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## Mongolia: A Cultural Portrait using the Hofstede 5-D Model

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# Mongolia: A Cultural Portrait using the Hofstede 5-D Model

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**Abstract-** This paper explores the cultural values of Mongolia, a country rich in resources and recently classified as a Global Growth Generator (3G) country. The analysis provides better insight into Mongolian culture, a culture for which research data are sparse. The assessment was based on the Hofstede 5-D model of cultural values. The results of this study indicate that Mongolian culture is low in power distance, high in individualism, very high in masculinity, and high in uncertainty avoidance. It can be characterized as being short-term in its orientation towards time. This paper adds to the cross-cultural literature by examining a country that has not been previously studied. Implications of Mongolian cultural values for management practice are discussed.

## I. INTRODUCTION

Mongolia, a country landlocked between Russia to the north and China to the south, has had an interesting and colorful history. It is perhaps best known for the 12<sup>th</sup> Century warrior and ruler, Genghis Khan, who united the Mongols into one of the most powerful and feared armies in history (Craughwell, 2010). The Mongolian Empire was vast and wealthy until its eventual collapse in the 14<sup>th</sup> Century. Mongolia is once again on the rise due to its geographic location and natural resource holdings. Mongolia is home to some of the world's largest reserves of gold, coal, copper, and iron ore, and possesses significant holdings of other mineral wealth. It has attracted massive foreign investment in recent years (Dexter, 2012). The vast resource deposits and the inflow of foreign investors have produced a number of changes in the country's investment laws in recent years (Liotta, 2013) and the country continues to attract investment and protect its resources. Very little is known about this rapidly emerging country with huge business potential. As foreigners flock to Mongolia in search of business opportunities, it might be worthwhile to have a better understanding of its people and their cultural values.

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This paper provides a look into the culture of Mongolia using the Hofstede framework.

The most popular and often cited research concerning cultural issues is that of Geert Hofstede and his associates. Dr. Hofstede, who was employed by IBM Europe as a trainer and industrial psychologist during the late 1960s and early 1970s, administered a survey to employees in the company's subsidiaries. From these data, Hofstede concluded that cultures differed on a number of dimensions. He proposed that management theories were not universal, but rather, were bound by culture. Management behavior deemed appropriate in one culture may be deemed inappropriate in another culture (Hofstede, 1980a; Hofstede, 1980b; Hofstede, 1983; Hofstede, 1993; Hofstede, 1994; Hofstede, 1997; Hofstede, 2001). Hofstede's work has been widely cited in various academic studies and disciplines (Kirkman, Lowe & Gibson, 2006) and often forms the basis for cross-cultural analysis in business and other university level courses. Hofstede originally surveyed 72 countries and was able to profile 40 different cultures. Later research provided for the classification of 10 more countries and three regions (www.geert-hofstede.com, 2014).

Hofstede identified four dimensions of culture: 1) power distance, 2) individualism, 3) masculinity, and 4) uncertainty avoidance. Power distance is the degree to which members of a society expect power to be unequally shared. Cultures high in power distance expect those with power to be treated differently than those without power. Status differentiation is prominent and acceptable. In low power distance cultures power differentials are not expected, nor desirable. Individualism is a measure of the importance of the individual over the group in terms of societal focus. Individualistic cultures place an importance on people's rights and responsibilities and expect societal members to care for themselves. This is contrasted with collectivism in which the societal focus is on group membership. An identity is determined by group membership and the group protects itself. Masculinity is the extent to which people value competition, assertiveness, and the acquisition of material goods. This is contrasted with femininity, which values nurturing, relationships, and a concern for others. Uncertainty avoidance is essentially a measure of a culture's collective tolerance for ambiguity. In high uncertainty avoidance cultures people establish rules and

regulations to reduce the uncertainty of the future. They feel more comfortable in having some assurance of what will happen in the future, whereas in low uncertainty cultures change and ambiguity are not considered a threat.

