The behavior of assurance professionals
Bik, O.P.G.

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3. Cross-national Cultural Differences

A cultural orientation describes the attitudes of most people most of the time, never of all the people all of the time
(Adler 2002: 22)

3.1 Introduction

This chapter covers the studies that define cross-national cultural differences and shows how these cross-national cultural differences affect professional behavior in general. In § 3.2, a short exposition on the definition of national culture is provided, including the general understanding of what is meant by national cultures based on the studies of Hofstede (1980, 2001), Schwartz (1992, 1999), Trompenaars (1997), and House et al. (2004). § 3.3 discussed the cultural dimensions defined by House et al. (2004, Project GLOBE) in more detail. Levels (e.g., values, beliefs, and behaviors), layers (e.g., individual, organizational, and occupational cultures), and other relevant cultural phenomena and caveats are covered in § 3.4. A summary and conclusion is included in § 3.5.

In the context of drivers of professional behavior, the focus of this chapter is on national cultural differences influencing behavior in general. This can be illustrated as follows:

![Diagram](image)

Figure 2 – The focus of Chapter 3: national culture in the context of drivers of professional behavior

How cross-national cultural differences have their impact in the specific context of auditing and auditors’ professional behavior is covered in Chapter 4.
3.2 What are national cultures?

3.2.1 In search of a definition of (national) culture

When talking about culture, one quickly notices that many different understandings and definitions derived from different methodological assumptions exist. Culture is hard to grasp in concepts, let alone to define in precise terms. Although many scholars in different disciplines have tried to come up with an all-inclusive and universal definition of what culture actually is, to this day a universally agreed-upon definition of culture is lacking (e.g., Magala 2005: 6). What then is culture? A number of relevant definitions include the following:

- Culture consists in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values (Kluckhohn 1951: 86).
- Culture is the collective programming of the mind that distinguishes members of one group or category of people from another (Hofstede 2001: 9).
- Culture is a way of life of a group of people, the configuration of all the more or less stereotyped patterns of learned behavior which are handed down from one generation to the next through means of language and imitations (Adler 2002: 16).
- Culture is a set of parameters of collectives that differentiate the collectives from each other in meaningful ways. Culture is variously defined in terms of several commonly shared processes: shared ways of thinking, feeling, and reacting; shared meanings of identities; shared socially constructed environments; common ways in which technologies are used; and commonly experienced events including the history, language, and religion of their members (House et al. 2004: 15, 57).

Based on such interpretations, generally speaking, culture seems to distinguish one group from another based on:

- a certain set of values, beliefs, behaviors, and attitudes; which
- is shared, interpreted, and transmitted over time within a collective; and that
- makes the collective unique and distinguishes that collective from other collectives.

This study focuses on national cultures, more specifically on cross-national cultural differences. National culture functions as a proxy for societal culture. National culture comprises values, beliefs, norms, and behavioral patterns of national group (Leung et al. 2005). The dominant forces that shape national cultures comprise, amongst others, ecological factors, history, language, wars, and religions. For example, “an important reason why Japan is a collectivist country is that its environment has been harsh and unsupportive for the survival of its population. It takes a minimum of 20 people to successfully
reflected in a country’s culture, which in turn is intertwined with many phenomena within that country: law, educational systems, political structures, communication traits, emotional expressions, technological development, etc.

National borders do not naturally demarcate borders of societal cultures. Cultures run over national borders (e.g., Schwartz 1999: 25) and differ within national borders as well (e.g., House et al. 2004: 22). Furthermore, cultural dimensions inherently are thus *generalizations* of a whole population with a risk of “*stereotyping*.” Cultural dimensions are inherently oversimplifications of reality. Other caveats, such as levels and layers of culture, are covered in § 3.4.

As shown in studies by Hofstede, Schwartz, Trompenaars, and House et al., analyzing societal cultures according to national borders is a concept that proved to work within the field of management science. These studies have been preceded by and to a large extent based on Parsons and Shills’ (1951) “General Theory of Action” and Kluckhohn and Strodtbeck’s value orientation (1961).

The following quote of Triandis is illustrative (1994: 19): “When you think of culture, try to avoid thinking of nationality, religion, race, or occupation as the only criterion that defines culture. The use of a single criterion is likely to lead to confusion, as would happen if you put all people who eat pizza frequently in one cultural category! Culture is a complex whole, and it is best to use many criteria to discriminate one culture from another. Most modern states consist of many cultures; most corporations have unique cultures; most occupations have some aspects of distinct cultures.”

“[Dimensions] do not “exist” in a tangible sense. They are constructs, not directly accessible to observation but inferable from verbal statements and other behaviors (…). If they exist, it is in our minds – we have defined them into existence” (Hofstede 1996: 894). House et al. (2004: 235): “[T]he reader still needs to take caution in generalizing our findings at the society level. Societal cultures are too complex to be measured in their entirety in any single study.”

Parsons and Shils have described a first set of what they call pattern variables within cultural systems. In their theory, cultural systems are considered one of the three levels of the “systems of orientation” that guide people’s actions and behaviors. They describe cultural systems as the organization of the values, norms, and symbols which guide the choices made by actors and which limit the types of interaction which may occur among actors. These choices are guided by preferred choice alternatives or programming – a pattern of the five choice-alternatives (Parsons and Shils 1951: 80 ff): *Affectivity – Affective neutrality; Self-orientation – Collectivity-orientation; Universalism – Particularism; Ascription – Achievement; and Specificity – Diffuseness.*

Kluckhohn and Strodtbeck (1961) defined a set of ”value orientations” as conceptions of what is considered desirable that distinguishes cultural orientations of societies. People from different cultures have to and/or prefer to rank-order the values in different ways of importance ("continuum"). In their exposition of a theory of variations in value orientations, Kluckhohn and Strodtbeck argued that cultures differ on five “value orientations” (1961: 11 ff): Human nature orientation; Man-nature orientation; Time orientation; Activity orientation; and Relational orientation.
3.2.2 Hofstede’s dimensions of cultural variability (1980, 2001)

Hofstede’s study of the cultural dimensions, conducted in the 1970s and first published in 1980, was the first study mapping over 50 countries on a limited number of cultural dimensions. Over the last 30 years, it has been “the best known cross-cultural study” (House et al. 2004: 239) and used by many scholars as a starting point for cross-cultural management studies. It has been replicated on at least a number of dimensions in over 100 studies (Hofstede 2001: 463-466). Until the GLOBE study (House et al. 2004), it has been the most comprehensive comparative nation-level study in terms of both range of countries and the number of respondents involved. “The robustness of Hofstede’s model, in spite of growing criticism, is being acknowledged far beyond the academic world” (Magala 2009: 24).

In summary, the five cultural dimensions of Hofstede are described as follows (based on Hofstede 1997, 2001):

- **Power Distance** is the extent to which the less powerful members of organizations and institutions accept and expect that power is distributed unequally. The basic problem involved is the degree of human inequality that underlies the functioning of each particular society.

