The Culture of Business: A Comprehensive Literature Review of Culture and Business

Erik S. Wright[*]

The Plaster School of Business, Missouri Southern State University, USA

Abstract: The concepts of national culture play a substantial role in the everyday course of business in modern organizations. Globalization has created an environment where national culture has significant impacts in determining the success of multi-national organizations. This article presents a comprehensive literature review of the topic of culture and business. Focusing on two separate areas of culture (national culture & localized culture) the article seeks to provide clarity to the cultural concepts and finishes with how these concepts impact business decisions and processes. The article provides information to support the key concepts that culture is an important aspect of business and is crucial to the success of multi-national organizations.

Keywords: National Culture, Organizational Culture, Regional Culture, Business.

THE CULTURE OF BUSINESS: A COMPREHENSIVE LITERATURE REVIEW OF CULTURE AND BUSINESS

The concept of culture is something that is often discussed in the business world, but too often becomes a buzz word for executives to seem like they are doing something to make their organizations better. Organizations look to experts to "fix" their culture or tout "an amazing work culture" to prospective employees. In business, culture has become an item that everyone wants to talk about but few want to truly understand. It is important to understand what impacts culture plays on business before any attempts to "change" the company culture are implemented. Understanding the importance that external cultural forces play on the internal organizational culture of a business is key to achieving success in the modern globalized economy. Through a review of relevant literature, this article provides fundamental insight into the concept of culture both inside and outside of an organization, as well as ways organizations can take a more active role in identifying and accounting for culture within their business decisions. It identifies important key concepts related to culture and how those concepts impact business decisions and practices.

A review of the available literature was conducted which focused on two separate areas of culture, national culture and localized culture. The literature was obtained via search of the library databases of the University of North Texas including: ASCE Research Library, DOAJ, EBSCO host, JSTOR, Sage Journals Online, Springer LINK, Science Direct, Taylor & Francis Online Journals, Wiley-Blackwell Journals and through applicable review of published journal articles and books by distinguished authors in the field of human resources development.

LITERATURE REVIEW

National Culture

In order to recognize what culture means to an organization, there must first be a clear understanding of what the concept of culture is and where it comes from. Pioneers in the filed of culture Minkov & Hofstede (2013) defined national culture as the values, beliefs, ideas, and social norms that are represented in the larger society of a nation-state. For the purposes of this review, the focus will be on the concepts of national culture and localized culture as foundations for cultures within an organization.

Key components of the research rely on the concept of national culture which has been extensively studied in different disciplines ranging from social psychology and business management to the medical fields. Cultural differences have been a topic of fascination for researchers for centuries (Wright & Baker, 2020). Research into different cultures can be found as far back as Montesquieu and Herders research in the 18th century (Adler & Gundersen, 2008) and continues today. This research was elevated in 1980, when Dr. Geert Hofstede published his book *Culture's Consequences* which detailed his research in to culture at IBM using his HERMES survey. At that time, Hofstede presented four Dimensions of National Culture: Power distance, uncertainty avoidance, individualism, and masculinity (Hofstede, 1980). Further research by Hofstede and Minkov in the early part of the 21st century led to the addition of two

*Address correspondence to this author at The Plaster School of Business, Missouri Southern State University, USA; E-mail: erik@erikwrightphd.com

dimensions of national culture: Short term v. long term orientation and indulgence (Minkov & Hofstede, 2011).

Hofstede (1980) describes culture as a "collective programing of the mind" and contends that the term should be applied to a larger population whose values systems are stabilized over long periods in history (p. 13). While this article will discuss additional subcultures such as regional and organizational culture, when discussing national culture the analysis will follow the guidance that national culture is used to describe entire societies as a whole (Hofstede, 1980). To better understand the different components of culture as described by Hofstede & Minkov in their various works, we will look at each dimension of national culture described.

