

Devided We Stand: Relating the models DISC, Hofstede and WVS

DISCvision behavioural economics deliver insights in the why, how, what and when questions. The DISCvision behavioural economics frame combines personal leadership profiles with the country profiles, stipulated on whether the Hofstede country findings can fit into the DISC frame. According to Hofstede, this is possible; to re-iterate: "Culture is to a collective what personality is to an individual". If Hofstede's findings can be fitted to the DISCvision behavioural economics frame, the same will apply to the WVS.

Following this, the next step is to relate the models into a single workable framework without compromising their findings. All countries can be placed within the DISC behavioral economics frame alongside the X and Y dimensions outlined above. As such, none of the original three models - WVS, Hofstede and DISC - or research findings have been changed; the data is simply collated within one model.

Power Distance inside and between cultures

The power of leaders is strongly connected with the perceived power distance of citizens towards their leaders and the government. In this essay we therefore examine Hofstede's Power Index of (PDI). Our analysis will focus more closely on the US, China, Russia, India and the European countries France, Germany and The Netherlands. France representing Catholic Europe and Germany representing Protestant Europe (WVS). In **Figure 1** we combine the WVS culture valuations¹ with the Hofstede data and show the outcome inside the DISC model.

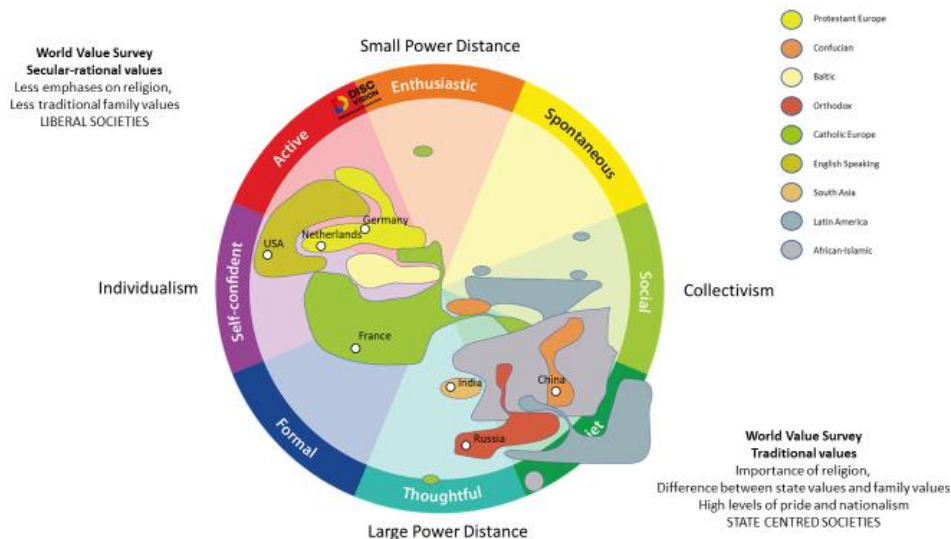


Figure 1. The PDI positioning of countries and WVS clustering within the DISC behavioural economics frame

¹ World Values Survey, 2020, <http://www.worldvaluessurvey.org/WVSContents.jsp>

The cultures of China and Russia are positioned within the collective category. India is approximately at an interim position. The other cultures tend to be more individualistic. The Power Distance is large in Russia, China and India. Within the European national cultures, only the French experience a relatively large power distance. In general, however, EU member states' citizens experience a relatively small gap between politicians and their own position in society.. In general, Leaders in EU member states often face stronger opposition to their decisions and need to explain their actions to the population in more depth. Politicians in northern Europe do not hesitate to voice their opinions on proposed solutions or decisions already taken. Proposing solutions in itself is already quite different from conveying the chosen solutions made by the leaders of more state centred societies.