- **Uncertainty Avoidance** is the extent to which a culture programs its members to feel either uncomfortable or comfortable in unstructured situations. Unstructured situations are novel, unknown, surprising, and different from usual. The basic problem involved is the degree to which a society tries to control the uncontrollable.

- **Individualism versus collectivism** is the degree to which individuals are supposed to look after themselves or remain integrated into groups, usually around the family.

- **Masculinity versus its opposite, femininity** refers to the distribution of emotional roles between the genders; it opposes “tough” masculine to “tender” feminine societies. Male achievement reinforces masculine assertiveness and competition; female care reinforces feminine nurturance, a concern for relationships and for living environment.

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178 Hofstede collected empirical data on value orientations of approximately 116,000 employees in 72 countries of one large multinational business organization (IBM). Initially four dimensions were uncovered based on these data (Power Distance, Uncertainty Avoidance, Individualism-Collectivism, and Masculinity-Femininity). Based on a subsequent study, published as the Chinese Culture Connection (1987), Hofstede added a fifth dimension, Long Term Orientation (initially called Confucian Work Dynamism).

179 For an overview, refer to Kirkman et al. (2006) who reviewed 180 studies published in 40 business and psychology journals and two international annual volumes between 1980 and June 2002 to consolidate what is empirically verifiable about Hofstede’s cultural values framework.

180 “There can be little doubt that the single work that has been most influenced the development of research into cross-cultural psychology has been the seminal study that was carried out by the Dutch social psychologist, Geert Hofstede (…) leading in 1980 to the publication of his classic study, *Cultures and Organizations: Comparing values, behaviors, institutions and organizations across nations.*
• **Long-term versus short-term orientation** refers to the extent to which a culture programs its members to accept delayed gratification of their material, social, and emotional needs.

Despite the popularity of Hofstede’s “founding” study and its frequent use by academia, a number of scholars have criticized his work (e.g., McSweeney 2002; Baskerville 2003, 2005; Javidan et al. 2006a) or were “only” able to partially replicate Hofstede’s dimensions (e.g., Sondergaard 1994; Hoppe 1998; Merrit 2000). One of the main limitations of Hofstede’s study is generally considered to be that it was based on IBM questionnaires that were designed to measure something other than cultural differences and that subsequently was reinterpreted to reflect cultural dimensions. This is one of the main reasons for increasing critique on Hofstede’s study over the last decade and why some researchers may qualify Hofstede’s study as landmark 30 years ago (e.g., McSweeney 2002; Baskerville 2003, 2005; Javidan et al. 2006a), yet today less plausible and tenable because of the changing pattern of socialization and increased hybridization of cultural contents due to intensive communications on a global scale (the internet effect).

#### 3.2.3 Schwartz’s cultural value types (1992, 1999)

Another prominent study is that of Schwartz. In his 1999 study, which built on his 1992 and 1994 theories and studies, Schwartz contributed to a further understanding of cultural values of countries: “the implicitly and explicitly shared abstract ideas about what is good, right, and desirable in a society (...). These cultural values are the bases for the specific norms that tell people what is appropriate in various situations” (Schwartz 1999: 25). The priorities or choice of these cultural values are considered to be reflected in “the ways that societal institutions (e.g., the family, education, economic, political, and religious systems) function, their goals and their modes of operation” (Schwartz 1999: 25). Values can be drawn upon “to select socially appropriate behavior and to justify their behavioral choices to others” (Schwartz 1999: 25). Schwartz derived seven types of values, structured along three polar dimensions, which were validated using Schwartz (1992) value survey of 56 single values (of which 45 values showed equivalence) submitted to 35,000 respondents (teachers and students) from 49 countries. These seven (individual level) value types are considered to form three bipolar (societal level) dimensions that express the contradictions between the alternative resolutions of the following issues (based on Schwartz 1999: 26 ff):

• **Conservatism (or Embeddedness) versus (Intellectual and Affective) Autonomy**, which is based on the issue of the nature of the relationship between the individual and the group. This value type addresses two questions: Whose interests should take precedence, the individual’s or the group’s? And, to what extent are persons autonomous versus embedded in their group?

• **Hierarchy versus Egalitarianism** (power difference versus societal basis), which deals with the issue of how to guarantee responsible behavior that will preserve the
social fabric. To manage the unavoidable social interdependencies some sort of hierarchy is considered necessary.

- **Mastery versus Harmony** addresses the issue of humankind to the natural and social world. Do people in the society generally tend to believe they can actively master and change the world and get ahead through active self-assertion and ambition? Or do people generally accept the world as it is, and rather try to fit in harmoniously rather than to change or exploit it?

Schwartz has put these value types into a structure where certain poles contradict the others (e.g. conservatism and autonomy), whereas other poles of different issues are complementary (e.g. hierarchy and mastery, which value types are found to exist simultaneously in cultures). Schwartz’ study and cultural scales are “clearly assessing cultural values” (House et al. 2004: 141) rather than practices or behaviors, although Schwartz hypothesized the impact of his cultural values on dimensions of work (Schwartz 1999: 40).

### 3.2.4 Trompenaars’ cultural diversity in business (1997)

In their book “Riding the waves of culture” (1997) Trompenaars and Hampden-Turner focused on explaining cultural diversity in business. When looking at Trompenaars’ seven cultural dimensions, one will recognize them to be based on Parsons and Shils’ five dimensions of cultural systems (1951) and two of the value orientations of Kluckhohn and Strodtbeck (1961). These dimensions are (based on Trompenaars and Hampden-Turner 1997):

- **Universalism versus Particularism**: rules versus relationships. Whereas in universalistic cultures people generally adhere to the standards which are universally agreed, in particularistic cultures people encounter particular obligations to people they know.
- **Individualism versus Communitarianism**: the individual versus the group. Do we relate to others by discovering what each one of us individually wants and then trying to negotiate the differences, or do we place ahead of this some shared concepts of the public and collective good?
- **Neutral versus Affective**: the range of feelings expressed. Members of cultures which are affectively neutral do not telegraph their feelings but keep them carefully controlled and subdued. In contrast, in cultures high on affectivity people show their feelings plainly by laughing, smiling, grimacing, scowling and gesturing; they attempt to find immediate outlets for their feelings;
- **Specific versus Diffuse**: the range of involvement. Do we engage with others in specific areas of life and single levels of personality only, or in multiple areas of our lives and at several areas of personality at the same time (diffuse). In diffuse cultures, the concept of “saving face” is related to the belief that something made public is always personal too.
Chapter 3 – Cross-national Cultural Differences

- **Achievement versus Ascription**: how status is accorded. While some societies accord status to people on the basis of their achievements, others ascribe it to them by virtue of age, class, gender, education, and so on (ascription).
- **Sequential versus Synchronic**: How we think about time (past, present and future) is related to whether our view of time is sequential, as series of passing events which happen one after the other, or whether it is synchronic, with past, present, and future all interrelated and with several events happening at the same time.
- **Internal versus External Control**: Societies either believe that they can and should control nature by imposing their will, or they believe that man is part of nature and must go along with its laws, directions and forces.\(^{181}\)

These dimensions, however, were only partly validated (Hooghiemstra 2003: 61) and academically not very well accepted.\(^{182}\) However, from a business and practice standpoint, Trompenaars’ work is much appreciated and finds ample application.