Power Distance

The first dimension of national culture that Hofstede describes in his book is power distance. Minkov and Hofstede (2011) describe power distance as the way in which a society deals with social inequality, specifically their relationship with authority (p. 12). Adler and Gunderson (2008) describe power distance as "to what extent that individuals accept an unequal distribution of power" (p. 49). Hofstede *et al*. (2010) define power distance as: "the extent to which the less powerful members of institutions or organizations within a country expect that power is distributed equally" (p. 521). Each distinct culture has a different tolerance for how they are treated by those in power above them. Hofstede created the power distance index (PDI) which was used to determine where cultures fell within the spectrum of acceptance of power. The PDI ranked each national culture based on where they fell in the power distance spectrum. The ranking allows for generalizations to be made about a culture based on where they fell on the index. For instance, countries with low PDI scores would be more likely to believe that decisions should be made by consulting with the subordinates, managers shouldn't supervise subordinates closely, and employees are less afraid of disagreeing with their supervisors (Hofstede, 1980, p. 92). Conversely, those cultures who score high on the PDI would be more likely to be agreeable to managers who make authoritarian decisions, for which there is high value on conformity, and are satisfied with direct and persuasive supervisors (Hofstede, 1980, p.92).

Uncertainty Avoidance

Hofstede (1980) identified uncertainty avoidance as his second dimension of national culture and posits that

uncertainty is a basic fact of life and humans find ways to cope with the uncertainty through technology, law and religion (p. 110). The level in which each culture will attempt to mitigate the uncertainty that they face is described as uncertainty avoidance. Some countries such as Denmark, Hong Kong, and Singapore are more likely to be open to risk unlike other countries such as Japan, Greece or Belgium who can be quite risk averse (Wright & Baker, 2020). Adler and Gunderson (2008) defined uncertainty avoidance as: "the extent to which people in a society feel threatened by ambiguity and therefore try to avoid ambiguous situations by providing greater certainty and predictability" (p. 49). Minkov and Hofstede (2011) describe uncertainty avoidance as "ways of dealing with uncertainty, relating to the control of aggression and the expression of emotions" (p. 12).

Hofstede created the Uncertainty Avoidance Index (UAI) to make generalizations about a culture based on their level of risk tolerance. Countries that are low on the UAI (less risk averse) would be more likely to take risks, be more likely to live abroad, show stronger ambition, and are more likely to break the rules for pragmatic reasons. (Hofstede, 1980, p.132-133). On the other hand, countries that rank highly on the UAI (more risk averse) would be more likely to have strong loyalty to an employer, have more worries about the future, and initiative by subordinate employees would be frowned upon (Hofstede, 1980, p.132-133).

Individualism

Individualism, the third dimension identified by Hofstede, measures whether a society focuses more on the individual in society (individualist) or the betterment of the whole society (collectivist). Collectivist orientation can be described as how loyal a person is to the group and how willing they are to sacrifice their own interests for the interest of the group (Vedina& Vadi, 2008). Individualism on the other hand would be described as the strength of the importance that is placed on the interest of the individual. Individualism or collectivism can be one of the more defining traits of a national culture and it is crucial for researchers, businesses, and organizations to understand the underlying cultural norms that prevail in these cultures.

Similar to the PDI and UAI, Hofstede created the Individualism Index (IDV) to provide for a frame of reference to evaluate the individualism tolerance within cultures. It should come as no surprise that the United

States ranks number 1 on the IDV, followed shortly by Australia and Canada (Wright & Baker, 2020). These countries have a strong push for freedom in a person's job, have the ability to make decisions individually, and there is also a social push for individual initiative (Hofstede, 1980, p.166). Other countries that are low on the IDV such as Venezuela and Columbia (Wright & Baker, 2020) are more likely to have emotional dependence on their employer, have conformity and orderliness at work, and they put stronger importance on group decisions (Hofstede, 1980, p.166).

Masculinity

The fourth, and final, dimension introduced by Hofstede (1980) is masculinity. Minkov and Hofstede (2011) sum this up succinctly as "the social implications of having been born as a boy or a girl" (p.12). The Masculinity Index (MAS) ranks countries on traits that are considered to be masculine or feminine (Hofstede, 1980). Cultures who score high on the MAS are more likely to be accepting of work being a part of their private life, put emphasis on earnings and advancement, and have higher job stress (Hofstede, 1980, p.200). Cultures who are lower on the MAS tend to have more sympathy for the weak, believe in group decisions, and prefer shorter working hours to more salary. As gender lines are becoming more fluid and changing rapidly in modern cultural contexts (Smale, 2016), it would be of interest to re-evaluate this construct in light of cultural movements (particularly in the western world).