If we look to this division, liberal societies will easily be seen by the inhabitants of state-centred societies as being authoritarian, competitive, arrogant, tactless and ruthless. We have to consider the fact that they see themselves, in the DISC language, to be less secure and more fearful of uncertainties. They desire, of course, to be treated as equals despite their recognition of their own higher degree of dependency and hesitancy. The trend emerges that the stronger Liberal societies exert themselves, the stronger State Centred societies will reunite and present a united front, out of a desire to maintain their pride and self-respect. The combination of strong and powerful behaviour embodied by Liberal Societies, and the relative 'lagging behind' of State Centred Societies, are the ideal circumstances for a strong leader. In essence, the only delivery required of a strong leader is the restoration of the self-respect. The self-confident behaviour of Liberal Societies does have one significant risk, in that they tend to overlook important problems. Consequently, a strong leader of a State Centred Society only has to prove the failure of their opponent (Liberal Societies), and thus shift focus away from their own defects – a relativist display of deflective performance.

A large PDI makes strong governmental measures more feasible, e.g. total lockdown measures are considered to be a fact of life during the Covid-19 pandemic (e.g. Russia). Hence, in states with a small PDI the tendency is to lean more on societal resilience and responsibility (e.g. The Netherlands). A strong top-down (e.g. hierarchical) leadership style is incomparable with a collaborative societal culture. During a global crisis we expect a temporary increase in PDI. Controlling mass-psychology and setting out a strategy in a short period of time, requires a more top-down directive approach. This approach is further accepted in countries with a small PDI, stipulated on whether the government can lean upon political credits.

We assess that leaning towards collectivism (e.g. China), the society is expected to behave in a collaborative mindset if ordered to do so by the authorities. Stronger individualism (e.g. US) lead to behaviour where individuals tend to position and guard their own interests. During a crisis we expect collective operating states to be faster to coordinate and reach out to others than states that reflect a more individualistic culture. The latter will have to invest more time and resources in aligning its own population compared to its collectivist neighbour. Subsequently, the process of reaching out to other states will take more time. Besides the timeframe, the decision to reach out in collectivistic societies is typically taken only by the leader; comparatively, a similar effort in a liberal society it will likely require a time consuming internal discussion.

Uncertainty differences inside and between cultures

The Covid-19 pandemic is synonymous with uncertainty. In dealing with the economic aftermath of the Covid-19 pandemic, more insight is required into the manner societies cope with uncertainty regarding the future. To get an impression of the extent to which members of a culture feel threatened by ambiguous or unknown situations, we examine specific countries through the lens of the Uncertainty Avoidance (UAI) framework, provided by Hofstede. If we compare the previous power difference graph with the ability to deal with uncertainties, important differences become apparent. China and India are responding spontaneously in an ad hoc fashion, and accept a less certain environment as a result. By contrast, liberal European societies are moving towards a position of reducing risks and uncertainties. Consequently, the European countries may become less flexible.

