Abstract:

Purpose

This paper will demonstrate the six main dimensions that Geert Hofstede discovered in his theory, focusing on the United States and China, exclusively. The relationship between the different people, the different cultures, and the different geography will allow readers to understand how the dimensions differ between the two countries, and why these differences exist. Even though these two countries are very different, this paper will also focus on the dimensions that show similarities between the two.

Method

We will be using the sources that the University of Texas at Dallas provides for us. The McDermott Library has a lot of sources, both in text and online, but using the search engines is what we will be focusing on. Finding only peer reviewed articles/journals/papers; we will each find ones that pertain to our specific dimension, which we have split amongst the four of us. Not only will this help with the paper, but it will also allow the paper to go into detail for each topic, making sure readers understand more in depth of the topic.

Conclusion

After finding countless articles that exemplify the differences between the United States and China, it was clear that these two countries were built on different grounds, with different methodologies as to how their businesses should prosper. However, with the same goal in mind for both, to succeed, the differences become similarities in bringing the two countries to their goal of growing businesses that can last long and grow.
Introduction:

Geert Hofstede developed his theory of cultural dimensions to help businesses communicate more effectively across cultures. He theorized these dimensions critically influenced workplace culture. Originally developed in 1973, there were four dimensions:

- Power Distance (PDI)
- Individualism versus Collectivism (IDV)
- Masculinity versus Femininity (MAS)
- Uncertainty Avoidance (UAI)

A fifth dimension was recognized by Hofstede in 1991 and then a sixth in 2010.

- Long-Term Orientation (LTO)
- Indulgence versus Restraint (IND) (The Hofstede Centre)

Hofstede describes culture as a person’s “mental programming” or the “software of the mind,” (Triandis, 1993) which develops over years of exposure from early childhood. This programming is embedded in each of us and becomes the window on which we view the world. It is a critical component in how we interact with others within and outside of our cultures.

It is within the framework of these six dimensions that we will compare the US and Chinese cultures. The following chart comes directly from the Hofstede Center and compares the six dimensions between the United States and China. We will explore the vast differences in the LTO and IDV dimensions between the two countries as well as the similarities of the MAS and UAI dimensions and finally, how these cross-cultural differences and similarities impact multi-national enterprises (MNE).
Cultural Comparison: US vs. China

**Power Distance (PDI)**

Power Distance is the “extent to which people expect and accept that power is distributed unequally among persons and across different levels of the organizational hierarchy.” (Fock, Hui, Au, & Bond, 2013) Cultures with low power distance scores conclude that fairness is a more even distribution of power across society. If a culture has a higher score, the people are more willing to accept figures in authority and “follow the leader.” The previous chart illustrates the significant difference between China and the US in this dimension. These differences are reflected in the many studies of behavior such as interactions with employers, complaining about products, grading systems in schools and parenting.
For example, while many multinational enterprises (MNE) have been moving towards empowerment management styles since the 1990s, there are studies which find while empowerment is helpful to employee morale in countries with a low PDI, it may be ineffective and even harmful in countries with a higher PDI ranking. In the US, empowerment is a very effective and common human resource practice. Empowering American workers gives them a sense of control and an ability to influence their future, their employer and others around them. However, in China empowerment may actually cause discomfort. Here supervisors are expected to “behave autocratically” and employees are uncomfortable if consulted by their supervisors. (Fock, Hui, Au, & Bond, 2013)

Additionally, studies are finding PDI can impact a person’s attitude towards complaining (ATC). As Chinese and US consumers begin to “cross-supply”, much research is being complied on the consumer behavior from each country. Findings show that while US consumers are likely to raise an issue about service failures, if the failures are corrected they will remain loyal. In the case of Chinese consumers, if a complaint is lodged and redress is performed – they may still not return to the supplier. This seems to be because of the need to “save face,” a Chinese phrase for preserving dignity. Chinese may not want to initially lodge a complaint for fear it will not be resolved and therefore losing “face.” If the problem is unresolved, they may not return to deal with the supplier again because they want to save the supplier’s “face”. (Ekiz, 2010)

In a study of perceived grading system fairness, Tata points out the enhanced power distance between Chinese teachers and students, versus those in the US. Chinese students are not as likely to question a grade on an assignment. In fact, American students are not only more likely to challenge a grade, but will also ask for input on how to improve their grade more
PDI is different between the two cultures, particularly in parenting. American parents have trended towards styles which allow children to make more of their own choices and learn from them. In China, parents “are more likely to organize, control and monitor their children’s activities.” In the US these parents might be considered overbearing or controlling, but in China the children “accept this as a sign of love.” (Jackson & Wang, 2013) While American children may feel abused by this level of control, Chinese children might feel unloved or neglected without it.

