

Elena Stoica<sup>1</sup>

## EUROPEAN STANDARDIZATION PROCESS THROUGH THE NATIONAL CULTURE CONCEPT

*This paper focuses on finding the right balance between standardization process, the development of European identity and the sentiment of national cultural identity. The study is mainly based on quantitative research methodology, using the current stock of service standards, on the quantitative indicators used by the Eurobarometer data and also Hofstede's cultural dimensions. Socio-demographic analysis reveals the items frequently mentioned among the most important sources of European and national identities that have to be considered while standardizing services.*

*Keyword: identity; services standardization; the European Union; Hofstede's model.*

Елена Стоїца

## ПРОЦЕС ЄВРОПЕЙСЬКОЇ СТАНДАРТИЗАЦІЇ КРИЗЬ ПРИЗМУ КОНЦЕПЦІЇ НАЦІОНАЛЬНОЇ КУЛЬТУРИ

*У статті акцент зроблено на пошуку вірного балансу між процесом стандартизації, розвитком загальноєвропейської ідентичності та національним виміром ідентичності. Представлено переважно кількісне дослідження, що спирається на загальноєвропейський масив стандартів, кількісні показники за Євробарометром та культурні виміри за моделлю Хофстеде. Соціально-демографічний аналіз доводить, що найбільш часто згадувані показники загальноєвропейської та національної ідентичностей мають бути враховані в процесі стандартизації в секторі послуг.*

*Ключові слова: ідентичність; стандартизація послуг; Європейський Союз; модель Хофстеде.*

*Рис. 5. Табл. 3. Літ. 23.*

Елена Стоица

## ПРОЦЕСС ЕВРОПЕЙСКОЙ СТАНДАРТИЗАЦИИ СКВОЗЬ ПРИЗМУ КОНЦЕПЦИИ НАЦИОНАЛЬНОЙ КУЛЬТУРЫ

*В статье акцент сделан на поиске правильного баланса между процессом стандартизации, развитием общеевропейской идентичности и национальными измерениями идентичности. Представлено преимущественно количественное исследование, опирающееся на общеевропейский массив стандартов, количественные показатели согласно Евробарометру и культурные измерения по модели Хофстеде. Социально-демографический анализ доказывает, что наиболее часто упоминаемые показатели общеевропейской и национальных идентичностей должны быть учтены в процессе стандартизации в секторе услуг.*

*Ключевые слова: идентичность; стандартизация услуг; Европейский Союз; модель Хофстеде.*

**Introduction.** The survey published by the European Committee for Standardization (CEN) shows that the benefits of standards to service providers and users include improvements in service quality and in the transparency of services offered. In this context, standardization has been designated as one of the key policies for strengthening the internal market by generating economic benefits through harmonization and economies of scale. Revision of European legislation on standardization has been selected as one of 12 priority steps of the Single Market Act (COM/2011/0206). Despite the established concern as a means to support the deve-

<sup>1</sup> University of Economic Studies, Bucharest, Romania.

lopment of the single market, standardisation activity has been directed towards national progress, with the vast majority of service standards developed at each member country, rather than European (Directive 2006/123/EC). In this context, we note that some countries aren't able to easily accept and incorporate cultural diversity in their services standards. One of the reasons behind slow standardization process is the role of national culture being much more important than the European Union's.

***Supranational cultural model across Europe.*** In a world where conflicts are widespread, even in Europe, separating the major civilizations, namely Western, Islamic, Slavic-Orthodox and Latin, creating a "united identity" is more of a top-bottom policy. At the end of the 1980s, the European Union launched a number of policies aimed at creating European identity. Prior, the Declaration on European Identity was signed, in 1973 in Copenhagen, by the member states, referring to the "diversity of cultures" and to "common heritage". It also underlines the rule of law, representative democracy, social justice and respect for human rights as "fundamental elements of European identity". Since 1977 the Commission with the support of the European Parliament has developed a cultural policy, which aims to promote awareness about European cultural identity. Until 2007, as the Lisbon Treaty was signed, the only reference to cultural diversity has been in the context of education in Article 149(1) EC Treaty: The Community shall contribute to the development of quality education by encouraging cooperation between Member States and, if necessary, by supporting and supplementing their action, while fully respecting the responsibility of the Member States for the content of teaching and organization of education systems and their cultural and linguistic diversity. Since Lisbon, the EU Treaty contains in Article 3 the following provision: "It [the EU] shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced".

