THE IMPACT OF MANAGERIAL MULTICULTURAL COMPETENCES ON COMPANY’S COMPETITIVE ADVANTAGE IN GLOBAL ECONOMY

Rosana Grušovnik¹, Dejan Jelovac²

Abstract

In this article, we will present an empirical account on management of intercultural differences. The focus will be on managerial dilemma how to achieve the company’s competitiveness with adaptation to market forces as well as to the cultural environment in which they operate. The contemporary companies in global economy need competent management with willingness, awareness, knowhow and skills to successfully communicate and operate across cultural borders. Because they are not visible on the surface, they represent an overlooked factor that can have an impact on the organisation’s success. In our qualitative empirical study on the sample of 28 managers from Slovenia, EU, and former Yugoslavia, we try to find out how their intercultural competences affect everyday business activities, whether the management is neglecting the impact of cultural factors, and whether the reason for such neglecting is the lack of intercultural competences. In the discussion and conclusion of the article listed are recommendations to managers and suggestions to academics for further exploration.

Keywords: business culture, organisational culture, cultural differences, intercultural competences, management.

DOI: http://dx.doi.org/10.12959/issn.1855-0541.IIASS-2014-no3-art04

¹ Rosana Grušovnik is M.A. in Business Sciences at Gea College – Faculty of Entrepreneurship, Ljubljana, Slovenia; rosana.grusovnik@artriana.si.
² Prof. Dr. Dejan Jelovac is Full Professor of organisational sciences and business ethics at School of Advanced Social Studies, Nova Gorica; Faculty of Media, Ljubljana and Catholic Institute - Faculty of Business Studies, Ljubljana; Faculty of Information Studies in Novo mesto; Slovenia; dejan.jelovac@gmail.com.
Introduction

Influences and consequences of globalization and waves of recession, environment turbulency and complexity, as well as continuous changes are challenging and characteristic for today’s business environment, which result in demand for constant adaptation. Market and business have changed. Political, technological, personal linkage and countries’ memberships in economic integrations – so called four factors which influence business standardisation and thereby the level of globalisation (The Globalization Index, 2006: 74-82) – enable more dynamic business operations. Differences between national markets are disappearing; the world becomes increasingly homogenous. Elimination of tariff and non-tariff barriers between countries increases the scope of potential upstream and downstream markets (Dubrovski, 2006: 49). The more open is the international environment, the larger is business internationalisation tendency. There are multiple reasons for international business, and these vary from company to company. Besides the revenues generated on local market (Bhagwati, 2004: Gulev, 2006, 2011), we consider that the most frequent reasons for business internationalisation are also the utilisation of operating and production capacities, and thereby the cost reductions per unit product, increase or maintenance of the employment scope. Both large and small companies are involved in the international business. The large companies create mass markets and control them with low prices; meanwhile the small ones are more orientated towards the niche markets.

In the free-trade zones, such as European Union, there are many possibilities for local, large and small companies to expand beyond national borders. The full membership of Slovenia in the European Union brought more opportunities for many Slovenian companies, since the market environment has undergone drastic changes. Obvious barriers for trading have been reduced; therefore, foreign investments have stimulated and supported the internationalisation. Besides the exchange within the national market and the exchange with third countries, another form of exchange appeared – the exchange within the Union, which at the same time has the characteristics of national exchange, since there are no tariff barriers, as well as the international exchange, as it is the interaction with different business environment (Dubrovski, 2006: 69-91). Slovenian companies cannot avoid the

---

1 For deeper understanding see comparative studies of economic cultural (in)compatibility between New and Old EU Members (Adam, Jelovac and Rek, 2008) and an empirical account of public–private value congruence in Slovenia and the Netherlands - business and government ethics in the “New” and “Old” EU (Dejan Jelovac, van der Wal and Ana Jelovac, 2011).
interaction within different business environment even on their national market, since the market unification brought a larger number of multinationals that made local companies either to cooperate or to compete. Consequently, for Slovenian companies the business operation took over many characteristics of international business in the operations on the national market as well. Besides the other globalisation and internationalisation traps, it includes one of less obvious barriers, which is then even more difficult to overcome – cultural factors: hidden, ingrained, difficult to change and frequently crucial even for the survival of the multinationals.