**Individualism vs. Collectivism (IDV)**

Individualistic cultures are those where individuals have loose ties to each other. People are expected to take care of themselves. At the extreme end they would be “every man for himself” cultures. Collectivist cultures are on the other end of the spectrum. People from these cultures form strong bonds to one another. They look after each other. Countries with low PDI scores are more likely to be collectivist and conversely countries with high PDI scores tend to be individualistic. The US and China fit these assumptions. These cultural dimensions are evident in some of the same examples used for PDI as well – solving service issues as consumers, challenging teachers and professors, and finally parenting or familial relationships.

In the case of ATC (attitude towards complaining), studies indicate that Chinese respondents are much more concerned with warning their friends and family of a poor provider than the pursuit of compensation or correction. And, in a collectivist culture such as China, the friends and family put much weight on the word-of-mouth form of advertising as opposed to
market advertising. The loss of one customer can mean the collective loss of an entire group in China. In the US, where individualism is high, consumers will take their complaints to a third party such as the internet. They will also share a bad experience with their friends and family – but Americans are more concerned with the provider making the situation “right” for themselves rather than concern for how the correction might benefit others in their society. (Ekiz, 2010)

With regard to the view of fairness in grading, again you can see the American and Chinese cultures are at opposing ends of the IDV spectrum. In a study by Jasmine Tata (2005) she is quoted as saying being “treated fairly is a fundamental human preference”, but that “perceptions of fair treatment can be influenced by cultural beliefs and values.” This is evident in the results she found. Both US and Chinese students wanted to be treated fairly by instructors, but their view of fairness was different. American students wanted an opportunity to challenge their scores. This gave them some sense of control over their own destiny. This is also an indicator of the low US power distance score. In contrast, Chinese students perceived fairness as having the grading system explained to them and being treated with dignity and respect – or being able to communicate while saving “face”. This is what Tata refers to as an interpersonal type of justice common in a collectivist culture.

Finally, the distinct difference in IDV between the US and China is apparent regarding parenting styles – specifically with regard to use of social media. Chinese parents, and their children, are much less likely to use social media than American parents. This is for a number of reasons. First, unlike individualist cultures, the collectivist cultures do not value self-promotion. Modesty is much more prevalent in the Chinese culture. While American parents may encourage their children to show his or her accomplishments online, Chinese parents would encourage their children to share their accomplishments with their family and close network. Second, while in
the US children spend significant time doing things independently and are likely to have their own connection to the internet (via a laptop, tablet, etc.), in China, families spend more of their time together. This would indicate that Chinese families are much more likely to have only one internet connection for the entire household. The shared connection would likely be located somewhere in the house where the family gathers. Private use for social networking would not be available. (Jackson & Wang, 2013)

**Masculinity/ Femininity (MAS)**

Hofstede defines masculinity in a culture as a “preference for achievement, heroism, assertiveness and material rewards for success.” On the other end of this dimension is femininity. This is described as a culture which prefers “cooperation, modesty, caring for the weak and quality of life.” (The Hofstede Centre) As an example, societies which score low in Masculinity/Femininity (MAS) dimension have the more feminine trait of placing less emphasis on material success and more on providing for their families (Good et al., 1994). Societies with more masculine traits pursue wealth and material gain.

Globally, the role of women has transformed over the decades giving way to newly perceived ideas concerning MAS. Women in both the US and China are setting their sights on higher ranking positions, once only occupied by men (Liu, 2013). Women in both China and the United States play similar roles in the workforce apportioning distinct characteristics according to the Grant Thornton study (Arrindell, et al., 1997). The Catalyst report of 2012 stated the percentage of women who held top board positions in China is slightly greater than the United States. The report showed 4.1% of board positions were filled by women in China and only 2.6%
were filled by women in the US (Lui, 2013). The similarity high MAS scores between the United and China shows both cultures are advancing to make changes in cultural gender differences.

China’s high MAS has allowed views of stereotypical bias to form within society (Hofstede, Culture’s Consequences: International Differences in Work-Related Values, 1980). Women roles in the United States over the last 40 years have change this bias of gender and competiveness to allow for growth. Nevertheless, women who can also move into top management positions in China know there are many key factors that play a role in their success. The subjective barriers of social, organizational, and individual all hinder Chinese, and some US, women for advancement (Liu, 2013).