***Culture as the way of nations' life.*** I. Wallerstein (1990) considers culture a set of features which separate one group from another. In this sense, culture is a group of values, symbols and patterns of behaviour that a person acquires as a member of a group, in our case, a nation. Referring to the national and supranational level, (Smith, 1992) thinks that relatively little attention has been devoted to cultural and psychological issues associated with European unification. In this context, "openness to diversity" refers to certain institutional circumstances of each country, but also to behavioral factors (Mayntz and Scharp, 1995). The multilevel nature of culture, identified by G. Hofstede (1991) recognizes a visible area as well as an area which is not immediately apparent. In his vision, culture influences behaviour through such manifestations:

- values: what we hold dear to us;
- rituals: festivals, ways of paying respect;
- heroes: persons admired by the society as a whole;
- symbols: words, artefacts, pictures that carry a special meaning.

Culture can be described as the orientation or values or modes of behaviour (as being standardized), but there are also individual variation, subcultures and communities which may appear culture divergent (Molz, 1996). K.P. Hansen (1997) explains culture as the concept of differences between people's ways of life. Although the ways of everyday life may seem different according to one's work or education, there are certain

common features characterising individual as members of the same national culture. These common features are mainly common language and shared history. Language and history (not the view on its course) constitute the main background of cultural influence, which is mostly involuntary because achieved by birth and further socialisation (Hauser, 2004). These standardisations constitute the framework of what the members of a culture consider "normal" and that is the main reason to be taken into consideration. More, wider geographical and historical regions (e.g. the Balkans, Eastern Europe, Central Europe, Scandinavia, Catholic-Mediterranean legacies, Communist legacies etc.) include significant similarities across their countries. In the standardization policy, the European Union has to "blend" Anglo-Saxon tradition, Germanic and French customs, Scandinavian and Central and Eastern Europe state traditions.

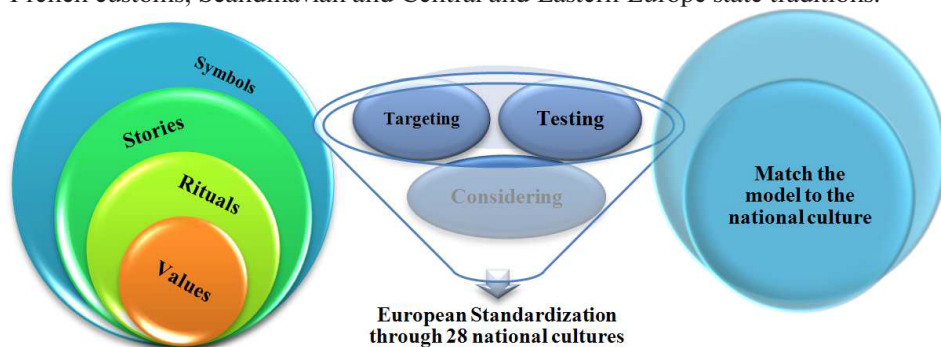


Figure 1. **Onion (layer) model of culture** (Hofstede, 1991) and **the European Union standardization**, author's

There are 5 questions in the Standard Eurobarometer 82 to test for nation's openness:

- did you socialise with people from another EU country (51%);
- did you visit another EU country (57%);
- did you watch a TV programme in a language other than your mother tongue (37%);
- did you read a book, newspaper or magazine in a language other than mother tongue (27%);
- did you use the Internet to buy a product or service in another EU country (26%).

