Cultural Variations in Organisations of India and United States: A Comparative Study

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Abstract:
The business environment today is fast integrating, and with this integration comes the most basic problem—clash of opinions. Opinions are formed largely due to cultural influences and culture, which is the identity of a country, differs with every border crossed. These differences cause variations in people’s behaviour, how they perceive themselves, the organisation, and themselves as a part of the organisation’s present and future. Therefore, opening of borders for trade, commerce, and ideas presses the need for an educated understanding of cultural variations. This paper aims to explain how cultural differences could impact managerial behaviour. Managers from different backgrounds work with a culturally diverse team, where each individual might have his or her own unique understanding of issues. Such a situation can create possibility of conflict, which might prove detrimental to the organisation’s survival. This paper employs Hofstede’s Dimensions of Culture to bring logic to variation in managerial styles practiced in India and the United States of America.

Keywords: Managerial behaviour; cultural variations; Hofstede; cultural conflict

1. Introduction
Geert Hofstede defines culture (2011) as “the collective programming of the mind distinguishing the members of one group or category of people from others”. Culture can also be understood in its lexical meaning as “the ideas, customs, skills arts, etc. of a people or group that are transferred, communicated, or passed along, as in or to succeeding generations”. It is how an individual connects himself to the society and how a society defines itself. This definition can give one an idea about how culture could be effective in an organisation that is multi cultural, multi faceted, spread across countries, cutting barriers of continents. It has various societal dimensions; ranging from language, mannerisms, clothes to the narrower concept of how an individual is supposed to conduct oneself. Managers in an organisation come from diverse cultural backgrounds which influence their style of
conflict resolution and management. With the rapid rise in globalization, businesses are not bound to any one country or region. A business today is not set up keeping in view only the domestic frontiers. Owing to various technological innovations taking place every day, any business can grow far beyond the man made boundaries. It is this increase in multinational presence of business that makes the understanding of culture and cultural influence on management styles a lot more important than it would have been a few decades ago. Besides, not only businesses but even individuals benefit from understanding of the complexities of cultures across the world.

Inter mingling of diverse cultures at workplace has its set of pros and cons. While diversity brings in complex environment of heterogeneous behaviour with different issues and means to deal with them, it also creates a positive atmosphere of diverse and creative ideas along with innovative problem handling solutions. Business can reap the benefits of cultural diversity by productively handling conflicts at workplace in the right manner. On the other hand if the conflict situation is not handled in the right manner, it may lead to tragic consequences for the organisation’s future.

Conflict can be defined as incompatibility of ideas. It means the variances that arise when different people from different understanding of an issue. According to Putnam and Poole (1987) conflict is defined as “the interaction of interdependent people who perceive opposition of goals, aims and values and who see the other party as potentially interfering with the realization of these goals”. In a multicultural business enterprise, where people come from various backgrounds with their own understanding of issues, conflicts are bound to happen. This highlights the impact of diversity at workplace leading to disagreement between parties. Culture is not static. Every society evolves with time and this leads to the dynamic nature of culture. As exchange of ideas across nations grows, people better understand each other’s cultural differences and the reasons for the same. So, an organisation has to keep pace with time and continuously update its views on cultural diversity at workplace. This cannot be done with a written rule book of handling cultural conflicts. Hence, managers from different parts of the world contribute to the understanding of diversity and productive conflict resolutions.

A business works in a society which is culturally diverse, with a set of people who come from different backgrounds, catering to various societies with divergent cultural identities. This further increases the complexity, and therefore the need for managers to sympathetically understand conflict situations. Multinationals have to constantly keep learning about the subtleties of the country it might step into. Managers have to adopt different styles of management in order to create conducive atmosphere for high-yielding conflict management.

