

Ethno Cultural Characteristics and Business Relations

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Abstract- This thesis has studied the ethno - cultural characteristics influence on business relationships. Quantitative research of Hofstede's study was carried out in Georgia. Based on the survey is revealed the Georgian society individual and cultural values that directly impact on business relationships.

Our studies showed that the most pronounced cultural peculiarities of Georgia is a Power Distance indicator index (PDI). We have studied Hofstede's model according to the factors that determine the characteristics of the 5 criteria, and gave recommendations with regard to Georgia .

Keywords – ethnicity, culture, characteristics, business, relations

I Introduction

Value surveys and appropriate quantitative measures have been worked on by two main widespread sources: global research project World Values Survey (WVS), coordinated by Ronald Inglehart and personnel research department IBM Europe, founded by professor Geert Hofstede. Business is not conducted in an identical fashion from culture to culture. As business has turned more and more to an integrated world market to meet its needs, the difficulties of communicating at a global level have become increasingly widespread. Lack of understanding deriving from ethnocentrism or ignorance of culturally based assumptions erroneously believed to be universal can readily escalate to unproductive conflict among people of differing cultural orientation. In an increasingly competitive world economy, it is

harder for the successful business venture to conduct business exclusively within the safe confines of a single domestic business environment. Consequently, the need for dealing with intercultural differences and cross-cultural communication barriers has grown as well.

We all tend to have a management style which has evolved during our working life and with which we feel comfortable. Bear in mind, however, that your management style is probably heavily influenced by your country of origin.

II Cultural and business interactions research in Georgia

In studying “values” we compare individuals; in studying “culture” we compare societies. Individuals are part of society. Our group intended to study “culture” of Georgian people that's why we decided to make a reasonable research. Surveys are the suitable way of measuring employed individuals' differences. The base data for our research were collected using the spreadsheets of Google doc survey. We have done analysis focusing on individuals' differences in answers to questions about employee values.

Our questionnaires contain 6 questions which were created for identify of employees values in Georgia according to 5 values dimensions of Hofstede: PDI (Power Distance Index), IDV (Individualism Index), MAI (Masculinity Index), UAI (Uncertainty Avoidance Index), LTI (Long Term Index).

Question 1 for PDI: How frequently, in your experience, does following problem occur: Employees being afraid to express disagreement with their managers? Fear of disagreeing with superiors and of superiors decision-making style; The relationship between a boss B and a subordinate S in a hierarchy, including its values component, is better understood if we introduce the concept of power distance. It is a measure of the interpersonal power of influence between B and S as perceived by the less powerful of the two. Power Distance means human inequality. Inequality can occur in areas such a prestige, wealth, and power. As the central questionnaire item for exploring power distance differences we choose this question, because it clearly expresses power distance. It is a projective question: Respondents are not asked how frequently they themselves are afraid to disagree, but their answers can be expected to reflect a projection of their own feelings. However, the question works best for the people who are not CEO and presumably our respondents majority (71%) are not a CEO as their age comes in range from 21 to 30.

Question 2 for UAI: Three questions refer to three indicators of uncertainty avoidance: rule orientation, employment stability, and stress. “Rule orientation” - Company rules should not be broken even when the employee thinks it is in the company’s best interests - disagreement with the rule orientation statement indicates a tolerance for uncertainty: it’s acceptable that employees break company rules if they believe this is in the company’s interest.

“Employment Stability”- How long do you think you will continue working for this company? Employment stability and rule orientation are two ways of avoiding uncertainty.

“Stress” – How long do you feel nervous of tense at work? Stress is a state of mind and body and there is no human being who does not feel stressed at times. We have 4 types of stress reactions:

- The individual personality, including personal history and traits;
- The individual’s non work, private- life environment;
- The individual’s work and organizational environment;
- The socio cultural, larger environment in which the individual’s personality, non

work life, and the organization in which she works are all embedded.

Question 3 for IDV and MAS: How important is to you to have the following at work: personal time, High earning, cooperation, benefits, recognition, freedom, challenge, use of skills, physical conditions, training, security, manager, advancement, accomplishment. This question belongs to 2 indexes: masculinity and individualism. According to this question we can identify both of them.

Question 4 for LTI: Which one is the most important factor for you at work: persistence, ordering relationships by status and observing this order, thrift, having a sense of shame, personal steadiness stability, protecting your face, respect for traditions and reciprocation of greetings, favors and gift. According to this question we can identify if person is long term oriented or short.