Later research (Hofstede & Bond, 1988), added a fifth dimension, originally termed Confucianism Dynamism and now referred to as long-term orientation. That dimension reflects the extent to which a society encourages and rewards future-oriented behavior such as planning, delaying gratification, and investing in the future. The original term, Confucian Dynamism, grew out of a view that long-term orientation was unique to a specific region of the world, which later proved to be false. While high long-term orientation orientations can be found in Confucian cultures, they can also be found in other parts of the world. Further research into cultural values uncovered another dimension referred to as indulgence/restraint (Minkov & Hofstede, 2011; Minkov, 2013). This dimension measures the degree to which a society permits or suppresses the expression of human desires. Indulgence/restraint was not included as a variable in this study due to restrictions on instrumentation. As such, the study focused on only the more established five dimensions of the Hofstede model.

Hofstede's work not only attracted great popularity in cross-cultural research, it also attracted a contingent of scholars who viewed his ideas with skepticism. Critics have expressed concerns about the generalizability of his findings, the level of analysis, the assumption of political boundaries of countries as cultural entities, and the validity of the survey instrument itself (Blodgett, Bakir, & Rose, 2008; Mc Sweeney, 2002; Smith, 2002). Others have challenged the assumption of the homogeneity of each culture studied (Sivakumar & Nakata, 2001). Venaik and Brewer (2013) are critical of both Hofstede and the GLOBE investigations and caution against both for marketing management research and practice. The fifth dimension, long-term orientation (LTO), has been challenged on the grounds of conceptual validity (Fang, 2003). Venaik, Zhu, and Brewer (2013) argue that the Hofstede and GLOBE instruments measure different aspects of time-orientation. Hofstede's questions measure past versus future orientation, whereas GLOBE measures the present and future. This difference in measurement calls into question how the cultural orientation toward time should be conceptualized. Grenness (2012) points out the problem of the ecological fallacy in Hofstede's work in which the predominant traits of a culture are generalized to individuals within that cultural group, and not accounting for individual differences. While there is some validity to the many concerns raised by Hofstede's critics, his research represents the oldest and most comprehensive analysis of cultural values. No theory of cultural classification is without its critics and

limitations, and while Hofstede's approach may be "blunt" to use the words of Jackson (2011), it nevertheless provides useful insight into understanding important cultural values.

This paper provides a look into the culture of Mongolia – a country not included in Hofstede's data set. While much is known about the Mongolian Empire and the pursuits of Genghis Khan, the literature is void on the culture of present day Mongolia, a country with a rapidly growing economy of increasing interest to international business.

## II. METHOD

This investigation of cultural values was conducted by surveying a sample of 50 students at a university in Mongolia. The sampling process was designed to produce equal participation between males and females. The respondents were mixed in terms of their residing in urban and rural areas of Mongolia. The median age of the respondents was 20-29 years old. The survey respondents were mostly young adults who volunteered to participate in the research study.

Cultural values were measured in the study using Hofstede's Values Survey Module 1994 (VSM 94). This instrument was used in prior studies that measured cultural values in Afghanistan and Kurdistan (Rarick, Winter, Falk, Nickerson, & Barczyk, 2013; Rarick, Winter, Barczyk, and Merkt, 2014). The VSM 94 items measured Mongolian culture using the 5-D model of Geert Hofstede, which includes power distance (PDI), masculinity (MAS), individualism (IND), uncertainty avoidance (UAI), and long-term orientation (LTO). Value scores were determined using the index found in the VSM 94 Manual. The scores for the value dimensions obtained in this study were compared to the scores obtained by Hofstede ([www.geert-hofstede.com](http://www.geert-hofstede.com), 2014). Comparisons were made with select countries including China, Russia, India, South Korea, and the USA. Scores for the value dimension from all of the mentioned countries came from Hofstede's published results. All comparison countries, except Russia, had scores for LTO.

## III. RESULTS

The survey results indicate that Mongolian culture is low in power distance, high in individualism, very high in masculinity, high in uncertainty avoidance, and short-term in terms of its orientation towards time. Figure 1 shows the scores for Mongolia on all five cultural dimensions using the United States for comparison.