“The business world is not based only on rules, economic and financial factors, i.e. “hard” factors, frequently mentioned as essence and target business objectives which are supposed to be easily standardised in global dimensions. Business operations largely depend also on the quality of human and social relations, i.e. so called “soft” factors of business operation and their universalisation is questionable because of different connotation attributed to interaction and inter-human relationships in certain cultures.” (Jelovac and Rek, 2010: 23). The essence, nucleus of culture is not visible on the surface, and therefore it is too often neglected component, which can also decisively influence the success or failure of international project. The successful companies will only be the ones, which do not struggle against chaotic environment, but accept it and use it (Lipičnik, 2005: 206). If they want to remain competitive, they must adapt to the cultural environment in which they operate. Therefore, the intercultural management competences are of major importance. Management must be aware of cultural differences, must have the knowledge on basic variables, as well as skills and willingness to overcome barriers and communicate successfully (Hofstede and Hofstede, 2005: 358-360). Afterwards, cultural factors are not a barrier anymore and overcoming them even represents a competitive advantage. Therefore, the aim of this article will be the empirical study about the impact of cultural differences on the international business operations and inter-cultural competences that the management requires to overcome successfully such differences. We will start with the supposition that knowledge and overcoming of cultural differences by management are crucial for the success of the company in interaction with intercultural environment. The culture and the economy are connected in several aspects. Cultural preferences, which define the differences in the national culture, reflect in the organisation as well. Culture permeates all the aspects of the organizational life and affects the business operation. Knowing the culture, moreover national culture in own organisation is essential for the executive management. Only after that, the management can successfully interact with other
organisational and national cultures. This is what the main purpose of this article is based on. It is empirical research about cultural factors, their impact on business operation effectiveness and managing these factors. In their operation, companies cannot avoid the interaction with other cultures and this applies both to companies operating only on the national market and to companies that have expanded their business operation to foreign markets. The consequences of globalisation and modern technology are disappearance of borders and increased cultures’ interweaving. Thus, there is the research interest to explore to what extent the management considers or neglect them in everyday business practice. The aim is to verify the intercultural competences of the management, their knowledge and skills necessary for efficient and suitable intercultural interaction in order to achieve competitive advantages in business operation.

To conduct our own empirical study that we conceived this way, in the first place we formed three hypotheses as guiding principles for the research. These are the hypotheses are:

- **H₁**: The management will neglect the influence of cultural factors in the corporate governance.
- **H₂**: The cause of neglecting cultural factors is the lack of intercultural competences.
- **H₃**: Intercultural management competences will have positive impact on the effectiveness of companies in global economy.

In the text below, we will try to verify the previously stated hypotheses, i.e. we would be interested to know whether they can be confirmed or refuted.

**Theoretical background**

Due to the globalisation processes, the nowadays-modern world became more open and interwoven. That made obvious how from one side the geographical, economic, communication, administrative and other barriers were reducing, while from the other side the differences in the culture were more and more evident. Cultural preferences, which define the differences in the national culture, reflect in the economic organisations as well and strongly affect the business activity. Business operation therefore largely depends on the quality of the relations among people, that is, so-called “soft” operation factors and not only from economy, financial factors and similar, so-called “hard” factors. Since the essence of the culture is not visible on the surface, often-neglected component could be of decisive importance for the effectiveness of the organisation, especially in the projects/business in which participate. To achieve the competitiveness, the organisations have to adapt
themselves to the cultural environment in which they are active and for this, they require the entire management who is willing, aware, who have the knowledge and skills to communicate and operates above the cultural barriers.

Considering that a company for the successful overcoming of continuous changes in the environment and its own organisation must have competent management, who understands and masters not only economic elements and human resources, but also cultural element, the basis for our present research consists of three segment of study: (i) management competences, derived from (ii) knowledge and ability to manage intercultural differences and (iii) their reflection in the organisation. According to Kefalas and Paul, the competences of global manager are especially valuable, if they help him/her to make the connection between cultural, social and political parts of national and foreign company and are strictly necessary for the efficient accomplishment of set objectives. As they are developing, with the implementation of new strategic visions, the way of thinking, acting and even the worldview of a global manager are modifying as well (Kefalas 1998; Paul 2000). The theoretical background for our research about intercultural competences consisted of the model of intercultural competences and the Process Model of Intercultural Competence by Darla Deardorff (Deardorff, 13.9.2013), Jelovac’s model of fruitful business communication (Jelovac, 2008), Bolten’s Acting Competence Model (2007: 86), spiral of learning by Bertelsmann Stiftung (15.9.2013) and Harvey’s model of global manager’s competence development process (Harvey [et al.], 13.9.2013).

In the case of researching intercultural differences in business environment, as a basis for acquisition of competences Hofstede’s model of five indicators for cultural dimensions was used (PDI – power distance index, UAI – Uncertainty avoidance index, individualism versus collectivism, masculinity versus femininity, as well as time horizon (Hofstede and Hofstede 2005: 39–237), upgraded with the Trompenaars and Hampden-Turner models (199: 29–122), with the Hall’s high and low context cultures (Treven, 2001: 61–65; Makovec Brenčič and Hrastelj, 2003: 52), with House’s model of nine dimensions, where he construed the Hofstede’s dimensions of collectivism and masculinity/femininity (House and Hanges, 2004: 12–13), Inglehart’s model of comparison between traditional and profane-rational values and between survival-related values and self-expression values (Inglehart and Welzel, 200: 63) and others.
As an instrument to recognize and understanding the organisational culture (Deal and Kennedy, 1982, 1999; Schneider, 1990; Brown, 1995; Mesner Andolšek, 1995; Schein, 1999, 2004, 2010) and prerequisite for its managing and modification, Ansoff’s typologies with five types of organisational cultures were used (stability, reactivity, anticipation, exploitation and coordination) (Ansoff and MacDonell 1990: 175–195), subordination-based typology (culture of powers, roles, tasks, personalities) by Charles Handy (1993: 183–191) and in recent times the most frequently used typology, which is conceived on two criteria: degree of risk on the market and the promptness of feedback on employees’ decision and strategy effectiveness, by Deal and Kennedy (1999, 12–13) as well as the model of competitive values by Cameron and Quinn (1999, 32).

