

The EU: the third great European cultural contribution to the world

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The future of the EU and of the Euro are dominating the headlines in all media. The cover of the Economist read: “Staring into the Abyss: a special report on the future of Europe” some time ago. The situation since then has changed very little.

The influence of culture has not been part of the analyses one sees in the media. Yet there can be no truly intelligent analysis of the situation unless one takes into account that there are huge differences in terms of the underlying assumptions, expectations and values of the stakeholders involved, in Europe and abroad.

The main focus of this paper will be to demonstrate that:

- Europe is the most diverse cultural continent in the world.
- The diversity in value dimensions found by empirical research has profound influence on the way people organize themselves in the EU nation states. These values lead to sometimes opposing views on centralization/decentralization, the rule of law, human rights, the separation of powers in a democracy and as a consequence the position of the Central Bank, the definition and role of leadership, the degree of sympathy for social cohesion, the answer to economic crisis: investing or austerity programs, etc.
- Five of the 6 possible models of organizing a nation state are to be found in the EU. Bridging these differences is a political and intellectual challenge of unique proportions.
- The way Europe is trying to bridge the value differences between nation states without imposing one model is a laboratory for solving similar challenges for a globalizing world.
- If the Europeans will be successful this will be a cultural change comparable with two previous European revolutions: the renaissance (the discovery of the individual) and the

Enlightenment, the period where individuals were empowered to think for themselves and not to accept blindly (religious) authorities

I. Introduction

Professor Geert Hofstede is nowadays widely recognized as the one who did the most fundamental research on cultural differences.^(*1) He carried out fundamental research into the dominant values of countries and the way in which they influence behavior in organizations. Original data were based on an extensive IBM database for which between 1967 and 1973, 116,000 questionnaires were used in 72 countries and in 20 languages.

The results were validated against about 40 cross-cultural studies from a variety of disciplines. Analyzing his data, Hofstede found five value clusters (or “dimensions”) being the most fundamental in understanding and explaining the differences in answers to the single questions. He measured the differences and calculated scores for 56 countries on these 5 dimensions. Later research partly done by others have extended this to 85 countries. The combined scores for each country explain variations in behavior of people and organizations. The scores indicate the relative differences between cultures.

The five dimensions of national culture identified by Hofstede were: power distance (PDI), individualism/collectivism (IDV), masculinity/femininity (MAS), uncertainty avoidance (UAI) and Long Term Orientation (LTO)


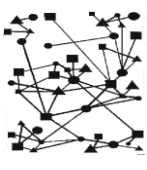


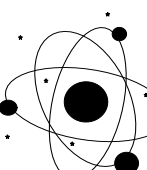
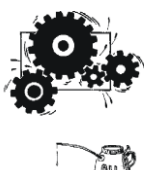
See ^(*2) for a definition and short description of the five dimensions.

II. Typology of national cultures

In his work with highly complex organizations Huib Wursten was often confronted with the remark that understanding the Hofstede dimensions one by one is not enough to account for the complexity of real life issues. It is almost always the combination of two, three or sometimes all five dimensions that leads to understanding. Moreover, a standard reaction of people was: “Am I supposed to memorize the scores on the 5 dimensions of all these countries? That is over 400 different bits of information...”

As a response to that Wursten developed a tool describing the effects of combining the single dimensions and reducing the complexity. This led to 6 culture clusters which can be more easily referred to in order to understand culture differences in practical terms. ITIM International has used this model to describe how culture clusters affect human behaviour on 40 different important issues for international, leadership and policy making.

^(*3)

Mental images (or culture clusters)					
AUL, GBR, IRE, NZL, USA	DEN, NET, NOR, SWE, FIN	CHI, HOK, IND, IDO, MAL, PHI, SIN	BRA, CHL, COL, ECA, SAL, GRE, GUA, ITA SOUTH, KOR, MEX, PER, POR, RUS, TAI, THA TUR, URU, VEN	BEL, FRA, ITA North SPA, SWI (FRENCH)	AUT, CZE, HUN, GER, SWI (GERMAN)
contest	Network	Family	Pyramid	Solar System	Machine
					
Central concept					
Competition	Consensus	Loyalty and hierarchy	Loyalty, hierarchy en implicit order	Hierarchy and impersonal bureaucracy	Order
-PDI +IDV -UAI +MAS	-PDI +IDV -UAI/+UAI -MAS	+PDI -IDV -UAI	+PDI -IDV +UAI	+PDI +IDV +UAI	-PDI ± IDV/+IDV +UAI

1. The contest model

This is applicable to all Anglo-Saxon countries. The cultural context is: low power distance, lower uncertainty avoidance, masculinity and high individualism. The central assumption of this mental image is: if you give people and organizations the freedom to compete, something good will come out. The characteristic of this value combination is that hierarchy is not based on an existential difference between people, but something that is agreed between people to facilitate the work in organizations: it should be clear who is delegating to whom and who is reporting to whom.