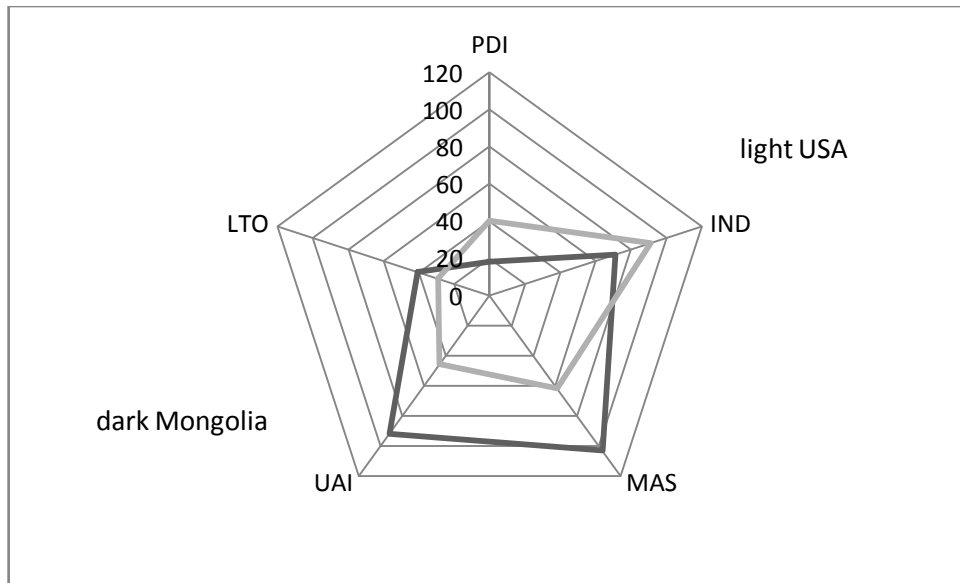


Figure 1 : Plot of the five cultural value dimensions for Mongolia and the USA

#### IV. POWER DISTANCE

The data indicate that Mongolians are low in power distance with a PDI score of 18. This low score suggests a preference for equality among societal members. Figure 2 shows the PDI scores for Mongolia along with those for other select countries. The data reveal that with respect to power distance, Mongolia is

close to its southern neighbor, China, but quite different from its northern Russian neighbor. Its PDI score is much lower than that of India, Korea, and even the United States. Low PDI scores suggest that greater power sharing in the workplace has the potential for positive organizational outcomes.

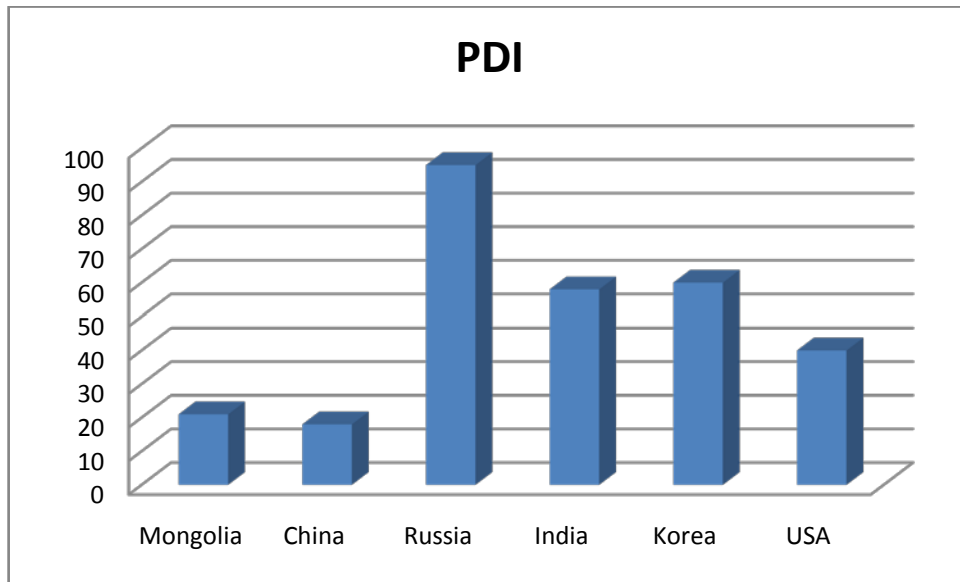


Figure 2 : Scores for power distance in Mongolia and other select countries

#### V. MASCULINITY

The data indicate that Mongolians have an extremely high degree of masculinity with a MAS score of 103, one of the highest in the world. Figure 3 shows the MAS scores for Mongolia along with other select countries. The data reveal significantly higher

