

RUSSIAN BUSINESS CULTURE ACCORDING TO G. HOFSTEDE METHODOLOGY

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Abstract: The article is investigated Russian business culture using methodology G. Hofstede. The main purpose is to identify the cultural specialties of Russian management and help Russian companies by providing information on how to manage cultural differences. The article consists of empirical and theoretical data. The theoretical data used in the theory part describes methodology of Hofstede. The empirical data is a survey, conducted by using a questionnaire. The questionnaire was designed in Russian and English languages and sent by email to 70 respondents, out of which 40 responded. Also there were questions connected with the five dimensions model of the Hofstede research.

Keywords: G. Hofstede, business culture, power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, Russia.

We know we are living in a global age. Technology has brought the world much closer together. This means that people of different cultures find themselves working together and communicating more and more. This is exciting and interesting, but it can also be frustrating and fraught with uncertainty. How do you relate to someone of another culture? What do you say, or not say, to start a conversation off right? Are there cultural taboos you need to be aware of?

Cross-cultural psychology relates psychological characteristics to “culture”. Different studies exploring different psychological characteristics but covering the same set of cultural environments can be expected to show synergy; that is to be like pieces in a large jigsaw puzzle that shows how culture conditions psychological functioning. As “culture” does not only affect psychological processes but also the sociological, political, and economic functioning of social systems, there is also a potential synergy among the findings of cross-cultural studies in these different disciplines if covering cultural environments.

In the cross-cultural field, studies by different researchers in different disciplines using different research methods and instruments, and drawing different samples from the same populations at different point in time should produce results that can be conceptually related. In this article we are going to explore Hofstede’s culture dimensions in terms of Russian Federation.

The Hofstede model distinguishes cultures according to five dimensions: power distance, individualism/collectivism, masculinity/femininity, uncertainty avoidance, and long-/short-term orientation. The model provides scales from 0 to 100 for 76 countries for each dimension, and each country has a position on each scale or index, relative to other countries.

The power distance dimension (PDI) can be defined as ‘the extent to which less powerful members of a society accept and expect that power is distributed unequally’. In large power distance cultures, everyone has his or her rightful place in a social hierarchy. In large power distance cultures, one’s social status must be clear so that others can show proper respect.

The contrast individualism/collectivism (IDV) can be defined as ‘people looking after themselves and their immediate family only, versus people belonging to in-groups that look after them in exchange for loyalty’. In individualistic cultures, one’s identity is in the person. People are ‘I’-conscious and self-actualisation is important. Individualistic cultures are universalistic, assuming their values are valid for the whole world. They also are low-context communication cultures with explicit verbal communication. In collectivistic cultures, people are ‘we’-conscious. Their identity is based on the social system to which they belong, and avoiding loss of face is important. Collectivistic cultures are high-context communication cultures, with an indirect style of communication. In the sales process in individualistic cultures, parties want to get to the point fast, whereas in collectivistic cultures it is necessary to first build a relationship and trust between parties.

The masculinity/femininity dimension (MAS) can be defined as follows: ‘The dominant values in a masculine society are achievement and success; the dominant values in a feminine society are caring for others and quality of life.’ In masculine societies, performance and achievement are important; and achievement must be demonstrated, so status brands or products such as jewellery are important to show

one's success. An important aspect of this dimension is role differentiation: small in feminine societies, large in masculine societies. In masculine cultures, household work is less shared between husband and wife than in feminine cultures.

Uncertainty avoidance (UAI) can be defined as 'the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations'. In cultures of strong uncertainty avoidance, there is a need for rules and formality to structure life. This translates into the search for truth and a belief in experts. People of high uncertainty avoidance are less open to change and innovation than people of low uncertainty avoidance cultures. This explains differences in the adoption of innovations. Whereas high uncertainty avoidance cultures have a passive attitude to health by focusing on purity in food and drink and using more medication, low uncertainty avoidance cultures have a more active attitude to health by focusing on fitness and sports.

Long- versus short-term orientation is 'the extent to which a society exhibits a pragmatic future-orientated perspective rather than a conventional historic or short-term point of view'. Values included in long-term orientation are perseverance, ordering relationships by status, thrift, and having a sense of shame. The opposite is short-term orientation, which includes personal steadiness and stability, and respect for tradition. Focus is on pursuit of happiness rather than on pursuit of peace of mind. Long-term orientation implies investment in the future.