Cross-national analysis of various openness practices reveals that Luxembourg respondents recorded the highest score for each of 5 practices. The openness index highlights this special position: 84% of the respondents in Luxembourg have "high" openness index, around 40% higher than in the countries with the next highest openness indices – Sweden (48%), the Netherlands (47%), Denmark (47%) and Malta (45%). On the bottom of the list, Italy (5%) and Hungary (6%) have the lowest openness indices.

Regarding the respect to other culture, that is one of the values that the Europeans associate with the European Union, right after peace, human rights, democracy, the rule of law, individual freedom and respect for human life and solidarity. This value is mentioned by more than one in ten respondents (14%), with France on the top of the list (22%) and Romania on its bottom (4%).

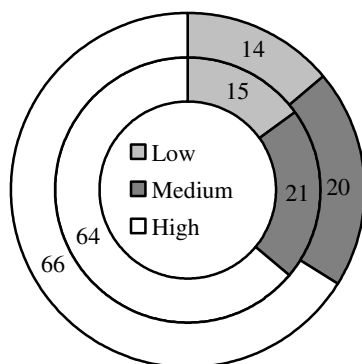


Figure 2. Index of openness to other EU countries, 2013 and 2014 (Standard Eurobarometer 82)

Table 1. Index of openness to other EU countries and culture as the value that best represents the EU, author's

EU country	Index of openness	Culture as the EU main value	EU country	Index of openness	Culture as the EU main value
Austria	19	11	Italy	45	15
Belgium	24	16	Latvia	27	20
Bulgaria	14	9	Lithuania	18	13
Croatia	17	12	Luxembourg	84	18
Cyprus	26	19	Malta	45	16
Czech Republic	11	12	Netherlands	47	11
Denmark	47	16	Poland	9	8
Estonia	33	16	Portugal	9	16
Finland	32	8	Romania	9	4
France	13	22	Slovakia	26	10
Germany	14	12	Slovenia	32	15
Greece	11	15	Spain	9	13
Hungary	6	11	Sweden	48	13
Ireland	16	14	United Kingdom	15	18

**Benefits of cultures' understanding.** Growing international trade and the dependence on service sector are the contributing factors for practitioners to acquire proficiency in coping with diversity.

Since standardization is seen as a top-bottom process, there is a need to investigate the influence at the individual level through the eyes of culture. Culture is a major cause of role conflict, where appropriate behavior for one culture may be inappropriate for another (Strauss and Mang, 1999). Ignorance of core cultural sensitive values at the microlevel often leads to wrong belief resulting in unhappy customers and lost business (Shostack, 1985). Ritz-Carlton hotel group, for example, experienced difficulties when they tried to introduce a Western style total quality management system in their Hong Kong hotel which got into contradiction with Chinese "guanxi" (Lee-Ross, 2005).

Standardization provision success in the 21st century will be dependent on how individuals and organizations acquire and practice cross-cultural sensitivity and skills

in dealing with customers from diverse background (Harris 2004). That is why if the European Union wants to succeed, leaders in all 28 member nations, the ESO's and National Standards Bodies (NSB's) have to pay more attention to culture and business (Harris, 2004). One decisive way to do that is through a coherent and adaptable standardization provision.

The assumption that countries are more or less culturally homogeneous is questionable, even in Europe where nation states have a long history and tradition of homogenization efforts and processes. On the other hand, homogenizing forces of political and educational systems, nationwide living contexts, mass media and national symbols would tend to frame a cultural unit at the country level (Hofstede, 1980), especially in long-established nation states.

Fearon's study offer the most reliable measurement of ethnic and cultural fractionalization at the national level that includes a very wide range of countries, including 28 European Union states (Table 2).