masculinity in Mongolian culture than in either of its two neighbors, especially Russia. Very high MAS scores indicate a preference for competition, materialism, rigid role relationships, and more aggressive behavior. More typically one finds cultures with high MAS scores to also have high PDI scores. Such is not the case in Mongolia producing a more complex managerial challenge. The

complexity of low power distance coupled with high masculinity requires a careful blend of power sharing and competitive behavior.

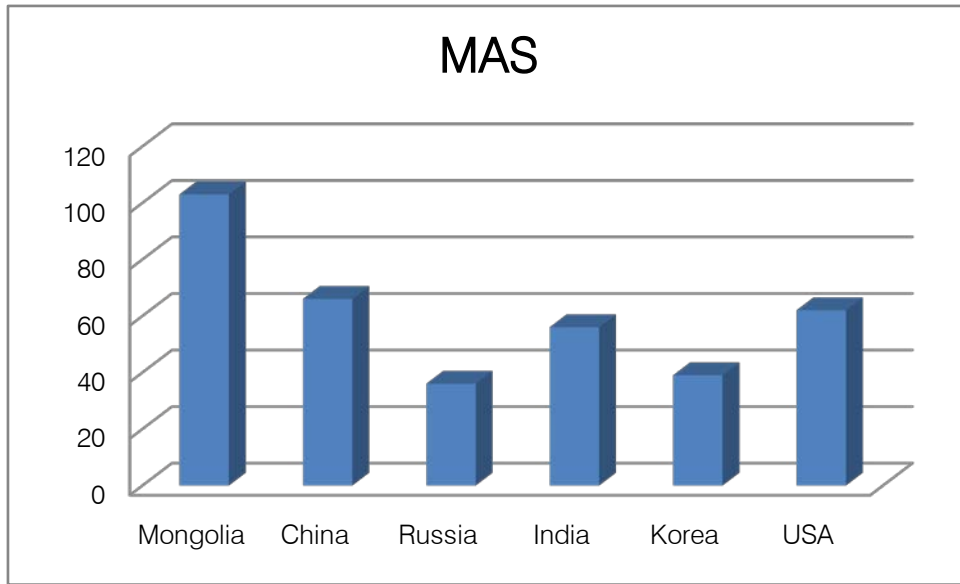


Figure 3 : Scores for masculinity in Mongolia and other select countries

### VI. INDIVIDUALISM

The data indicate that the culture of Mongolia is individualistic with an IND score of 71. Figure 4 shows the IND score for Mongolia, along with other select countries. With respect to individualism, the score is significantly higher than for other countries in the region,

but lower than that found in the United States, which has a very individualistic culture. Strong individualistic cultures have a preference for individual rights and responsibilities and generally lack a group or tribal focus. The individual is the appropriate unit of analysis in these cultures and organizational practices and rewards should reflect this individualistic orientation.