Observing the variation in the Indian and US culture, Myra White (2010) wrote:

"Leaders who fall from grace because they exercise low emotional intelligence seem to continually rise from the ashes. In 2008, for example, Eliot Spitzer was forced to resign as governor of New York State due to his assignations with expensive call girls who were part of a prostitution ring under investigation by the federal government. This disgrace, however, has been short lived as demonstrated by the fact that he was quickly hired by a major television station to host a roundtable discussion program. In contrast, emotional intelligence appears to resonate more with traditional Indian cultural values than US values. In India, intelligence is more than what the west calls IQ. It is conceptualized as a product of the unification of the body's emotional and cognitive energies which join to create higher form of awareness and consciousness that transcends the emotional and cognitive energies from which it originates."
Highlighting the Individualism vs. Collectivism Dimension of National Cultures, White observes, “A second factor contributing to India's embrace of emotional intelligence is the communitarian nature of Indian culture. In India the family and social groups to which people belong comes first unlike the US where the "me" comes before the "us."”

2. Research Problem
Culture plays a very important role in shaping the management style. The manager’s cultural background is broadly defined by his or her country of upbringing and education. This affects the process of conflict resolution chosen by a manager depending on his or her understanding of the varied cultures intermingling in the organisation. Business nowadays is not a specifically defined set of people with specified set of value systems. Instead, it is a panorama of diverse people from various cultures, bringing with them different values, beliefs, understandings and point of views. These variations, if handled in the right manner, can provide varied and out-of-the-box outlook that has become necessary in today’s highly dynamic and competitive international business environment. Thus, understanding of reflection of cultural differences in managerial styles in the USA and India becomes crucial. Keeping in mind the humane side of management, possible connections between culture and consequent behaviour have been made.

3. Objectives
- To find a relation between the cultural variations in an organisation and the style of management.
- To explore how Hofstede’s six dimension of culture can be used to work effectively with culturally diverse people.
- To study if cultural understanding at all levels of the organisational hierarchy could bring out a better working atmosphere than just at the managerial level.

4. Research Methodology
The present study is based on secondary data. Undertaking a literature based study, numerous previous researches on culture, cultural conflict, impact of culture on managerial decisions and styles, Hofstede’s dimensions of culture and their applicability in today’s scenario have been utilised. The literature used in this paper includes quantitative findings based on surveys and statistical analysis in order to establish factual accuracy as far as possible. Statistical results from Hofstede insights have been used to provide a summative picture.

5. Findings
Countries around the world differ due to various reasons- geography, historical experiences, religious practices and beliefs, customs, values. All these create a culture which is unique to a country and becomes its identity and of the people who are born and brought up there. These differences significantly impact a person’s view of the world. They influence his/her work attitude and decision making skills as well. Therefore, co existence of multitudes of cultures in an organisation might lead to difference of opinions.
The objective of this study is to find and understand the cultural differences between the US and India on the basis of Hofstede’s dimensions of cultures in order to rationalise managerial styles adopted by managers from these countries.
Hofstede conducted one of the most comprehensive studies of how values in the workplace are influenced by culture. He analysed a large database of employee value scores collected within IBM between 1967 and 1973. The data covered more than 70 countries, from which Hofstede first used the 40 countries with the largest groups of respondents and afterwards extended the analysis to 50 countries and 3 regions. Subsequent studies validating the earlier results include such respondent groups as commercial airline pilots and students in 23 countries, civil service managers in 14 countries, ‘up-market’ consumers in 15 countries, and ‘elites’ in 19 countries. (Hofstede Insights, n.d.) Scores of India and USA on the six dimensions have been taken from Hofstede Insights. Hofstede Insights was created in 2017 from a merger between ITIM International and The Hofstede Centre. The Six Dimensions are:

1. Power Distance Index (PDI)
2. Individualism vs. Collectivism (IDV)
3. Masculinity vs. Femininity (MAS)
4. Uncertainty Avoidance Index (UAI)
5. Long Term Orientation vs. Short Term Normative Orientation (LTO)
6. Indulgence vs. Restraint (IND)

These dimensions of national culture are based on extensive research done by Geert Hofstede, Gert Jan Hofstede, Michael Minkov and their research teams. The country scores on the dimensions are relative reflecting preferences of individual countries.