Short Term v. Long Term Orientation

The short-term v. long-term orientation dimension is the first of two additional dimensions that have been added to Hofstede's original 4 dimensions. Hofstede *et al*. (2010) defined the new dimension as follows:

> Long-term orientation stands for the fostering of virtues oriented toward future rewards – in particular, perseverance and thrift. It's opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present – in particular, respect for tradition, preservation of "face," and fulfilling social obligations. (p. 239)

This new dimension was discovered while conducting research on the Chinese Value Survey with fellow researcher Michael Bond (Hofstede *et al*., 2010, pp. 37-38). Subsequently the Long-Term Orientation

Index (LTO) was created based on the information obtained by the Chinese Value Survey. It should come as no surprise that China ranks number 1 on the LTO with a score of 118 indicating a strong desire to focus on long term goals and less on the short-term gains which are common in short-term oriented societies such as the United States, Great Britain, and the Philippines (Hofstede *et al*., 2010, pp. 240). Understanding this aspect of national culture is important to have a better understanding what other cultures may be valuing most in transactions or relationships. Cultures that have a short-term orientation are more likely to be concerned with "saving face," face social pressures toward spending, and pushed to produce quick results while a culture that is long-term oriented would be more apt to value sustained efforts and slow results, willing to subordinate oneself for a purpose, and show humility (Hofstede *et al*., 2010, p. 243).

Indulgence v. Restraint

The sixth and final Dimension of National Culture was added in 2010 after research by Minkov using the World Values Survey (Wright & Baker, 2020). Minkov identified happiness as an area of culture that wasn't truly captured by Hofstede's original dimensions (Hofstede *et al*., 2010, pp. 280-281). Minkov dubbed this new dimension "indulgence versus restraint" and the team defined it as:

> Indulgence stands for a tendency to allow relatively free gratification of basic and natural human desires related to enjoying life and having fun. Its opposite pole, restraint, reflects a conviction that such gratification needs to be curbed and regulated by strict social norms. (p. 281).

As with the other dimensions of national culture, the team created the Indulgence versus Restraint Index (IVR) based on the scores received from the World Values Survey (Hofstede *et al*., 2010, p. 282). Cultures who are considered indulgent are more likely to be happier, place importance on leisure and have more extroverted personalities, where cultures who are more restrained would place importance on thrift, place less importance on friendship, and be more pessimistic (Hofstede *et al*., 2010, p. 291).

Localized Culture

While the initial focus of this article has been national culture, there are other areas of culture that

are important and often intersect with the concept of national culture. Hofstede (1980) defined any groups within societies as sub-cultures (p. 13). As such the following two examples of sub-cultures are discussed.

Regional Culture

Regional culture can be defined as a localized sub-culture within the larger national culture. The United States for example can be broken down into many different regional sub-cultures such as: Northeast, south, southwest, west coast, and Oceania to name a few (Wright & Baker, 2020). Regional sub-cultures have been shown to be important when looking at national culture as a whole, and often regional analysis can be more enlightening than national culture analysis when focusing on a specific area (Koopman *et al*., 1999: Rajh, 2016). Regional or ethnic cultures can be defined much the same way as national culture as a collection of measures of the elements of culture (Minkov & Hofstede, 2013, p. 27). In other words, the cultural concepts are similar, but define a much more targeted group.

What is important in any cultural research, is that the culture or sub-culture have distinguished characteristics that differentiate them from other groups and allow for predictions to be made (Minkov & Hofstede, 2013, p. 27). It is often the regional cultural differences that hold the strongest importance for businesses that are looking to expand outside of their primary area of operation (Koopman *et al*., 1999; Rajh, 2016). Hofstede *et al*. (2010) assert that:

> Regional, ethnic, and religious cultures, in so far as they are learned from birth onward, can be described in the same terms as national cultures: basically, the same dimensions that were found to differentiate among national cultures apply to these differences within countries. (p. 45)

Understanding that regional cultures like national cultures play an integral role in the shaping the foundations upon which organizations are formed is key to understanding culture within an organization.