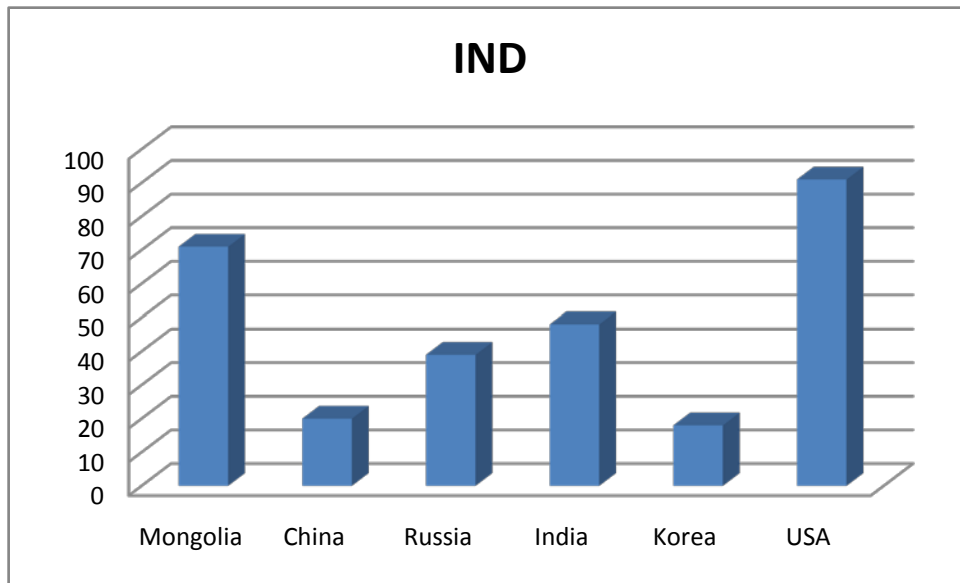


Figure 4 : Scores for individualism in Mongolia and other select countries

### VII. UNCERTAINTY AVOIDANCE

The data indicate Mongolia has a high uncertainty avoidance culture with a UAI score of 92. As can be seen in Figure 5, only Russia has a higher UAI score. A strong uncertainty avoidance culture places a

premium on feeling certain about future events. It has a strong dislike for change and tends to institute policies and rules to reduce ambiguity. The belief that there is one best way to do things prevails. The desire to embrace change and innovation is lacking, making rapid and extensive changes in organizations difficult.

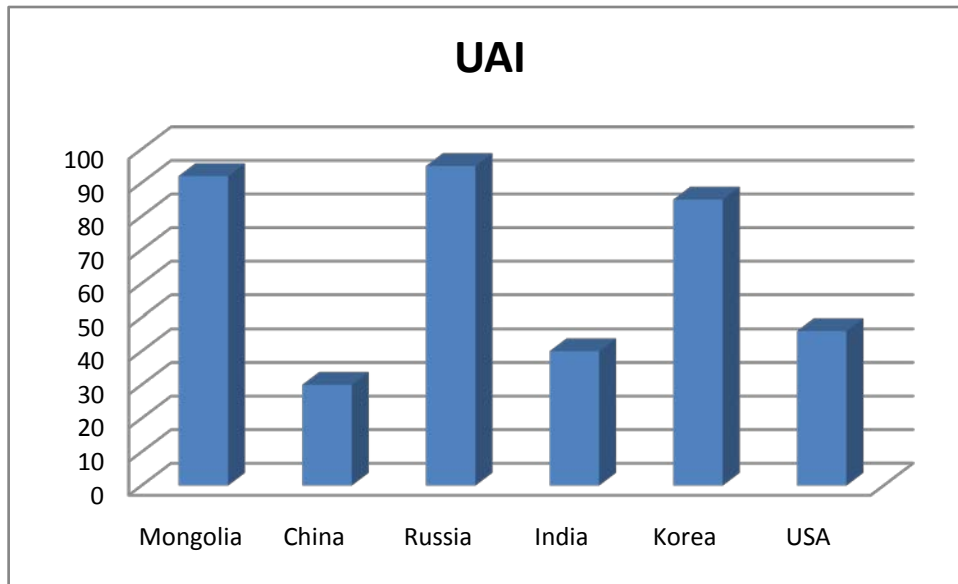


Figure 5 : Scores for uncertainty avoidance in Mongolia and other select countries

### VIII. LONG-TERM ORIENTATION

The data indicate that Mongolia is a short-term time oriented culture with an LTO score of 41. Scores for LTO in Russia are not available, but they are for Mongolia's southern neighbor, China, which has a much longer orientation to time. As can be seen in Figure 6, Mongolia's time orientation is similar, but shorter than

that of India and Korea. It is more long term oriented than the United States. Cultures with a low LTO focus on the present and expect quick results. Planning is more typically done on a short-term basis and the immediate concern is with the here and now. What the organization will look like in fifty years is not considered relevant or important in these cultures. The managerial focus is generally on present conditions and problems.

