only everything you have a right to expect, but everything they have to submit.

**Comparison**

The US society leans towards individualism and the Chinese society leans towards collectivism. Thus, in the individualistic US tasks constantly succeeds over personal relations and vice versa in the collectivistic China, and US leaders’ means of opinion and working is affected by individualism. In US they tend to work on their own with help from others, they also tend to be very competitive, they speak directly about corners, their very independent and work more, (Sachau & Hutchinson, 2012). This is why we see that Americans are the number one in
individualism, whereas Chinese leaders adjust their behavior towards collectivism. As the saying goes when you go to Rome you do what the Romans do, leaders should establish a relationship between employer and employee or business partners is based on trust and harmony and a deep understanding of moral values. Doing business with Chinese people there is some sort of relationship between one another, they work well with people who are willing to work hard and win as a team. Several of the problems arise from the bureaucracy government and the requirement to obtain authorization from above, to a large extent the hindrance can be attributed to cultural differences in priorities. As a result, dialogue do not go advance in anticipation of the Chinese being content that a harmonious effective relationship can be recognized. US leaders need to be patient and establish strong relationships to ensure robust flow in the decision making process.

Language barrier can also lead to Poor communication in negotiation can lead to misunderstanding, unhelpful emotions, distrust, sloppy thinking, and poor outcomes. In the business negotiations communication is even more complex since of dissimilar languages and cultures. Leaders require giving extraordinary interest to the expressions and what the words actually say, not what may be indirect by the words. Also to avoid language barrier problems leaders can bring translators from their country who knows the organization better or the laws of the host country. The translator binds the two parties together and decreases the amount of disagreement.

Leaders should also be aware that conflicts will arise during the negotiation process before sealing the business deal. “Businesses in the global marketplace have struggled with uncertainty in the ongoing wake of the financial crisis. Managing uncertainty is by no means an easy task. However, as shown by various businesses in Africa, simply changing your perspective
can be the solution to the ever persisting waves of uncertainty”, (Pennisi, 2013). Companies like Equity Bank that brought their services to Kenya were much profitable but risky business. Equity Bank changed the mind set of Kenyans for the better, It improved business practice deals.

**Future solutions**

One area that we need to perform future research is how we can communicate effectively in global business, not only between countries but also within a country. Leaders need to be aware of the various cultures and how to communicate efficiently to achieve harmonious teamwork that lead to achievement of objectives. “The effects of country of origin and industry on companies’ communication”…. “Has a bigger impact on their communication than whether they are Chinese or global”, (Tang, Lu, & Li, 2009). People have to understand the context, the reasons for the decisions, the plan and the organization’s clear expectations for their changed roles and responsibilities Nothing communicates expectations better than improved measurements and rewards and recognition. Kenya and China managers have the best interest at heart for their companies; they are loyal and hardworking which leads to promotions within the company. US business leaders are more individualist which is still a positive characteristic but if they want to do future business in China or Kenya need they need to create and build better relationship, (Mujtaba, Cai, Lian & Ping 2013). Be honest and worthy of trust, Kenya and China have a high rate of corruption compared to the US. In China bribery is so common it can be a form of a gift to the leaders of some large amount of money. Future expatriates that are willing to go to China or Kenya need to know and understand that the local business leaders may be waiting for a gift before they conduct the business, “managers who have high personal ethical standards are less likely to make unethical business decisions” (Khera, 2010). In the US bribery is unethical; leaders tend to uphold their own believes of ethics relatively to the companies
believes. Treat people with the same respect you expect from them. “Global leadership development is important in terms of improving interpersonal skills, trust, and consensus building, especially given the increased use of the internet and networked environments. Technical competence is needed to solve informational-age data problems like security, governance, privacy protection, and issues related to information sharing”, (Migliore, 2011).

Another suggestion for future research can be on how organizations can educate cultural awareness to the team and global leaders, and find ways to explore the various dimensions of cultural diversity and ethics. Leaders need to give tactical guidelines to team members in order to overcome cultural difference in the workplace and use those differences to create a more dynamic, productive teamwork environment. Resolving conflicts by encouraging disputants to negotiate, “There is a need to encourage a more professional administrative style in an effort to avoid what appears to be power struggles or struggles for control. However, the absence of conflict, rather than being a positive sign, may indicate a lack of vision to define and attain goals within institutional”, (Githeko, Jason, & Johnson, Scott).

Another suggestion for future research that we need to find is how we can use technology to help us understand different types of cultures and the behavior of communicating between two or more countries. “They have to rely more and more on technical specialists within the organization and include them in the decision-making process, thus moving decision-making and control from the top of the organization down into lower levels, involving more and more employees. In this way power has shifted in some degree to those who possess knowledge rather than just status or position”, (Buchholz, & Rosenthal, 2002). To create a better relationship and more business contacts in the future, we need to look at one of the big factors of globalization which is technology; it has helped businesses understand different types of cultures, beliefs and
language. The young generation that are in school can benefit with the use of computers to help them understand and explore global business and how to manage diversity within their surroundings. In Kenya elementary and high schools don’t use technology in their day to day classes; the schools can’t afford to have sufficient computers that can be used by the students. “There is a need to increase the awareness of computer networking. While there are substantial cost savings to be gained from using computer-based communication (email, file transfer, email-to-fax gateways), those who can gain from the technology are too often unaware of its potential. This includes key decision-makers in government and in educational institutions”, (Githeko, Jason, & Johnson, Scott). China and U.S widely use technology; the ideal place to conduct this research may be in Kenya. Giving a chance to the upcoming young generation an opportunity to learn and gain knowledge by giving them easy access to technology is priceless.

References


Hofstede’s Cultural Dimensions: Understanding Workplace Values Around the World


Laura Ann Migliore, (2011) "Relation between big five personality traits and Hofstede's cultural dimensions: Samples from the USA and India", Cross Cultural Management: An International Journal, Vol. 18 Iss: 1, pp.38 – 54