Organizational Culture

The first step to understanding why culture is important to business is developing a clear picture of what is an organizations culture. Organizational culture involves shared assumptions about values and behavioral norms that reflect what is important in the organization and how things get done (Klein *et al*., 2009). The organizational values are shaped by the values and the nation in which they exist (Webster & White, 2010), but are also influenced by the parent culture where the organization derives from (Vedina & Vadi, 2008). The concept of organizational culture began to develop as questions were arising about why some organizations in the United States were not faring as well as their Japanese counterparts (Schein, 1990). National culture was not enough to establish why this was occurring and a new school of thought, which applied cultural concepts to organizations within a society emerged and was a good method of explaining the noted differences (Schein, 1990). While it is noted that national culture plays a somewhat limited role in understanding organizational culture (Hofstede *et al*., 2010), it should be noted that managers bring their cultural backgrounds into the workplace (Adler & Gundersen, 2008). Rapidly changing business environments and the increasingly global market that they operate in make the concept of organizational culture an important part of business and marketing strategy (Webster & White, 2010).

Groyesberg *et al*. (2018) provide an in-depth review of different styles of organizational cultures. They describe organizational culture as shared, pervasive, enduring and implicit and describe eight different organizational culture styles that they identified (Groyesberg *et al*., 2018). Each of these styles are defined by how the people in the organization respond to change and how they react (Groyesberg *et al*., 2018). The eight organizational cultures are detailed below:

> *Caring* focuses on relationships and mutual trust. Work environments are warm, collaborative, and welcoming places where people help and support one another. Employees are united by loyalty; leaders emphasize sincerity, teamwork, and positive relationships.
>
> *Purpose* is exemplified by idealism and altruism. Work environments are tolerant, compassionate places where people try to do good for the long-term future of the world. Employees are united by a focus on sustainability and global communities; leaders emphasize shared ideals and contributing to a greater cause.

Learning is characterized by exploration expansiveness, and creativity. Work environments are inventive and open-minded places where people spark new ideas and explore alternatives. Employees are united by curiosity; leaders emphasize innovation, knowledge and adventure.

Enjoyment is expressed through fun and excitement. Work environments are light hearted places where people tend to do what makes them happy. Employees are united by playfulness and stimulation; leaders emphasize spontaneity and a sense of humor.

Results is characterized by achievement and winning. Work environments are outcome-oriented and meri-based places where people aspire to achieve top performance. Employees are united by a drive for capability and success; leaders emphasize goal accomplishment.

Authority is defined by strength, decisiveness, and boldness. Work environments are competitive places where people strive to gain personal advantage. Employees are united by strong control; leaders emphasize confidence and dominance.

Safety is defined by planning, caution, and preparedness. Work environments are predictable places where people are risk-conscious and think things through carefully. Employees are united by a desire to feel protected and anticipate change; leaders emphasize being realistic and planning ahead.

Order is focused on respect, structure, and shared norms. Work environments are methodical places where people tend to play by the rules and want to fit in. Employees are united by cooperation; leaders emphasize shared procedures and time-honored customs. (Groyesberg *et al*., 2018)

These definitions of organizational culture provide a foundation for our review of implications to organizations later in the article.

Impacts of Culture on Business

Over the course of the last century, the world has seen substantial changes in how business is conducted and how easily travel and intercultural exchanges occur. As globalization grows and companies expand into multinational enterprises, culture begins to become much more relevant when determining how to operate a business in the world economy (Hsieh & Tsai, 2009). With the expansion of business into the world-wide arena, businesses have new challenges as a result of the new interactions between various national cultures (Tusar *et al*., 2016). Organizations that open operations in new cultures must understand that the practices and cultural norms that they are used to in their originating culture, may not translate into the new culture, and failing to compensate for cultural difference can come at a high price (Kim & McLean, 2014; Lunnan& Mercer Traavik, 2009). In fact, Blad (2011) contends "Globalism is the reason for the revival of local cultural identities in different parts of the world" (p.6). This expansion of cultures past their borders has put a stronger focus on maintaining local cultures and given rise to nationalist/populist tendencies as a response to the weakening of nation-states (Blad, 2011).