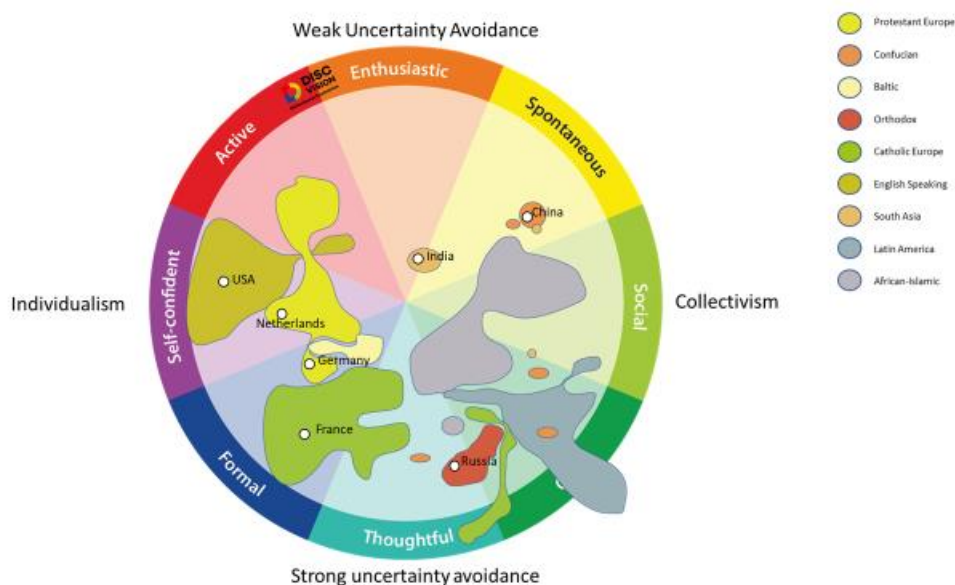


Figure 2. The UAI positioning of countries and the WVS clustering within the DISC behavioral economics frame

Having a large UAI results in less tendency toward rapid collaboration with foreign or unknown countries, or to work in adherence to long-term strategies (e.g. Russia). This aspect is exacerbated in cases of an absence of shared values with these countries. Collaboration may be possible only after a multitude of assurances are aggregately linked to topics to which the uncertainty is connected. Low UAI leads to an openness to explore easy methods to establish trust-based collaboration. During the first stages of a global crisis, the position of cultures/countries will increase in the direction of avoiding uncertainties; the countries that normally are used to a weak uncertainty avoidance will be, temporarily, more cautious than they usually are.

Pragmatism and Indulgence differences between cultures

Our observation is that countries with a large long term orientation (LTO; e.g. China) are better positioned to collaborate with other countries towards achieving future goals. Low LTO countries (e.g. US) can cooperate with well-known countries based upon shared traditions and beliefs. During the first stages of a crisis we expect a decrease in LTO in order to minimize the negative and direct consequences of a crisis, and to maintain trust in the social contract between the leaders and their constituents. Being confronted with an (international) crisis, the high PDI-index of a collectivistic culture overrules the normally large LTO position of the countries involved. The PDI-index is more important in times of crisis than the LTO-index is.

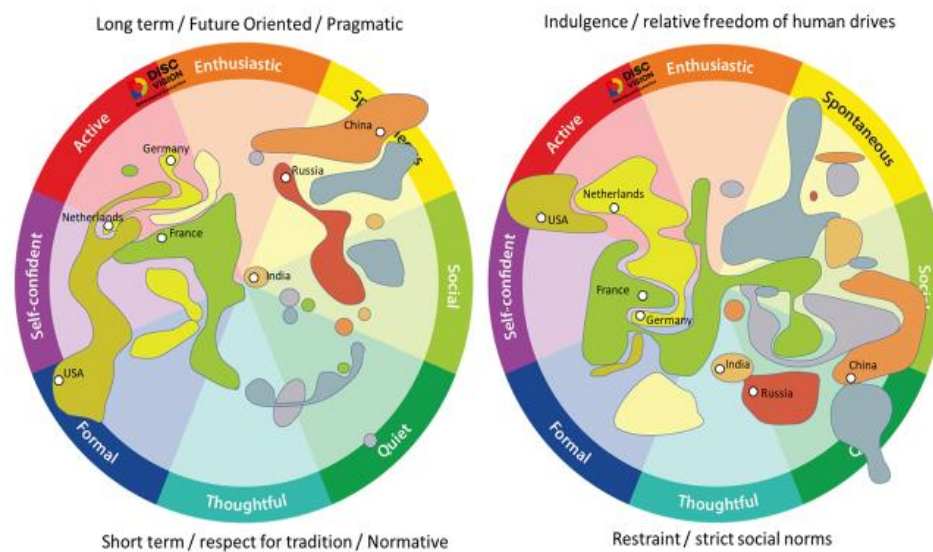


Figure 3. The LTO (left) and IVR (right) positioning of countries and the WVS clustering within the DISC behavioral economics frame

We assess that a low Indulgence vs Restraint (IVR e.g. Russia, India and China) leads to a prevalence to cooperate with likeminded countries based upon collectivism and social norms (trust). Interstate or global cooperation is therefore difficult or restricted. A decrease of IVR is expected during a crisis; a sea change focus towards survival-over-happiness takes hold. For example, Hong Kong finds itself increasingly coerced into integrating with China, and has a very high IVR. Inhabitants generally have extensive freedom of rights and very low restraints. Hong Kong is also more short term oriented, whilst China is focussed on long term planning. The high PDI is more or less the same, and reflects the daily situation we see on the ground. The polar opposite in terms of IVR, both having a large PDI, has produced the culture clashes we may witness on TV.