In principle, employers and subordinates negotiate about objectives, targets and the

work-content. Targets are supposed to create a challenge. No-one should fiddle with targets once they have been formulated, because they function as the central element of performance-monitoring. The assessment system is the foundation for work motivation. People are rewarded measured against fixed targets. Reward is given in the form of bonus systems or career moves.

Solutions to problems are obtained by communicating with each other. Open competition is central in this model. In order to motivate people, they must be able to compete with others, but also with themselves. Important concepts in this model are: achievement-orientation, target setting, winners and losers, making it, career, bonus systems as reward for competition, special career paths for “high potentials”, etc.

The trap in a globalizing world is that there is a tendency to give these theories and concepts a universal value. The management theories that are taught at universities and business schools in the world are mainly stemming from Anglo Saxon scholars. The explanation for this is a general human one. The inclination exists to imitate the conduct of (economically) successful people. This is true all over the world with respect to the American culture. Imitating American ideas constitute, as it were, a symbol for progress and success. American management ideas are blindly adopted by managers everywhere.

This leads to some well-known management practices in organizations: introducing things like flexible reward systems, career-oriented management development systems, Management by Objectives, special training courses for “high potentials”, etc.

The consequences are that people outside the Anglo-Saxon environment partly adjust to the new rituals, but only in part and not completely. It is a common human tendency to act according to what is expected by your environment. However, this does not mean that this is corresponding with people’s own inner motivation and values.

Political model of the contest countries

This is also known as “the Westminster model”. For many years the media in the UK and the US have argued that democracy, even in objective economic terms, is the best political system. Democracy alone can ensure long-term economic freedom. Ownership rights for example, are safeguarded independent of leaders or regimes.

A more detailed study into political systems however, shows that the various cultural systems have different impacts and they affect the type of democracy adopted in different nations.

In the Contest countries we see a democratic system whereby two strong political parties are competing with each other in a polarising manner and allow “the winner to take all” after the elections. This includes appointing the top level civil servants, so that the top layers of government organizations are all changed, in line with the election winner.

In this system, it is very important to maintain a series of checks and balances so that no single party can continue to win forever. There should be continuous competition with a level playing field.

The law system is Common Law. This law system is regulating the horizontal relations of the Government as well as the vertical relationship with the citizens.

The counties involved have a high score on IDV. This means that the individual is the starting point of the reasoning on rights and obligations. The norms are strictly derived from the declaration of human rights. Rights and obligations are the same for everybody. Colour of the skin, gender, sexual preference or ethnic background should not make a difference.

The political model favours decentralization. As an example: in the US the states are very independent towards the federal level. Together they delegate upwards power to the Federal level. Too much interference from the Federal Government is problematic.

After the elections, the president has executive accountability. He/she should have the means to roll out the party program, but is constantly scrutinized in terms of results.

The economic approach is the reflection of the culture of free competition. The assumption is that if you give people the freedom to compete something good is coming out. One of the important conditions to do so is deregulation. In times of economic crisis the emphasis is on making people more entrepreneurial. This means that the tendency is to stimulate by lowering taxes and to make more money available

2.The network model

This model is a combination of low power distance, high individualism and femininity. The combination of low PDI and Low MAS ends up with a strong emphasis on equality. Equality not only in terms of rights and obligations (IDV) but also in the reluctance to accepting different treatments for winners and losers; the big ones and the small ones.

The Scandinavian countries and the Netherlands are found to share something that is described in sayings like: just act normal, that's mad enough, and: if your head sticks out above the ground level, it will be chopped off. It is not appreciated if you try to profile yourself as the "winner". People who try to do this give other people the feeling that something is quite wrong with them. This is known as the "Jante law" in Sweden, Denmark and Norway: don't think you are better than any other person in your environment. This is of course regarded as strange behaviour in contest countries. Moreover, the entire

approach around organizations, management, motivation and leadership is affected by this emphasis on equality. Everybody is equal and should be taken into account.

