

## **Ethno cultural factor in the system of international economic relations**

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**Abstract:** This paper is devoted to a review of a number of theoretical and practical aspects of the cultural determination of international economic relations in the light of various approaches to their analysis. The starting point for consideration is the understanding of culture as a determinant of economic phenomena. The culture in this respect is primarily a system of basic informal institutions, mental group settings, stereotypes, values. The mental culture effects the international trade, the behavior of consumers in the national markets of goods and services, the attitude to work, the decision of firms in the international context regarding the direction of investments, and the entry mode of the firm on the international market. The main attention is paid to the analysis of national cultures of business communication, the characteristics of the content of business cultures of different peoples, as well as the description of ethno metric approaches to the analysis of economic mentality of representatives of different countries.

**Keywords:** cultural values, informal cultural institutions, national economic mentality, cultural determination, cultural barriers.

**JEL Classification:** Z10, Z13

### **Introduction**

In recent decades, more and more attention of economists has been attracted to the cultural factor as determinants of economic processes. For a long time, culture was considered in economic studies as an economically neutral factor, at best peripheral, inessential. In recent decades, the situation has changed, the culture is "returning" into economic doctrine (Beugelsdijk, 2011). There is an increase in the number of economic studies devoted to culture. An important factor in the growth of interest in culture in economic science was the staggering economic success of the countries of East Asia, due in large part to the cultural characteristics of these countries; in particular the Confucian values (Harrison, 2000). Economists, striving to improve the basic principle of economic action, were forced to turn to the historical and sociocultural context of economic processes. In this way, not only economic sociology, but also institutional economic science has developed. With the development of a New Institutional Economics (D. North, O. Williamson, R. Coase), the cultural considerations entered into the mainstream of economic science. The institutional economy stresses the need to take into account the cultural context of economic action, its socio-cultural embeddedness, to study of formal and informal institutions as constraints of economic activity (Beugelsdijk, 2011).

The assumption of the principle "homogeneity" of economic actors (*Homo economicus*) gives way to the notion of the importance of their specific national and cultural characteristics, that their behavior is not limited to the principle of economic rationality, but also is determined culturally. In the identical economic situations, actors with different cultural and religious backgrounds can behave differently. One of the most important factors of the qualitative differences between the "rich North" and the "poor South" is the difference

in "human material" - in those mental values and stereotypes that guide people in their economic activities. The mechanical transference of institutions from the mother culture to another often brings an economic effect that is far from expected. So, after a long period of underestimation of the role of a cultural factor in the economy, it is now recognized that culture has an important role in explaining economic processes, cultural differences are economically significant.

This also applies to the sphere of international economic relations, to the field of international business, the processes in which are substantially determined by cultural factors. Taking into account and rational use of the ethno-cultural factor is an important direction in increasing the effectiveness of international economic relations, and a way of explaining many phenomena in the sphere of international economic relations. This is especially important in the context of the internationalization of economic life.

In this case, the culture as we understand it mean informal social institutions, traditions, mental attitudes, spiritual, including religious values of different peoples, affecting the economic behavior of people. Cultural differences are a consequence of the long historical development of the peoples of the planet. They were formed in conditions and at times when ethnic groups were in relative isolation from each other, in the conditions of underdeveloped information and communication systems, vehicles. In the conditions of globalization, intensive communication, etc., of course, the process of smoothing cultural differences is going on, but they continue and will continue to exist for a long time. Economic mentality - a basic informal institution - is a product of a huge historical and cultural heritage of a nation.

In the era of globalization, more and more economic actors engage in business relations and they increasingly represent different cultural orientations. This makes the study of the influence of the cultural factor in international economic relations increasingly important. Cultural differences act both at the level of ethnos and at the level of the region. Cultural differences are of different scale: it can be civilizational macro-cultural features, religious ones, and ethnic and so on.

**The goal** of this paper is to try to review the theoretical and practical aspects of the influence of cultural factors on international economic relations, international business, highlighting various research approaches. In the context of international relations, the most important domains where cultural determinants function are: international trade, consumer behavior in various national commodity and service markets, elaboration of effective marketing tactics, the international investment trends, the management and organization of external activity of transnational corporations, the process of conducting business negotiations with foreign business partners, integration processes between countries. In all these forms of economic relations, in the economic processes, interact with actors, whose behavior is determined not simply by the desire to maximize benefits and minimize costs, but also to a significant extent by different cultural attitudes and stereotypes, different economic mentality.