*Table 2. Ethnic fractionalization and cultural diversity in the EU states, author's*

EU country	Ethnic fractionalization	Cultural diversity	EU country	Ethnic fractionalization	Cultural diversity
Austria	0.13	0.10	Italy	0.04↙	0.04↙
Belgium	0.57↗	0.46↗	Latvia	0.58↗	0.44
Bulgaria	0.29	0.25	Lithuania	0.34	0.26
Croatia	0.37	0.18	Luxembourg	0.53	0.49
Cyprus	0.36	0.36	Malta	0.04↙	0.16
Czech Republic	0.32	0.06	Netherlands	0.08	0.08
Denmark	0.13	0.13	Poland	0.05↙	0.04↙
Estonia	0.51	0.49↗	Portugal	0.04↙	0.04
Finland	0.13	0.13	Romania	0.30	0.26
France	0.27	0.25	Slovakia	0.33	0.29
Germany	0.09	0.09	Slovenia	0.23	0.17
Greece	0.06	0.05↙	Spain	0.50	0.26
Hungary	0.19	0.18	Sweden	0.19	0.19
Ireland	0.17	0.16	United Kingdom	0.32	0.18

The analysis of these results by countries reveals that Latvia (0.58) and Belgium (0.57) have the highest score in ethnic diversity, their results are over 50%. Belgium, the country with the second highest ethnic fractionalization index in the European Union has high scores in cultural diversity (0.46). On the contrary, Italy (0.04), Malta (0.04) and Portugal (0.04) are among the most homogeneous countries. Italy and Portugal have, also, multiple negative effects of diversity.

According to several studies, the scale of cultural diversity within a country can have distinct impacts on development prospects and growth. G. Hofstede and M.H. Bond (1988) argue that the impressive economic growth experienced in South East Asian countries during 1965–1985 was due mainly to Confucian cultural roots. Having worked in the US Agency for International Development for years, (Harrison, 1992) asks the question: "Why do some nations and ethnic groups do better than others?" And his answer is: "The overriding significance of culture is the paramount lesson I have learned in my thirty years of work on political, economic, and social development".

As stated above, within any culture there could be a multitude of possible sub-cultures which also influence individual behavior. While inseparability is a characteristic of all services which involves coproduction, at the microlevel customer is a part of the service production process. That's why a cross-cultural client expresses greater challenge being impacted by different cultures. During this intercultural encounter, differing norms and values often create cultural dissensions and conflict that can result in unhappy customers, frustrated employees, business losses, and a negative reputation (Cushner and Brislin, 1996). A cross-cultural service encounter may be impacted by the lack of support, and that is what the European Union has to do. They have to create through standards a system able to mediate high quality service with the own culture of buyers. Such challenges need to be recognized and decisions must be reoriented according to each national cultural needs, when the Commission calls for standardization of services.

**Methodology using Hofstede model.** Cultural context plays an important role in offering types of perception, and action relating services. The macrotheoretical models (Hall, 1990; Hofstede, 1993; Trompenaars, 1993) establish cultural dimensions at the national level, telling nothing about individual specific actions, but helping us to create the background with the descriptive function. G. Hofstede (2006) suggests that many measures of national culture are correlated with national wealth. He interprets the correlation to mean that culture is affected by economic factors, stating "wealth supports individualism, but it also relates to other dimensions". His analysis focuses on the consequences of economic prosperity, arguing that economic wealth will impact society's culture. For example, he claims that higher levels of economic prosperity lead to lower levels of power distance (Hofstede, 1980).

Instead of using GDP as an economic indicator we choose another index, more elaborate and easier to compile in this study: Human Development Index (HDI) combining the indicators of life expectancy, educational attainment and income (health – education – living standards) into a composite index, which serves as a frame of reference for both social and economic development.