### 3.2.5 House et al.’s Project GLOBE (2004)

The 10-year research project “GLOBE” (Global Leadership and Organizational Behavior Effectiveness research program) refers to “a worldwide, multiphase, multi-method (…) programmatic research effort designed to explore the fascinating and complex effects of culture on leadership, organizational effectiveness, economic competitiveness of societies, and the human condition of members of the societies studied” (House et al. 2004: 10-11). To address these issues, an extensive quantitative and qualitative cross-cultural study was conducted based on responses on 735 questionnaire items of 17,370 managers from 951 organizations functioning in 62 societies. The cultural part of project GLOBE, which was used in their study to explain different preferences in leadership styles,\(^{183}\) is of specific relevance to this study.

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\(^{181}\) Interesting to this study is that Trompenaars’ interpreted the “Man-nature orientation” of Kluckhohn and Strodtbeck (1961) as internal versus external local of control based on Rotter 1960s scale (Trompenaars and Hampden-Turner 1997: 141). Applied to internal versus external locus of control, this dimension is related to inner-directedness (what happens to me is my own doing) versus outer-directedness (sometimes I feel that I do not have enough control over the directions my life is taking).

\(^{182}\) One of the main critiques came from Hofstede in his article with a somewhat vindictive title “Riding the waves of commerce: A test of Trompenaars’ ”Model” of national culture differences” (Hofstede 1996: 197): “A serious shortcoming of Trompenaars’ data bank which no professional analysis can correct is its evident lack of content validity. (…) Trompenaars did not start his research with an open-ended inventory of issues that were on the minds of his future respondents around the world; he took his concepts, as well as most of his questions, from the American literature of the middle of the century, which was unavoidably ethnocentric. He did not change his concepts on the basis of his own findings either, nor did he follow the development of the state-of-the-art in comparative culture research since 1961.”

\(^{183}\) The cultural dimensions of the study of House et al. functioned as the independent variables in GLOBE’s subsequent study of the relationship between culture and leadership style, which is not covered in this thesis. Reference is made to House et al. (2004).
As a result of this research effort, project GLOBE presents 62 society scores on 9 major attributes of culture. They define culture as (House et al. 2004: 15):

Shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generation.

Project GLOBE took prior (cultural) studies, such as Kluckhohn and Strodtbeck (1961), McClelland (1961), and Hofstede (1980, 2001), a step further by “unzipping” them. The GLOBE dimensions form the newest set of dimensions that can be pragmatically applied in management science. The nine cultural dimensions House et al. identified through project GLOBE, which are discussed in more detail in § 3.3, are the following (taken from House et al. 2004: 30):

- Power Distance,
- Uncertainty Avoidance,
- Assertiveness,
- Institutional Collectivism,
- In-Group Collectivism,
- Future Orientation,
- Performance Orientation,
- Humane Orientation,
- and Gender Egalitarianism.

House et al. (2004) measure both cultural practices and cultural values. Furthermore, they measure culture at both national (societal) and organizational level. By collecting data on both practices and values at both the society and organization levels of analysis, GLOBE answered the question of whether both values and practices differ meaningfully at both the society and organization levels. House et al. confirmed this question positively (as further covered in § 3.4.2).

Its primary strength, according to House et al., is that GLOBE has not made “assumptions about how to best measure cultural phenomena [but] used multiple measurement methods to empirically test which methods are most meaningful” (2004:

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184 And how these dimensions relate to several important external dependent variables, referred to as unobtrusive measures like the World Values Survey (e.g., economic wealth).
185 For example, Magala states that general weaknesses of cultural models “result from the extended scope of dimensions, which require “unzipping” (2004: 1). This unzipping was already started in research communities but “is slowed down by Hofstede’s precarious institutional embedding in academic communities”. Magala continues (2004: 13): “[T]he representatives of the academic communities are ready to re-engineer [our] identities”.
186 For example, GLOBE found that Hofstede’s masculinity/femininity measure confounded at least four dimensions of societal culture (House et al. 2004: 347), and hence yielded findings that are difficult to interpret. Consequently, House et al. unzipped this cultural dimension in Performance Orientation (success striving), Humane Orientation (nurture), Assertiveness, and Gender Egalitarianism (dimensions which were empirically confirmed). As another example, the performance orientation dimension in GLOBE is mainly related to McClelland’s (1961) concept of need for achievement (House et al. 2004: 240).
187 Practices are measures of “What is,…” or “What are,…” common behaviors, institutional practices, proscriptions, and prescriptions. Values are expressed as “What should be,…”. As each respondent was to respond on both the practices and values, the values measured are referred to as “contextualized values”, which means that the questionnaire items were designed to yield current societal and organizational practices and respondents’ values with respect to these practices.
24). Based on specific methodological measures taken,\textsuperscript{188} House et al. conclude that “the constructs measured by the GLOBE scales generalize beyond the sample from which the data were obtained, the method used to collect these data, and the ‘sets of operations’ applied on these data [and thus that] [t]he findings reflect the broader societal and organizational cultures under study” (2004: 92). However, comparing project GLOBE with the earlier cultural studies, one must also acknowledge that “[e]ach has inherent errors, and neither can be considered as providing the one best way to denote national culture” (Smith 2006: 915). The GLOBE project is, nevertheless, the most sophisticated project to date involving over 150 researchers in 62 countries, has incorporated 30 years of cumulative experience after the landmark work of Hofstede, and is specifically designed to measure cultural differences. To go with Javidan et al.’s conclusion on the 2006 exchange between Hofstede and House et al. (2006b: 899): “[I]t is time to move beyond Hofstede’s approach and to design constructs and scales that are more comprehensive, cross-culturally developed, theoretically sound, and empirically verifiable.” This last remark is particularly true after recent waves of empirical criticism of Hofstede (e.g., by Brendan McSweeney cited earlier).

For this study, House et al.’s project GLOBE will be the frame of reference of cultural dimensions as it is the most up-to-date national culture study, it addressed a number of important limitations of the next-best alternative (Hofstede’s study), and because it is the most elaborate cultural study compared with other available culture schemes (e.g., Schwartz and Trompenaars).

3.3 House et al.’s cultural dimensions further illustrated

As House et al. (2004) is the frame of reference for this study, these are described in more detail in this section. This section is largely based on House et al. (2004). It will be referred to only when explicitly quoted.