**Research method**

In our empirical study was used the quantitative research method. The questionnaire was prepared in advance aiming to collect the data from primary sources, i.e. from answers to questions sent to managers from the companies operating in intercultural environment. The questionnaire is designed in Slovenian, English, German, Croatian and Serbian language. It consists of 60 questions classified in four sets. The first set includes nine questions and its purpose is to provide the demographic data about respondents, such as their nationality, country of residence, age, sex, education level, companies they are employed in, number of years in management, in the current organization and function in respective company. The second set contains 10 questions. They refer to our hypothesis H₁. We used them to get the answers why the management neglected the cultural factors and to verify the projections that the following factors were among causes: 1) general social alienation, 2) technologies development (Internet, social networks, such as Facebook, Twitter etc.), 3) diversification of business operation, 4) fast globalization and its effects and 5) increased competition. The third set is divided on three sections, referring to our hypothesis H₂: in the first part of the set (A) the answers will be used to verify the awareness of managers regarding the existence of cultural differences, in the second part of the set (B) we will establish the attitude of managers towards uncertainty, time – long-term/short-term orientation, gender-based preferences in business (masculinity/femininity), individualism/collectivism, while the third part of the set (C) will provide the answers regarding the attitude of management towards cultural differences, i.e. the information if they are willing and have skills to communicate successfully over the intercultural barriers. The fourth set contains eleven questions and is designed for additional verification of the H₁ and the H₂, at the same time the H₃: therefore, the last set
contains the questions which refers to: 1) the level of attention the company operating in the international environment dedicates to the education in the subject of intercultural differences, 2) the most frequent errors of non-competent manager while entering the selected market, 3) the evaluation of correlation between the effectiveness in management of cultural factors and the effectiveness of company, 4) advising managers how to enter in foreign markets.

**Sampling**

The questionnaire in 2011 was forwarded to 32 respondents; 28 respondents completed it, which means the *response rate* was 87.50%. This is proportionally high, since the cooperation in the survey was prepared at the basis of snowball sampling. The respondents were informed that the research was anonymous. They could answer the questions in the electronic form via Google, what actually 27 respondents did, or in hardcopy, and only one respondent submitted his/her feedback that way. Afterwards we introduced his/her answers in the existing table.

Considering the gender criterion, more than half of respondents were men (60%), which is associated with the number of men/women in the top and middle management. In the sample of the top management, the percentage is even higher in favour of male gender (75%). The respondents are from Slovenia, France, Austria, Germany, Croatia, Bosnia and Herzegovina and Serbia. Nineteen respondents are from Slovenia (SI), four are from other EU countries (EU) and five are from countries of former Yugoslavia (ExYu). Due to its historical background, we processed the feedback from Slovenia separately from other EU countries. In addition, the reason why the results from the countries of former Yugoslavia were joined is the same, despite the ethnic, linguistic and religious diversity. Croatia was taken into consideration still as a non-EU country, since the research had been conducted before its accession to EU as of 1.7.2013.

In the age structure, 75% of respondents are older than 35 years and consequently have lot of years of experience. They are differentiated personnel in the most productive working period and they had time to acquire new necessary knowledge and experiences. Due to the particularity of their work, they had many opportunities for intercultural meetings and consequently more challenges in this context.

We have used three categories in the research of respondents’ experiences in management: less than 10 years, between 10 and 20 years and more than 20 years. The percentage of 39% of respondents
have less than 10 years in management and remaining 61% have more than 10 years of experience. Further, 82% is employed on a position in the top management, out of that 57% in a director’s post. Among them even 75% are men, meanwhile women are primarily more present in the middle management, according to the results of the research. We received many questionnaires from executive management, since they have very important role in the creation and guiding the culture in organization. According to Kavčič (2006: 79), their function in the introduction of successful organisational culture is to form and consciously maintain the group with co-forming desired norms and values. The effectiveness of value transmission from top management through middle management to all employees is crucial. Half of respondents were employed for more than 10 years in the same company. Because of that, they had opportunity to get well versed in the organizational culture. That provides the advantage in managing and it is the condition for potential changes, in the case the current culture is not appropriate.

We have been establishing educational structure. For the educational classification, we have used the grades from 5 to 9. Most of them (67%) have a higher university level of education (7th level of education) or above. This information is important for verifying the influence of the formal education and general knowledge to the intercultural management competences.

The respondents are from companies engaged with service business activities, mostly trade and are in contact with other cultures in their companies and in foreign markets because of purchase and sales channels. The direct contact with buyers and purchasers is particular for service activities, as well as the orientation towards the quality of provided services. We suppose that all elements of the organizational structure affect the quality of service. Therefore, the success of their work largely depends on intercultural competences as well, notwithstanding they are aware of this or not.

Results

The sample under consideration represents very small part of population. Common particularity of respondents in our study is that they are working in service activity and are interacting with foreign cultures in their work. The respondents are coming from different countries, therefore from different cultural environments, as we want to generalise the results to intercultural management competences, if possible. Due to the data regarding their native country, although it is a very small
Innovative Issues and Approaches in Social Sciences, Vol. 7, No. 3

In the second set of questions, we were trying to discover why the management disregards the impact of cultural factors. The results we obtained from answers, which referred to the most frequent form of communication with foreign business partners, are available in the tables from 1 to 4. As shown in the table 4, the most frequent form of communication among all respondents is e-mail, on the second place is telephone and only on the third place is in-person communication. Video conference is the least used form of communication. Frequency of e-mail usage among respondents from the countries of former Yugoslavia, EU and Slovenia is 50-60% and there are no significant variations. The most obvious difference is in the usage of video conference, which is more frequently used in EU than in Slovenia, while respondents in the countries of former Yugoslavia even do not use it.