Multinational Organizations

One of the most notable results of globalization is the multinational organization. As business models become successful, organizations will often try to replicate that success in other markets, often globally (Dalby *et al*., 2014). These organizations often fail because they misunderstand the cultural backgrounds from the location of the new venture thus causing numerous business confusions and failures (Podrug, 2011). Cultural difference between varying locations can become a major barrier to practice transfer from the parent organization to the subsidiary as some practices may not "fit" in the new culture (Boscari *et al*., 2018). Attempting to replicate strategies and policies across different firms and nations, without proper consideration of national culture, caries a considerable risk. Learn from others but do not imitate without cultural translation (Smale, 2016). While some management concepts such as how work is defined, evaluated and sanctioned or the introduction of budgetary controls are nearly universal (D'Iribarne, 1993), a simplistic transfer of business models to a new cultural setting is likely to fail (Dalby *et al*., 2014). Standardization of practices may be seen as insensitive to cultural, local or individual concerns

(Lunnan& Mercer Traavik, 2009) which complicates the use of "cookie cutter" practices throughout an organization. Operations must adjust and be modified to fit the cultural setting where they will occur (Dalby *et al*., 2014). As a result of the cultural differences that exist in a global market, an organizations business model should include culture as a key component (Dalby *et al*., 2014).

Organizations and the managers who run them must understand the national and regional cultures that they operate in and how the processes of doing business might differ from location to location (Rajh, 2016). Values, norms and beliefs can vary systematically across different regions and countries (Klein *et al*., 2009). The cultural value differences between employees of different cultures are often exacerbated in multinational corporations, even though they all belong to the same organizational culture (Klein *et al*., 2009). Ensuring that there are strong links between the parent company and the subsidiary through various methods is very important to maintain control of organizational performance (D'Iribarne, 1993). This is often done by sending managers from the parent organization to monitor the remote operations or by implementing budgetary and financial controls from the parent organization (D'Iribarne, 1993). A key to increasing compliance performance of the subsidiary is choosing a location that has cultural congruence and even a shared language with the location of the parent company (Gray & Massimino, 2014). When planning to expand their operations multinational organizations should identify cultures that are congruent and will enhance their operations (Wong *et al*., 2017).

As organizations chose to venture out into the global market in search of new opportunities, they will continue to find themselves faced with cultural concerns each step of the way. Managers and organizations must understand that different cultural environments call for different behavior by managers (Podrug, 2011). National culture plays a role in the decisions made by those who are in a management capacity at subsidiary locations and when evaluating those decisions, organizations need to look for the rational cultural reasoning behind the action (Power *et al*., 2015). While treading the waters in the global market may not be easy, multinational organizations have shown that it is possible and research has shown that understanding culture is key to the success of those endeavors.

Business Decisions

Organizations make decisions on any number of topics daily and the culture of the organization and the national culture of the decision maker's impact how those decisions are arrived at. National culture clearly has an influence on the risk-taking behaviors of organizations (Diez-Esteban *et al*., 2018). Organizations apply their cultural concepts to their governance decisions (Steenkamp &Geyskens, 2012). Organizations such as banks often make leverage decisions in accordance with cultural dimensions predominate in their national cultures (Haq *et al*., 2018). For instance, banks that operate in environments high in individualism, masculinity, and indulgence tend to take on more leverage than those who operate in countries with high uncertainty avoidance, power distance and long-term orientation (Haq *et al*., 2018). It should also be noted that a strong corporate culture of a larger bank may override some of these tendencies (Haq *et al*., 2018).

While we have discussed organizational decisions as a whole, it stands to reason that the decisions are being made by managers and it is their perception of culture that guides those decisions. "While managers around the world are guided by economic considerations, the cultural context in which they operate exerts a substantial – and predictable – contingent effect on their governance choices" (Steenkamp &Geyskens, 2012, p. 268). For example, national cultural norms guide managers approach the disclosure of information on internal controls and the amount of information that they provide on annual reports (Hooghiemstra *et al*., 2015). National culture also guides the ownership decisions of family businesses around the world, it has a strong influence when a country has institutional voids (Chakrabarty, 2009). Conversely, countries that have effective institutional facilities, regulations and norms that guarantee a good business environment have a weaker national culture influence on family ownership (Chakrabarty, 2009).

National culture also plays significant roles in the business decisions of different functional areas of organizations as well. Information technology departments must design solutions for their organizations online presence that are culturally sensitive to local cultures, and not just a solution that meets the needs of their parent organization's location (Reay *et al*., 2013). Privacy policies for instance are specific functions within a business that have direct

cultural impacts. Not only are organizations forced to look at consumer privacy from a legal perspective, but they also should review it from a socio-cultural perspective as well (Reay *et al*., 2013). Marketing departments are one of the few organizations that focus much less on national culture as a part of their daily decisions due primarily to the nature of marketing itself. "The core purpose of marketing is to fulfill the needs of individuals and groups, not nations per se. And groups or market segments are identified based on homogeneity on characteristics of interest to marketers, both within and across nations" (Venaik& Brewer, 2013, p. 477). Utilizing Hofstede's dimensions of national culture on the individual level could be misleading for marketing decisions (Venaik& Brewer, 2013).