\textsuperscript{188} The (questionnaire) items were developed on the basis of the work of prior scholars (e.g., Hofstede, Triandis, Kluckhohn and Strodtbeck, and McClelland), interviews and focus groups conducted in several cultures, extant organizational and culture theory, and two pilot studies among middle managers (House et al. 2004: 21). Through empirical validation, the GLOBE project found significant differentiation among cultures on these dimensions as hypothesized and found significant respondent agreement within cultures for all dimensions. House et al. (2004: 21) state that “[T]his indicates that the scales can be meaningfully applied to measure (...) cultural variables at the societal and organizational levels of analysis” and thus have “construct validity”. GLOBE furthermore refers to the construct validity of the scales and the correlation of the cultural scales with unobtrusive measures and with scales derived from the World Value Survey. The items were designed to obtain data about the societal and organizational cultural variables. Respondents rated the items on a 7-point Likert-type scale. The items were grouped in “quartets” to measure across two levels of analysis (societal and organizational) and across the two cultural manifestations (practices and values). The GLOBE scales were developed by following a multistage process in which a more qualitative evaluation of items was followed by a more quantitative assessment of scales properties. The scales were constructed to measure constructs at the organizational and societal level of analysis, not at the individual level. The measurement instrument was designed to address the “ecological fallacy” and “reversed ecological fallacy” (House et al. 2004: 99).
Power distance (or power concentration versus decentralization): the degree to which members of an organization or society expect and agree that power should be stratified and concentrated at higher levels of an organization or government.

<table>
<thead>
<tr>
<th>High</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina (and other Latin American countries), Thailand and India (and other Southern Asian countries), Russia, Germany, Italy, and France.</td>
<td>Denmark (and other Nordic European countries), the Netherlands, Israel, and USA and Australia (and other Anglo-Saxon countries).</td>
</tr>
</tbody>
</table>

Source: House et al. (2004)

Power distance “reflects the extent to which a community accepts and endorsed authority, power differences, and status privileges” (House et al. 2004: 513); the extent to which members of a culture expect and agree that power should be shared unequally (and disproportionately\(^\text{189}\)). “In high power distance societies, power holders are granted greater status, privileges, and material rewards than those without power” (House et al. 2004: 166).\(^\text{190}\) Power distance relates to decision-making styles of bosses, the ability to influence,\(^\text{191}\) the opportunity to have independent thought and express opinions, deference to authority, the use of artifacts as titles, ranks, and status (versus equal treatment based on someone’s self-worth and their contributions to the organization) and the sharing of information. House et al. (2004: 555) refer to the Enron breakdown as an illustrative example of how threatening power distance can be when valued in an organization.\(^\text{192}\)

\(^\text{189}\) An unequal distribution of power per se is not equivalent to power distance; it concerns the disproportionate inequality of the distribution of resources generated from different power positions (which is universally disliked).

\(^\text{190}\) As House et al. illustrate (2004: 518): “In high power distance cultures such as France, some individuals are perceived to have a higher overall rank whose power is unquestionable and virtually unattainable by those with lower power. In low power distance countries such as the Scandinavian countries and the Netherlands, each individual is respected and appreciated for what that person has to offer, and people expect access to upward mobility in both their classes and their jobs. (…) Differences in power distance are by no means confined to Western thought. In China around 500 BCE, Confusius spoke of five hierarchical relationships, each with its norms and duties: ruler-subject, father-son, older brother-younger brother, husband-wife, and senior friend-junior friend. In these relationships, the junior partner owed the senior respect and obedience; the senior partner, in turn, owed the junior protection, consideration, help, support, and assistance in personal and spiritual matters.”

\(^\text{191}\) Different sources or forms of power are distinguished (House et al. 2004: 514): coercive power (fear of punishment if not in compliance with what the power holder wants); reward power (enactment of positive behaviors to obtain valuable rewards); legitimate power (based on one’s authority or position within a formal hierarchy); expert power (based on one’s expert supremacy over another person, which may also include the power of information); referent power (through one’s own identification in the leader, which may also include charismatic power); and network power (through the structural holes in social network someone bridges).

\(^\text{192}\) “If power distance is valued in organizations, it becomes critical for the leadership to take steps for being protected from the likely criticism of arbitrary decisions and oversight, as illustrated recently, for instance, by the case of leadership in the Enron Corporation of the United States” (House et al. 2004: 555).
Uncertainty avoidance: the extent to which members of an organization or society strive to avoid uncertainty of future events by relying on established social norms, rituals, and bureaucratic practices.

**High**
- Germany (and other Germanic European countries),
- Sweden (and other Nordic European countries),
- Singapore, and China.

**Low**
- Russia (and other Eastern European countries),
- Argentina and Brazil (and other Latin American countries),
- Korea, and Italy.

Source: House et al. (2004)

People in high uncertainty avoidance cultures actively seek to decrease the probability of unpredictable future events that could adversely affect the operation of an organization or society and remedy the success of such adverse effects. “The uncertainty avoidance value construct focuses on the extent to which people seek orderliness, consistency, structure, formalized procedures, and laws to deal with naturally occurring uncertainties as well as important events in their daily lives. It is linked to the use of procedures, such as standardized decision rules, that can minimize the need to predict uncertain events in the future” (House et al. 2004: 166-167). It involves aspects of coordination, technology, rules, law, policies, and rituals used by an organization to deal with uncertainty. It is related to phenomena as a preference of job security, keeping meticulous records, documentation, avoiding ambiguity, information and feedback seeking, taking calculated risks, stress, and resistance to change. With auditors being considered to be more conservative by nature (e.g., Smith and Kida 1991), the effects of uncertainty avoidance could be expected to have increased impact.

Assertiveness: the degree to which individuals in organizations or societies are assertive, confrontational, and aggressive in social relationships.

**High**
- Germany, the Netherlands (and other Germanic countries),
- Hungary and Greece (and other Eastern European countries),
- Mexico, Argentina and Brazil (and other Latin American countries),
- USA, Spain, and Korea.

**Low**
- New Zealand, Sweden (and other Nordic European countries),
- Japan and China (Confucian Asia),
- Thailand and India (Southern Asia).

Source: House et al. (2004)

Assertiveness\textsuperscript{193} is related to the ability to say what one feels, to an individualistic aspect of self-fulfillment, to contradict and disagree, and to “saying no”. Assertiveness

\textsuperscript{193} The difference between assertiveness and aggressiveness lays in the social acceptability of one’s behavior, where assertiveness is about someone standing up for himself and taking initiative and aggression is often about violence, hostility and antisocial behaviour. Further, aggression leads to harm and strained relationships, whereas the goal of assertive behaviour has a more positive light towards achieving stronger relationships (based on House et al. 2004: 396).
is essentially about expression and communication styles; the extent of communication of one’s own opinion. Given the emphasis on competition, highly assertive societies should theoretically be expected to ascribe status based on achievements rather than on attributes such as age, profession, or family connection (as is generally done in high power distance cultures). It furthermore oftentimes is associated with the difference between men and women (with attributes like agreeableness, likeability, and nurturance), “although the differences are in part stereotypical rather than true” (House et al. 2004: 400).