Table 1: Usage frequency of communication in person

<table>
<thead>
<tr>
<th>IN PERSON</th>
<th>THE MOST FREQUENT</th>
<th>VERY FREQUENT</th>
<th>FREQUENT</th>
<th>THE LEAST FREQUENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExYu</td>
<td>0%</td>
<td>20%</td>
<td>60%</td>
<td>20%</td>
</tr>
<tr>
<td>SI</td>
<td>11%</td>
<td>11%</td>
<td>58%</td>
<td>21%</td>
</tr>
<tr>
<td>EU</td>
<td>0%</td>
<td>25%</td>
<td>50%</td>
<td>25%</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>7%</td>
<td>14%</td>
<td>57%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Table 2: Usage frequency of telephone communication

<table>
<thead>
<tr>
<th>TELEPHONE</th>
<th>THE MOST FREQUENT</th>
<th>VERY FREQUENT</th>
<th>FREQUENT</th>
<th>THE LEAST FREQUENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExYu</td>
<td>0%</td>
<td>60%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>SI</td>
<td>21%</td>
<td>47%</td>
<td>21%</td>
<td>11%</td>
</tr>
<tr>
<td>EU</td>
<td>0%</td>
<td>25%</td>
<td>50%</td>
<td>25%</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>14%</td>
<td>46%</td>
<td>25%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Table 3: Usage frequency of video conference communication

<table>
<thead>
<tr>
<th>VIDEO CONFERENCE</th>
<th>THE MOST FREQUENT</th>
<th>VERY FREQUENT</th>
<th>FREQUENT</th>
<th>THE LEAST FREQUENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExYu</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>SI</td>
<td>0%</td>
<td>5%</td>
<td>5%</td>
<td>89%</td>
</tr>
</tbody>
</table>
Table 4: Usage frequency of e-mail communication

<table>
<thead>
<tr>
<th></th>
<th>THE MOST FREQUENT</th>
<th>VERY FREQUENT</th>
<th>FREQUENT</th>
<th>THE LEAST FREQUENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExYu</td>
<td>60%</td>
<td>20%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>SI</td>
<td>58%</td>
<td>26%</td>
<td>16%</td>
<td>0%</td>
</tr>
<tr>
<td>EU</td>
<td>50%</td>
<td>0%</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>57%</td>
<td>21%</td>
<td>14%</td>
<td>7%</td>
</tr>
</tbody>
</table>

The result provided above confirms our assumption that modern information and communication technology will enable very well target-oriented and quick methods of communication, which are not physically limited and are cost-efficient as well. Personal contact and information provided in that way are lost, as well as skills required for its usage, especially skills of verbal and non-verbal communication. While communicating, people exchange the messages using different symbols (words, gestures, body language, images, light and sound symbols etc.) (Mihaljičič, 2006: 11). It makes sense to use the most appropriate symbols considering the objective, message content, number of persons included in the very process, their personality characteristics, education, experiences, traditions and related costs. All factors can affect the very same effectiveness of communication (Kavčič, 2000: 49). The contact in person provides more information through verbal and non-verbal communication than the written or telephone communication. In face-to-face communication, the non-verbal mean of communication has a very important role and it is closely interwoven with the verbal communication. It uses more channels and consequently has a better effect. Therefore, it is not crucial only what we say, but the way we say as well and how it will be understood, especially in the case of foreign cultural environment. “Non-verbal communication therefore emphasizes the message of our discourse and complement the meaning of non-verbal communication” (Jelovac and Rek: 2010, 89). The non-verbal communication is important in business world in terms of receiving the message, since smooth comprehension and synergy of the verbal and non-verbal part of the message decisively influence on their effectiveness. It is important as well in the aspect of outgoing message influencing the persuasiveness, level of confidence and respect provoked in the interlocutor (Jelovac and Rek, 2010: 89).

In our research, we also asked for the number of foreign countries respondents had visited in previous five years for business/private
reasons. The majority of respondents (except one) travelled abroad in last five years for business reasons. The results show that they together had 207 journeys in total. Further, 43% of respondents visited up to 4 countries, 18% of respondents visited 5 to 9 countries and 39% of them visited more than 10 different countries. All of them travelled abroad for private reasons and the total number of visited foreign countries is 189. Therefore, 25% of respondents visited up to 4 countries, 54% from 5 to 9 countries and 21% of respondents visited 10 or more countries (see table 5).

Table 5: Number of countries visited for business/private reasons in last five years

<table>
<thead>
<tr>
<th>NUMBER OF COUNTRIES VISITED IN LAST FIVE YEARS</th>
<th>BUSINESS REASONS</th>
<th>PRIVATE REASONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4</td>
<td>43%</td>
<td>25%</td>
</tr>
<tr>
<td>5-9</td>
<td>18%</td>
<td>54%</td>
</tr>
<tr>
<td>10 or more</td>
<td>39%</td>
<td>21%</td>
</tr>
</tbody>
</table>

From the data obtained, it is possible to conclude that the respondents like to travel and meet foreign cultures, since the difference between business and private journeys’ percentages is quite moderate (only 8.7%).