Motivation is strongly related to this. Research shows that the strongest work motivation is to have autonomy within one's own work field. The workings of this model can be compared with shop owners in a shopping mall. Shop owners in a Shopping Mall first and overall concentrate in making their own shop effective. They don't accept interference of other shop owners or the management team of the Mall. "What the hell do these people know about my 'field'"? The shop owners may accept someone for the role of mall manager, but they have complete authority in managing each their own shop. On the other hand they want to be involved in all the decisions taken on the level of the shopping mall, because these decisions can influence directly what they are trying to achieve in their shop. They also agree that from time to time, they need to meet in a sort of assembly, to decide on certain broad issues, such as opening hours, shared services such as security, cleaning, waste management, energy consumption.

Elements important for this network approach are: work-content, quality of the relations-network, co-operation, the work environment and the feeling of mutual independence and thus the need for harmonization of interests between heterogeneous stakeholders. Decisions are usually not made by the half + one method, but made by involving all the relevant stakeholders and trying to develop consensus among them. The countless meetings that take place in organizations are the consequence of this.

The most important characteristic of these meetings is that the objective is to find “support”: consensus between the main stakeholders on what should be done. Criterion for good policy is stakeholder-satisfaction: the degree in which their interests are covered by the decisions taken. That is why it is allowed to retract decisions that have already been reached. In principle, if the stakeholders after a meeting have second-thoughts, it is not regarded as strange to allow him or her to return to the organization and say: “I’ve been giving it a lot of thought and a reality check shows that it is not a good idea. Can’t we do it in another way?” In a country like the Netherlands, this means that decisions that have been taken tend to be open for further development the following day. This takes place on a macro-level, in politics and also on a micro level, within organizations.

Political model of the network countries

Democracy, influenced by the network system, assumes that multiple societal stakeholders involved in the network are willing and able to participate in consultations, during which the personal shop interests are presented as well as possible, without drowning the issue. As we have already seen, this form of participation is “normal” in the eyes of network cultures.

The second step is that in an open discussion there is a search for the shared interest. One could call this: “an interweaving of goals”. This characteristically takes place in a horizontal manner. There are important stakeholders and less important ones, but what isn’t or is barely tolerated is decision-making from hierarchy. Developing “support” is the key word in the democratic process. The central government is seen as one of the network players. However,

in addition to her role as a stakeholder, she also has a very special role: process monitor. She must identify the players and ensure that all players, even the less blatant, are invited to sit at the conference table. Agreements are made in this process, which are increasingly laid down explicitly as voluntary agreements and have to be continuously tested against the consequences in practice.

This also takes place in public meetings, during which course “stakeholder satisfaction” is also tested. If this is not the case, and stakeholders are not satisfied, then adjustment must be an option.

The key competence for leadership in such a culture is very much covered by the word “coordination”. The formula for success is: $E=Q*A$. Effectiveness is equal to the Quality of the proposals, multiplied by its Acceptance.

As an example of the consequence: The Prime Minister of the Netherlands is not the “Boss” of the Government but just the chair of the meetings of independent Ministers.

Political consequence

Leading principles in the political field of Network cultures are known as “the four C’s”:

- Consensus seeking
- Coalition governments
- Collegial administration (no hierarchy)
- Co-optation (trying to get the enemy aboard)

If threatening new ideas or groups are spotted, the tendency is not to polarize, but to try to involve them and in doing so neutralize their ideas by absorbing some of them. In the Netherlands this is known as the “poldermodel”

Economic approach:

Free competition with built-in mechanisms to protect the vulnerable. People accept that money is redistributed to maintain social cohesion.

The response to crisis is to look for consensus between the societal stakeholders. The approach that is making the stakeholders like employers, trade unions etc. is embraced

3. The pyramid of people

The third image that was found was the “pyramid” of people. The main dimensions of this type of culture are power distance, uncertainty avoidance and collectivism. In principle, this is the system in the majority of countries in the world. Some Asian countries, all Latin American countries, all Arab countries and in Europe countries like Portugal, Greece and Russia have this in common. The decision-making process is top-down. Hierarchy is important and essentially acknowledged and accepted by everyone.