Figure 1 represents scores of India and USA on the six dimensions as taken from “Hofstede Insights”. It gives a comparative visual between India and USA. Interpretations and insights follow:

5.1 Power distance index (PDI)
The power distance index is defined by Hofstede (2011) as “the extent to which the less powerful members of organisations and institutions (like the family) accept and expect that power is distributed unequally.”

Radjou (2008) observes the real problem lies with Indian CEOs themselves who are yet to learn that they can’t mandate innovation from the top, since innovation is an organic phenomenon driven by voluntary employee participation. Centralisation of power in Indian corporations resonates with the fact that employees are more dependent on managers and bosses for direction on what to do and how to do it. Paternalistic attitude of Indian managers starkly differs from higher decentralisation in US corporate. High power distance in India is also a result of caste system. If the boss does not find something important, then it will not be followed. Comparatively in the US, workers expect to be made part of the discussion process. Informal communication is used widely to get a democratic structure in place. The team is given an attitude of enthusiasm which soon might give way to an aggressive attitude of survival of the fittest. Illustrating this, Jandt (2007) refers to 2002 as the year of Enron and other corporate scandals. Their chief executive officers (CEOs) had taken excessive compensation. In the United States in 1980, the average CEO salary was 42 times as much as the average worker. In 1990, it was 85 times as much. In 2000, it was 531 times as much. In 1977, the top 1% in the United States had an after-tax income equal to the bottom 49 million; in 1999, the top 1% had an after-tax income equal to the bottom 100 million.

5.2 Individualism vs. collectivism (IDV)
This index explores the “degree to which people in a society are integrated into groups.” It talks about “I” versus “We” (Hofstede, 2011).
India scores an intermediate 48 which shows that both Individualism and Collectivism are practiced as opposed to US which is among the most individualistic countries in the world. American organisations create hierarchy for convenience as compared to Indian organisations where, as George Watts and Laurie Blazek analysed, the biggest challenge for Indian businesses is “hierarchical organisational structures” (as cited on Free Press Journal, 2016). This leads to lack of competitive will to succeed as only a part of the organisation team will reap the benefits of growth opportunities. Harvard Business School professors Khanna and Krishna (2005) did not find any “intrinsic reason why concentrated ownership is inimical to competition.” According to them, “in some Indian families, concentrated owners have consistently tried to use their business group structures to launch new ventures. In the process, they have either failed—hence the turnover in identity—or reinvented themselves.” Indians tend to be Collective as a sense of belonging to the society brings comfort and psychological security to non individual. Non conformation to societal values could lead to rejection by one’s team-peers, juniors and, most importantly, superiors. Growth opportunities are limited to those who belong. Collectivism might be due to political and communal reasons which is a hindrance in India Inc.’s growth.

The religious belief, that every individual is responsible for how one leads his/her life and its outcome, of the majority of Indian causes an Individualist behaviour. Everybody strives for individual performance. This causes low team spirit as the ultimate goal becomes individual recognition. Performance appraisal is more dependent on employee contribution in US than in India where performance appraisals are all about individual goals. In the US, employees are expected to be creative, innovative and aggressively enthusiastic about corporate success. Thus, promotions are more merit based.

Indian business family names become a tag for future generations which bring with themselves easy benefits and opportunities. Mention the family names Ambani, Tata, Birla, Adani, Godrej, and a sense of collectivism emerges, a sense of belonging, a shared identity with undue credits to some. In the United States, there are few family names—perhaps only Rockefeller, Kennedy, DuPont, Getty—that carry such defining meaning. The society there has moved on from having a community identity to making one for an individual, by the individual. Comparatively, individualism is so strong in the United States that you might even have difficulty appreciating how people might feel content in a collectivist culture. (Jandt, 2007)

5.3 Masculinity vs. femininity (MAS)

Masculinity is defined as “a preference in society for achievement, heroism, assertiveness and material rewards for success.” Femininity represents “a preference for cooperation, modesty, caring for the weak and quality of life.” (Hofstede, 2011)