The country scores on the dimensions are relative – societies are compared to other societies. These relative scores have been proven to be quite stable over decades. The forces that cause cultures to shift tend to be global or continent-wide. This means that they affect many countries at the same time, so that if their cultures shift, they shift together, and their relative positions remain the same.

Russia comes into line with various countries in different spheres: economical, educational, technological and cultural. For the future Russia is interested in developing cooperation with them in the field of high technologies, energy efficiency and railroad transport. In order to continue this successful cooperation we have to show up national identities of Russian business culture and, moreover, identify those aspects of personality that can put a crimp into establishment of business contacts.

We pursued the research of Russian business culture by means of the questionnaire conducted in Tomsk region. The number of pollees was 40 people aged 20 to 50 years. Different categories of managers beginning from low-level managers to chiefs executives were among the respondents. In order to identify particular qualities of Russian business culture we analyzed four ethnometrical indices obtained as a part of the study: power distance, individualism/collectivism, masculinity/femininity, and uncertainty avoidance (Table 1).

Table 1 – Ethnometrical indeces of Russian business culture

PDI	IDV	MAS	UAI
68	59	36	104

Power distance. Russia is among the 10% of the most power distant societies in the world as for instance Latin American countries and countries of South-eastern Asia and Eastern Europe. This is underlined by the fact that the largest country in the world is extremely centralized: 2/3 of all foreign investments go into Moscow where also 80% of all financial potential is concentrated. There are a lot of backgrounds to the high PDI in Russia. The main reason is that Russian culture with its emphasis on authority figures, subjugation to the Communist Party elite and deference to the dictates of the Russian Orthodox Church has bred a legacy of high power distance in the populace and in Russian managers and workers. Another reason for this is that Russian Federation is very big. It has more land mass than any other country in the world. Also Russian may be in such conditions because they used caste systems. Big PDI means that Russia has a big power separation between the rich and poor which are also known as high power distance between people. Basically if you are born into a family with power you will have power but if you're born into a family who is poor, you're not able to move up and you will continue to be poor. Whereas nowadays we can observe the downtrend of PDI in Russia index of power distance are still very high. Current situation leads to the numerous negative consequences. For example, the majority of salary-earning workers have open-ended working days or injurious conditions of work. The huge discrepancy between the less and the more powerful people leads to a great importance of status symbols. Behaviour has to reflect and represent the status roles in all areas of business interactions: be it visits, negotiations or cooperation; the approach should be top-down and provide clear mandates for any task. Another thing is that everything is by the book. They deadlines are strict and solid and you usually don't have a personal relationship with your boss. Most business CEO's or people with power is very totalitarian. They have to have total power over

everything and must always be in control of the situation. They don't care what other people say or feel about the situation. People like this like to abuse their power because the subordinates or people who are under them can't do anything about it because they can get in trouble. All they can do is try to fix the problem.

Individualism/collectivism. The societal culture reflects traditional collectivistic practices rooted in historic traditions and Socialist indoctrination. Unlike, for example, America's focus on individualism, Russia's culture has been dominated by ruling elites, including the tsars or landowners and the Communist Party leaders. As a result, Russians have grown accustomed to the lack of individual freedom. For centuries, the Russian Orthodox Church also stressed the importance of subjugation to authority and the subordination of personal interests to the common good. This emphasis upon collectivist values continued under Communist rule where collective rather than personal achievements were rewarded. The pursuit of individual rather than collective wealth and well-being was not only discouraged but viewed as selfish and implicitly unethical. Only in the 1980s have private enterprises become legal in Russia. Overall, Russians have a long tradition of emphasizing collectivism as part of their national culture. In Russia collectivism is the explanation of many phenomena and moods of people, such as "wait and hope for a protection from the chief", low personal responsibility for solving problems that people face in everyday life. According to Hofstede, this is one of the reasons for the country's poverty and the slow movement towards improvement. However, nowadays in Russian society entrepreneurs and managers are people with an individualistic culture. They would not be businessmen and managers, if they were not "individualistic." If Russians plan to go out with their friends they would literally say "We with friends" instead of "I and my friends", if they talk about brothers and sisters it may well be cousins, so a lower score of 59 even finds its manifestations in the language. Family, friends and not seldom the neighborhood are extremely important to get along with everyday life's challenges. Relationships are crucial in obtaining information, getting introduced or successful negotiations. They need to be personal, authentic and trustful before one can focus on tasks and build on a careful to the recipient, rather implicit communication style.