The purpose of the analysis was to find values differences among Georgian people who are employed and to relate these to characteristics of the different countries. Our questionnaires were anonymous and contained reassurances that no attempt to identify respondents.

III. Research Results in Georgia

Using Google docs we surveyed 205 respondents in Georgia. All of them were employed which was the main requirement. We sum up the results and get the following results. 37 % of respondents were males and 63% - female. 71% of respondents are between 21-30 years old.

First Question in spreadsheet was for determine the PDI in Georgia. We determined the degree of inequality in power between a less powerful individual and more powerful other. According to this question we identify that 58% of our respondents think that employees being afraid to express disagreement with their managers. PDI norms can be used as a criterion for characterizing cultures. In a highly stratified society where all powers are concentrated in the hands of the superior, the subordinate learns that it can be dangerous to question a decision of the superior. In this type of situation, people learn to behave submissively – at least in the presence of the boss.

PDI in Georgia is high. It was higher in 90's during the soviet regime. What is most important for our society is that the situation is getting better. Individuals trying to reduce the power distance between themselves and more powerful persons.

Question for Identify Uncertainty Avoidance Index using Rule Orientation. Company rules should not be broken even when the employee thinks it is in the company's best interests. Disagreement with the rule orientation statement indicates a tolerance for uncertainty: it is acceptable that employees break company rules if they believe this is in company's interest. Opposite position, agreement with the rule orientation statement, avoids the uncertainty of employees' deciding for themselves whether or not to follow rule.

Identifying Uncertainty Avoidance Index by using "Employment Stability"

How long do you think you will continue working for this company?

Question about the "employment Stability" shows employees attitude toward their works. We got very low index in Georgia. According to our results we can say that Employment Stability is very low in Georgia, so it is very difficult to avoid uncertainty. 49% of respondents are going to leave their job in less than a year. This fact give us impressions that stability is not the most important factor for employees.

Identifying Uncertainty Avoidance Index by using "Stress". How long do you feel nervous of tense at work? In the IBM data we can identify stress differences due to the sociocultural environment. At the county level, higher mean stress turned out to associate with stronger rule orientation and greater employment stability, and vice versa.

Identify IDV and MAS Index: How important is for employ (for respondent). The individual Index and Masculinity Index are union in one question. Individualism refers to emotional (in) dependence on group, organization, or other collectivities. The individualism Index is based on the 3 main factor: Personal Time, Freedom and Challenge. Masculinity Index is based on Use of Skills, Physical Conditions and Trainings. More important for men: advancement, earnings, training, up-to-dateness. More important for women: friendly atmosphere, position security, physical conditions, manager, cooperation. No significant gender were found for job content goals (challenge, use of skills) or for private life goals (personal time, desirable area). More important

with age employment security, benefits, physical conditions, manager, cooperation. Less important with age: advancement, training, earnings, challenge, use of skills, personal time.

Identify LTI Index. The stability of society is based on unequal relationships between people. Values of Long Term Orientation people: persistence, ordering relationships by status and observing this order, thrift, having a sense of shame. Values of Short Term oriented people: personal steadiness and stability, protecting your face, respect for tradition, reciprocation of greetings, favors and gifts.

In our survey personal steadiness and stability have high index which means that people are short-term oriented in Georgia.

IV. Analyze of the Research and Recommendations

A self-administered quantitative survey questionnaire was used in our thesis. Hofstede's theory and cultural dimensions were used as the theoretical base for the questions. Employees from different organizations of Georgia were surveyed in our survey. The samples for the study were selected based on the criteria of accessibility, functional equivalence, and representativeness. A sampling issue that is well discussed in cross-national surveys is equivalence.

Power Distance

According to Hofstede's (1984) study, Georgia has High Power Distance index.

If we want to change this index we should take into consideration the origins of Low PDI: Survival and population growth more dependent on human intervention with nature; Less centralization of political power; Less traditional agriculture, more modern industry, more urbanization; Greater social mobility and strong dependent on middle class; More need for education of lower strata (literacy, mass communication); Greater national wealth; Strong will to be independent : smaller size of population.

Uncertainty Avoidness

According to Hofstede (1984) study, Georgia has High UA index.