The political model of the Pyramid countries

There is a strong need for centralization.

A frequent reference point for legitimating actions is the “general interest”, as formulated by the top people. There is a strong need to formalize the communication between the various levels and to formalize the mandating between levels.

The mandating is always done top down. The lower levels are only supposed to do what the official mandate is allowing them to do. If something is happening that is not foreseen in the mandate, people should go back all the

way up in the hierarchical system to ask for instructions.

Collectivism also leads to a “must” in terms of the profile of effective leaders. They are supposed to behave like a father/mother of the family. In return for loyalty, the “boss” is supposed to take care of people. This means that people expect favors. Clientelism is a common feature. Promotion is frequently not related with performance, but rather it is used as a reward for loyalty.

The preferred way to control and evaluate policy is to inspect in a direct way whether the people lower in the hierarchy have implemented the decisions taken at a higher hierarchy level, in an effective and efficient manner.

In the economy there is a strong influence from powerful representatives from ingroups. This can take different shapes: important families, political parties, rich regions, ministries etc.

In times of economic crisis the tendency is to have official austerity programs in place. At the same time to protect the interests of the power groups.

4. Solar system

This is the culture of nations like France, Belgium, the North of Italy and Spain.

The features are: high Power distance, high Individualism and High Uncertainty Avoidance.

The main difference of these cultures with the pyramid system is the tension between at one hand high acceptance of hierarchy and at the other hand a high degree of individualism.

This means that the “moral” approach is replaced by a more rational and functional approach. Rewarding loyalty is replaced by an attitude of “right person and right place”. The coordination element is accompanied by direct supervision and by the standardization of task descriptions.

The tension between on the one hand power distance and on the other hand individualism leads to a tendency of never contradicting power holders in their presence, but rather to: “draw your own plan”, once you are outside their reach.

Because of high Individualism, leadership is not so much connected to being a “father of the family”, but rather a highly visible intellectual technocrat.

Delegation and control are the same as in the pyramid system.

The separation of powers in democratic thinking originates from one of the representatives of this type of culture: France. The principle was formulated by Montesquieu. In social reality this is frequently problematic; because of the hierarchical thinking, there is a tendency to see the political level as the top of the hierarchy. The controlling and executive levels are supposed to follow the lead of the politicians.

This has a big influence on economic behavior. In the Monetary Union in Europe the Central Banks are supposed to be independent from the politicians. The ECB itself is supposed to say no to plans that would lead to inflation and a higher national debt. However, there is abundant evidence that, in practice, this is not really acceptable in the High PDI countries.

The tendency in times of economic crisis is to have austerity programs in place

5. The organisation as a family

This is the dominant image in some countries in Asia, especially the Chinese dominated cultures, and also in some of the Caribbean countries. This image is formed by a combination of high Power Distance, Collectivism and a low score for Uncertainty Avoidance.

This cluster is not relevant for this article since there are no countries in Europe with this type of culture, therefore we will not describe it here.

6. The well-oiled machine

This image fits countries like Germany, Austria, the German-speaking part of Switzerland and Hungary. It is related to a low score on Power Distance, a high score on Uncertainty Avoidance and a high score on IDV.

The core issue of these cultures is a high internalized need for structure.

In principle, people feel autonomous and want to perform tasks independently. But the condition is that all obscurities around task-completion and task-description are reduced. Clarity in the structure and explicit procedures form the core of the internal discussion about the organization. Decentralization within clear, “unshakeable” agreements is the natural form of leadership and management.

There is a great emphasis on establishing clear regulations, policies, processes and procedures, which need to be diligently

followed to maintain order. Planning and organizing are of great importance. Discipline in execution is key. Each individual is responsible for enforcing the rules.

When something unexpected happens, something that was not previously foreseen in planning, the immediate response is to consult the experts on the subject: not necessarily the hierarchical authority, but rather the “subject matter authority”. At the same time, planning and organizing are reviewed and amended, to avoid the repetition of an unforeseen circumstance. Better planning will ensure that everything can be predicted accurately and that in order to cope with arising situations it will be possible to follow previously established contingency plans.

Example: the autonomous position of the “States” in Germany with respect to the central authority in Berlin. The reference point for evaluation is: have all the parties involved observed the previously formalized planning? If the answer is negative, this means that the planning needs to be amended and mechanisms need to be put in place in order to ensure that in the future all parties involved will indeed observe the agreed plans and rules.