We have made the following observations.² These five indexes deliver some insight into the cultural profile of countries that are best positioned to lead global collaborations. The personal capacities of a leader are temporarily put aside. It is clear that the leading cultures should be considered as economically and politically powerful nations. A country that has a more central position in its PDI, and a moderate position regarding individualism and collectivism, seems to be most suited for taking on a leadership role. This profile seems to be most suitable in bridging the gap between cultural differences. If the culture and the nation is additionally experienced in active international trading history, this translates to an ability in dealing with influences abroad and is thus an essential asset to consider. Germany and India are culturally, on the balance of all Hofstede-indexes, well positioned to establish and maintain strong political and economic relationship abroad.

The position the United States, being on the more extreme liberal side of the IDV-spectrum, as the primary global leader has been significantly damaged by Donald Trump's unilateral style of leadership. However, the leadership position of the United States is defined by more than simply the character of the US President. A change in leadership could help restore some of its prestige and regain the trust of its European allies. In contrast to China, economic cooperation with the US private sector is different from political cooperation. The American political and cultural values are strongly individualistic, which places them at odds with many collectivist inclined societies. However, the American business culture tends to be more formal, reserved and traditional. Its strong economic potential and political versatility contribute to the United States being well suited to maintaining a strong position as a global leader, depending on its chosen course of action. Due to the deterioration in traditional ties to global organisations, notably the World Health Organisation, it could take a long time to rebuild confidence in the future.

China, on the more extreme state-centric side of the IDV-spectrum, will continue attempting to strengthen its position as a global economic and political leader. Mistakes likely made in the early days of its Covid-19 response will lead to a review of the actions taken by the government, but will certainly not lead to systemic change. On the contrary, actions that were later taken appeared logical and accepted in the Chinese and similar state centred systems. Within the Chinese system, these missteps will certainly not trigger a setback in the course and speed of its economic development. It is well positioned to maintain strong political and economic relationships with similarly collectivist and traditionalist countries. As a state-centred economic powerhouse, China will be able to portray itself as a global leader in many international economic and cultural projects. Nevertheless, the strong influence of the Chinese state in all its economic projects will arouse reciprocal suspicion amongst China's trading partners. Economic cooperation with China comes with potential consequences for the political sovereignty of the smaller trading partner. The global economic slow-down outside of China (or the US or EU for that matter) will naturally have corresponding effects within China. This will, in turn, affect the stability of the global system. Here resides the principle clue outlining a joint pathway towards the future; the stronger the moral and guild issues are put on the table, the faster that gap will widen. As it pursues political status to match its economic clout, China's cultural and political profile presents both advantages and limitations to its capacity to act as a global leader.

² We combined our own (HCSS) assessment and crisis management experience with the observations and indexes from Hofstede; Hofstede, G. (2011) Dimensionalizing Cultures: The Hofstede Model in Context, Online readings in Psychology and Culture.

As a political entity that represents a wide array of countries and cultures, the European Union also has a lot of potential to assume the role of global leadership. The European Union will need to maintain its integrity as deglobalisation and political populism increasingly hinder political cooperation within and between its member states. The power of Europe is, with Brexit and compounding internal financial difficulties, also under severe pressure. If Germany is willing to assume more responsibility, together with likeminded countries, the ability for the EU to play a credible and important role is likely to become a reality. The necessary tipping point of the European Union towards this end could hinge upon the current leadership of Germany under Angela Merkel.