We have been researching the frequency of visits the respondents made to business partners abroad and visit of business partners from abroad as well. The results are shown in the table 6.

Table 6: Frequency of business visits (from) abroad

<table>
<thead>
<tr>
<th></th>
<th>NEVER</th>
<th>EVERY SEVERAL YEARS</th>
<th>ONCE PER YEAR</th>
<th>SEVERAL TIMES PER YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>I VISIT BUSINESS PARTNERS ABROAD</td>
<td>7%</td>
<td>29%</td>
<td>25%</td>
<td>39%</td>
</tr>
<tr>
<td>BUSINESS PARTNERS FROM ABROAD VISIT ME</td>
<td>7%</td>
<td>21%</td>
<td>29%</td>
<td>43%</td>
</tr>
</tbody>
</table>

Frequency of visits to business partners abroad and their visits is quite balanced. This indicates that the selected target group of respondents like to travel, meet foreign cultures and have the interest for other cultures, which are prerequisites to acquire intercultural competences, since the process of intercultural competences acquisition, according to
Hofstede (2005, 358), consists of three phases: awareness, knowledge and skills.

Regarding the dilemma whether the respondents during their business visits abroad prioritise only the topics regarding business operation or they try to obtain other information as well and get to know their partners, the following result was provided: majority or 46% of respondents confirmed that at visiting business partners abroad they prioritised only the topics regarding business operation, and the percentage of respondents who disagreed with such statement is equal (see table 7):

Table 7: Prioritising business operation at business conversations abroad

<table>
<thead>
<tr>
<th>WHEN VISITING BUSINESS PARTNERS ABROAD, I PRIORITISE ONLY THE TOPICS REGARDING BUSINESS OPERATION.</th>
<th>I strongly disagree</th>
<th>I disagree</th>
<th>I neither agree nor disagree</th>
<th>I agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExYu</td>
<td>0%</td>
<td>40%</td>
<td>0%</td>
<td>60%</td>
</tr>
<tr>
<td>SI</td>
<td>11%</td>
<td>32%</td>
<td>11%</td>
<td>47%</td>
</tr>
<tr>
<td>EU</td>
<td>50%</td>
<td>25%</td>
<td>0%</td>
<td>25%</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>14%</td>
<td>32%</td>
<td>7%</td>
<td>46%</td>
</tr>
</tbody>
</table>

If we analyse the results by country criterion, with the statement disagree most of respondents from EU countries, meanwhile in the case of countries of former Yugoslavia most of respondents agree with the statement. This is quite surprising in comparison with our experience in practice, since they usually prefer to build their business relationship through the channels of communication in person.

Within our study, we have also asked them about their opinion on the statement that the borders are disappearing and that a sort of global culture is being created. With the statement that the borders are disappearing and that a sort of global culture is being created, 61% of respondents agree and/or strongly disagree. In addition, 18% of respondents disagree, and 21% are indecisive regarding this dilemma (see table 8).
Table 8: agreeing level for the statement that the boundaries in global world are disappearing and that the global culture is being created

<table>
<thead>
<tr>
<th>BOUNDARIES ARE DISAPPEARING IN GLOBAL WORLD AND THAT THE GLOBAL CULTURE IS BEING CREATED.</th>
<th>I disagree</th>
<th>I neither agree nor disagree</th>
<th>I agree</th>
<th>I strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExYu</td>
<td>20%</td>
<td>0%</td>
<td>80%</td>
<td>0%</td>
</tr>
<tr>
<td>SI</td>
<td>16%</td>
<td>26%</td>
<td>42%</td>
<td>16%</td>
</tr>
<tr>
<td>EU</td>
<td>25%</td>
<td>25%</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>18%</td>
<td>21%</td>
<td>50%</td>
<td>11%</td>
</tr>
</tbody>
</table>

The interpretation of the result we obtained at this question is that the changing the culture is a slow process and that the deeply rooted values, traditions and similar, do not stop affecting the behaviour of members of certain cultural groups, despite the physical borders are disappearing. The basic component of national cultures indeed consists of exactly those values, which are to be internalised within the institution of family (primary socialization), confirmed and further developed within the educational institutions, working organizations etc. (secondary socialisation). Since they are somehow unconscious and less obvious, they are difficult to change (Hofstede and Hofstede, 2005: 13; Jelovac and Rek, 2010: 24).

In our study, we tried to get the answer to the research question that consists of verification whether the companies are dedicated to economic factors only. Therefore, 78% of respondents agree and/or strongly agree with the statement that the most of time is devoted to the economic factors and the result is similar in all countries (see table 9).