There is no room for deviations, exceptions, re-interpretations. Discipline in execution is more important than customization, unless customization is included in the planning with clear criteria to cope with every new situation. Circumstances which do not conform to the agreed criteria must be rejected or excluded until the planned criteria are amended. If the original plan is ratified upon review, then the phenomena which do not fit are rejected permanently as unacceptable.

The economic approach is to embrace free competition in a strong set of rules to regulate this competition. The aim is to maintain social order.

In times of economic crisis the natural tendency is to avoid risks and to start austerity programs

III. The Situation in Europe

Is one cluster more effective than others?

Because of “culture bias”, every member of a culture tends to think that their culture is better than all others, it’s a natural phenomenon. All international studies suffer from the same malady: they start by defining comparison criteria and fail to realize that their choice of criteria is influenced by the cultural values of the research team.

Outside looking in

Whenever any analysis of the European situation is made, we need to take into account the cultural background of whoever is making that analysis. We all have our own cultural bias, based on our own background.

Whenever Europe is observed by analysts coming from a Contest culture, such as the US and the UK, it is very likely that they will consider the European Union to be hopelessly mired in never-ending, inconclusive discussions. To the Americans and British observers, the European decision-making process will always be perceived as being too slow and not action orientated enough. These observers would like to see European leaders behaving in a more decisive way. Subconsciously, they hope to see a “heroic”

type of leader who would cut through the complex discussions and would quickly reach a tangible result. They tend to underestimate the complexity of dealing with five different culture clusters, since they, themselves, deal with a much more homogeneous cultural reality, by comparison.

But is the UK looking at Europe from the outside or from the inside? Is the UK not part of Europe? Actually, it depends on who you ask: people everywhere perceive the UK as being part of Europe, except that the people in the UK themselves have a different opinion...

One could argue that every country in the EU faces the same dilemma: national independence and autonomy versus European integration and belonging. The dilemma is felt more strongly in the UK than anywhere else, due to the Contest nature of the UK culture. And the UK has the only Contest culture in the EU.

The eye of the beholder will always influence the analysis and its conclusions. When Europe matters are observed by Latin Americans and Africans (Pyramid cultures) it is very likely that the analysts will remark that the European Union lacks a strong, charismatic leader wielding enough authority to decide what is better for the greater good of the region. The only way to solve the EU's problems, according to this perspective, is to give more authority to the European bureaucracy in Brussels and to appoint a European President/Prime Minister/King to run the Community. The title is not important, but having true authority which is respected by all, is essential.

From yet another perspective, the Germans see the EU as lacking in order and structure. They criticize the lack of legislation and the discipline to follow established rules. Whenever there are conflicts among European member-states, the Germanic cultures will recommend more structure and more discipline.

The Dutch and Scandinavians see the EU as a complex network of relationships among different member-states, who must all be heard and regarded as having equal rights, regardless of the differences in the size of their economies. They will often criticize the lack of conclusion to discussions, but will rebel against any attempt to impose authority from the centre or to disregard the less powerful member-states.

The French, Belgians, Italians and Spanish (Solar-System cultures) will be split internally. In theory, they tend to advocate greater authority from the centre; at the same time, that goes against their own interests to maintain autonomy. They will recommend greater central authority as the only way to resolve issues and will engage in fierce lobbying to defend national interests, often appearing to contradict themselves.

Finally, the perspective of the only cluster that is not found in Europe, the "Family" cultures. They will look puzzled at Europe. The Chinese for instance will criticize Europeans for lacking respect for authority and for being selfish individuals, rather than sacrificing personal interests for the greater good. Yet, the Chinese are patient, their culture values looking at things from a long-term perspective. To them, what is happening in Europe is just "a hiccup" in a long process of development, which will

require another century or so to play itself out. What is most amusing to the Chinese is how people can expect European integration to happen so “quickly”... They would expect it to take at least a century.

IV. Europe In 2022

Looking at the future and making forecasts is always a daring endeavour... Most predictions made by economic analysts turn out to be mistaken after just a couple of years. This may very well be because most economists (if not all) fail to incorporate culture factors into their analyses. They usually fail to recognize their own culture bias, and they proceed to analyse and predict economic behaviours in other cultures without taking culture into account. Small wonder that people fail to behave according to such forecasts.