**Individualism and Collectivism**

Individualism versus Collectivism is related to “the extent to which people are autonomous individuals or embedded in their groups (...) [For example], the recognition of individuals as being interdependent and as having duties and obligation to other group members are defined attributes of the cultural construct called Collectivism” (House et al. 2004: 438-440). Whereas In-Group Collectivism is related to the Individualism-Collectivism dimension at the level of family integrity, Institutional Collectivism is related to the non-kin components of the dimension (not primarily personal-relational driven).

<table>
<thead>
<tr>
<th>Institutional Collectivism (I): the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High</strong> Sweden (and other Nordic European countries), Japan, Korea and China (and other Confucian Asian countries), and Philippines and Malaysia (and other Southern Asian countries).</td>
</tr>
<tr>
<td><strong>Low</strong> Argentina, Brazil and Colombia (and other Latin American countries), Italy and Spain (and other Latin European countries), and Germany.</td>
</tr>
</tbody>
</table>

Institutional collectivism reflects the inducements and rewards for collective behavior and norms, rather than incentives and rewards for the enactment of individual freedom and autonomy. It emphasizes shared objectives, interchangeable interests, and respect for socially legitimated institutions. “In organizations, institutional collectivism likely takes the form of strong team orientation and development. To the extent possible, tasks [and rewards] are likely to be based on group rather than individual performance. Personal independence has low priority in institutionally oriented collective societies. The notion of autonomous individuals, living free of society while living in that society, is contrary to the norms of societies that embrace institutional collectivism. Societies characterized by lower institutional collectivism tend to embrace a preoccupation with self-reliance and independent personality” (House et al. 2004: 165)\(^{194}\).

\(^{194}\) The societal cultural dimension of individualism and collectivism is generally reflected in the organizational cultures. In individualistic cultures one will generally find organizational forms in which
### In-Group Collectivism (II): the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.

<table>
<thead>
<tr>
<th>High</th>
<th>Low</th>
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</thead>
<tbody>
<tr>
<td>Philippines and India (and other Southern Asian countries), Mexico and Venezuela (and other Latin American countries), China and Taiwan, Russia and Poland (and other Eastern European countries), and Turkey and Morocco (and other Middle-East countries).</td>
<td>Denmark (and other Nordic European countries), The Netherlands and Germany (and other Germanic European countries), the USA, Australia and the UK (and other Anglo-Saxon countries), and France.</td>
</tr>
</tbody>
</table>

*Source: House et al. (2004)*

In-group collectivism refers to how individuals relate to an in-group as an autonomous unit and how they attend to responsibilities concerning their in-group. It reflects pride in membership of the group, a strong sense of group identity, and affective identification toward the family, group, or community. “In strong in-group collectivistic societies, there is an emphasis on collaboration, cohesiveness, and harmony” (House et al. 2004: 165).

### Future orientation: the degree to which individuals in organizations or societies engage in future-oriented behaviors such as planning, investing in the future, and delaying individual or collective gratification.

<table>
<thead>
<tr>
<th>High</th>
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</thead>
<tbody>
<tr>
<td>Switzerland and the Netherlands (and other Germanic countries), Denmark (and other Nordic European countries), Singapore, Malaysia, and Japan, and Canada.</td>
<td>Russia and Poland (and other Eastern European countries), Argentina and Colombia (and other Latin American countries), Italy, and Morocco.</td>
</tr>
</tbody>
</table>

*Source: House et al. (2004)*

the employees consider themselves largely independent from the organization (versus interdependent), employees identify themselves through their unique skill set for which they are hired (versus the organization being part of employee’s self-identity), and organizations offering the employees rewards in monetary terms (versus employees receiving lifetime support and security for the whole family and social life). In collectivistic cultures organizations are built around the collectivist values and norms, being extensions of the family to reflect the importance of the fulfillment of obligations. Illustrative examples can be found in comparing the US and Japan. In the US, the need for rational exchanges between an organization and its employees is visible in an underlying notion of fairness in all aspects between recruitment and termination of the employment contract, which is based on the notion of equity defined by rational procedures. By contrast, managers in Japan design organizations based on family structures; organizations consciously create collectivist organizational practices equivalent to the societal values, as development of long-term relationships through working life, family-like practices as morning exercises and singing, and employees being willing to make sacrifices for the company in turn for the “umbrella” of family-like belonging and security.
People in future-oriented cultures are inclined to organize, invest and plan for the future, believe that their current actions will influence their future (which will matter), believe in planning for developing their future, and look far into the future for assessing the effects of their current actions. By contrast, people from cultures that are lower on future orientation (i.e., present orientation) show the capability to enjoy the moment and be spontaneous (or opportunistic in a less positive sense).\footnote{They may show incapacity or unwillingness to plan a sequence to realize their desired goals, and may not appreciate the warning signals that their current behavior negatively influences realization of their goals in the future. Present-oriented societies resolve current problems without regard to long-term implications (based on House et al. 2004: 285).}

**Performance orientation:** the degree to which an organization or society encourages and rewards group members for performance improvement, innovation, high standards and excellence.

<table>
<thead>
<tr>
<th>High</th>
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<tbody>
<tr>
<td>Singapore, China, and Korea (and other Confucian Asian countries), USA, Canada, and Australia (and other Anglo-Saxon countries), Switzerland and the Netherlands (and other Germanic European countries), and Malaysia, Philippines, and Iran (and other Southern Asian countries).</td>
<td>Russia and Hungary (and other Eastern European countries), Venezuela and Argentina (and other Latin American countries), Italy, Portugal, and Greece.</td>
</tr>
</tbody>
</table>

Where performance is found to be highly valued almost universally, actual performance orientation practices differ (House et al. 2004: 248). “Individuals with high need for achievement tend to achieve pleasure from progressive improvement, like to work on tasks with moderate probabilities of success because they represent a challenge, take personal responsibility for their actions, seek frequent feedback, search for information on how to do things better, and are generally innovative” (House et al. 2004: 240). Performance orientation is furthermore related to importance of knowledge, focus on the future, self-actualization, autonomy (or self-reliance), taking initiative, and planning, being task and results oriented, use direct, clear, and explicit language, and having a sense of urgency of achieving things.\footnote{Non-performance oriented cultures tend to focus on tradition, family, paternalistic values, and social ties. This means that people from cultures with low performance orientation values believe in family and social background as the key determinant of social respect, not getting the job done or achievement.} A last important characteristic is that people from high performance orientation accord status to other people based on achievement and accomplishments, as opposed to ascription based on a certain background or seniority of an individual.\footnote{House et al. illustrate it very clearly as follows (2004: 242): “Achievement and ascription cultures are fundamentally different. In the United States, the idea that anyone can become President is a strong reflection of achievement orientation, whereas in France, becoming President without attending the right grande école and without the right connections is impossible. In Japan, historically, promotion to higher positions has been based on seniority, gender, and age, although this seems to be changing towards achievement rather than ascribing status”.