It is not surprising that women in both China and the United States face the same barriers with respect to advancement. Over the past few years, the US has begun to redefine society views and moved towards a more gender-balanced work force. (Powell & Butterfield, 2013) This has caused both cultures to transcend the validity of Hofstede’s MAS dimension and find common ground. China’s female workforce is growing and the movement of male dominance is a thing of the past (Liu, 2013). Once the social norm, differences in gender are now much more subjective and relationship dependent (Arrindell & Veenhoven, 2002). China and the US show cultural consistencies in both gender competiveness and disparity of women in management positions. According to the Thornton report, gender roles are more dominant in feminine countries versus masculine countries (Arrindell, et al., 1997). Expressive gender differences, or social emotions, that are measureless values, can significantly change the MAS score of a culture.
Overall, China and the United States both have high MAS and surprisingly both countries allow competitive advancement for both men and women. Today, society will need to bridge the gap of these key factors and change perceptions that women in society are not qualified to work both inside and outside the home. The correlations between the two cultures are surprisingly equal on MAS characteristics. However, for international business success both countries will need to understand the changing views of both cultures on what is feminine and what is masculine.

**Uncertainty Avoidance (UAI)**

The fourth dimension of Geert Hofstede’s National Culture dimensions is uncertainty avoidance (UAI). UAI is defined “as the extent of feeling threatened by uncertain or unknown situations” (Quintal1, Lee, & Soutar, 2009). “People are likely to react differently to situations with inherent ambiguity, depending on their tolerance for uncertainty” (Quintal1, Lee, & Soutar, 2009). In cultures that have a high level of UAI, individuals often feel susceptible to situations that they are unsure or unfamiliar with. This causes “increased nervous stress and anxiety and the need for formal rules and structure in the workplace and personal relationships” (Hwang & Kun, 2012). At the other end of the spectrum, cultures that have a lower level of UAI tend to be comfortable in situations that they are unsure or unfamiliar with and “are more likely to seek novelty and convenience” items (Quintal1, Lee, & Soutar, 2009). There are many causes of uncertainty avoidance, ranging from the way a business is run to environmental factors within the industry and the differences can easily be seen when comparing the cultures of the United States of America and China.
People in the US often have a much lower level of UAI when it comes to business because of the mindset and need to get ahead of the competition. “Many organizations in the west deliberately seek to promote resources, capabilities and strategic approaches that represent anomalies in their industries” (Parnell, Lester, Long, & Koseoglu, 2012). They do this in order to gain customers that they might not have otherwise had. US firms focus much more on how unique their companies are and strive to emphasis how they are ahead of the pack with their innovations (Parnell, Lester, Long, & Koseoglu, 2012). This strategic approach and emphasis on uniqueness shows the lower the level of UAI of many US firms because of the way many firms take great risks to gain the upper hand. “‘Loose’ relationships [within] low uncertainty avoidance cultures are associated with less regard for stability, permanence, and integrity in relationships and with greater risk taking” (Hwang & Kun, 2012). Many companies in the USA are willing to take risks to try to gain a competitive advantage where many Chinese companies seek to maintain their status.

Individuals in China have a much higher level of UAI which causes them to be more conservative and avoid many more risks. “Because Chinese executives tend to demonstrate high UAI, security, stability, and predictability are highly valued in contemplating the direction of an organization” (Parnell, Lester, Long, & Koseoglu, 2012). Many Chinese companies focus in on the disposable resources and different market forces they have instead of developing a sound strategic plan to help drive the company to success (Parnell, Lester, Long, & Koseoglu, 2012). Chinese managers will often construct their companies based off other proven companies in their industry because they have a desirable track record and are highly predictable (Parnell, Lester, Long, & Koseoglu, 2012). These actions of mimicking other firms in the industry show the higher level of UA because companies are not as willing to take risks to and be innovative.
“Some [Chinese] executives view imitation as a shortcut to nominal success. This phenomenon is so pervasive among many Chinese firms that it is difficult to distinguish strategy, structure, culture and even leadership styles across organizations” (Parnell, 2012). Companies in China prefer to take the proven road so that they have more certainty in the outcome and success of their firm.

Environmental uncertainty factors also contribute to the level of UAI that an individual has.

“Environmental uncertainty is determined by three characteristics. The first is a simple to complex continuum, simple meaning relatively few external influencing factors and complex meaning many. The second characteristic is stable-unstable, or is change perceived to occur rapidly or slowly. Third, environment uncertainty can be a function of the quality or richness of information available to decision makers” (Parnell, Lester, Long, & Koseoglu, 2012).