**Cultural factors in international trade.** Let's start with international trade, with the differences in consumer behavior on the markets of goods and services. Different cultural orientations are expressed in various consumer tastes, in the perception of certain goods and services in national markets of different countries. For example, the spectrum of items of purchases (food and clothing) depends on religion. Here, culturally dependent preferences make some products such that they are in high demand, and some have no prospects to be sold at all. These circumstances should be taken into account in marketing management. National tastes regarding the consumption of goods are based on the centuries-old traditions of the ethnos. Most often, taste differences are manifested in the perception of food. In the consumption of industrial goods there are fewer discrepancies, but here it is necessary to use national tastes.

The process of internationalization of economic ties requires overcoming often ignored cultural barriers (Möhlmann, 2009, Park, 2015). Ignorance of cultural differences in national markets can lead to loss of opportunities and benefits, loss of the company's image, and ultimately to failure. The main cultural risks faced

by international business are related to the inability to adapt to the local market, which is determined by a specific culture, and also to the inability to take into account intra-cultural differences in consumer preferences as well as market conditions. For example, in China, the usual practice is **guanxi** - the establishment of long-term relationships through the provision of partner gifts. And this is critically important for establishing trust and success in doing business in China. But from the standpoint of Western laws, such practice is a corruption, and that can prevent the western campaign from practicing guanxi, and force it to look for other ways of building trust in the local market. Cultural ignorance about the country threatens a foreign firm with a failure to attract talented local staff, can lead to ineffective management of diversification, etc. Only the development of cultural and communicative competences among businessmen, knowledge of the national and cultural characteristics of the host country can mitigate these risks.

Cultural terms are also widely used to explain the dynamics of trade flows between countries. To sell goods and services to a country with a different culture is always difficult. Empirical studies have shown that the intensity of trade relations directly depends on the degree of cultural affinity (short cultural distance). Cultural differences, including religious ones, always represent a certain barrier to international trade, international business, were a source of uncertainty in the conduct of negotiations, a source of additional costs for obtaining information. In the international economy, there is a long tradition of explaining the intensity of trade flows between countries on the basis of the so-called gravity model of international trade, according to which the commodity flows and flows of foreign direct investment directly depend on the size of economies participating and their level of development and inversely proportional to the geographical distance (transport costs, common land border). But back in 1956 Beckerman (Beckerman, 1956) first suggested that trade flows are hampered not only by geographical distance, but also by cultural one. Later, it was empirically confirmed that, for example countries traded less with each other if they had different religions, languages. Now, indices of cultural distance (calculated on the basis of the methodology of Gofstede) are widely used in economic science to explain trends in the development of trade.

**Cultural differences in the attitude to work.** There are great mental and cultural differences between peoples in terms of attitude to work, to the work process, in terms of self-discipline of the worker. Of course, the level of labor productivity is determined primarily by education, scientific and technological level. But the factor of culture works here. Attitude to labor as a value in Europe was formed, for example, on the basis of Protestantism. A special labor ethic, attitude towards work in the Far Eastern countries was formed under the influence of Confucian culture. This circumstance has been taken into account by TNC managers since the 1950s and 1960s when they began to transfer the labor-intensive production to South Korea, Hong Kong, Singapore, and Taiwan. Over time, these countries have made a breakthrough in economic development, have turned into new industrialized countries, and became the economic "tigers". This happened, first of all, due to the high production culture. It was here that the economic miracle was realized. This affected the attraction of investment in these regions. It is noteworthy that in other regions such economic miracles are not yet observed. So, the businessman should take into account national peculiarities of labor culture when he wants to transfer production to another country, which has a culture different from the culture of the home country of the parent company. This allows you to achieve greater efficiency, for example, investment.

**Cross-cultural management.** Understanding cultural differences is important for working in a multinational corporation when a multinational organization is formed, where representatives of different countries, when employees with different cultural backgrounds interact. It is especially important to consider how expatriates behave, who socialized in the context of their country, and then act as managers of a subsidiary in a foreign country.

