



Daikosan plc

Scenes through a cultural
looking-glass

*Cultural analysis of the Employee
Opinion Survey*

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1. Executive Summary

Daikosan is a multi-national organization operating in 45 countries and on five continents. Although primarily a Norwegian and UK company, Daikosan's employees and executives come from, and work within, a diverse range of cultural environments. In order to inform our understanding of the consequences of this diversity, this document examines the Global Employee Opinion Survey, using the work of Geert Hofstede on work culture as an organising framework.

We show that cultural factors significantly influence the survey results, and that a cultural perspective provides useful management insights into differences in attitudes and practices across Daikosan. We recommend this report to be consulted by all managers involved in expatriate assignments or heading multi-national teams.

2. A Brief Introduction to Geert Hofstede

In the area of cross-cultural work values, the work of Hofstede has attained almost biblical significance. Despite being collected 30 years ago, and limited to one giant organization (IBM) Hofstede's results are still frequently used today. They are widely used in part because they have been measured in so many different countries; there is no other comprehensive measure of culture for which national norms have been established so widely.

Hofstede identified four dimensions of national culture (a fifth dimension, Confucian Dynamism was added later but is not discussed here.)

Dimension	Description
Power Distance	The extent to which the members of a society accept that power in institutions and organizations is distributed unequally. In High Power Distance (Autocratic) cultures obedience to authority (parents, bosses, officials) is expected; managers tend to be autocratic while subordinates expect direct supervision. In Low Power Distance (Democratic) cultures, the emphasis is on challenging decisions, and autonomy and independence are expected.
Uncertainty Avoidance	The degree to which the members of a society feel uncomfortable with uncertainty and ambiguity. This leads them to support beliefs promising certainty and to maintain institutions protecting conformity. High Uncertainty Avoidance cultures are more resistant to change, and are often characterized by more elaborate rituals and practices. Low Uncertainty Avoidance cultures tend to accept competition and conflict, and to be tolerant of dissent and deviance.

Dimension	Description
Individualism-Collectivism	Individualism is a preference for a loosely knit social framework in society in which individuals are supposed to take care of themselves and their immediate families only. Individualistic cultures believe the individual is the most important unit. They encourage people taking care of themselves, making decisions based on individual needs and an "I" mentality. The opposite pole is Collectivism, a preference for a tightly knit social framework in which individuals can expect their relatives, clan, or other in-group to look after them, in exchange for unquestioning loyalty. Collectivist cultures believe the group is the most important unit. They encourage: primary loyalty to the group (e.g. organization), decision-making based on what is best for the group, dependence on organizations and institutions and a "We" mentality.
Masculinity-Femininity	Masculinity is a preference for achievement, heroism, assertiveness, and material success. The opposite pole is Femininity, a preference for relationships, modesty, caring for the weak, and the quality of life. In a masculine society even the women prefer assertiveness (at least in men); in a feminine society, even the men prefer modesty. Masculine societies tend to see men as assertive and women as nurturing. Men tend to be competitive, visible, to stress success, and to be vocation-oriented. Feminine societies tend to have both men and women in nurturing roles and much less emphasis on assertiveness for either.

Hofstede studied fifty countries and three regions. The table below shows the rank ordering of each on each of the four cultural dimensions.