Environment scanning is often a tool that is used to assess the amount of environmental uncertainty. “Managers discover low levels of uncertainty in simple, stable environments where the quality of information gathered through scanning is high” (Parnell, Lester, Long, & Koseoglu, 2012). People in China are more likely to enter an industry that has lower levels of uncertainty because there is not as much risk involved. “In contrast, uncertainty is high in environments that are complex, unstable, and lacking high quality information” (Parnell, Lester, Long, & Koseoglu, 2012). People in the United States are more likely to try to enter an industry that has more external influencing factors because they are willing to risk more in order to attempt to gain more.
Long-term Orientation (LTO)

Geert Hofstede’s fifth National Culture dimension is long-term orientation (LTO). High LTO is the extent a culture teaches individuals how “to accept delayed gratification of their material, social and emotional needs” (Buck, Liu, & Ott, 2010). Cultures with lower levels of long-term or short-term orientation typically have the expectation of immediate gratification and want to satisfy desires quickly. LTO is “arguably the most important cultural dimension through its strong association with a nation’s propensity to save, invest, and thus per capita income growth” (Buck, Liu, & Ott, 2010). Many eastern countries and regions have very high LTO, such as China and Hong Kong with levels of 118 and 96 respectively. Countries in the west typically have a lower level LTO, for example the USA has a score of just 29. Long and short-term orientation is closely tied to family relationships and the values that are instilled as a child and transfer to the business world as adults.

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The US has a very short-term orientation (STO) which it has passed down through family generations. Many people within the culture constantly want acknowledgment of their achievements. “In short-term oriented cultures, main work values are freedom, rights,
achievement and thinking for oneself” (Hofstede & Minkov, 2010). Children in STO cultures are brought up with a mindset “towards immediate need of gratification, spending, and sensitivity to social trends in consumption (‘keeping up with the Jones’)” (Hofstede & Minkov, 2010). These work values that are passed down tend to make goals that are set, short term and more easily attainable instead of long term goals. In the US, many companies “focus is on this year’s or this quarter’s profits” (Hofstede & Minkov, 2010). “In short-term cultures, the ‘bottom-line’ (the results of the past month, quarter or year) is a major concern; control systems are focused on it and managers are constantly judged by it” (Buck, Liu, & Ott, 2010). With so much pressure on workers and managers, within the United States, to meet short-term goals it is obvious that these tendencies would be passed on to the children of the workers and managers.

Countries like China are at the other end of the spectrum with a very high level of LTO. In cultures that have a high LTO score, “family life is primarily a pragmatic arrangement, but supposed to be based on real affection and with attention paid to small children” (Hofstede & Minkov, 2010). In this culture, “children learn thrift, not expecting immediate gratification of their desires, tenacity in the pursuit of whatever goals, and humility [and] self-assertion is not encouraged” (Hofstede & Minkov, 2010). People that are raised in the Chinese culture are brought up to think of the long term goal. “In long-term-oriented cultures, main work values are learning, honesty, adaptiveness, accountability and self-discipline” (Hofstede & Minkov, 2010). These values teach children that the world does not revolve around them. As the children grow older and go into the business world, they take these values and continue to embrace them. In the Chinese culture “leisure time is not important; the focus is on market position, and owner/managers and workers share the same aspirations” (Hofstede & Minkov, 2010). The Chinese culture does not have the mentality or the need of ‘keeping up with the Jones’. The
values that are instilled in individuals of a long-term culture – “thrift, hard work, and persistence – will continue to play a key role in societies’ struggle to escape from poverty” (Hofstede & Minkov, 2010). The values of the Chinese culture have helped to bring the country out of poverty.

**Indulgence vs. Restraint (IVR)**

Indulgence vs. Restraint (IVR) is a relatively new category in Hofstede’s cultural dimensions. Indulgent societies are open to people pursuing their “natural human drives related to enjoying life.” Hofstede refers to these as “natural and basic” human drives. Societies who score low in this index are seen to have more restraint or to “suppress gratification” of these needs. (The Hofstede Centre)

In comparing the United States with China on indulgence or restraint, there are more differences than similarities. The United States, scores very high in the indulgence dimension. In fact, it ranks the second highest only to the dimension for individualism. According to Hofstede, the incredibly high concentration on indulgence is due to the way the United States was brought
together. If you view the United States from a historical perspective, the Constitution and its Bill of Rights show the exaggeration of the perceived entitlements in America. The very foundation of the country was built on the people believing that what they want and need is what is important. This high score for indulgence makes sense to Americans and is visible in the US drive for individualism.