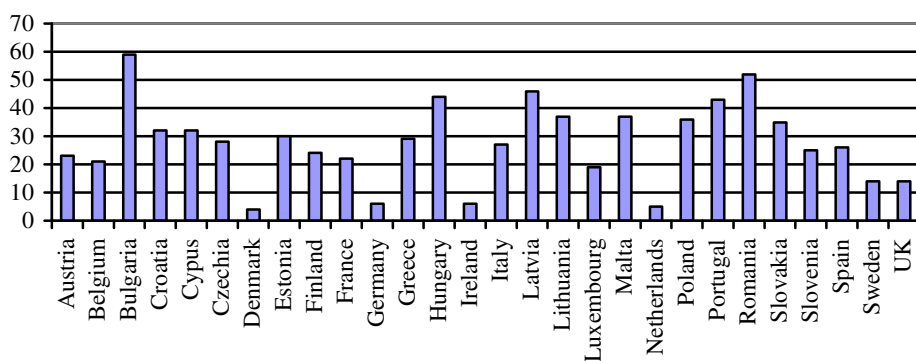


Figure 3. Human Development Index Rank, 2014, author's

**Cultural dimensions at the macrolevel.** G. Hofstede's (2006) critique suggests that national cultures can be measured only through a set of values. To make this research measurable, we integrate 4 of the Hofstede's cultural dimensions and the scores of

economic and social performance and cultural and ethnic diversity in a correlation. Since culture changes very slowly, the scores can be considered up to date.

The scale of Hofstede's scores runs from 0 to 100 with 50 as a midlevel. In the case of individualism vs. collectivism (IDV) the low side (< 50) is considered "collectivist" and above 50 – "individualist".

- Power distance (PD): how a society controls inequalities among people. Individualism vs. collectivism (IDV): Individualism is a society in which individuals are expected to take care of only themselves and their immediate families. Its opposite, collectivism, represents a society in which individuals can expect their relatives or members of a particular ingroup to look after them in exchange for unquestioned loyalty.

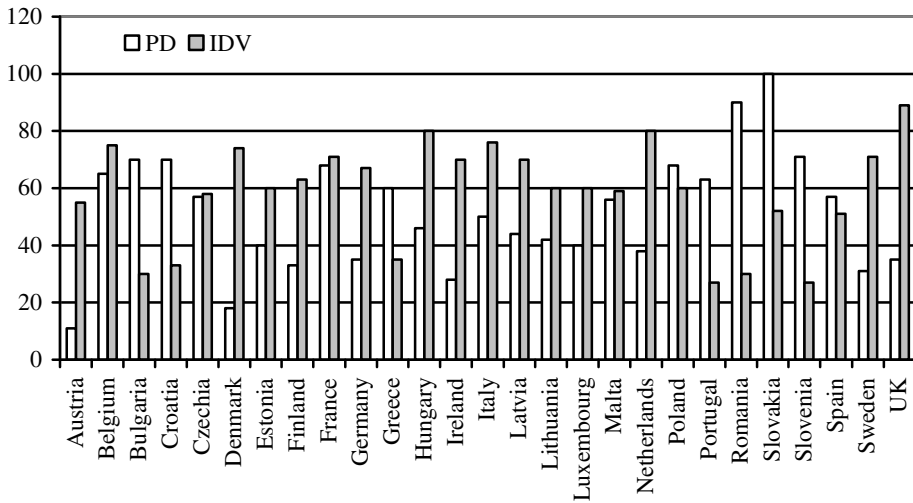


Figure 4. Ranking of the EU countries: PD and IDV, author's

- Long-term orientation vs. short-term orientation (LTO): Societies that score low on this dimension prefer to maintain time-honoured traditions and norms while viewing change with suspicion.

- Uncertainty Avoidance Index (UAI): Countries with strong UAI maintain rigid codes of conduct. Weak UAI societies maintain a more relaxed attitude in which practice counts more than principles.

**Study and conclusions.** The question is about the importance of culture as the main driver in shaping economic and social prosperity. G. Redding (2005) argues that culture underlies institutions, which in turn underlie business systems; therefore, he considers the relation between economy and national as co-evolutionary. A performance-oriented society can prosper and as a result can better educate its people who will contribute more to their societies in turn (Javidan, 2004). In this situation: are the relationships between wealth, national culture, and European standards correlated?

To test if these variables were intrinsic, affecting standardization process we used the correlation coefficient. Items that had factor loadings lower than 0.3 were considered poor indicators and were removed from the analysis. Negative items had their scores reversed in the analysis.