**Cultural explanations of the geography of international corporations activity and of ways to enter new markets.** International business is connected with the problems of decision-making in the international

context, the international environment, when going beyond national borders. It is about explaining the direction of foreign direct investment, the strategy of international firms, multinational enterprises in spreading activity globally and regionally, when entering new markets, creating new enterprises abroad. Everywhere a huge role is played by the cultural factor. Studies show that the more cultural differences (the cultural distance between one's own and the host country), the more difficult it is to invest. Cultural factors also determine the way to enter the foreign market (entry mode). Managers seeking international expansion, increase of export or establishment of a foreign enterprise always face other cultural systems. Kogut and Singh (1988), based on the concept of Hofstede's cultural measurements, introduced the index of cultural distance [11], which is intensively used in works on international business. Indices of cultural distance reflect the influence of cultural differences on the flows of foreign direct investment, the choice between exporting abroad or production on the spot. The relationship between cultural differences and the choice of the way to enter the foreign market is shown. Depending on the cultural distance, firms gravitate either to high-cost exit methods (for example, through the creation of subsidiaries), or to low-cost ones - through export, licensing, joint venture. This choice depends on the cultural distance with the target country. The greater the cultural distance, the more a multinational firm tends not to establish subsidiaries in a foreign country (a high-cost method), but prefer low-cost ways to enter the market-exports, licensing, joint ventures (Beugelsdijk, Maseland, 2011).

**Types of economic mentality, business culture.** Researchers of economic culture turned to mentality. The starting point of the analysis is that the behavior of economic actors is determined by their mental attitudes, stereotypes and tendencies of thinking, developed socially and historically and steadily broadcast in the group, mainly in the nation by the mechanisms of socialization from generation to generation. Mental attitudes are stable, fundamental, recreated by all the relevant socio with its specific historical mode of existence, and they can not be quickly and purposefully changed for the whole people, for example, through education. They are characterized in the institutional economy as informal institutions.

Most clearly they are expressed in intercultural business communication, style of conducting international negotiations, business communication with representatives of foreign countries. One of the very popular conceptualizations of business mentality in the descriptive-perceptual plan belongs to the well-known specialist in cross-cultural studies R.D. Lewis. R.D. Lewis, depending on the specifics of the business mentality of the peoples of the world, divides them into three types: mono-active, poly-active, re-active (Lewis, 2000).

**Mono-active types of people are introverts oriented to the task (task-oriented).** They clearly plan their activities, have a balanced character, are patient, committed to their work, systematically plan the future, work in a tightly fixed time, punctual, willingly obey schedules and timetables, carefully follow the work plan, adhere to facts, prefer information from official sources (statistics, reference books, databases). To this group of peoples belong Germans, Swiss, Scandinavians, Americans (white Anglo-Saxons-Protestants), Englishmen, Austrians, Canadians.

**Poly-active type** - extroverts, people-oriented, talking and companionable, impulsive, emotional, impatient, willing to informal communication, easily move from one case to another, plan the future only in general terms, do several things at the same time, work at any time, little punctual, the schedule of their activities is unpredictable, they tend to prefer oral information first-hand, use social connections, seek protection, are able to talk for hours, actively gesticulating while doing so. Poly-active people are the peoples of Mediterranean Europe (Italians, Spaniards, Portugueses, Greeks), Hispanics, Africans, Arabs, Indians, Pakistanis.

**Re-active type** - introverts, aimed at respecting (respecting-listeners). They are silent, patient, respectful, and able to listen well, follow a flexible schedule of work, punctual, unperturbed during a business conversation, attentive, protect the reputation of another, plan and make decisions slowly, avoid confrontation

in business communication. The brightest representatives of this group are the Japanese, Chinese, Koreans, Singaporeans, Vietnamese, Malays, in Europe - Finns.

We can single out a number of regions of the world where peoples are distinguished by a sustainable type of business culture, of mentality, and have achieved significant economic success. In the formation of such economic mentality, a historically important role was played by religious and ethical systems, such as Protestantism and Confucianism (Weber, 1991).

*The European type of economic mentality, along with common features, is characterized by several subtypes. For representatives of the peoples of Northern Europe (Scandinavians, a significant part of the Germans, and also the Dutch), who are the bearers of Protestant traditions, labor is perhaps the most important value. They are extremely thorough in business relations and require the same from a foreign partner. Being introverted by the psychological type, they are restrained in communication, are not inclined to show emotions during business contacts. They keep their word; strictly fulfill their obligations under the treaty. These are the characteristic features of a businessman from Protestant Europe. In business relations, they are not inclined to adapt to the manner of communication of a foreign partner, but require negotiating by their rules. Representatives of Southern Europe - the Spaniards, Portuguese and Italians - are more frank and emotional in communication than the inhabitants of the North. They often prefer informal meetings; they try to learn about the partner as much as possible, to make the negotiations friendly conversation". Businessmen of the South easily establish contacts. But they are not always binding and precise in the implementation of agreements.*

Representatives of Central Europe occupy an intermediate position between the inhabitants of the North and the South in terms of the culture of communication. The most typical representatives of this region are the British and French, and also the Catholic Germans. The English are rather restrained in the manifestation of emotions, gravitate toward tradition and thoroughness, the important features of their mentality are practicality and common sense, conservatism; their most important feature, which manifests itself in business communication, is self-control, in business relations they insist on their "rules of the game".