\footnote{Source: House et al. (2004)}
Humane orientation: the degree to which individuals in organizations or societies encourage and reward individuals for being fair, altruistic, friendly, generous, caring, and kind to others.

<table>
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<tr>
<th>High</th>
<th>Low</th>
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<tbody>
<tr>
<td>Philippines, Malaysia, and Thailand (and other Southern Asian countries), Zambia and Zimbabwe (and other Sub-Saharan African countries), Ireland, Denmark, and Canada.</td>
<td>Germany and Switzerland (and other Germanic European countries), Spain, France, and Italy (and other Latin European countries), Greece and Hungary (and other Eastern European countries), and Singapore.</td>
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</tbody>
</table>

Source: House et al. (2004)

The norms of societies valuing humane orientation are concerned with improvement of the human condition. It is considered to relate to what is called quality of life and to social support and security. Members of a society are responsible for enhancing well-being, providing security, social contacts, approval, belonging and affection, and to fight injustice. It was found that, although important in daily live, orientation does not play a primary role in the workplace (House et al. 2004: 571).

Gender egalitarianism: the degree to which an organization or a society minimizes gender role differences while promoting gender equality.

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<th>High</th>
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<tbody>
<tr>
<td>Hungary, Russia, and Poland (and other Eastern European countries), Denmark and Sweden, Canada and the UK (and other Anglo-Saxon countries), Colombia and Argentina (and other Latin American countries), Portugal, Singapore and the Philippines, and the Netherlands.</td>
<td>Morocco, Turkey and Kuwait (and other Middle East countries), Korea, India, Switzerland, Germany, Austria, and Spain.</td>
</tr>
</tbody>
</table>

Source: House et al. (2004)

Gender egalitarianism is related to the allocation of social roles between women and men, and about the behavior that is considered appropriate for males versus females. It reflects “societies’ beliefs about whether members’ sex should determine the roles that they play in their homes, business organizations, and communities” (House et al. 2004: 347, emphasis added). Hence, it centers on people valuing gender egalitarianism. It should be noted that valuing gender egalitarian beliefs does not mean that more

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198 Humane orientation can be illustrated through the Southern Asian societies, for example the Philippines. “In rural Philippine, neighbours commonly offer to help if a person is constructing a house. Filipinos love helping not just one another, but also other people. Gratitude is a prized trait in Filipino society and any help is valued as a debt of honour. Most Germanic societies, on the other hand, tend to view humane orientation in rather rational terms, often overburdened with formal procedures such as those related to the condition of labour” (House et al. 2004: 581).
women actually participate in the work environment. Rather, greater gender egalitarian societies tend to advocate the notion of unity in diversity (unity without uniformity and diversity without fragmentation). “To members of egalitarian societies, a diverse community represents a rich source of ideas and techniques. People from these societies not only tolerate diversity, but emphasize understanding, respect, and the nurturing of diversity in their communities through sustained committed efforts” (House et al. 2004: 166). Studies have shown a positive association between development or modernization and gender-role ideology, with men’s and women’s roles perceived more similarly in more economically and socially developed countries. Hence, it can be inferred that societies valuing gender egalitarianism generally perform better (although cause and effect are contested, as it is also shown that economic wealth leads to gender egalitarianism).

3.4 Levels, layers, and convergence of cultures

3.4.1 Levels of national cultures (values, beliefs, and behaviors)

The first complexity in understanding culture is related to the different levels of depth of cultures. With the “onion assumption”, Hofstede (1980, 2001) explains that values drive practices (behaviors) in a positive way, i.e., when people value something, they act alike. The general consensus is that people behave based on their values and beliefs of how things should be done (e.g., Hofstede 1980; Schwartz 1999; Hofstede 2001; Schein 2004). This manifests in symbols, heroes and rituals. All three are

199 It is evidenced that the more similarly women and men are perceived to be, the greater women’s participation in higher education and in the labour force (House et al. 2004: 349). However, valuing more gender egalitarianism does not mean that more women actually participate in the work environment compared to countries that are less gender egalitarian (e.g. Russia is less gender egalitarian in practice than for example England, but the accounting function in Russia is seen as a woman’s function and filled mainly by women too). Hence, gender egalitarianism does merely say something about women and men being valued equal and diversity as such being appreciated. Not whether there are actually more women working (based on House et al. 2004: 348).

200 Although the division of roles between the sexes to a certain extent is dictated by physical differences between men and women that go back ages (such as child bearing, length, and life expectancy), gender egalitarianism as such reflects the degree to which men and women perform common tasks and are treated equally with respect to status, privilege, and rewards.

201 A value is a broad tendency to prefer certain states of affairs over others (Hofstede 2001: 5) – the desired or the desirable. Values reflect relatively general beliefs of what is right and wrong or specify general preferences – the implicit assumptions that actually guide behavior, that tell group members how to perceive, think, and feel about things. For example, in some cultures loyalty to the group, family or other collectives is more important than the individual itself, while in other cultures individual achievement prevails. People from one culture can predominantly believe in the good of people, whereas in other societies people tend to apply a more skeptical approach based on the predominant values in that culture.

202 Symbols, the most outer, superficial layer, comprise words, gestures, pictures, objects and symbols recognized as such only by those who share the culture. Heroes are those persons, alive or dead, real or imaginary, who possess characteristics that are highly prized in a culture and serve as models for
visible to the outside world as practices of a certain culture; “their cultural meanings, however, are invisible” (Hofstede 2001: 10), referring to the core values at the heart of the culture.

However, the notion that values and beliefs drive behavior has recently been questioned by House et al. (2004). They showed the opposite (Javidan et al. 2006b: 902): “People may hold views of what should be (i.e., [contextualized] values) based on what they observe in action (i.e., practices)”\(^{203}\) One explanation is that people generally desire more of something they do not have.\(^{204}\) Another explanation could be found in the questionnaire design aimed at measuring “contextualized values”.\(^{205}\) House et al. conclude that the “onion assumption” of Hofstede is too simplistic and additional research is needed to explain such a complex relationship (Javidan et al. 2006b: 901).

For this study, cultural practices are considered to be more robust indicators or explanatory factors of actual behavioral differences compared to cultural values. For example, Smith et al. state that “the ‘as is’ ratings comprise the most extensive [cultural] survey to date that has focused on the description of behaviors” (2006: 49).\(^{206}\) In conclusion, taking the GLOBE study as the primary cultural study of choice, this study focuses on the cultural practices as independent variables explaining differences in the professional behavior of auditors. The cultural values will function as a set of “second-tier” independent variables of reflecting culture where relevant.