Recommendations: Employment stability, seniority, generation Gap; Managers should be selected on criteria other than seniority; Optimism about employers' motives; Admit dissatisfaction with employer; Individual decisions, authoritative management, and competition among employees; Favorable attitudes

toward younger people; smaller generation gap. Openness to New Experience and information; Trust; If necessary, employees may break rules; Most people can be trusted; Less resistance to change; Acceptance of foreigners as managers.

Individualism Index

Individualism Index is high in Georgia according to our survey. We still need to take into consideration origins of Low IDV.

Recommendations: Staying with one company desirable, old-timers make better managers; More acquiescence in response to “importance” questions; interesting work is as important as earnings; Knowledge the right people most important for career; group decisions are better; More importance attached to training and use of skills in job.

Masculinity Index

Masculinity Index in Georgia is High and the reason our mentality of Georgian people and traditions. The origins of High MAS is following: advancement and earnings are important, higher jobs stress, preference for large corporation, belief in individual decisions, promotion by protection, work very central in a person’s life space.

Recommendations: we need to take into consideration Low MAS origins. Cooperation at work and relationship with boss is important; living area and employment security is important; lower job stress; Promotion by merit; work not central in a person’s life; Higher norms for emotional stability and ego control; Relationship orientation.

Long- term orientation

Long-term orientation is middle in Georgia. We can say it according to our survey. People expect quick results. Status is not major issue in relationships. They respect to traditions. Past and present are more

important for them than future. If we want to have high index of long –term orientation we need to think more about future. Personal Steadiness and stability have to be more important for us. We have to order relationships by status and observe this order.

V. Conclusion

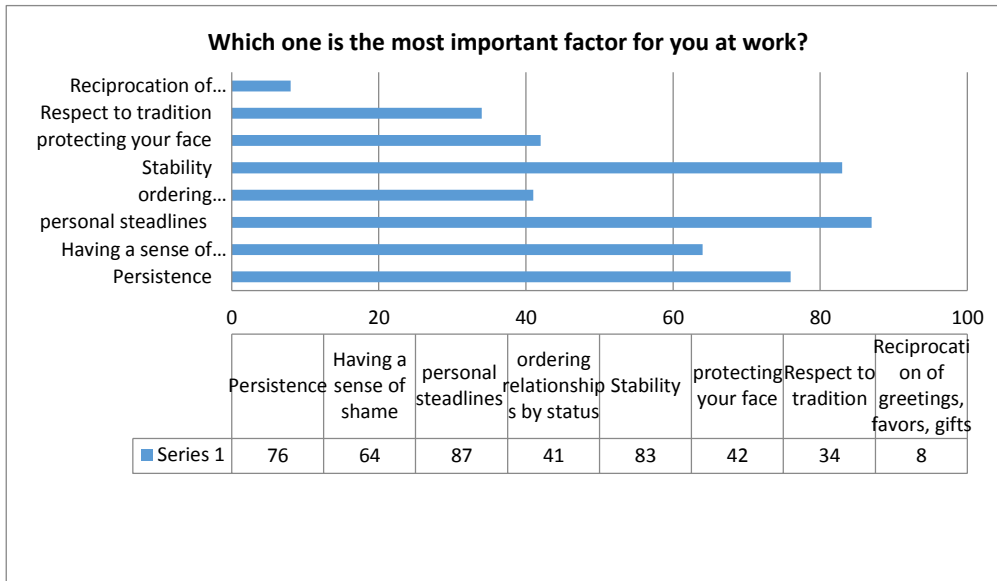
We reviewed cultural researches done already internationally, along with studied their effectiveness and limitations. Afterwards, transferred one of the most worthy work done by Professor Geert Hofstede in Georgian reality and conducted online survey among employed population. We resumed the research and presented data not being available in Georgia yet. In the world of rapid change and uncertain environment, as well as not so big group of respondents we still figured out cultural trends in relation to employment; we think this will be one step forward in great job, which is still in front to be done in this sphere.

Appendix

Questionnaire link:

<https://docs.google.com/spreadsheet/viewform?formkey=dFBaWGtLcEJIeXNYcVJ4VlNNWUhTdIE6MA>

Figure. Employees' Preferable Aspects of Job

**List of abbreviations**

WVS - World Values Survey IBM -

The International Business Machines Corporation

PDI – Power Distance Index IDV - Individualism Index

MAS - Masculinity Index UIA - Uncertainty Avoidance Index

LTI - Long Term Index **IVR - Indulgence versus Restraint****Referances:**

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