Table 9: number of respondents who dedicate the most time to economic factors

<table>
<thead>
<tr>
<th>WE DEDICATE THE MOST TIME TO THE ECONOMIC FACTORS DUE TO INCREASINGLY STIFF COMPETITION</th>
<th>I strongly disagree</th>
<th>I disagree</th>
<th>I neither agree nor disagree</th>
<th>I agree</th>
<th>I strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>ExYu</td>
<td>0%</td>
<td>20%</td>
<td>0%</td>
<td>80%</td>
<td>0%</td>
</tr>
<tr>
<td>SI</td>
<td>11%</td>
<td>0%</td>
<td>5%</td>
<td>79%</td>
<td>5%</td>
</tr>
<tr>
<td>EU</td>
<td>0%</td>
<td>50%</td>
<td>0%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>AVERAGE</td>
<td>7%</td>
<td>11%</td>
<td>4%</td>
<td>71%</td>
<td>7%</td>
</tr>
</tbody>
</table>

In the struggle against stiff competition and market, the respondents focused their attention mostly on more tangible economic factors, maybe also due to a mirage that because of the global market creation, the
global culture has been created as well, and as reflect the answers to previous question, 61% of respondents are convinced in that regard. Consequently, the soft factors, such as culture, are neglected, notwithstanding their provable impact on the business operation.

Regarding our question in the study, which refers to marketing strategy differentiation depending on the market the company is entering, we received the following results: 7% of respondents did not answered, 14% did not have different strategies, and the remaining 79% do had different strategy. They are different regarding the position they want to take in the target market, regarding the purchase habits, assortment and price policy etc. Only one respondent answered that his company did follow the culture and traditions predominant on the market, which confirmed the result of previous answers, that the companies participating in the research were mostly devoted to economic factors.

Through the study, we tried to obtain the information on experience the respondents had had in the business interaction with foreign business partners. The result indicates that the 79% of respondents has considerable experiences, only 21% of them do not have experiences at all, or their experiences are negligible. Whence, we conclude that the target group of respondents was suitable for the research. We were also interested to know on which market the respondents were operating the most. As shown in results, they are operating the most with the countries in EU – 64%, with Slovenia 21% and 15% with the countries of former Yugoslavia. Most of them are in contact with the same cultural groups and their experiences are comparable.

In short, the results we obtained confirmed with a high degree of probability our first hypothesis, that the management would neglect the impact of the cultural factors. Notwithstanding the frequent interaction with foreign cultures, for business or private reasons, whence we conclude there is interest to understand them, in the business operation the attention is exclusively dedicated to economic factors.

In one of sets within our study, we have been trying to find out whether the management is aware of cultural differences. Using the figure below, we have been verifying if the respondents will interpret it in different manners. We have used eight answers that Hofstede collected by testing members of different cultural groups. The interpretations are diverse, since the people are prioritising different aspects. Some of them search for unique attributes of the persons on figure; others note the hierarchical relationship or gender differences (Hofstede, Pederson and Hofstede, 2002: 11) (see figure 1).
Figure 1: Potential interpretations of the figure

Source: Hofstede et al., 2002: 11

Obtained result includes all provided answers: (i) argument among two intellectuals about...; (ii) the man gives the money to the woman, but there is a dispute; (iii) the man is taking money from the woman; (iv) negotiations; (v) discussion between friends; (vi) the woman is giving money to the man, but he...; (vii) the woman is trying to bribe the man; (viii) the woman is asking the way and man... Results indicate, that 29% of respondents, consider that the woman on the figure asks the way and this is the percentage of respondents from EU and Slovenia. In addition, 18% of respondents interpret the figure as negotiation or that the man is giving money to the woman. It is interesting that respondents from Slovenia have chosen the most different answers. Nevertheless, their opinion represents a kind of transition between the results of respondents from EU countries and the respondents from the countries of former Yugoslavia.

The result indicate how different point of view people can have regarding the same thing and despite the sample is small, at the same time culturally conditioned preferences can be identified. The awareness
about such diversity in points of view is quite important for a successful communication is required that sender and recipient attribute the same meaning to the message, since one of the main communication problems is the discrepancy in coding and decoding due to differences between transmitter’s and recipient’s perception. People indeed often accept occurrences on radically different ways. Self-images strongly affect the communication. It is important the role of “the important other” who help us to develop our self-concept. The realistic evaluation of others primarily depends on empathy – ability to put ourselves in others’ shoes. And the very same level of empathy depends on the openness of the individual’s way of thinking in the communication process (Ule, in Jelovac and Rek, 2000, 86).

To the question whether they think that their business partners abroad would interpret the figure on the same way, most of respondents considers that their interpretation would be different. The respondents from EU (75%) agree the most with such possibility; the respondents from Slovenia (63%) are not so convinced in that regard, while the respondents from countries of former Yugoslavia agree the least (40%). Furthermore, the number of answers “no” is significantly higher at first two groups than the number of answers “yes” or “I don’t know”. The results reflect the awareness that there are different views to the same things in different cultures and respondents confirmed it providing the reasons. The result between respondents from Slovenia and the result of respondents from other EU countries is much more similar. This means that the Slovenes are culturally closer to Europe than to the Balkans.