Finally, decisions of groups within an organization can be affected by national culture as well. Employees within organizations use their cultural views for decisions such as their choices to be on teams and their task independence (Awasthi *et al*., 1998). National culture dimensions such as individualism/collectivism play a role in the perceptions of team-based work arrangements including the choices between individual performance or team performance-based pay (Awasthi *et al*., 1998). These cultural differences do create nuances in the workplace that organizations must overcome or at a minimum understand. But research suggests that differences in work-related culture can be tricky for organizations to overcome, but they are not insurmountable barriers (Awasthi *et al*., 1998). "Rather, individuals possess self-insight and resourcefulness and can take actions, including voluntarily placing restrictions on themselves, to adjust to the demands of the new management practices or work environments" (Awasthi *et al*., 1998, p. 135).

Innovation

Innovation is a one of the key ways that organizations compete in the global market. The creation of new products, services and process in new ways is a key function in most organizations and is a very well sought-after talent. Different fields of study such as economics, sociology, business management, as well as policy and cultural studies have made innovation a high priority (Laznjak, 2011). Organizations who are prioritizing innovation are impacted by institutional arrangements, financial systems, attitudes to risk and failure which are all functions of national culture (Smale, 2016). Higher innovation capacity is typically associated with

individualistic cultures due to the value that they place on autonomy, independence and freedom, all of which promote higher inventive ideas which create a positive effect on economic activity (Laznjak, 2011). Managers must understand the impacts of national culture on the innovation goals of their organization and utilize this knowledge when creating their innovation strategy (Smale, 2016).

Entrepreneurship

Similar to innovation, entrepreneurship which is the creation of new opportunities by individuals is directly influenced by national culture (Valliere, 2019). National culture transforms and complements the institutional and economic contexts that influence entrepreneurship (Hayton *et al*., 2002). These influences can be seen directly when looking at the cultural difficulties faced by women entrepreneurs. Naidu and Chand's (2017) research revealed that women entrepreneurs faced significant cultural barriers to market entry as a result of cultural forces that serve to lift male entrepreneurs ahead of their female counterparts. "In male dominated cultures, there is a trade-off between males progress over females progress; hence, the greater the impact of national culture, the lower is women's success in micro, small and medium enterprises" (Naidu & Chand, 2017, p. 659). Researchers should focus their attention on the cultural dimensions, regulatory and industry characteristics and their impacts on entrepreneurship (Hayton *et al*., 2002).

Communication

Communications is one of the key functions of an organization and it is often one of the least understood. Having a solid understanding of communications and how national culture impacts the sending and receiving of information is crucial to organizations that operate in multiple locations. Communication is vital for organizations as it is the vehicle of human interaction and people from different culture tend to communicate differently (Al-Nashmi & Syd Zin, 2011). Communication behaviors which may be appropriate in one culture may be offensive to people from a different culture (Al-Nashmi & Syd Zin, 2011). Biases in information delivery are often caused by culture-specific characteristics (Gnanlet& Yayla-Kullu, 2014) and these biases can lead to misunderstandings and communication break-downs. Wright and Baker (2020) suggest that organizations develop cultural communication plans which incorporate cultural understanding into the communication plans between

divisions of organizations that operate in different cultural areas. While intercultural communications may be complex and frustrating at times, when it works well there are increased possibilities of richer more rewarding relationships and beneficial outcomes (Al-Nashmi & Syd Zin, 2011).

DISCUSSION

It is apparent through the review of the literature on the subject, that organizations have a deep connection to culture. The different cultural components of Hofstede's Dimensions of National Culture provide a natural guide book for organizations who are evaluating beginning operations in a new location outside of their home country or region. It is important for organizations to be able to analyze culture by seeing it not as a buzz word, but as a deep set of values that must be understood before making strategic business decisions. By looking at the cultural components of each area, organizations can better predict how their operating model might be perceived in a new location. Understanding the needs and values of cultures different than their own is a skill that is crucial for multi-national organization executives. Failing to account for culture when making business decisions while entering new markets is a serious error and makes failure of the venture much more likely.