Autocratic	PDI Rank	Individualistic	IDV Rank	Certainty Seeking	UAI Rank	Masculine	MAS Rank
Malaysia	1	United States	1	Greece	1	Japan	1
Guatemala	2	Australia	2	Portugal	2	Austria	2
Panama	3	United Kingdom	3	Guatemala	3	Venezuela	3
Philippines	4	Canada	4	Uruguay	4	Italy	4
Mexico	5	Netherlands	5	Belgium	5	Switzerland	5
Venezuela	6	New Zealand	6	El Salvador	6	Mexico	6
Arab Countries	7	Italy	7	Japan	7	Ireland	7
Ecuador	8	Belgium	8	Yugoslavia	8	Jamaica	8
India	9	Denmark	9	Peru	9	Germany	9
Indonesia	10	France	10	France	10	United Kingdom	10
West Africa	11	Sweden	11	Spain	11	Colombia	11
Yugoslavia	12	Ireland	12	Argentina	12	Philippines	12
Singapore	13	Norway	13	Chile	13	Ecuador	13
Brazil	14	Switzerland	14	Costa Rica	14	South Africa	14
France	15	Germany	15	Panama	15	United States	15
Hong Kong	16	South Africa	16	Turkey	16	Australia	16
Colombia	17	Finland	17	Korea, Republic Of	17	New Zealand	17
El Salvador	18	Austria	18	Mexico	18	Greece	18
Turkey	19	Israel	19	Israel	19	Hong Kong	19
Belgium	20	Spain	20	Colombia	20	Argentina	20
East Africa	21	India	21	Brazil	21	India	21
Peru	22	Japan	22	Venezuela	22	Belgium	22
Thailand	23	Argentina	23	Italy	23	Arab Countries	23
Chile	24	Iran Islamic Rep. Of	24	Austria	24	Canada	24
Portugal	25	Jamaica	25	Pakistan	25	Pakistan	25
Uruguay	26	Arab Countries	26	Taiwan	26	Malaysia	26
Greece	27	Brazil	27	Arab Countries	27	Brazil	27
Korea Republic Of	28	Turkey	28	Ecuador	28	Singapore	28
Iran	29	Uruguay	29	Germany	29	Israel	29
Taiwan	30	Greece	30	Thailand	30	West Africa	30
Spain	31	Philippines	31	Finland	31	Indonesia	31
Pakistan	32	Mexico	32	Ira, Islamic Rep. Of	32	Turkey	32
Japan	33	Yugoslavia	33	Switzerland	33	Taiwan	33
Italy	34	East Africa	34	West Africa	34	Panama	34
Argentina	35	Portugal	35	Netherlands	35	France	35
South Africa	36	Malaysia	36	East Africa	36	Iran Islamic Rep. Of	36
Jamaica	37	Hong Kong	37	Australia	37	Peru	37
United States	38	Chile	38	Norway	38	Spain	38
Canada	39	West Africa	39	New Zealand	39	East Africa	39
Netherlands	40	Singapore	40	South Africa	40	El Salvador	40
Australia	41	Thailand	41	Canada	41	Korea, Republic Of	41
Costa Rica	42	El Salvador	42	Indonesia	42	Uruguay	42
Germany	43	Korea, Republic Of	43	United States	43	Guatemala	43
United Kingdom	44	Taiwan	44	Philippines	44	Thailand	44
Switzerland	45	Peru	45	India	45	Portugal	45
Finland	46	Costa Rica	46	Malaysia	46	Chile	46
Norway	47	Indonesia	47	United Kingdom	47	Finland	47
Sweden	48	Pakistan	48	Ireland	48	Yugoslavia	48
Ireland	49	Colombia	49	Sweden	49	Costa Rica	49
New Zealand	50	Venezuela	50	Hong Kong	50	Denmark	50
Denmark	51	Panama	51	Denmark	51	Netherlands	51
Israel	52	Ecuador	52	Jamaica	52	Norway	52
Austria	53	Guatemala	53	Singapore	53	Sweden	53

Democratic

Collectivistic

Non-Certainty Seeking Feminine

3. Analytical Method

The first step in the analysis is to assess how strongly scores on each of the survey items correspond to scores on Hofstede's dimensions of national culture. The statistic we use to represent the strength of the relationship is the correlation coefficient¹. Correlation coefficients fall in the range -1 to $+1$, and the size of the coefficient indicates how scores strongly an item and a dimension correspond. Values close to $+1$ indicate a strong relationship in which high scores on the item are associated with high scores on the dimension; values close to -1 indicate a strong relationship in which high scores on the item are associated with low scores on the dimension; and values close to 0 indicate little or no correspondence between the scores on an item and scores on the dimension.