In addition, 82% of respondents agreed and only 4% of them disagreed in the answer to question from this set, i.e. if they in the communication with foreign business partners use certain stereotypes particular to their country. Respondents obviously generalise and accept other persons mostly stereotypically, which indicates low level of intercultural competences, since exactly intercultural competences prevent the application of stereotypes in the communication. According to Hofstede, intercultural meetings between individuals usually do not provoke collective perceptions. However, in the case of meeting in groups, group members are not perceived as individuals anymore, but in a stereotypical way. Work, social contact, sport meetings and similar are the approaches to create the environment, which shall enable the integration of representatives of different cultures (Hofstede and Hofstede, 2005: 325).
We have also been searching for the answer to the research question if the respondents before their travel inform themselves about the history, politics, and way of life, traditions and habits of the host and if so, what is the reason. The respondents could choose the following answers: 1) yes, I inform myself, 2) I inform myself a little and 3) I do not inform myself. According to result, 22% of respondents do not consider that any kind of preparation is necessary, 57% of respondents prepare themselves before their travel, and 18% inform themselves at least a little, while 3% provided invalid answer. It is possible to interpret such result in the light of respondents’ convincing that the preparation for entering into another cultural environment requires some preliminary knowledge, since this affect the effectiveness of the communication and consequently the effectiveness of business dealings. Another reason is the respect towards the foreign business partner. In such context, we were interested to know whether the respondents could dispose of any support within their companies to acquire intercultural competences. The result we have obtained is self-explanatory: 32% of respondents do have help in the company, 11% have at least partial help and 57% do not have any help. The results obtained in the study show that the individuals are significantly more aware about the requirement of preparation for foreign environment than the organization, which send them there. The preparation mostly depends on self-initiative and it is conditioned with the resources available to individual. There is no feedback on professional training. The phase of knowledge, i.e. acquiring such knowledge should follow the phase of awareness. If there is an interaction with certain other culture, then we should inform ourselves about that culture. Although we will never share the same values, we can at least take an insight regarding their origin on the intellectual level (Hofstede and Hofstede, 2005: 359).

In the international management discourse, academics are frequently asked whether the language is a barrier in the operation with business partners in the international environment. The result we obtained in our study indicated that 72% of respondents affirmed that language was not a mayor barrier in the operation with business partners, 14% considered that only sometimes, while only 14% was convinced that it was a mayor barrier, what they principally associated with the lack of language proficiency or with the countries in which currently the most frequently used business language – English, was not spoken. Based on answers to our question regarding the number of foreign languages the respondents use at least on a conversational level, the result show that all respondents understand at least on a conversational level minimum 2 foreign languages, while 75% speak from 3 to 8 foreign languages. Taking into account the results, we can conclude that the respondents
are aware of the importance of foreign language proficiency and that their personal characteristics and abilities, in this aspect, are suitable for their work. Language proficiency enables verbal communication with the people from other cultures, which is crucial prerequisite for the efficient communication. Although, it is worth recalling that it is not yet a sufficient condition to achieve the communication objective, since “the intercultural communication is primarily a nonverbal act between people” according to Neuliep (Neuliep, 2006: 35).

As we understood on the basis of an anecdotal evidence, so-called cultural shock is a phenomenon that frequently appears in the intercultural business communication, we were interested to know whether the respondents had experienced something surprising in their interaction with foreign cultures. The result show that almost three quarters of respondents or more exactly, 71% of them did not have any surprising experience, while 29% did have such experience. The answers are quite revealing, since indicate either very good preparation for the interaction with the foreign culture, or maybe their insufficient awareness of the problem and lack of self-criticism regarding this subject.

Regarding the question what the respondents consider it is the most frequent cause of conflict in the operation in international environment, the result we obtained indicates that 79% of respondents consider the cause is associated with the cultural factors and lack of competences for their managing (lack of knowledge, tolerance) and only the remaining 21% consider the cause are economic factors (payment policy, pricing policy, legislation and similar), although they dedicate the most of their attention exactly to them. Prerequisite for a competent manager who is active in foreign environment is awareness of intercultural differences existence. Considering the results that we obtained in this set of questions, we established that respondents were aware of differences and of that, how important language proficiency is as prerequisite for communication, and consequently they inform themselves at certain extent about the history and habits within the culture in which they want to operate. There is no professional training, so the second phase according to Hofstede – knowledge is very questionable, as well as the third one – the skills including the awareness, knowledge and practice (Hofstede and Hofstede, 2005: 359).

The last question from this set of our study referred to the respondents’ opinion about the difference between the Slovenian culture and the culture of the country within they operate the most. The results are as follows: only 21% of respondents consider that there are no significant
In the answers of respondents from the countries of former Yugoslavia can be found history-related stereotypes, such as the ones describing Slovenia as a state, which is more based on rule of law, Slovenians as hard-working and fair people who keep to agreement and similar. The answers of respondents from Slovenia include the introversion, low self-consciousness, but also can be found many previously mentioned stereotypes, which unfortunately does not match with the reality anymore, and which the respondents from the countries of former Yugoslavia use to have about Slovenia. Only in one answer proneness to corruption and greed are mentioned. The respondents from other EU countries are more critical and they list proneness to corruption and networks of elites involved in the economy, as well as the differences associated with the narrowness of the market.

In the next set of questions (B) we have used the Hofstede’s cultural dimensions model. We have been establishing the respondents’ attitude towards others, to the space and time (Hofstede and Hofstede, 2005: 22-23; Jelovac and Rek, 2010: 57). The respondents marked the agreement level with five-level scale (from 5 – I strongly agree to 1 – I strongly disagree).

