

# POLAND AND CHINA IN THE LIGHT OF HOFSTEDE CULTURAL DIMENSIONS

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## **Abstract**

A foreign expansion is becoming an indispensable element of successful existence of enterprises in many countries, including Poland. Most companies are looking for business opportunities in Europe, however the number of companies reaching more distant countries is growing. Among markets that are in the focus of Polish enterprises is China.

Both scholars and practitioners agree that adequate preparation is a crucial element of a success in foreign expansion. One of the important issues that require consideration are cultural differences. According to many studies, the typologies of national cultures may be helpful in understanding the differences. Among the most interesting and widely used ones is the typology developed by Geert Hofstede.

The main objective of the paper is to compare Poland and China in the light of Hofstede cultural dimensions and to verify the importance of particular dimensions from the point of view of doing business by Polish companies in China.

**Key words:** culture, cultural differences, cultural dimensions

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## **Introduction**

Both, practitioners and scholars usually focus on economic or legal issues connected with foreign expansion. However, cultural differences are also a subject of theoretical and practical considerations. The importance of national culture has become increasingly important in the last three decades, largely as a result of the work of Hofstede (1994). National culture has been shown in the research of the impact on major business activities (Leung, Bhagat, Buchan, Erez and Gibson, 2005). It has been applied to areas such as strategy formulation to organization behaviour, marketing, accounting and auditing.

In better understanding of cultural differences between countries, cultural dimensions (orientations) can be used. Dimensions are the sources of valuable information about sociocultural conditions, helping in better preparation for business operations on unknown

markets. There are many typologies, which were developed based on experiences and scientific research. The most popular ones were developed by Hofstede, Hofstede, Minkov (2010), Gestelad (2012), Hall (1959), Trompenaars and Hampden-Turner (1997).

It is possible to find many studies focusing on general analysis of Hofstede's dimensions, its usefulness in business operations or analysis of different countries through dimensions. But there is not many, if at all, analysis comparing Poland and China. The main purpose of the paper is to confront Poland and China in the light of Hofstede's dimensions and to verify the importance of particular dimensions from the point of view of doing business by Polish companies in China.

The paper, in the first part, employs secondary data collected from the relevant literature concerning national culture, cultural differences, cultural dimensions, Hofstede in particular. In the second part results of empirical studies are presented. The author conducted a series of IDIs (In-depth Interviews) among Polish companies cooperating on different fields with Chinese counterparts.

## **1 Theoretical background**

Culture is defined differently by particular authors. One of the first definitions characterizes culture as "(...) complex whole which includes knowledge, beliefs, arts, morals, law, customs, and any other capabilities and habits acquired by [a human] as a member of society" (Logan, 2017). According to Kluckhohn and Kroeber (1952) culture consists of patterns of behaviour obtained and transmitted by symbols, constituting the distinctive achievements of human groups, including their embodiments in artefacts. Another definition was proposed by Hofstede: culture is a collective programming of the mind which distinguishes the members of one group from another. People learn culture, not inherit it. It is important to distinguish culture from human nature, which is common for all the people and is acquired with gens, and from personality which is acquired partly with gens and partly influenced by collective programming and own experiences (Hofstede, 1994).

The cultural differences reflect differences in personal values and in the assumptions that people make. Every culture has its own values, traditions and communication patterns. Hofstede in his "Onion Diagram" compared cultural differences to an onion. The same as an onion culture has layers, the more you "peel it" the more inner layers you see. In the most inner parts there are values defined as inclinations to make a specific choice. The outermost part is

represented by symbols, the intermediate layers are heroes and rituals (Hofstede, Hofstede and Minkov, 2010).

Hofstede, Hofstede and Minkov are authors of cultural dimensions, which, it can be argued, are one of the most important findings in the field of cultural research. Six cultural dimensions were developed: Power Distance (PDI), Individualism (IDV), Masculinity (MAS) and Uncertainty Avoidance (UAI), Long Term Orientation (LTO, also called “Confucian dynamism”), Indulgence (IND).

Power Distance measures the degree to which people are willing to accept unequal distribution of power inside organizations; Individualism (opposed to Collectivism) deals with the preference of people to belong to a loosely versus a tightly knit social framework; Uncertainty Avoidance represents the degree to which people tolerate uncertainty and ambiguity in different situations; Masculinity (opposed to Femininity), represents the degree to which people prefer values of success and competition over modesty and concern for others (Barkema, Vermeulen, 1997). Long Term Orientation, relates to the links that every society has with its own past while dealing with the challenges of the present and the future. Indulgence (opposed to Resistant) relates to being happy and indulging the pleasures of life. (Hofstede, Hofstede and Minkov 2010).