After eliminating cases (returned questionnaires) with less than 80% of items completed, and those with missing country codes, there were 21,530 cases for analysis. The item scores were first aggregated to country level to give a mean score for each country on each item. Next we calculated the correlations between the country scores for each item and each of Hofstede's dimensions. (This produces four correlations for each survey item.)

The second step is qualitative, and more subjective; here the correlations are interpreted. Because of the large number of correlations, this stage is necessarily selective, and we have focussed on those aspects of the results that seem to us to be most interesting, relevant or provocative. However, there are undoubtedly other stories that could be told from the same correlation matrix.

With a large correlation matrix such as is used here, about 5% of the statistically significant² correlations are spurious (i.e. would not be found if the survey were run a second time). We have therefore adopted a conservative approach to the analysis, and we do not interpret correlations unless they are both significant *and* they make substantive sense.

¹ The correlation coefficient is denoted by the symbol r and is explained in Appendix 1

² See Appendix 1

4. Scenes through the Cultural Looking Glass

4.1 Job Clarity

We begin our cultural analysis by noting that individuals in high power distance cultures say they are very clear about their job responsibilities (The correlation between the item 'I have a very clear idea of my job responsibilities' and Power Distance is .59) Ordinarily we might assume that clear job responsibilities are a good thing; employees of organisations do need to know what they are getting paid for. However, from a cultural perspective, we can see that this clarity is bought at a price. To see this, note that the correlation between the item 'My skills and abilities are not used to the full in my job' and Power distance is -.45. Remembering that this item is reverse-scored, the negative correlation here implies that in high Power Distance cultures, employees feel they are unable to make full use of their skills and talents. A similar pair of correlations is found for Collectivism³ (.63, -.30), although the smaller correlation is not statistically significant.

This suggest that Job Clarity, viewed through a Power Distance/Collectivism lens, prevents individuals from functioning outside the closed boundaries of their allotted role, leading to an under-utilization of the human capital of the organization, and possibly a degree of individual frustration.

4.2 Managers and Management Style

Several items in the employee survey are specifically concerned with management. Items concerning the degree to which managers involve their subordinates in various aspects of work ('My manager involves me in ...') show a correlation with Individualism in the expected (negative) direction. This indicates a higher tendency for managers and subordinates in Collectivist cultures to work co-operatively, as we would predict.

Two of the semantic differential items on management style are also culturally correlated. 'Open [scored low] vs. Secretive [scored high]' has a negative correlation with Uncertainty Avoidance. This means that management is seen as more open in high Uncertainty Avoidance cultures. This is understandable, if for example we assume that to avoid uncertainty, managers in these cultures tend to communicate early clear decisions; in low Uncertainty Avoidance cultures, managers may be

³ A correlation with individualism can be turned into a correlation with collectivism by reversing the sign.

content to wait before deciding, or to send ambiguous messages, and may therefore be perceived as Secretive.

'People-oriented [scored low] vs. Task-oriented [scored high]' correlates negatively with Power Distance and positively with Individualism; that is, management is seen as more people-oriented in Autocratic (high Power Distance) and in Collectivist cultures. (And conversely is seen as more task-oriented in low Power distance and Individualistic cultures.)

Although these results make intuitive sense, a surprising feature of the correlation matrix is how few management items are in fact culturally influenced. For example in the family of items beginning 'My immediate manager ...' none correlate at all with any of the cultural dimensions. This is strange, because some of the items do appear to tap the central constructs of the cultural dimensions. For example 'My immediate manager values me as a person' seems to clearly reflect the nurturance aspect of the Masculinity/Femininity dimension, and 'My immediate manager is open to feedback on his/her own strengths and weaknesses' seems almost to define Power Distance. We cannot at present account for this finding; it may be that the questionnaire format (a contiguous list of items all beginning with the same words in this case 'My immediate manager') encouraged employees to respond in terms of the overall competence of their manager rather than differentiating various aspects of his or her management style; on the other hand, it may be that in responding to this item, subordinates use a relative scale of judgement, and implicitly compare their own manager to the typical manager in their own culture.