US representatives have many similarities in business culture with Europeans, but there are also features that sharply distinguish them in terms of communications at the stage of negotiations in international business. This is perseverance, pressure on the partner during the negotiations. They, unlike the Europeans, act energetically and make decisions quickly. Americans, like the southern Europeans, are extroverts. The negotiations are held on their "rules of the game." The most characteristic feature of Americans is the manifestation of personal initiative and relative independence from authorities. This also distinguishes them from Europeans and allows them to resolve issues flexibly and quickly. Protestant religion, which dominates in American society, consecrates conscientious and persistent work as one of the main vocations of man. In the work of the Americans, they maintain a high tempo and tension, unusual and often unbearable for many other peoples.

Substantially different kind of business culture is characteristic for representative of the countries of the Far East. The culture of the region was formed under the influence of Confucianism, Shintoism and Buddhism. According to the psychological type, representatives of this region are mainly introverts. An important feature that comes from ancient collectivist traditions is the fear of "losing face" during communication, especially business communication. This greatly complicates the negotiations, because a foreign partner, for example, a European should carefully select words and actions so as not to offend a partner inadvertently. The next feature that distinguishes the representatives of the region is associated with a peculiar concept of business etiquette, when it is considered impolite to give negative answer to a partner. Another feature characteristic especially for the representatives of the Far East is belonging to a corporate group in which vertical subordination reigns. In the Far Eastern society, a person has traditionally had to behave in accordance with the place occupied,

maintain a social distance, and be aware of his belonging to a certain group. Therefore, carriers of the Far Eastern mentality do not make decisions independently, without consulting their leader or authority, without reaching agreement in the group. Negotiations are therefore very slow, but with great patience. Due to the fact that the doctrine of Confucianism was significantly influenced by the economic mentality of the Japanese, their business mentality is largely similar to the Chinese one - incredible diligence, a tendency toward tradition, discipline, a sense of duty, the desire for group unity and harmony, courtesy, orderliness and restraint, inadmissibility of "loss of face".

**Ethnometrical approach.** A number of researchers of economic mentality conceptualize it somewhat differently, highlighting other collective socio-psychological parameters of activity and personality response. In addition, they offer a quantitative comparative approach to the study of various national economic mental cultures. Ethnometry is the direction of socio-psychological research, which analyzes the mental characteristics of various ethnic groups, nations using formalized (mathematical) methods.

In particular, G. Hofstede (the founder of ethnometry) operationalized the notion of business culture, by proposing to identify a number of **axes-measurements**, for each of which it is possible to obtain quantitative empirical characteristics. In other words, Hofstede managed to express qualitative cultural differences quantitatively. Based on surveys of a large number of employees of transnational corporations working in branches in different countries, he found that it is possible to single out the main indicators that characterize the dominant values of different countries and ethnic groups, and are measurable. He established several such universal indicators of economically relevant value consciousness: individualism - collectivism (IDV); power distance (PDI - Power Distance); uncertainty avoidance (UA); masculinity - femininity (MAS); Confucian dynamism (long-term orientation vs. short-term one) (LTO - Long Term Orientation); indulgence - restraint (Hofstede, 1984, Hofstede, Minkov, 2010, Hofstede, 2011).

A high level of **individualism** means concentrating on one's own "ego" and personal achievements. In countries with an individualistic mentality, personal life and initiative, orientation to the solution of the problem are important. Links between individuals are not burdened with strict obligations to act together. In contrast, in collectivist societies, the individual acts primarily as a member of a cohesive and stable collective, is subordinate to the collective, the mentality is dominated by "we", relations are based on family morality, sense of duty, duty, loyalty to the collective and the desire to maintain consensus and cohesion within the group. Loyalty to the group is one of the most important values; direct opposition is not welcome, as it violates the general harmony. On this indicator, there is a big difference between the representatives of the developed countries of the West, on the one hand, and the countries of Asia, Latin America and Africa with their clearly expressed collectivist values, on the other. Japan and the Arab countries occupy an intermediate position in this respect.