## **2 Poland and China comparison**

According to the first dimension both countries present high Power Distance (the score for Poland is 68 for China 80). The Polish score exhibits acceptance for hierarchy in an organization which is perceived as reflecting inequalities, centralization is popular, subordinates expect to be told what to do and the ideal boss is a benevolent autocrat (Geert Hofstede, 2017a). Junior colleagues usually show respect to their superiors and it is important to cultivate relationship at senior level. Furthermore, people that achieved higher status like to demonstrate it, office work is valued much higher than physical work, there are significant differences in wages between higher and lower positions in companies.

It has to be noted that perception of the power distance in Poland depends on kind of a company – it is much higher in traditional, family run companies, than in international or young ones. It also perceived differently by younger generation, which was raised differently and is much less eager to accept inequalities.

Chinese result of 80 sits in the higher rankings of PDI. The society believes that inequalities amongst people are acceptable. The relations between subordinate and superior

tend to be polarized, superiors are empowered to abuse power. Individuals are influenced by formal authority and sanctions, people should not have aspirations beyond their rank (Geert Hofstede, 2017b). Inequalities in relationships lay in Confucian philosophy, which is dominant in China. Ethical behaviour demands that these inequalities are respected. Older person should automatically receive respect from the younger, the senior from the subordinate. This Confucian approach is a crucial element of business relations, negotiation, team work and management. Chinese business partners value hierarchical operational structures, chains of command, management style, and different attitudes may lead to a conflict with local expectations (World Business Culture, 2017).

The second dimension is individualistic versus collectivistic approach. Poland scores 60 in this dimension, which means that it is individualistic society, contrary to China, which scores 20 and is highly collectivistic one. The group or individual-oriented approach is very visible in the work place. Poles care about their own achievements, work promotion and employment. They like to be perceived and treated by their superiors as individuals, that bring their own impact and added value to the organization. Hiring people depends on the merit, the same with promotion – it should be based on results, merit and individual achievements (Geert Hofstede, 2017a).

Chinese feel very well as members of a group or a social framework. People perceive themselves as a part of a strong, consistent structure, that in exchange for loyalty will protect them. In the Chinese group orientation, individual needs and desires are sublimated to the greater good of the whole. People act in the interests of the group and not necessarily of themselves. Standing out from the crowd is perceived negatively, so individual initiative without involving other member of the group is rarely seen. Closer in-groups relations (such as a family) are very important, it affects hiring and promoting, the skills and knowledge are not the most important factors influencing employment.

Referring to the third dimension, Masculinity, it can be noticed that Poland and China are quite similar (64 and 66 respectively). According to Hofstede's research it means that both countries are masculine. These cultures stress assertiveness, competition and material success. In work place managers are expected to be decisive and assertive (Jandt, 2013). Chinese are success driven, they can sacrifice family life to work, they work long hours and do not care that much about free time and leisure (Geert Hofstede, 2016b). Even though Poles are also masculine and competitive, the attitude towards work is less extreme. Especially younger generation tries to find work-life balance, and do not want to sacrifice private life to work.

Hofstede's fourth dimension is Uncertainty Avoidance. Poland scores 93 in this category (is one of the countries with the highest results) and thus has a very high preference for uncertainty avoidance. Poles don't like uncertain situations, are less tolerant for unorthodox ideas or behaviours. People exhibit nervous stress, they are impatient and need predictability and rules. Time is money, there are deadlines, schedules, punctuality and being precise are curtailed. Chinese on the other hand score 30, which is low score. People in China are comfortable with ambiguity, the Chinese language is full of ambiguous meanings that is very difficult to understand for Westerners, which find Chinese as not precise nor clear.

Poland scores 38, which means Short-Term Orientation. China from the other hand, scores 87, which is a high result. Polish society according to Hofstede's research seems to be normative. Poles are strongly attached to traditions and the past. They care about quick results, also in business: profits gained now are more important than those in 10-20 years. Chinese result means that it is a very pragmatic culture. They show an ability to adapt traditions easily to changed conditions, a strong propensity to save and invest, thriftiness, and perseverance in achieving results (Geert Hofstede, 2016b; Hofstede, Hofstede and Minkov, 2010).