4.3 Masculinity/Femininity

The Masculinity/Femininity dimension is of special importance to Daikosan because it is the dimension on which Norway (ranked 52nd) and the UK (ranked 10th) are the furthest apart. Unfortunately, relatively few survey items have significant correlations with this dimension. It would be expected that items such as 'My immediate manager values me as a person' would tap the nurturance aspect of Femininity, but this item did not correlate significantly on the dimension. One possibility is that the Masculinity/Femininity dimension was not particularly well measured by Hofstede in the first place, or as argued above, this question is answered from a culturally relative framework. However, where correlations were found, they were interesting.

First we note that Item 'Daikosan is establishing a climate where people can have fun at work' correlates negatively with Masculinity, as do items of the type 'I am frequently worried about ...[reverse scored]'. In other words, in Feminine cultures such as Sweden employees have more fun and feel more secure than they do in Masculine cultures such as the UK.

Paradoxically however, item 'The level of stress in my job seriously reduces my effectiveness [reversed]' has a positive correlation with Masculinity, indicating less

stress in Masculine cultures. Why should employees in these cultures feel less stressed when they are self-admittedly not having fun and are more worried? One possibility is that this is a *reporting* phenomenon. That is, in Masculine cultures, individuals are less likely to admit that they are affected by stress and 'cannot take it'. This would be in accordance with the Masculine ethic of heroism.

4.4 Teamwork

We would expect Collectivist cultures to be more supportive of teamwork than Individualist cultures. But can differences in teamwork behaviour actually be observed in Daikosan?

The answer is yes. The following three items have negative correlations with Individualism:

- ? Teamwork is given recognition.
- ? My Manager involves me in planning the work of our team.
- ? I have been invited to discussions about Daikosan's culture and values.

This indicates that Daikosan managers in Collectivist and Individualist cultures differ in their approach to Teamwork. In contrast to their counterparts in Individualist cultures, Collectivist managers are more inclined to recognise teamwork, and to involve their subordinates in planning and discussion.

4.5 Communication

Cultural differences also play a significant role in communications. The correlation coefficients show that, compared with their cultural opposites, employees in High Power Distance, Collectivist, and Uncertainty Avoiding cultures would like to see:

- ? More frequent and more informative communication.
- ? More emphasis on the business content of communications.
- ? More emphasis on dialog.

Employees in Masculine cultures would also like to see more frequent communication (but not necessarily on dialog or business content). They would also like to see more openness in communication. Employees in Autocratic and Collectivist cultures would like higher leadership visibility.

However, employees of all cultural groups seem satisfied with the present levels of face-to-face communication. We might suppose that the amounts of face-to-face

communication have reached their natural cultural levels in the different parts of the company.

Employees were also asked to rate the value of five different types of information. The cultural correlations indicate that employees in Autocratic and Collectivist cultures find all types of information more useful than do employees in Democratic or Individualist cultures, except for product information. The rated usefulness of this kind of information does not depend on Power Distance or Individualism, but employees in Uncertainty Avoiding cultures do find product information more useful than their cultural opposites.

Finally we note that in rating the effectiveness of different communication channels, employees in Autocratic and Collectivist cultures show a pronounced fondness for the Bulletin Board, but a dislike of email. This nicely illustrates the difference between Autocratic/Individualist cultures on the one hand, and Democratic/Collectivist cultures on the other. The Bulletin Board is 'Collectivist' because it includes everyone, and is public. Email on the other hand is perceived as Individualist, because it is addressed privately to individuals.

These differences suggest that communication will be more successful when the frequency, content and method of delivery match the cultural preferences of the recipients.

