THE BUSINESS OF INTERNATIONAL BUSINESS IS CULTURE

Professor Geert Hofstede
Professor Emeritus of Organizational Anthropology and International Management
University of Maastricht
The Netherlands.

Abstract

The functioning of international business organizations hinges on intercultural communication and cooperation. Managing international business means handling both national and organizational culture differences at the same time. Organizational cultures are somewhat manageable while national cultures are given facts for management; common organizational cultures across borders are what keep multinationals together.

As tariff and technological advantages wear off, competition automatically shifts, besides towards economic factors, towards cultural advantages or disadvantages. No country and no organization can be good at everything; cultural strengths imply cultural weaknesses. This is a strong argument for making cultural considerations part of strategic planning, and locating activities in countries, in regions and in organizational units that possess the cultural characteristics necessary for competing in these activities.

Culture is present in the design and quality of products and in the presentation of services. Buying and consumption patterns in affluent countries since the 1980s diverged as much as they converged. Advertising the same global brand appeals to different cultural themes in different countries.

Organizations moving to unfamiliar cultural environments are often badly surprised by unexpected reactions of the press, the authorities or the public to what they do or want to do.

Mergers, acquisitions, joint ventures and alliances across national borders have become quite frequent, but they remain a regular source of cross-cultural clashes. Cross-national ventures have often turned out to be dramatic failures. Cultural integration takes lots of time, energy, and money.

These are some of the implications of culture spelled out in the new, 2005 edition of Geert Hofstede’s book “Cultures and Organizations: Software of the Mind”, co-authored with Gert Jan Hofstede, and published by McGraw-Hill New York; a Danish edition is forthcoming with Handelshøjskolens Forlag, Copenhagen.

Short Bio

Geert Hofstede (1928) is Professor Emeritus of Organizational Anthropology and International Management of the University of Maastricht in the Netherlands. Since his retirement in 1993 he held visiting professorships in Hong Kong, Hawaii, Australia and New Zealand. He still serves as an Extra-
Mural Fellow of the CentER for Economic Research of the University of Tilburg.

Geert Hofstede holds a Master's level degree in Mechanical Engineering from the Technical University of Delft. He worked in different Dutch companies in roles varying from production worker to plant manager. After a part-time study he obtained a cum laude Doctorate in Social Psychology at the University of Groningen. From 1965 to 1971 he founded and managed the Personnel Research department of IBM Europe; he was involved in research in nearly all countries of Western Europe and the Middle East. He subsequently became a faculty member and researcher at IMD, Switzerland; INSEAD, France; EIASM, Belgium and IIASA, Austria. From 1980 to 1983 he returned to industry as a Director of Human Resources for Fasson Europe, Leiden. In 1980 he was also one of the founders of IRIC, the Institute for Research on Intercultural Cooperation which moved with him to Maastricht and later to Tilburg; it was closed in 2004.

Through the publication in the USA of his scholarly book "Culture's Consequences" (1980, new edition 2001), he became a founder of comparative intercultural research; his ideas are used worldwide. His popular book "Cultures and Organizations: Software of the Mind" (1991, new edition 2005, co-authored with Gert Jan Hofstede) has so far appeared in 17 languages. Through his books Geert Hofstede has become one of the most cited authors in the Social Science Citation Index. He is a Fellow of the Academy of Management in the USA and a Doctor Honoris Causa of Nyenrode University in the Netherlands and of universities in Athens, Greece, Sofia, Bulgaria and Gothenburg, Sweden.

See also website http://www.geerthofstede.nl