If we take in consideration the culture perspective and its influence on political, sociological and economic aspects of our analysis, and then look at what is likely to happen in Europe during the next decade, perhaps our forecasts can be “less inaccurate”.

The main challenge for Europe in the next ten years will be to make further progress towards economic and political integration, while simultaneously recognizing different culture identities and managing them. Not a small thing...

We are talking about a completely new paradigm. A system that can transcend nation states with different value preferences.

Nation: people sharing a certain territory and having a shared national consciousness who in principle accept the authority, legitimacy and power of their political administration (= state)

The inherent contradiction about the European Union is that further integration requires relinquishing some forms of local authority, legitimacy and power at the national level to empower a central government of the whole region. This runs contrary to the values of the UK, the “Machine” cultures and by the Dutch and Scandinavians, although these latter, as “Network” cultures, are more willing to accommodate things as long as there remains a sense of equality among all member states and dissenting opinions are heard (but not necessarily acted upon...).

The French, Belgians, Italians, Spanish and Polish (“Solar System” cultures) will go along with the idea, but they know very well that discipline requires authority and frequent inspections to be enforced. The aspects of contention will be that they will favour more power to the central government, but will fight to exert each their own influence in it, while avoiding that such a government would, in practice, have authority over their own national government. They will try to include “exemption” and “exception” provisions (supported by the British), but these will face resistance from the Germanic cultures.

We can expect that Germany will continue to push for establishing a structure, a set of processes and procedures to which all member-states will abide. Austria and Hungary are both extremely likely to support most German endeavours. However, the Germans will tend to emphasize that it is up to each member-state to enforce the rules, or to have an “automatic mechanism” which kicks in to ensure fiscal discipline is observed. They do not like a process which requires frequent

inspections, as this goes against the values of low Power Distance. The Germans (and the other “Machine” cultures) take for granted that people will focus on performance, naturally, and that everyone will do their best to avoid deviations from established plans. They are very likely to be disappointed in relation to these aspects.

The Portuguese and Greek (“Pyramid” cultures) will support a strong central government as long as they perceive it to really have authority. Half-baked measures and “compromise” solutions will not gain their respect, so in those cases they will pay lip service to integration but will pursue different agendas at the local level whenever they can get away with it. Long discussions and compromises in Brussels will be perceived as signs of weakness at the centre, giving them implicit endorsement to find their own ways. This will be enhanced in the absence of frequent inspections.

The UK, of course, will remain the last bastion of euro-scepticism. They tend to feel comfortable with American ideas. They are comfortable operating under a less regulated environment and maintaining “local” autonomy. The only way Britain might agree to more integration and a stronger European Union government is if they perceive it as leading to better performance and higher yields for Britain. As it stands, there is very little motivation in the UK population to support the EU: the situation in Britain would have to get much worse, so bad that relinquishing authority to Europe would seem like the “lesser evil”. Perhaps, if the first “European Prime Minister” would be a British national with a ten-year mandate, that might make a difference.

Overall, the key issue of the political union and the monetary union is subsidiarity. This defining principle in the Maastricht treaty needs rethinking. Only these things should be decided on the higher that cannot be decided on the lower level was and is a sound principle. However, too much pressure has been on giving up autonomy and top down regulating. In the process, the reality of value diversity has been neglected. As a consequence the needed legitimacy of the democratic political system is under pressure. This is dangerous because a lot of people in the EU nation states don't recognize their reality any more in the decisions taken by the “centre”.

To be successful and to maintain the trust of the voters of the nation states, the need to centralize further because of the pressure of the “market” should be weighed carefully. Further steps might be necessary in the technical/ rational reasoning. But this is not purely technical/ rational. This is about bridging fundamentally different values preferences. This never has been done in the world. This is an exciting, giant new step. It is only to be compared with the cultural impact of Renaissance and the Enlightenment

V. Conclusions

Culture is having a defining role in the choices people make also in the political environment. Culture is closely linked to national identity and individual identity. One cannot discuss political and economic systems without considering the impact that culture has on both of those.

This is not a matter of development. Also in highly developed, democratic countries one can see these differences.

In no way one can say that one economic or political or legislative model is per definition better than others.

It is dangerous to import systems fitting one type of culture into other value systems without taking this into account.