**Criterion of power distance** reflects the orientation on power, how the participants of the organization perceive inequality in the distribution of power, the willingness of people to accept the uneven distribution of power in institutions. In cultures with a high hierarchy index, there is a significant difference in privileges and rights between group members, and it is taken for granted, the relationship here is authoritarian. Here, power is perceived as an important part of life, with an emphasis on coercion and appropriate obedience. In countries which cultivate a smaller distance of power, more democratic power relations are expected and accepted: people treat each other as equals regardless of their formal position; the subordinates are free to criticize leaders and participate in decision-making. The index of power distance is quite high in the countries of the Far East, the Arab world, Latin America and low in the English-speaking and German-speaking countries of the United States, Israel. If we take Europe, then this indicator varies from the lower in the north to the higher in the south and east.

On the "**gender orientation**" parameter, "masculine" and "feminine" cultures are distinguished. In masculine cultures (English-speaking countries, Japan, Austria) dominate self-affirmation, competitiveness, ambition, entrepreneurship, striving for material gain, accumulation of money. Less expressed is concern for others, there is a significant difference in gender roles. In feminine cultures, for example, Northern Europe, which are milder, the superior values are modesty, altruism, gender equality, serving people, working in a team, mutual assistance, readiness for compromise and cooperation.

On the criterion of "uncertainty avoidance" there are two main types of business cultures. The representatives of cultures with low tolerance for uncertainty are less resistant to stress, are highly anxious to avoid uncertainty, minimize suspense and unusual situations, and take more care of security issues. They tend to follow established rules, slowly adapt to new ideas, are prone to gradual changes. Within this culture obedience is encouraged, but personal initiative, deviance are condemned (Latin American countries, Southern and Eastern Europe, German-speaking countries, France, Belgium, Japan). The second type - the cultures with high tolerance for uncertainty - is characterized by great dynamism, readiness for risk, innovation, change, pragmatism. Their representatives feel comfortable in unusual situations, changing environment, tend to minimize the rules and regulations, encouraging personal initiative at all levels (English-speaking countries, Scandinavian countries, China).

**Long Term Orientation (LTO)** is a measure of pragmatism and strategic orientation on the future, as opposed to traditionalism and short-term (tactical) orientation. In a society dominated by a long-term orientation (Confucian dynamism) - individuals acknowledge that it is important to be persistent, they recognize the hierarchical status, cultivate frugality and sense of shame (all contribute to entrepreneurial activity). Short-term orientation, on the contrary, inhibits entrepreneurship. Striving for stability hinders the initiative, riskiness and flexibility so necessary for an entrepreneur in a constantly changing market. "Salvation of the face," excessive respect for traditions is directly related to the rejection of all kinds of innovations.

**Indulgence vs Restraint** is the sixth parameter of culture measurement, proposed together with Minkov (Hofstede, Minkov, 2010). The indulgence is characteristic of a society in which basic and natural human needs, related to the enjoyment of life and pleasure, are sufficiently satisfied. Restraint is characteristic of a society in which the satisfaction of needs is controlled by the introduction of strict social norms. The indulgence prevails in South and North America, in Western Europe and in some areas of Central Africa. Restraint prevails in Eastern Europe, in Asia and in the Muslim world. Mediterranean Europe occupies an average position by this parameter (Hofstede, 2011).

The works of G. Hofstede (1980, 2011) became pioneering and most influential in the studies of cultural factors as determinants of international business. Although this concept is criticized (for example, for ignoring variability of culture and intra-country differences, etc.), it remains the most influential and widely used. On its basis, the concept of cultural distance between countries was operationalized (Kogut, Singh, 1988), and an appropriate index was introduced, widely used in the study on the cultural determination of international business.

Later, other ethnometric approaches appeared, among which, first of all, the approach of F. Trompenaars and C. Gumpert-Turner, conceptualizing the value space of the economic mentality of different peoples, which is somewhat different from the conceptualization of G. Hofstede, although is based on it. Studying the preferences and values of representatives of different countries for several years on the basis of a survey of tens of thousands of managers from these countries, Trompenaars and Gumpert-Turner proposed a business culture model that includes seven dimensions-dilemmas.

The first cultural dilemma is "**universalism - particularism.**" Representatives of a culture with a high level of universalism believe that common rules and standards are more important than relationships with friends and family. The rules apply to everyone and in every situation. In particular cultures, the emphasis is on

relationships and trust, and not on formal rules. Here, interpersonal relationships are more important than abstract rules, so human behavior is highly dependent on the specific circumstances and people involved in the situation. The list of countries with a business culture of a Universalist type includes Great Britain, Canada, USA, Germany, Australia, Sweden and other Scandinavian countries. In the countries of Asia and Latin America, Southern Europe, the CIS, a particularistic business culture prevails.