In a Masculine country, material gains are the basis of success and achievement. India scores a moderate 56 showing both Masculinity and Femininity exists in the Indian scenario. People are almost equally distributed in categories of those who measure achievements by quantitative gains and are highly competitive, and those who are sensitive towards peers and well being of the organisation as a whole. India, being a land of diversity, has differences within its different regions, with masculinity being more dominant. Also, the same individual is capable of showing both masculine and feminine traits, given the circumstances. The masculine culture in India values earnings, recognition, advancement and challenge. The feminine side reflects in the feelings of empathy towards others and sense of sharing. The Indian business remains mostly dominated by men with a few females with strong masculine traits leading organisations to success.
The Americans show a high score for Masculinity. Population, as a whole, values ‘masculine’ behaviour. Managers tend to be more assertive. They are more work centered as compared to their Indian counterparts. A dynamic work environment exists in the US organisations because everything is deemed to be a possibility and aggressive attempts are made with a strong will to achieve. When Enron scandal broke out, it was revealed that the workers were lead by aggressive behaviour in order to pump up the spirits. Both the management team and employees were intelligent, ambitious and “tightly wound” individuals who typically worked 80 hours a week, according to Swartz and Watkins (2004). Trump’s win in the 45th US Presidential election has been researched with Hofstede’s Dimensions as the base. Trump, being more outspoken, aggressive, assertive, authoritative, autocratic, and impulsive, aligned better with the US scores as opposed to Hillary Clinton. Donald Trump is more masculine, which is in perfect tandem with the American identity. (de Waal, 2016)

5.4 Uncertainty avoidance index (UAI)
The uncertainty avoidance index is defined as “a society's tolerance for ambiguity” (Hofstede, 2011). This dimension shows how much we want to control the future.
Both India and US score low on uncertainty avoidance, showing that businesses in both the countries are innovation focused and ready to take on growth opportunities. US is a bit more risk taking in this case, if the opportunity offers a good risk-return trade off. The low score on Uncertainty Avoidance index shows that both US and Indian businesses are open to foreign collaborations which are risky but fruitful, if done with just the right planning. In a globalised world, with almost all countries interacting with each other on various levels, like trade, commerce, education, etc., it is not only important, but imperative to be open to new opportunities. Both the countries show high level of patience to businesses entering their borders.

5.5 Long-term orientation vs. short-term orientation (LTO)
This dimension associates the connection of the past with the current and future actions/challenges. A lower degree of this index (short-term) indicates that traditions are honored and kept, while steadfastness is valued. Societies with a high degree in this index (long-term) views adaptation and circumstantial, pragmatic problem-solving as a necessity. (Hofstede, 2011)
India is a land with spirituality guiding a person’s judgment of things. George Watts and Laurie Blazek observed what they termed “spiritual authenticity” (as cited on Free Press Journal, 2016). They said:

Unlike leaders in the US, Indian executives practice their values and assimilate them into all spheres of their lives. They integrate religious teachings and perspectives into their business mission. There exists a psychological reciprocity with life itself: a genuine desire to give back because of how much they have received
Indians are guided by the philosophy of “Karma” and that one reaps for what one does. A society with such philosophy accepts change as a part of normal course of life. Changes required in plans are considered normal. Thus, Indian managers are more pragmatic. This view can also be seen in the acceptability of lack of punctuality on a higher level than what US businesses would consider an acceptable limit. US businesses are more result oriented. Managers in US are more focused on short term gains than long term profitability. Such as in the Enron case, Jeff Skilling, the “man with the big idea” of an accounting treatment created mark-to-market which allowed the company to book the potential future profit the day the deal was signed. Employees noted that “. . . you were expected to
perform to a standard that was continually being raised . . .” and “the only thing that mattered was adding value” (Bartlett and Glinska, 2001).