For European integration to continue making progress, a number of concessions will need to be made, by all parties involved, to the five different set of expectations and values (culture clusters) existing among the member-states. Trying to impose one set over the other four is likely to result in a stalemate.

And yet the EU is a fascinating experience in the social organization of mankind, with far-reaching consequences for the whole world watching on the sidelines.

Is it possible to transcend the concept of nationalism? Are we witnessing, in the EU, the birth of a new concept, which will succeed nationalism and predominate over the next 200 years?

If we are experiencing a major transition in Europe towards a different form of social organization, we must realize two things, above all else:

- a) it will be traumatic;
- b) it will take time

Such a transition will not be smooth; conflicts are to be expected. Movements forward will be followed by a couple of backward steps. Yearning for the future will be accompanied by

yearning for the past. Millions of people will be involved in discussing the inherent dilemmas of the situation.

Such a transition will take decades to develop, whatever the outcomes. Perhaps historians in 2100 will look back at this period as “The European Transition”, from 1990 to 2030...

What could we do, as leaders in Europe, to mitigate the risks and minimize the disruption which affects millions?

A set of recommendations

1. Angela Merkel once summarized the dilemma by asking “Do we want more Europe or less Europe?”. In considering the response to that question, we need to go beyond the usual use of Rationality which is typically employed by economists and most pundits. We need to look at Emotions and Values, beyond Rationality. This is the first recommendation: look at Values (that is where the essence of Culture resides) and the Emotions involved, in addition to Rational arguments. The people of Europe will not reconcile the basic dilemma based on Rationality alone. The other two aspects (Values and Emotions) are equally important in considering the available options to reconcile the dilemma.
2. Think “outside the box”. If we are creating a new form of social organization, we need to develop new mechanisms and policies touching every aspect of social life. We will not solve 2020 problems using 1930’s politics and economics. New forms of

- democratic representation may be needed, not just the European Parliament, which is nothing more than an international version of the national parliaments, in themselves out-dated institutions desperately needing replacement. New concepts in economics need to govern economic discussions, such as Behavioral Economics, Sustainable Economics and other emerging schools of economic thinking. New regulations need to be developed to replace the old ones which date from several decades ago.
3. People need to feel that they belong to a community sharing similar values (similar culture, notions of what is “right” and “wrong”). Surely it must be possible to provide that sense of identity and belonging to the next generations without necessarily having to say “you are German, but I am English”. Actually, this feeling of belonging and identity is often provided more strongly by a community much smaller than a nation. People feel “Bavarian” rather than “German” or they feel “Scottish” rather than “British”. The point here is that it should be possible to share the same currency, fiscal policies and broad social policies, as in a true federation, while maintaining relative autonomy and cultural differentiation, probably in a more fractioned sense than in the current 27 nation-states. Perhaps cultural identity must be preserved in 54 sub-national regions, or even more. This needs to be explored with an open mind. The core issue is that culture needs more differentiation while economics and politics need more integration. These things are not mutually exclusive, but they require some creative thinking to co-exist.
 4. Transnational and supranational discussions need to be fostered. If we have the Germans discussing amongst themselves whether they want “more Europe or less Europe”, while the Greeks hold the same discussion in parallel only amongst themselves, the whole process tends to foster disintegration. Issues need to be increasingly discussed across national borders and not restricted by them. The EU leaders need to think like EU leaders and not like national leaders, and they need to facilitate European discussions rather than national discussions.
 5. Huge transnational education programmes need to be put in place to foster integration in a truly democratic and open way. This should not be propaganda or brain-washing, but rather genuine open discussions and sharing of information, values and emotions. Currently, this open exchange of Rational, Emotional and Ethical aspects is happening informally, with no planning or coordination, through tourism, business interaction and social networks. It should be accompanied by intelligent programmes in mass education using a 21st Century approach.
 6. Subsidiarity needs to be on the agenda again. The principle is right: as much as possible should be decided on the lower levels. This needs strong

restraint from the bureaucrats in the centre. This needs to be reflected in the choice of “leaders”. Individuals are not always reflecting the values of the culture they are coming from. Still it is strange and bad for the perception of citizens to see that so many visible leaders in the EU and in the Monetary Union are from the high PDI, high UAI countries (see below). Meaning from cultures like Italy, France, Spain, Portugal and Belgium favouring centralization.