The Dimensions of National Culture as defined by Hofstede & Minkov in their decades of work, which is detailed extensively in this review, provide a solid framework that allows organizations to analyze, in a well-established way, cultural factors that are likely to play a role in their operations. Each dimension has an associated index that was created and has been tested over time that easily shows how one culture compares to another in the six major areas: Power distance, uncertainty avoidance, individualism, masculinity, short term vs. long term orientation, and indulgence vs. restraint. It should be noted that these are nationalized numbers that look at a culture on a broad national level. Nevertheless, these indexes can apply generally over the national culture referenced.

Further looking at national culture, it is often beneficial for organizations to take a deeper dive into the culture of a more regional area, prior to starting operations in that region. This allows for an organization to see the differences of a regional subset within a broader culture. For instance, an organization looking to begin operations in Kashmir, India might have different cultural considerations than if they were looking to begin operations in Mumbai, India. They are both in the same country and collectively fall under the same national culture, but there are distinct cultural differences between the two. Similarly, Wright & Baker (2020) argue that it is equally important to understand different sub-cultures within the United States when conducting business. The dimension indexes are a great predictor of a culture as a whole, but it has been noted by multiple authors (Koopman *et al.*, 1999; Rajh, 2016; Wright & Baker, 2020) that use of regional data may be more beneficial to organizations looking to expand.

Organizations that are interested in pursuing this concept further can conduct regional culture studies using the same concepts that Hofstede & Minkov use in their dimension indexes. The Values Survey Module 2013 Questionnaire (Hofstede, 2013) can be used to obtain more regionally specific data. The Values Survey Module 2013 Manual (Hofstede & Minkov, 2013) is provided to give detailed instructions on the use of the questionnaire and the analysis methods required to provide dimension indexes. This method has been utilized and verified through multiple studies and is a tested way to retrieve data to verify cultural dimensions for a given group. It should be noted that this should be utilized to provide regional and national data, and should not be used on a small localized population.

Once organizations have been able to review and understand regional and national cultures, they also must look inward to their organizational culture. These values that shape an organization are often influenced by the national culture in which the company originates. Understanding these values will allow for an organization to see where potential issues may arise when introducing their businesses to a new cultural workforce and market.

Organizational culture often is the key target of managers looking for the next big trend or buzz word to make their organization seem more attractive to potential employees. While a positive culture is essential for attracting and retaining an engaged and efficient workforce, it is detrimental to talk about changing an organizations culture without truly understanding what it is. Organizations should focus on understanding their culture and learning how culture both internally and externally to the organization impact the organizations every day decisions and ultimate success.

As organizations executives strive to improve their organizational culture, they should have a clear

understanding of what external cultural factors are impacting their operations. Once they understand the national culture implications, they can then turn inward to find what the values and beliefs are within the organization. They should keep in mind that organizational culture, like national culture is deeply ingrained in the very foundation of the organization. Changing culture, while it can provide great buzz words for the top executives, is a difficult task and takes determination and dedication from all levels of the organization to achieve. For organizations that have toxic traits in their organizational culture, it is a worthy endeavor, but one that requires a great deal of research, dedication and time.

Finally, globalization has changed the way business is conducted, and the multinational organization is the new normal in the business world. Organizations need to understand how culture impacts their business decisions and ultimate success. This article detailed the many ways in which culture impacts the organization. The key to any organization is people, and people come into the organization with a tie to their culture. These values and ethics translate into every day decisions, innovation, entrepreneurship and general communications. Having an understanding of culture is paramount to successfully operating an organization in multiple regions and particularly in a multinational setting. Understanding the information presented in this article is valuable for leaders of organizations to incorporate into their decision making when conducting business with cultures other than their own.

CONCLUSION

Understanding the role that culture plays in organizations is an important key to navigating the global marketplace. Multi-national organizations are becoming ever more prevalent and the overlapping of different cultures has become of importance to the savvy business operator. Cultures impact on business decisions, innovation and communications cannot be overlooked. A deeper understanding of culture and what it means to business is evident in the literature. Organizations can take a more active role in understanding culture by both looking at national and regional cultures as well as their internal organizational culture when making decisions about expanding into new markets. As organizations continue to expand into the global economy, cultural understanding will become an invaluable tool to ensure their success.

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