4.6 Identification with Daikosan and Enthusiasm for the Merger

Employees in Autocratic/Collectivist cultures seem to be particularly inspired by Daikosan's values, and to be more enthusiastic about some aspects of the merger than their cultural opposites. Responses to the items below correlate positively with Power Distance and negatively with Individualism:

- ? Daikosan's values are inspiring.
- ? Daikosan's values influence my attitude to my everyday work.
- ? The current merger will create more career opportunities for me.
- ? The merged organization has the strengths of both partners.
- ? The current merger will improve our ability to develop new products.

This suggests that the merger will be, or is being, embraced more strongly in the high Power Distance and Collective parts of the company than in the low Power Distance/Individualist parts.

Interestingly, there is a negative correlation between Individualism and responses to the item 'The current merger is having a major impact on my situation at work.' This shows that the impact of the merger is being felt most strongly in the Collectivist parts of the organisation.

5. Conclusions

Our Cultural Looking Glass has shown us that employee's responses to many of the survey items have a strong cultural component, indicating that Daikosan is a culturally diverse organisation. In general, the cultural influences we observe are in the directions we would expect.

But how far Daikosan's management should seek to develop a common culture across all of its business is a question that cannot be answered by the present analysis. There are many ways of being effective, and it may be counter-productive to develop a high degree of uniformity of practice that runs counter to cultural custom.

For example, the degree to which managers consult their subordinates may well be lower in Autocratic (high Power Distance) cultures than in Democratic (low Power Distance) cultures; however to equate less with worse is to impose a cultural standard – in this case the Democratic standard - that may or may not be justified. Thus a degree of caution is required in converting the present findings into recommendations for action.

In this respect we would suggest that effectively self-norming items of the type 'Would you like more (or less) of ...' are particularly valuable from a cross-cultural perspective because they give direct measures of the demand for change which are not always apparent from the responses to descriptive items.

However, the analysis does highlight some areas where there is already a demand for change.

Most obviously, there is a desire for more communication and dialog in the high Power Distance, Collectivist and Uncertainty Avoiding areas of the company, and a desire for more leadership visibility in the two former cultures. (It would be interesting to explore this further and to see from which level in the organisation this demand originates.)

In addition, it is clear that employees in Autocratic cultures feel they have little room to use their skills and abilities, suggesting that some form of job enlargement or enrichment would be welcomed here.