The last dimension is Indulgence. Both countries score low in this dimension (29 for Poland and 24 for India) which means that both societies are Restraint. According to the author people from restrained countries are more pessimistic and cynic, they don't follow their needs and desires freely, they find it somehow wrong. Their desires, sometimes hidden, are limited by social, religious norms (Geert Hofstede, 2016b; Hofstede, Hofstede and Minkov, 2010).

### **3 Empirical study results**

To verify the actual importance of Hofstede's dimensions from the perspective of Polish companies the In-depth interviews were conducted. In-depth interviews allow to acquire descriptive data about people's behaviours, attitudes and perceptions. The interview is a kind of a guided conversation, without rigid sticking to the questionnaire. The IDI is conducted using a discussion guide which facilitates catching respondent's views through open ended questioning.

The main purpose of the IDI research was to define if the cultural differences are important from the point of view of Polish-Chinese business cooperation, which of them are the most problematic and, the most important, to verify the actual significance of Hofstede's dimensions from the point of Polish companies engaged in business operations with Chinese.

The research was conducted with 20 Polish representatives of enterprises cooperating with Chinese companies. Among the respondents were small, medium and large companies, operating in different business fields (trade, production, consulting) from all over the country.

The first part of the IDI regarded the biggest barriers in doing business internationally, with the special focus on China. According to the respondents the biggest problems are connected with the local competition on the market, not understanding local regulations and laws, problems with finding reliable local partners that are trustworthy, difficulties with financing of foreign expansion. Few of the respondents also pointed that many Polish companies don't do sufficient market research and this fact causes problems. In the case of China in particular, problems also cover huge geographical distance, time differences, as well as different culture, mentality, local customs and communication problems.

The next question regarded cultural differences as barriers in international cooperation. Respondents claimed that cultural diversity can be a barrier, but it depends where the business is done. Business people from Europe or the US are quite similar in their business approach, but problems arise when the operations are done in more distant countries. According to one of the respondents: "(...) I think that in the case of Asian or African countries the differences are significant. Our first big Asian partner was from China – it was difficult to adjust to their business customs... They have a special etiquette, it is important to know who is on what position. At the beginning we were lost (...)". It is worth noticing that the more experience a company has, the less difficulties cultural barriers make. One of the respondents noticed that the globalization also makes the differences less important.

The following part focused on China. To begin with the respondents were asked about general cultural issues that Polish companies experience on this market. Respondents pointed out on problems connected with different negotiation process and its length, different business etiquette, understanding the hierarchy in the company, not keeping the delivery dates, different communication and language barrier. One of the respondents pointed out: "(...) If you go to China you have to hire a translator. They claim that they speak English, but it is rather "Chinglish", it is very difficult to understand. Another problem that I experienced, is that they always agree to everything, while in fact it is not going to happen. Now it is easier to see that, but at the beginning of cooperation it was a very big issue (...)". Very important are also connections, who you know: "(...) In my opinion connections, so called *guanxi*, are the most important. In China you have to know right people, without it is very difficult to achieve anything (...)". Few of the respondents also pointed that Chinese are too opened in sharing their private life. One of the respondents claimed: "(...) They send me pictures of their family or

write about private matters. It is too much information for me, I'm not interested in that. But this is probably a part of relationship building (...)"

Next questions concentrated on Hofstede's orientations. Respondents were asked if they know Hofstede's dimensions. Only few of them were familiar with the concept, but they couldn't explain what it meant. One of the respondents claimed that he heard of Hofstede's idea at intercultural training that was held in his company, but he did not remember details.

In the following part the concept of Hofstede's dimensions was explained to the respondents. Surveyed entrepreneurs were then asked to point out which of the dimensions have the biggest influence on doing business with China. Respondents agreed that the biggest differences are connected with the perception of Power Distance. Polish entrepreneurs noticed that the hierarchy is important to Chinese, the position in organization counts as well as the seniority, subordinates are very respectful and even afraid of supervisors. According to one of the respondents: "(...) In Poland we also have hierarchy and structures, but I think that we are much more relaxed about that. In China you have to be very careful and always know who is the head of the delegation, show respect to the right person, etc. It is very visible during official meetings (...)"

Few of the respondents also pointed at the importance of hierarchy in decision making – it is always good to reach top managers, because people on lower positions do not have enough power to make the decision. According to one of the surveyed: "(...) When I want something done, I say that I will contact the supervisor – it usually works. My Chinese counterparts are afraid of the bosses (...)"