5.6 Indulgence vs. restraint (IND)
Indulgence is defined as “a society that allows relatively free gratification of basic and natural human desires related to enjoying life and having fun.” Its counterpart is defined as “a society that controls gratification of needs and regulates it by means of strict social norms.” Indulgent societies believe themselves to be in control of their own life and emotions; restrained societies believe other factors dictate their life and emotions. (Hofstede, 2011)
India scores very low (26) as compared to US (68) on this dimension. This means Indian society has a culture of Restraint in comparison to US which has a culture of Indulgence. Social and economic background of people in India keeps it from being indulgent in leisure activities. This is in contrast to US where workplace often, if not always, has the rule of work hard, party harder. Younger generations in Indian society are gaining a more Indulgent orientation, which is a sign of changing times and work philosophies.

Thus, keeping in mind the above discussion it is clear that in today’s dynamic business environment no static theories can explain its features with utmost certainty. Hofstede’s Dimensions of Culture are no exception. Fernandez, Carlson, Stepina, and Nicholson (1997) researched the practicability of Hofstede’s theory and observed that work culture could be impacted by certain societal changes such as economic growth, education, and democracy. They found that “external environmental factors shape a society” which in turn influences the organisational culture (Ming-Yi Wu, 2006). Nevertheless, Hofstede’s Theory brings a sense of rationality to the issue of conflicting interests. It gives logic as to why views differ and also provides possible ways of solving the problem.

6. Discussion
Hofstede’s Theory provides an insight into the reasons why managerial behaviour differs between India and US. Owing to high Power Distance (77), Indian managers remain somewhat distant from the ground reality, creating an aura of the top level management for the operative level. Due to this a barrier to effective communication arises. Thakur (2010) asserts, that Indians are very sensitive to the rank/position of people, and such awareness shapes their behaviour towards it. They are used to a system of hierarchy in the workplace as senior colleagues are obeyed and respected. Discussion is almost always led by the most senior person. Supervisors are expected to monitor individual work and take the responsibility of meeting the deadlines. USA scores a low 40, which reflects in approachability of American managers, making lower and upper levels of organisational hierarchy more connected and in sync with the overall organisational goals. Students are typically quite comfortable with finding their own path rather than following rigid guidelines and they may speak-up spontaneously in class or even criticize the teacher (Samovar et al., 2009). In the family, children are taught independence and may learn to start making their own decisions from a young age. Respect of elders is not as strongly enforced and children are often shown more egalitarianism (Hofstede, 2011). Reflecting this culture at the workplace, hiring and selection for promotion may rely more heavily upon previous successes, rather than seniority in the company or simply being older (Khatri, 2009). American employees, and those from other low power distance nations, responded best to a participative leadership style (Dorfman et al., 1997).

Scoring an average 48 in Individualism, Indians show equal tendencies of independent achievements as well as team spirit. The Indian managers tend to be somewhere between the extremes of cut-throat
competition and socialism. Decisions are always made at the highest level. If the owner or director of the Indian company is not present, it is supposed that these are early-stage negotiations (Thakur, 2010). According to a research comparing the motivational elements of Indian and American workplaces (Tripathi & Cervone, 2008) the Indian interdependent self defines itself beyond the boundaries of self and immediate family, so a seemingly personal motive, such as “my success or failure in my work” contains concerns for co-workers, extended family, and community. US scores a very high 91. This showcases the typical American attitude of competition where each individual remains committed to oneself. Hofstede writes that, “the [American] society is loosely-knit and the expectation is that people look after themselves and their immediate families only and should not rely (too much) on authorities for support”. This sense of individuality begins in early childhood, as parents celebrate and reward a child’s independence (sleeping alone, walking, dressing oneself, etc.) and continues into education, the workplace, and beyond (Julian et al., 1994). The American businesses are in sync with this culture as managers tend to be highly competitive individuals with independent dreams of one’s own success.