Masculinity/femininity. Russia scores poorly on the masculine score and, therefore, perhaps surprisingly from a western perspective, can be characterised as a relatively feminine society. In this respect it is in a similar category as a number of Scandinavian countries and it differs considerably from the US, Germany and Japan. Bollinger explains this by stating that successive wars forced many widows to take their destinies into their own hands in order to survive. For illustrative purposes he quotes the saying „women know how to do everything, men do the rest' (Bollinger). Russia's relatively low score of 36 may surprise with regard to its preference for status symbols, but these are in Russia related to the high Power Distance. At second glance one can see, that Russians at workplace as well as when meeting a stranger rather understate their personal achievements, contributions or capacities. They talk modestly about themselves and scientists, researchers or doctors are most often expected to live on a very modest standard of living. Dominant behaviour might be accepted when it comes from the boss, but is not appreciated among peers. Concerning education, that "in feminine cultures students' intrinsic interest in the subject plays a bigger role" (Hofstede). Equally important might be that man and women more often study the same faculties in feminine societies, which can be easily proven, if one looks at the gender distribution across faculties in Russia. Faculties that would be typical "male" in Germany (e.g. engineering) are studied at least by relatively more women in Russia than in Germany. Yet Russian males are studying in certain female domains, not in all.

Uncertainty avoidance. Scoring 104 Russians feel very much threatened by ambiguous situations, as well as they have established one of the most complex bureaucracies in the world. Presentations are either not prepared, e.g. when negotiations are being started and the focus is on the relationship building, or extremely detailed and well prepared. The high score of UAI may indicate a still existing preference for a planning system among Russian managers, which they feel comfortable with, or an increased need for security and direction in times of transition where uncertainty is particularly high. In the 1990s, most of the population lost a clear sense of direction in the new fragmented and uncertain environment. Realities of the past that provided security and supported tolerance of uncertainty (respect for age, tradition, rule orientation, social order) are no longer valid. In the current situation, managers quickly and creatively adjust to rapidly changing situations in the environment. This demands specific traits for quick reaction, multiscenario thinking, networking, and sharing risk. Many Russian managers and entrepreneurs work successfully in networks, relying not only on formal agreements, but on friendship and social interaction as well. As long as Russians interact with people considered to be strangers they appear very formal and distant. At the same time formality is used as a sign of respect. Russians take risk because if they think they have a good idea then they just act on instinct. They have so much power that they don't have to ask permission to do something because they are at the top of the hierarchy and people do whatever they say.

According to the research we can sum up that during last ten years Russian Federation advanced on the path of social and cultural modernization far enough. But nevertheless Russia remains a certain model of social development. Using methodology of G. Hofstede we defined that Russia has a very high score of power distance. As before the most characteristic feature is a special role of government in society and economy. Also according to the index of uncertainty avoidance we can identify that whereas Russians are fatalists in more cases we do not like the sharp fluctuations in our lives and venerate traditions of our ancestry. The index of masculinity/femininity testifies to the fact that Russia is feminine country. Thus, of course success is important for Russians, but it is not the end in itself. And money earned to spend it on yourself and our relatives, to improve the quality of life. Lastly index of individualism shows that we are individualistic country but Russia is still tied to its collectivistic roots.

An analysis shows that the Russian culture in general and business culture in particular, is relational. And that brings Russia together with many other cultural groups, such as Latin, Spanish, and Italian. Relationships are extremely significant. The central problem in Russian organizational and business culture and management in general is how to find a rational combination of targeting efficiency on the one hand, without which there is no profit, and attitudinal characteristics of culture, on the other hand. Russia is located geographically between East and West. The business culture in Russia has a number of parameters (individualism / collectivism, hierarchy / egalitarianism, etc.) that are in an intermediate position between the Western and Eastern cultures. The growth of Russian involvement in the international projects at all levels of business - from jobs to senior management. The knowledge of the polar features of cultures can navigate in situations of cross-cultural communication, optimize relationships with foreign public. Referring to the stereotypes and hyperbole, it can be defined the typical (though not absolute) line of business cultures of East and West. Independence, individualism, egalitarianism, determination, confidence, straightforwardness, reliability, commitment, accuracy, punctuality, initiative, commitment, mobility, energy and optimism can be judged specific distinguishing features of Western business culture. Evasiveness, hierarchy, collectivism, rituals, decorativeness, dependence, cronyism, nepotism, fatalism, and bribery are generally perceived by Russians as the specific characteristics of Eastern culture. Our mentality is not "oriental" in large measure, but we have not "western" mentality either. We are in the middle of this extremity. But nevertheless Russia is "Aziopa" rather than Eurasia.

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