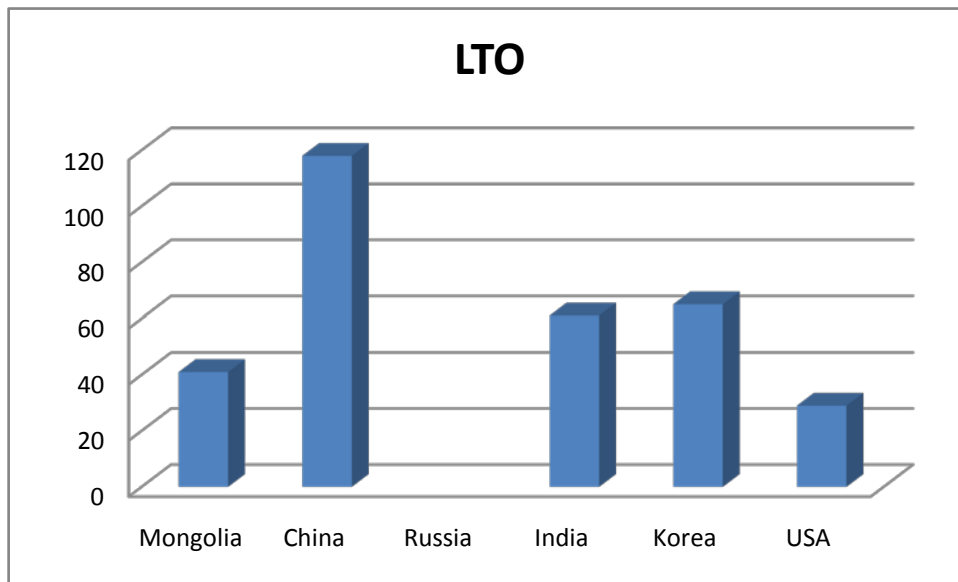


Figure 6 : Scores for long-term orientation in Mongolia and other select countries

### IX. DISCUSSION

This investigation was an initial attempt to determine the cultural values of Mongolia. Limitations of this study are similar to most other cross-cultural comparative studies. As with many investigations into cultural values, significant underreporting of less

educated and more isolated members of the culture can occur. This is also true of this study. However, these results provide a first attempt to gain a general cultural assessment of the culture of Mongolia. Hofstede (2013) recommends using matched samples for country comparison, which means matching the sample with the demographics of the participants in his original study.



Using matched samples with the original data set would be ideal for comparison, but very difficult to accomplish. Also, without some degree of generalizability of the original data set, the work of Geert Hofstede would have very limited application. We believe that the VSM used by Hofstede and others can only act as a “blunt instrument” in assessing national culture. Despite this limitation, useful insights and understandings of culture that would otherwise not be available can be studied. Based upon our assessment, Mongolian culture can be characterized as being low in power distance, high in individualism, very high in masculinity, high in uncertainty avoidance, and short term in its time orientation. These cultural dimensions have implications for multinationals seeking to do business in this developing market.

National culture can be the major determinant of the success of a multinational organization (Dartey-Baah, 2013). Understanding the values, beliefs, and assumptions of the people we do business with is critical to understanding and promoting harmonious business relationships. These cultural values and their differences can present some challenges to doing business and managing in culturally remote parts of the world. Mongolia and its culture are not well-known. However, the country is a potential major player in the developing world. According to a Citigroup report titled *Global Growth Generators: Moving Beyond the BRICs* (Buitter & Rahbari, 2011), Mongolia is one of eleven countries seen as important to world economic growth. The 3G countries mentioned in the report show great promise as a destination for foreign investment. Frontier markets offer growth potential not found in other markets and are increasingly seen as strategically important to global strategy. Research into the cultural dimensions of these growth generator countries will be helpful in developing an understanding of the people and their values.