With an average score of 56 in Masculinity, Indians show neither a very aggressive and material oriented behaviour nor extreme feminine traits. Indian managers remain as diverse as the Indian states. The US too scores a near average score of 62, showing a little tilt towards higher masculine traits. The American managers reflect this cultural attribute in their aggressively competitive style of working as highlighted by anything for profit attitude during the Great Recession of 2008, complete focus on material gains at Enron and other corporate scandals. Even from a young age American children may be introduced to academically or athletically aggressive competition that fosters this attitude (Marshall, 2014). People believe in constant improvement and devising new ways to achieve more success. However, this desire to make improvements and strive for the best is often more focused on the individual, producing a lower amount of natural concern for the disadvantaged. This may be one reason why the U.S. maintains a higher level of national disparity than any other country in the world (Facundo et al., 2013).

With scores of 40 and 46 in Uncertainty Avoidance by India and the USA respectively, both show a calculated and mature culture of well thought risk taking. Tripathi and Cervone (2008) found that “In their motivation for achievement at work, Indian corporate professionals were significantly more likely to include concerns for the emotional and financial well-being of the extended family, co-workers, and community members than Americans.” It also means a greater level of tolerance for a variety of ideas, thoughts, and beliefs and a high tolerance for ambiguity (Thakur, 2010). The managers reflect this culture by showing open attitude to risk taking activities and globalization of businesses but only after proper calculations of risk-return trade off. People in the United States are particularly welcoming of new technology, business practices, food, and various forms of personal expression (Hofstede, n.d.b., p.1). Studies show that workers within an organisation are often willing to combat managerial resistance to the advancement of an idea by defying organisational, rules, procedures, and norms for the sake of developing the new concept (Scott et al., 1995).

While Indians have a more Long Term Orientation (51), Americans remain focused on short term profits and quick gains (26). In India, it is expected that the Indian businessperson will provide detailed business plans because of their need for Long-Term Orientations. Remaining in one job is also an indication of long term orientation and this once very common feature is changing due to economic growth (Thakur, 2010). Deadlines are fairly open. Unless it is specified that the deadline is critical, Indians assume that the deadline is flexible (Walker, 2007). Americans have a reputation for seeking instant gratification and wanting results very quickly. Roberts (2014) asked, “as the economy
gets ever better at satisfying our immediate, self-serving needs, who is minding the future?”. The culture of “living in the moment” shows itself in spending rather than savings, with the aggregate credit card debt standing at $1.027 trillion, surpassing the previous record set before the Great Recession (Fed Reserve, 2017). ‘Time is money’ attitude is shown in businesses where building relationships and long-term partnerships is not always a priority to American businesspeople (eDiplomat, 2010). The primary goal of a negotiation is typically to arrive at a signed contract; building relationships or determining long-term benefits may not compare in importance to the immediate deal (eDiplomat, 2010).

Indians remain low on Indulgence (26), reflected in Indian managers’ style of keeping it low and more work oriented. In complete contrast, Americans continue to be high on Indulgence (68), showed by their managers’ style of work hard, party harder.

7. Conclusion
In the fast changing international business environment, it is the need of the hour to understand diversity at workplace and its implications. Managers could bring a more positive outlook of these variations if they understand the reasons behind these diverging behaviours. An in depth understanding of differences as explained by Hofstede’s Dimensions provide an explanation for the differences in managerial behaviours caused due to varied cultural backgrounds. The theory helps in keeping in sync with the customs and values of the country. The managerial style, thus, adopted would be a logical one keeping up with the dynamism of societal and business environment. It would also be able to handle conflict in a productive manner and create a competitive work atmosphere. If this cultural consciousness is made possible throughout the organisational hierarchy and not just at the top, a greater part of conflicting view could be dealt with positively before it becomes a serious managerial issue. People, who are at the same level of the structure, would better understand why the clash of opinion is happening if they are sensitive to the cultural variation. The overall impact would be a peaceful workplace with more time and energy for productive activities.

Figures

![Figures](https://www.hofstede-insights.com/country-comparison/india,the-usa/)

Figure 1: Scores of India and USA on Hofstede’s Six Dimensions of Culture
Source: Hofstede Insights- [https://www.hofstede-insights.com/country-comparison/india,the-usa/](https://www.hofstede-insights.com/country-comparison/india,the-usa/)
References