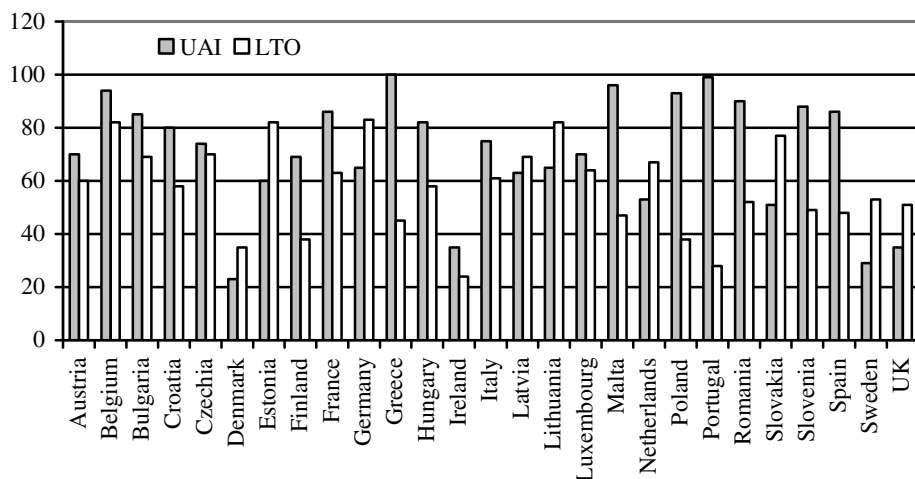


Figure 5. Ranking of the EU countries: LOT and UAI, author's

Table 3. Correlation between Hofstede variables, culture and development, author's

	Power distance	Individualism m vs. collectivism	Uncertainty avoidance	Long-term orientation	Cultural diversity	Ethnic fractionalization	Index of openness	Respect to other cultures
Power distance	1							
Individualism	-0.5594	1						
Uncertainty avoidance	0.5719	-0.5597	1					
Long term orientation	0.1317	0.1692	0.0119	1				
Cultural diversity	-0.0546	0.2267	-0.0378	0.4338	1			
Ethnic fractionalization	-0.0216	0.0003	-0.0391	0.4969	0.1231	1		
Index of openness	-0.3162	0.1844	-0.3631	0.0578	0.4331	0.1517	1	
Respect for other cultures	-0.1623	0.1585	0.0388	0.1013	0.1190	0.2016	0.2878	1
Human Development Index	0.5921	-0.5496	0.5975	0.1029	-0.1911	0.1381	-0.3685	-0.1751

Countries with high power distance index show high human development index (0.5921), but a negative index for openness (-0.3162).

Uncertainty avoidance is correlated with human development index (0.5975) and is related negatively with the index of openness (-0.3631).

Furthermore, there is a reverse correlation between individualist countries and human development (-0.5496).

Long-term orientation is correlated both with cultural diversity (0.4338) and ethnic fractionalization (0.4969).



At the end, the assumption that cultural diversity and ethnic fractionalization maintain consumer decision-making style has to be taken into consideration in standardization processes. The differences in decision-making styles are correlated with every national cultural background. As companies located in different cultures use different marketing mix approaches to their products – since consumers respond differently to marketing stimuli – the European Union has to do the same. Each country has a distinct cultural background and different countries have different market needs.

As stated above, the existence of various services standards schemes in different countries within the same sub-area of services, each linked to different requirements, does create potential barriers to be introduced within the single European market for services.

**Further research.** When designing the standardization process, the EU must understand how culture affects consumer reactions in each country. In turn, they must also understand how their strategies affect culture.

Although Hofstede's cultural dimensions applied here are recognized worldwide, there are other recent tools to measure culture developed by cross-cultural researchers such as F. Trompenaars, Ch. Hampden-Turner and E.T. Hall, which could be considered in the future, mainly for the purposes of comparison. Further studies are necessary to analyze whether this situation occurred due the specific services domain since literature indicates that individualistic cultures tend to have a more confused by overchoice decision-making style.

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