## X. CULTURAL DIFFERENCES BETWEEN THE U.S. AND MONGOLIA

The empirical data reported in this study show the cultural differences between the U.S. and Mongolia. The power distance in Mongolian culture is lower than that of the U.S. This suggests that power sharing is important and status differences are not desirable in Mongolian culture. Thus, guidance and direction might not be expected and Mongolians are less receptive to it. The Mongolian culture is more masculine in orientation compared to that of the U.S. This suggests that Mongolian culture emphasizes the importance of competition, aggressiveness, assertiveness, achievement, and material goods. Individualism is high in Mongolia, but lower than in the U.S. This suggests that it is important to be independent and self-reliant. The score for uncertainty avoidance is very high in Mongolia.

This suggests that change is perceived as undesirable, while policies and rules that facilitate stability are considered valuable. Finally, Mongolian and U.S. cultures have low long term orientations, which suggest that their people look at living and engagement in transactions from a short term perspective.

There are several implications of the Mongolian findings relative to the U.S. In Mongolian culture one might expect to find more power sharing with individuals that might be considered to be more assertive and competitive. However, compared to Americans, Mongolians would likely be less receptive to change and guidance. They prefer established policies and rules to insure stability.

## XI. MANAGERIAL IMPLICATIONS FOR THE U.S. BUSINESSES

Management is usually defined as getting things done through people. Thus, understanding people is a very important step in management. One's values system drives attitude, thinking, decisions, behaviors and actions. According to Scarborough (1998), value systems are culturally driven. Understanding national cultures becomes more important as U.S. businesses become increasingly multicultural with diverse workforces that operate in more countries. Thus, understanding cultural differences is a critical managerial skill because those differences impact the international operations of U.S. businesses. Differences in national culture have several general and very important implications for ethics, corporate social responsibility, organizational culture, and ultimately, workplace behavior and managerial practices.

To be successful in today's complex and turbulent environment, it is not enough for corporations to simply produce shareholder value. They must do it in the right way. Business organizations today are expected to practice ethics and corporate social responsibility in order to gain social legitimacy. These two expectations are more complex than profit maximization and are highly culturally driven. Thus different cultures may have different views of ethics and social responsibility.

Ethics is the set of moral principles or values that defines right and wrong. These principles define acceptable organizational behavior. Ethical principles relate to issues such as long-term self-interest, personal virtue, utilitarian benefits, individual rights, and distributive justice. It is evident that cultures vary in terms of how they relate to these ethical issues. For example, certain cultures prefer utilitarian benefits over individual rights. As such, organizational cultures might not be effective universally. A firm's ethical decisions in one culture could conflict with the ethical principles and decisions of other companies operating in a different national culture.

The stakeholder approach to social responsibility is becoming increasingly popular. This approach holds that the survival of a firm cannot be achieved by simply maximizing the value of the firm. It must satisfy and exceed the expectations of various stakeholders such as employees, customers and society. Thus, businesses are encouraged to pursue policies and make decisions that benefit society. But what benefits society is in part culturally dependent.

Ultimately, cultural differences manifest themselves in workplace behaviors, which, in part, are mediated by organizational culture. Colquitt, Lepine, and Wesson (2013) define organizational culture as the shared knowledge of the rules, norms, and values that shape the attitude and behaviors of employees. Because of today's increasingly diverse workforce, employees have different meanings for their tasks, wealth, success, power, equity, authority, and harmony. These differences impact on organizational cohesiveness and job performance. Thus, managers must learn how to manage cultural differences by adopting appropriate organizational practices and leadership styles. Scarborough (1998) noted the importance of cultural factors when he questioned whether self-actualization would be conceptualized as residing on the top of the needs hierarchy had Abraham Maslow been Chinese; or whether job security would serve as a motivator in Herzberg's job enrichment model had he been Mexican, a societal group whose national culture exhibits very high uncertainty avoidance. In a practical sense, managers must adopt their behavior and practices to the cultural environment in which they operate. Indeed, this requires that managers possess a keen knowledge of the country's culture in which they work.

For success in international business, managers need not only a high tolerance for ambiguity, which serves to enhance their attitude toward change, but also a well-honed knowledge of national culture. The findings contained in this study provide managers with the sophisticated knowledge needed to successfully capitalize on the cultural portrait of Mongolia.

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