The dilemma of "**individualism vs. communitarianism**". In collectivist societies, dominates the group decision-making prevails; the interests of the group prevail over interests of individual. The significance of an individual is determined by how he serves society. Such culture includes Japan China, Indonesia, Singapore. In individualistic societies, the interests of the individual (personal achievements and well-being) are placed above the interests of the group. Here decisions are made individually. Society is assessed in terms of how it serves the individual interests of its members. The high index of individualism is characteristic of countries such as the United States, Czechoslovakia, Mexico, Argentina and the CIS countries.

The dilemma "**specific relationship vs. diffuse relationship**". In specific-oriented cultures there is a rigid distinction between the public and private spaces of the individual. Its representatives quite strictly guard their private life, letting in it only close friends and colleagues. In the diffuse culture there is a combination of public and private spaces. Countries with specific-oriented cultures include, for example, the United Kingdom, the United States, and Switzerland. The cultures of China, Spain, and Venezuela are diffuse.

The dilemma of "**achievement - ascription**" determines whether in a society the personal achievements are valued, or an individual is judged by the social status obtained at birth. On the basis of empirical data, according to Trompenaars, the cultures of achievements include, for example, the United States, Great Britain, Germany, Austria, Switzerland, and Mexico. At the same time, ascription-oriented cultures include, for example, the CIS countries, Indonesia, Venezuela, Chile, etc.

The "**sequence-synchronism**" dilemma defines the perception of time and the attitude to it. Here the differences between cultures are built on the structuring of time and orientation on the past, present or future. In one culture, time flows sequentially - from the past to the future with the uniqueness of each moment, in other culture time is perceived more abstractly, as the ability to work simultaneously on different projects. Representatives of the first culture tend to do one thing at a given time, punctual, follow the developed plan. Representatives of the second, as a rule, do several cases at the same time, are not punctual. If we compare the representatives of the United States, Mexico and France in this plan, the former act sequentially, according to the plan, the latter act synchronously, leaving reserves for sudden variations.

Using the five main dimensions of a business culture, according to F.Trompenaars, it is possible to group the countries where the studies were conducted in a number of clusters - sets of national cultures with similar properties.

Table 1.Clusters of national cultures

	Indiv.(+) - Commun.(-)	Specif.(+) – Diffuse. (-)	Univers. (+) – Partic.(-)	Neutr.(+) – Emotion. (-)	Achiev.(+) – Ascrip. (-)
<b>Anglo Cluster</b>					
USA	+	+	+	-	+
United Kingdom.	+	+	+	+	+
<b>Asian Cluster</b>					
Japan	-	-	-	+	-
China	-	-	-	-	-

Indonesia	-	-	-	+	-
Hong Kong	-	-	-	+	-
Singapore	-	-	-	+	-
<b>Latin American Cluster</b>					
Argentina	+	-	-	+	+
Mexico	+	-	-	+	+
Venezuela	-	-	-	+	-
Brazil	+	+	+	-	-
<b>Latin European Cluster</b>					
France	-	+	+	-	-
Belgium	-	+	+	-	-
Spain	+	-	-	+	+
Italy	-	-	+	-	-
<b>Germanic Cluster</b>					
Austria	+	+	+	+	+
Germany	-	-	+	-	+
Switzerland	-	+	+	-	-
Czechoslovakia	-	+	+	+	+

Source: Trompenaars F., Hampden-Turner C. *Riding the Waves of Culture*. Understanding Diversity in Global Business. 3d ed. Boston-L.: Nicholas Brealey Publishing

### Conclusion

Ignore of peculiarities of their economic mentality and business culture in the process of communicating with the foreign colleagues, as a rule, leads to serious losses. To avoid this, modern businessmen should have an idea of the main types of culture that are specific to individual countries and regions.

Substantial attention should be paid to developing the skills of intercultural receptivity and adaptability - cultural empathy, the ability to combine different cultural styles of behavior within a single organization, and effectively implement cross-cultural management.

Taking into account the cultural differences of peoples, the "cultural distance" between countries is a necessary condition for increasing the efficiency of international trade, allowing overcoming cultural barriers to investment flows, to choose more effective ways of entering the foreign market.

A necessary condition for success in international business is the knowledge of the characteristics of business cultures of different countries, mastering the art of international negotiations, of business communication with foreign businessmen.

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