Respondents claimed that Collectivism is also an issue on Chinese market from the Polish perspective. According to Polish entrepreneurs it is very visible during decision making process and negotiations – Chinese delegations consist of groups of people, they always consult decisions which make the process longer (according to few of the respondents too long), Chinese work better as a team. In the opinion of one of the respondents: "(...) I think that it is true that they value collectivism. They consult everything with others, delegations are usually big. They do everything in groups... I think also that they don't like to take individual responsibility... The blame is always blurred, there is no one, single person to blame for delivery or payment delays, product defects and so on (...)"

Few of the respondents noticed that they cooperate with young people who are quite individualistic, taking care of their own matters, not necessarily the group.

Masculinity isn't a big issue in business relations according to the respondents. Nevertheless few of them pointed that Chinese like to show their high status, more than in Poland. They were also surprised with long hours that people work and their devotion towards

work. From the other hand they noticed that it can understandable that they want to achieve more and upgrade their live standards.

In the case of Uncertainty Avoidance the issue is the attitude towards deadlines and punctuality. Poles, according to the respondents are much more time oriented and keep the deadlines: “(...) Any delay in the delivery is losing money for me, but it happens that delivery form China is late, lost or something else... I usually make time buffers”. Respondents agree that Poles are focused on quick results, want to do business quickly. In China it is not the case. Chinese think in the terms of long period relationships and business strategies based on trust and partner knowledge which corresponds with Long Term Orientation. According to respondents Indulgence doesn't have much impact on their business operations in China.

The last question regarded the usefulness of Hofstede's dimensions in understanding cultural differences and doing business in China. Answers could be divided into two groups. Most of respondents claimed that this kind of concepts can be useful, in understanding the cultural background of people in different countries, especially at the beginning of international expansion. It can also serve as some kind of a guide what to expect on Chinese market. According to this group of respondents not all of the dimensions are important, only some of them can be helpful in business activities. The other group claimed that concept of cultural dimensions is interesting but is theoretical and complicated and its usefulness in business operations is limited. One of the respondents said: “(...) This is too theoretical in my opinion. It is good for academic research but for business purposes it is too general. This dimensions are not concrete enough, in business there is no much time for deliberations, I need concrete tips and guidelines”.

## **Conclusion**

Cultural differences are one of the issues that have to be taken into consideration in international expansion. The cultural awareness can save money, problems and time. There are many ways and sources of upgrading knowledge about international diversity, cultural dimensions developed by Hofstede seem to be one of them. Even though the research made by Hofstede and his co-workers were criticized (Osland, Bird, 2000; Mcsweeney, 2016) – mostly because of the fact that they based the research only on the IBM employees, the fact that the research was made from the point of view of western sociologists or some methodological issues – their input into intercultural research is undeniable.

Examination of relevant literature, business guides and empirical research confirm that the concept of cultural dimensions developed by Hofstede can be a good starting point for



intercultural preparation. It helps to understand the cultural background of foreign partners and explain behaviour to some extent. Unfortunately dimensions give a general perspective, each country fits them differently, so further research is needed. The concept does not take into consideration generation changes – younger people have a different perspective, also due to the globalization.

Polish companies that operate with China are aware of the influence of cultural differences on business operations. China and Poland vary significantly in values, attitudes and business approach, what makes the importance of differences even more vivid. The biggest issues according to the researched entrepreneurs are connected with the hierarchy perception in both countries, the importance of connections, different communication styles and approach to negotiation process. Some of the issues correspond with Hofstede's dimensions – Power Distance and Collectivism seem to be the most important ones, Uncertainty Avoidance, Long Term Orientation and Masculinity have less impact according to Polish entrepreneurs.

For most of the researched companies the concept developed by Geert Hofstede can be useful in making business with other culture, but not all of the dimensions are of the same importance. From the other hand the model is general and business people usually search for ready-to-use solutions, tips, answers to their particular questions. Doing business guides usually give ready information on how people act in certain situations and what to expect, and do not explain why. The combination of both can be a good source of deeper understanding of differences and a base for adequate preparation.

Doing business in China requires lots of patience, open mind and adaptation form Polish entrepreneurs, but all the effort can be fruitful. Chinese market and economy are developing. The country promises benefits and prospectus future to foreign companies. But to be successful it is crucial to remember and learn about the differences and possible pitfalls resulting also from the cultural issues.

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