### 3.4.2 Layers of culture (individual, organizational, and occupational)

Generally, three layers of cultural analysis are considered to interact or interfere in the relationship between societal culture and the professional behavior of auditors functioning in that culture: the individual level, the organizational level and the occupational level.

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\(^{203}\) This finding refers to the negative correlation House et al. have found “between cultural values and practices in seven out of nine cultural dimensions” (2004: 729), which is “contrary to the conventional wisdom in literature”. “According to value-belief theory, the values and beliefs held by members of cultures influence the degree to which the behaviors of individuals, groups, and institutions within cultures are enacted, and the degree to which they are viewed as legitimate, acceptable, and effective” (House et al. 2004: 17).

\(^{204}\) For example, in cultures with low performance orientation practices (a universally desired trait), the study shows that people value or desire greater performance orientation. This is in contrast to cultures that are already high on performance orientation practices; they desire less more or even less performance orientation in their cultures.

\(^{205}\) Project GLOBE has not split the sample into respondents on the “as is” practices questions and the “should be” value questions to prevent a common source bias. While they split the sample of respondents at the societal level and the organizational level, they have not done so for the values versus practices.

\(^{206}\) Furthermore, project GLOBE shows that a society’s cultural practices are associated with a large variety of societal phenomena (e.g. economic health), i.e., cultural practices are the better indicators of societal phenomena such as “common behaviours, institutional practices, proscriptions, and prescriptions” (House et al. 2004: 16).
3.4.2.1 The individual level of analysis

Are all individuals within a defined culture the same? The answer, of course, is: no. Cultures are composed from individuals who are collectively considered to “be” that given culture. These individuals all have their own characteristics, values, and beliefs. Nevertheless, in a given culture, all these individual values and beliefs are summed up to the level of some common denominator or assumed homogeneity. This is considered the case with national cultures: In a country, certain values and practices will be dominant over others. Cultural dimensions used in this study refer to “the value culture of the dominant, majority group” (Schwartz 1999: 25).

Several scholars have studied the interaction between cultural values at the individual level and those at the societal level (e.g., Smith and Schwartz 1997). This is important as much of the data used to study cultures is collected from individuals within those cultures, e.g. through questionnaires distributed to individual participants. When comparing cultures at the societal level, “the results obtained are characterizations of cultures but not of individuals” (Van de Vijver and Leung 1997: 124). This is generally referred to as the “ecological fallacy” (e.g., Hofstede 2001: 16), confusing individual-level data within cultures with societal-level data between cultures. The “reversed ecological fallacy”, on the other hand, refers to the assumption that individual-level data is also valid at the societal level and, therefore, the assumption that cultures are “king-sized individuals” (House et al. 2004: 99). These cross-level inferences “can be fallacious because of a difference in meaning of constructs at the individual and cultural levels” (Van de Vijver and Leung 1997: 125).

3.4.2.2 Organizational and occupational culture

Hofstede et al. (1990) showed that national cultures and organizational cultures are phenomena of different orders. House et al. (2004) explain the mechanisms by which industrial, organizational, and societal characteristics interact with national culture by referring to the cultural immersion theory, the social network theory, and the institutional theory (House et al. 2004: 77 ff). These theories propound that organizational cultures become “isomorphic” with the societal cultures in which

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207 These cultural dimensions are the dimensions on the basis of which countries differentiate themselves. This, however, does not say anything about the absolute cultural value of a country; only that one country is higher on a certain dimension than another country. For example, all countries are collectivist to a certain extent, but one country is generally more collectivist than the other.

208 House et al. (2004: 141): “In 1994, Schwartz extended his individual-level taxonomy of human values to the society level to identify dimensions that differentiate cultures. (…) Schwartz developed a values survey that can be used to identify a set of values that can differentiate individuals from one another or that can differentiate societies from one another”.

209 A well known definition of organizational culture is that of Schein (2004: 17): “A pattern of shared basic assumptions that was learned by a group as it solves its problems of external adaptation and internal integration, that has worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problem”.

210 DiMaggio and Powell (1983) explain isomorphism as the primary principle in institutional theory. Organizations are pressurized to become isomorphic with, or conform to, a set of institutional beliefs and processes. Normative isomorphism (apart from coercive and mimetic isomorphism), being educational or
Chapter 3 – Cross-national Cultural Differences

they are embedded, indicating that organizational cultures pass on the interacting effect of societal cultures on professional behavior.

An important study in this respect is that of Soeters and Schreuder (1988). They showed that organizational culture is strong enough to influence the values of accountants and that the national roots of the firm (in this case, USA and the Netherlands) and the auditors working in those firms are reflected in their organizational behavior. Soeters and Schreuder (1988) further showed that occupational culture also interacts with the impact of national culture although national cultures still “shine through” distinctively. Some effect of occupational or industry culture should be expected (e.g., Merrit 2000 in the aviation industry). However, no universally consistent effect has been found so far (e.g., House et al. 2004: 664).

In conclusion, research shows “that employees maintain or enhance their culturally specific ways of working even when employed by multinational or global organizations” (Adler 2002: 69). In other words, there is a general consensus that organizational or occupational practices or cultures do not (significantly) eliminate the impact of societal cultural differences on the behavior of professionals functioning in those societies. House et al. (2004) concur by concluding that “one of the major findings of the GLOBE research program is that organizational and managerial pressures to conform to a set of rules and norms (such as licensing and continued education), seems to be the most relevant mechanism that could be expected to function within the auditing profession. These pressures by professional associations can be “tempered, however, by the broader societal culture” operating within the professional society or organizational bodies (House et al. 2004: 84; Eden 2001). Sorensen (1967) for example found that attitudes and beliefs associated with professional membership were often challenged and transformed by the structural and organizational features of large public accounting firms.

211 This was partially confirmed by Pratt et al. (1993), in their extension to British and Australian auditors, who concluded that there are not only cultural differences among accountants of different nationalities, but also among accountants of the same nationalities working in different audit firms with organizational cultures that are strong enough to attract and socialize accountants with similar values. Chow et al. (2002) applied this in an oriental culture (Taiwan), a culture in which “cultural transferences between US firms and other Anglo-Saxon cultures might be less readily and easily achieved, and found similar results in distinct cultural settings as well”. The rationale is that it is reflected in those accountants through “selection” (at entry level) and “socialization” (through the ranks).

212 They found that the accounting occupation (or industry) is characterized by a low level of Uncertainty Avoidance (“lower than even the lowest scoring country in Hofstede’s 1980 study”, House et al. 2004: 77). However, they also found that the US accounting firms have lower levels of Uncertainty Avoidance than Dutch accounting firms (which is consistent with Uncertainty Avoidance value scores of House) suggesting that irrespective of an occupational effect the professional behavior of auditors is still affected by the societal cultures in which they function.