7. Next to Federal institutions like the ECB it is necessary to develop more consistent inter-governmental forms of administration. We believe that the culture clusters are defining the countries that are like minded. That would create a system allowing for the necessary social diversity in a unified Europe.

Other recommendations need to be developed, discussed and implemented. The huge social transformation in Europe is more than an experiment in a certain continent: it is a major stage in the social development of mankind.

Dismantling the European Union will not stop the integration process of our societies all over the world: it will merely delay it for a couple of decades. We should be able to manage the integration process better, beginning in Europe, which is most advanced in these matters, learning from that process and applying the learning in other parts of the world.

The only way to do that will be to go beyond the Rational and to look at Culture and its emotional consequences in order to reconcile the dilemmas involved.

*1.

The Top 20			
The most influential business thinkers, according to a Wall Street Journal ranking			
Name	Distinction	Name	Distinction
1. Gary Hamel	Consultant	11. Peter M. Senge	Author, 'The Fifth Discipline'
2. Thomas L. Friedman	New York Times columnist	13. Richard Branson	Virgin founder
3. Bill Gates	Microsoft chairman	14. Michael E. Porter	Harvard professor
4. Malcolm Gladwell	Author, 'Blink'	15. Michael S. Dell	Dell founder
5. Howard Gardner	Harvard professor	16. Geert Hofstede	Author, 'Culture's Consequences'
6. Philip Kotler	Northwestern professor	17. Clayton M. Christensen	Harvard professor
6. Robert B. Reich	Ex-labor secretary	18. Jack Welch	Former General Electric CEO
8. Daniel Goleman	Psychologist	18. Tom Peters	Author, 'In Search of Excellence'
9. Henry Mintzberg	McGill professor	20. Myron S. Scholes	Nobel laureate
10. Stephen R. Covey	Author, '7 Habits of Highly Effective People'	20. Ikujiro Nonaka	Hitotsubashi professor
11. Jeffrey Pfeffer	Stanford professor		

*2. Short description of the five “Hofstede” dimensions.

Power distance is the extent to which less powerful members of a society accept that power is distributed unequally. In large power-distance cultures everybody has his/her rightful place in society, there is respect for old age, and status is important to show power. In small power-distance cultures people try to look younger and powerful people try to look less powerful.

It’s the opinion of the author of this article that this dimension creates about 80 percent of the problems in international organizations that are trying to operate with multicultural teams.”

People in countries like the US, Canada and the UK score low on the power-distance index and are more likely to accept ideas like empowerment, matrix management and flat organizations. Business schools around the world tend to base their teachings on low power-distance values. Yet, most countries in the world have a high power-distance index.

In individualistic cultures people look after themselves and their immediate family only; in **collectivist** cultures people belong to in-groups who look after them in exchange for loyalty. In individualist cultures, values are in the person, in collectivist cultures, identity is based on the social network to which one belongs. In individualist cultures there is more explicit, verbal communication; in collectivist cultures communication is more implicit.

In **masculine** cultures the dominant values are achievement and success. The dominant

values in **feminine** cultures are caring for others and quality of life. In masculine cultures performance and achievement are important. Status is important to show success. Feminine cultures have a people orientation, small is beautiful and status is not so important.

Uncertainty avoidance is the extent to which people feel threatened by uncertainty and ambiguity and try to avoid these situations. In cultures of strong uncertainty avoidance, there is a need for rules and formality to structure life. Competence is a strong value resulting in belief in experts, as opposed to weak uncertainty-avoidance cultures with belief in practitioners. In weak uncertainty-avoidance cultures people tend to be more innovative and entrepreneurial.

The last element of culture is the **Long Term Orientation** which is the extent to which a society exhibits a pragmatic future-orientated perspective rather than a near term point of view. Low scoring countries are usually those under the influence of monotheistic religious systems, such as the Christian, Islamic or Jewish systems. People in these countries believe there is an absolute truth. In high scoring countries, for example those practicing Buddhism, Shintoism or Hinduism, people believe truth depends on time and context.

Repeated research is showing that these values and the scores of countries are not, or very slowly, changing over time.

- A Danish scholar, M. Søndergaard (5), found 60 (sometimes small scale) replications of Hofstede’s research. A Meta analyses

confirmed the five dimensions and the scores of countries.

- A recent replication, showing the same result was carried out by including Hofstede's

questions in the EMS, the European Media & Marketing Survey (see 2).

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