An example from Hofstede stated that businesses in the United States have a system where managers and employees work together as a team. There is a certain limitation to how much power each has, but together, they work better. To become a whole, it is important that each person in a team is satisfied, or indulged, and communication is key. Imagine a situation where Company A is doing business with Company B. Both companies have never worked with each other before, but they are open to new ideas, compromising, and having a relationship. This is what the beginning of a business relationship is for the United States. Things are formal, but informal communication is not a strange thing.

With China, indulgence could not be more different from the United States. The United States was all about indulgence, and China is all about restraint. This too makes sense as the Chinese culture is very considered very practical in comparison to the US culture which is centered around the “American Dream”. Looking at the other five dimension scores for China Power Distance, Masculinity, and Pragmatism scored the highest while Individualism, Uncertainty Avoidance, and Indulgence had the lower scores. According to Hofstede, the low score in Indulgence shows “cynicism and pessimism” (The Hofstede Centre).

The Chinese basis of working hard in business is to be the best, never truly finding leisure time or just time to relax and feed on their indulgence. Working their way to the top is
what they want, and just having the security that what they are providing for their families is enough. With that in mind, they feel that giving themselves into indulgence would spoil all of their hard work. Imagine the previous example about Company A and Company B. In China, everything is very formal. Businesses tend to judge one another on appearance, and the respect that they have from others. Though the United States is based on that too, it seems more strong and prevalent in China. Having a previous relationship with a business in some way helps forming new deals and that is how the compromising works.

In Allen’s journal article, “Differences in Emotional Labor across Cultures,” the focus was on studying workers in the United States and China (2014). This included different levels that may affect the worker, which included emotions, perceptions, et cetera. This study showed that “burnout” which was defined as, but not limited to, “emotional exhaustion.” Burnout was extremely high in the United States compared to China. Stress and exhaustion, which goes hand in hand with rest and relaxation, are factors that influence the differences between indulging and restraining in the business world. This may exemplify the core difference in thinking between the U.S. and Chinese workers. Work in general may seem as a chore to the United States, while work in China may be a normal thing. It isn’t a wonder why indulgence in the United States is so much higher than China’s. If the perception of having to work so hard is what causes burnout, then spending and indulging in ways to “play” might be the reward for the U.S. workers. In contrast, the Chinese culture views the reward or “indulgence” for working hard as the satisfaction of a job well done and the ability to confidently provide for their families (Allen, Diefendorff, & Ma, 2014).

In a journal article written by Gift and Zheng, further differences between the cultures of the United States and China were demonstrated. Being on opposite ends of the indulgence
dimension, these studies focused on the ethic differences, as well as the perception differences and cultural differences between the two cultures (2013). The article states that in developing business relations, taking into account the ethical profiles and the cultures of the perspective company plays a big role. This explains Hofstede’s reasoning with regard to China’s indulgence rating being so low.

Culture and looks are important more than ever. How groups view each other and how important the relationship is, is very important in both cultures. Both countries have their similarities in that they want to make the best decision regarding their business and finding the right company to form that relationship with is important. That bond that may hold between both of the companies is a factor. No matter how different the cultures of China and the United States are, there are still things in common. These similarities may explain why both of the countries do not have 100 percent for indulgences or restraint.

The United States and China, as seen from the factors above, are completely different. Indulgence describes the United States while restraint describes China. The differences in culture could be due to the differences in location, or just how each civilization came to be where it is today. It may seem that the United States falls into the weak self-control more often than China does due to the way the population was raised. In the US it is a thought that if a person worked hard to earn what they have achieved, they can easily spend it on something that they want. For China, if a person worked hard to earn what they achieved, they want to have the pride in showing it off, and keeping what they earn seems to be more useful than just wasting it away.
Conclusion and Recommendations

It is also interesting to note that, although considered unbiased, Hofstede’s dimensions are derived from a western perspective. As an example, in the Indulgence vs. Restraint dimension he refers to “basic and human needs” (The Hofstede Centre). How and why certain needs are considered basic and human is also defined by culture – unless they are core physiological needs such as food and water. The needs referred to in much of his study are psychological though – and those needs would also be developed by a culture.

As the authors expected, the US and China have very distinct and different cultures with only the MAS dimension showing similarity. There has been much study to date of these differences. As globalization continues, study of how these cultures might begin to blend would be useful. Once two countries isolated by geography, the US and China are now so closely tied together through business it is only natural that some intermingling would occur. The extent to which that will happen remains to be seen.
Works Cited