213 For example, Hofstede (2001) showed that national culture explained more of the differences in employees’ attitudes and behaviors than professional role, age, gender, or race. Schwartz (1999: 40) found an impact of cultural values on the work centrality, suggesting an impact of societal culture on work behavior. Earlier, Laurent (1983, 1986) found cultural differences to be more pronounced among employees working in the same multinational company than among employees working for different organizations in various countries. Moreover, Arnold et al. (2007) found that differences in ethical perceptions “associate with the subjects’ country to a much greater degree than with the subjects’ employer, employment level or gender” (2007: 335).
practices tend to reflect the societal orientation in which they function. (…) Organizational cultures reflect the societies in which they are embedded” (2004: 6, 37). Hence, societal cultural differences are expected to influence the professional behavior of auditors within that society, irrespective of the organizational or occupational culture. This conclusion is relevant to this study as it is conducted with respondents from the same international accounting firm and the same occupation.

### 3.4.3 Globalization and convergence of cultures

To what extent are national cultures stable? With ongoing globalization, including increased technological connectivity (e.g. internet), could one expect cultures to grow towards each other? Will the current economic crises, with its increased impact due to “global connectivity”, push forward globalization or hamper it? Or is the world even becoming “flat” as Friedman (2005) refers to the “horizontalization of values”? If ecological and geographical constraints shape cultures, would modernizations such as motor vehicles, planes, trains and technology be expected to change cultures as they overcome the ecological and geographical constraints? The answer to these questions is not clear, although the general consensus seems to be that cultures do not change or converge rapidly, especially where it concerns cultural values. Globalized media, political change and migration, and computer-mediated communication are known sources of cultural change, whereas the role of the family is less well understood (e.g., Leung et al. 2005). “The increased connection among countries, and the globalization of corporations, does not mean that cultural differences are disappearing or diminishing”, state House et al. (2004: 5). They continue: “On the contrary, as economic borders come down, cultural barriers [and thus their impact] could go up, thus presenting new challenges and opportunities in business” (also referred to as “glo-localization”).

Hofstede states, “changes in cultural norms occur through shifts in ecological conditions – technological, economical and hygienic” (2001: 12). Hofstede

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214 Although values are considered to be relatively stable, the more superficial cultural practices or habits change more rapidly over (larger or shorter) time. This can be observed in daily life. For example, while a hand kiss by a gentleman greeting a lady was considered appropriate a century ago, today this is not considered contemporary behaviour, whereas the underlying value may well have not changed. This is just as men in the UK no longer greet women by raising their hat, if they wear one nowadays at all.

215 A salient example can be found in The Economist (4 July 2009). Goldenberg and Levy argue that globalization in terms of electronic communications may have shrunk, rather than expanded, horizons. They have found that people are “overwhelmingly e-mailing others in the same city, rather than those far away”. In their study of the spread of babies’ names over the period 1970 to 2005 they have found that the proportion of babies given similar names in a given US state increased by 30% in the period 1995-2005 compared to 1970. This “curious result” illustrates “glo-localization” rather than globalization.

216 Smith et al. (2006: 66) refer to Inglehart and Oyserman’s 2004 study to point out that one important way that culture changes is under the impact of economic development; “[E]xperiencing prosperity minimizes survival concerns, making societal values associated with survival less important and allowing for increased focus on social values associated with self-expression and personal choice” (Inglehart and Oyserman 2004: 74). Having said that, this phenomenon also seems to imply that cultural convergence driven by economical development could divide the world into two parts: one poor and one rich, both parts in which cultures differ within these bands.
Chapter 3 – Cross-national Cultural Differences

illustrates that societal values, the core of a culture, will hardly change, whereas practices or behaviors are susceptible to change earlier. Smith et al. (2006: 255-257) point to several scholars who have shown high degrees of similarity in national-level values over one or two decades. This implies that although values may change over time due to "modernization", the relative difference between countries with respect to their value dimensions remains relatively stable. "National values thus appear to be relatively stable across considerable time spans" (Smith et al. 2006: 59).

In conclusion, for purposes of this study, although cultures do change over (long periods of) time, national cultures are considered appropriately stable. As House et al. state (2004: 709): “The project GLOBE results (…), along with research findings from other large scale studies (…) lead us to reject the culture convergence hypothesis, particularly in its most extreme deterministic form.” They continue: “Although we acknowledge that global communication, technological innovation, and industrialization can create a milieu for cultural change, a convergence of cultural values is by no means assured”.

3.5 Summary and conclusion

In this chapter, I discussed national cultures and the various models that unraveled cultural dimensions. From this analysis, the definition of national culture that seems most relevant is that of House et al. (2004: 15):

Culture is defined as shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experiences of members of collectives that are transmitted across generation.

The nine dimensions of nation culture that House et al. (2004) developed in their GLOBE study are the frame of reference for this study. These cultural dimensions are detailed on the next page.

National cultures manifest both in practices and values. This study focuses on cultural practices as independent variables reflecting national cultures. Cultural practices are considered to be more robust explanatory variables (if at all) of the cross-national differences in the professional behavior of auditors.

Based on the analysis of the interaction between national cultures and organizational and occupational cultures, it is concluded that both organizational and occupational cultures do not eliminate the effect of national cultures on the professional behavior of auditors. Research shows that local organizational and occupational cultures reflect the societal cultures of the countries in which they are embedded.

How cross-national cultural differences have their impact in the specific context of auditing and auditors' professional behavior is the subject of Chapter 4.
<table>
<thead>
<tr>
<th>Culture construct</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>Power Distance</td>
<td>The degree to which members of an organization or a society expect and agree that power should be stratified and concentrated at higher levels of an organization or government.</td>
</tr>
<tr>
<td>Uncertainty Avoidance</td>
<td>The extent to which members of an organization or a society strive to avoid uncertainty of future events by relying on established social norms, rituals, and bureaucratic practices.</td>
</tr>
<tr>
<td>Assertiveness</td>
<td>The degree to which individuals in organizations or societies are assertive, confrontational, and aggressive in social relationships.</td>
</tr>
<tr>
<td>Institutional Collectivism (Collectivism I)</td>
<td>The degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.</td>
</tr>
<tr>
<td>In-Group Collectivism (Collectivism II)</td>
<td>The degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.</td>
</tr>
<tr>
<td>Future Orientation</td>
<td>The degree to which individuals in organizations or societies engage in future-oriented behaviors such as planning, investing in the future, and delaying individual or collective gratification.</td>
</tr>
<tr>
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<td>The degree to which an organization or a society minimizes gender role differences while promoting gender equality.</td>
</tr>
</tbody>
</table>

*Table 1 – House et al. culture construct definitions (2004)*