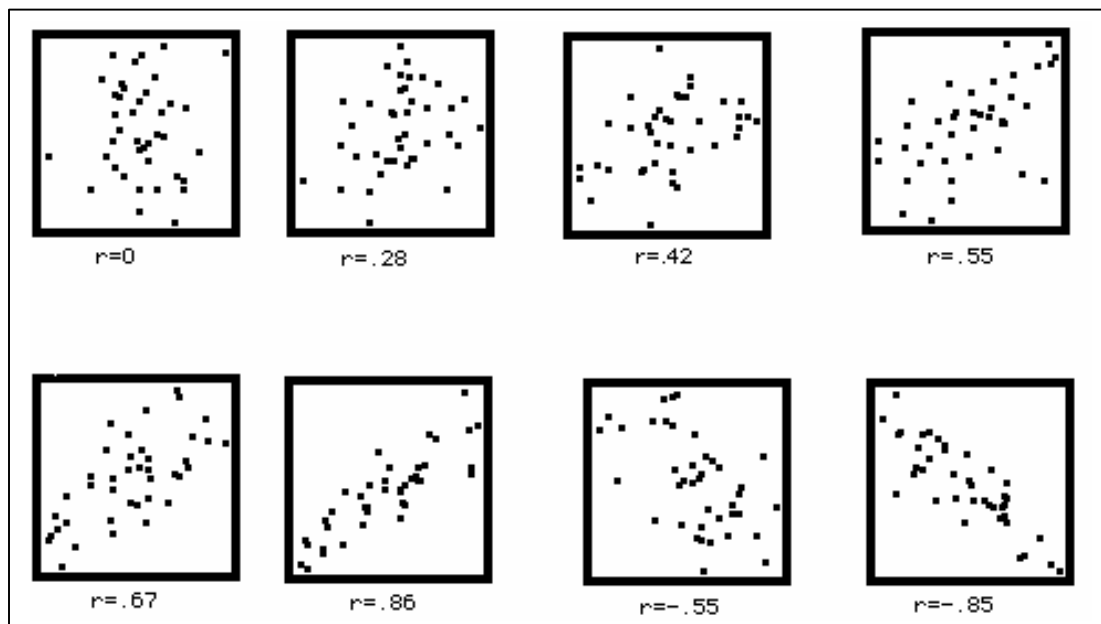
Recommendations for Future Work

New measures of national work culture are currently being developed by cross-cultural researchers, and are expected to be available in the near future. These may provide more extensive and reliable indicators against which future surveys can be examined.

APPENDIX 1. THE BIVARIATE CORRELATION COEFFICIENT

The bivariate correlation coefficient is a measure of the degree of association between two variables, and is represented by a number between -1 and $+1$. A value of 1 indicates a perfect relationship, and a value of 0 represents no relationship. A negative correlation coefficient indicates inverse relationship i.e. high values of one variable being associated with low values of the second variable. Statisticians have developed many different types of correlation coefficient, but the one most frequently used is Pearson's Product Moment correlation, denoted by the letter r . Product Moment correlations are used in this report.

The eight scatterplots in the panel below show different degrees of association between two variables and the corresponding correlation coefficient (r) for each. Note that if r was exactly 1 all the data points would fall precisely on a straight line. For $r = +1$ this line would rise from the bottom left to the top right of the scatterplot, while for $r = -1$ the line would fall from the top left to the bottom right.



Bivariate correlation coefficients can be calculated quickly, but suffer from the disadvantage that they cannot describe simultaneous relationships between three or more variables. However, using correlation coefficients in the preliminary stages of an analysis does allow us to cast our net wide, and to see where more sophisticated multivariate analyses might be usefully applied.

In any real data set, it is rare to observe a correlation of exactly 0, even when the two variables are actually unrelated; this is because chance effects will tend to produce correlations somewhat either side of 0. In order to distinguish between chance effects and real relationships, the observed correlation coefficients are subjected to a significance test. If an observed coefficient is said to be significant at the .05 level, it means that the observed coefficient would be produced by chance no more than 5% of the time. Similarly, significance at the .01 level means that an observed coefficient would be produced by chance no more than 1% of the time. In organisational research, a result that is significant at the .05 level or less is commonly taken to indicate the existence of a real relationship. In this case, the chance of erroneously reporting a positive finding can never exceed 5%.

APPENDIX 2. SCORING SYSTEM FOR ITEMS

This section describes how the items were scored.

First, most of the survey items are scored so that higher values indicate more favourable results. If an item correlates positively with say Individualism, it means that more favourable responses are given in Individualist cultures than in Collectivist cultures. Similarly a negative correlation with Individualism indicates less favourable responses in Individualist, and more favourable responses in Collectivist cultures.

This convention applies irrespective of how an item is actually worded. Thus a positive correlation between Individualism and an item like 'I am unhappy' indicates more happiness in Individualist cultures, not more *unhappiness*. In this way the score for an item is always in the same direction as the 'percentage favourable' for the item (higher scores mean higher percentage favourables).

One exception to this rule is those items having response options like 'Less Emphasis Wanted', 'About Right', and 'More Emphasis Wanted'. If we were to follow the percentage favourable rule, and score the percentage of individuals saying 'About Right', there would be no indication of whether the group on balance wanted 'more' or 'less'. Therefore for these items we take the percentage of the group wanting more as the item score.

A second exception is the semantic differential items, which do not always have a uniquely favourable pole (For example 'Managers are: People-Oriented/Task Oriented'.) These items are scored so that the left-hand pole is scored low and the right-hand pole scored high. Therefore a positive correlation between say Individualism and this item (which is what we actually find) means that managers in Individualist countries are seen as more task-oriented.