Let start with the agreement level according to the Hofstede’s dimension individualism versus collectivism (Hofstede and Hofstede, 2005: 73-114). We have therefore asked the respondents in our study how much they agree with the statement: “I prefer to do the tasks I like the most myself”. With the statement disagree 43% of respondents from all countries, 25% partially disagree and only a third part or 33% agree or strongly disagree with the statement. This implies that the collectivism is more predominant cultural dimension than the individualism. We assess that such result indicates both the cultural preferences of the countries the respondents come from and the personal characteristics of individuals who had been living half of century in the socialist society, which had been promoting the collectivism and criticising the individualism.

In such context, we set to respondents a control question, which is in certain way associated with the dimension individualism vs. collectivism, “if the common good is more important for them than the self-interest”. We obtained the following result (see table 10): half of respondents answered affirmative, that is, the common good is more important to them than the self-interest, one fifth or 21% of respondents consider this is very important, another fifth consider it is partially important and only 8% of respondents prefer the self-interest. However, it is interesting that
all egoists, who always prioritise self-interest rather than common good, are from Slovenia. We assess that such result is not surprising and matches with the results from other societies, since most of respondents are from societies where interest of group overrides the interest of an individual (Trompenaars and Hampden-Turner, 1998: 51; Hofstede and Hofstede, 2005: 74). We consider the singularity that the respondents from Slovenia, who despite the collectivist nature of their culture advocate the egoistic individualism, is a consequence of the transitional shock, which the businessmen experienced in the transition from socialism to capitalism. The most obvious manifestation of this phenomenon is the radical “tycoonisation” of economy in Slovenia. Former comrades as advocates of collectivism and their modern heirs as directors of principally state-owned companies became the worst selfish individualists and for them the most important thing in the world is their private interests. Due to enormous money-making of certain infamous tycoons in a very short period of time (two decades) through media promotion have come to represent an identification basis to imitate many managers and businessmen, and not only them. Therefore we got an absurd, which reflects in the fact that in the predominantly collectivist culture we have the most passionate supporters of individualism.

Table 10: The common good is more important for me than the self-interest.

<table>
<thead>
<tr>
<th>agreement level</th>
<th>I strongly disagree</th>
<th>I disagree</th>
<th>I neither agree nor disagree</th>
<th>I agree</th>
<th>I strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Answers in %</td>
<td>4%</td>
<td>4%</td>
<td>21%</td>
<td>50%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Let us proceed with the analysis of the agreement level regarding the statement if we can trust people. The result we obtained indicates that 54% of respondents expressed high level of confidentiality in others, 21% of respondents (from EU – Austria, Germany and France) expressed the middle level of confidentiality, meanwhile 18% of respondents expressed low level of confidentiality (from Slovenia and Serbia). Based on the answers provided, we verified also the uncertainty avoidance of respondents. The result indicates that the level of accepting uncertainty in life is higher at respondents from other EU countries, as well as at the respondents from the countries of former Yugoslavia. This is what confirmed the results of Hofstede’s research, according to which the inhabitants of developed western countries are more ready to accept the uncertainty than the inhabitants of former socialist countries, who have higher uncertainty avoidance index (see table 11).
Table 11: Uncertainty avoidance index

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>UNCERTAINTY AVOIDANCE INDEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>SLOVENIA</td>
<td>88</td>
</tr>
<tr>
<td>CROATIA</td>
<td>80</td>
</tr>
<tr>
<td>SERBIA</td>
<td>92</td>
</tr>
<tr>
<td>GERMANY</td>
<td>65</td>
</tr>
<tr>
<td>AUSTRIA</td>
<td>70</td>
</tr>
</tbody>
</table>


The result of our research indicates that the security in terms of reducing the uncertainty is very important and/or important for 90% of Slovenian respondents, 7% consider that it is moderately important, but only for 3% of respondents consider that it is not important. This is reasonable, since the certainty or uncertainty is associated not only with the culture, but also with the existence of individuals and survival of society, which is so important for all. Indeed, all cultures deal with problems in that regard. Only the approaches vary. According to Trompenaars and Hampden-Turner (1998: 6) the culture is only a way to solve such problems.

Not only the anecdotal evidence, but also the academic studies and experiences from business practice confirm the hypothesis that the planning reduces the probability businesses' failure, which *eo ipso* reduces the risk or uncertainty. Therefore, in our study we assessed the respondents’ agreement level with the statement: “I like to plan all in advance”. The result obtained shows that the most of respondents, that is 71% agree and/or strongly agree with the statement that everything should be well planned in a timely manner, but only for one quarter of respondents or 25% consider it is not important. At this point would be useful to emphasize that such attitude is associated both with the uncertainty avoidance, since by planning we try to reduce the level of uncertainty, as well as with the time orientation of a culture in terms of the dimension long-term/short-term (Hofstede and Hofstede, 2005: 163-237). Partially is associated with personal characteristics of individual as well.

To the control question, how much they agree with the statement “My future is exactly predetermined” we got the answer that indicates a discrepancy with the result about planning we mentioned above, since less than half or 43% disagree with the statement that their future is exactly predetermined and only one-fourth of respondents or 25% of them disagree. The third part or 32% remained indecisive on this regard (see table 12). In such answers is more present the uncertainty and
doubt regarding the possibility of efficient feasibility of the exact plan, which consequently also indicates the need for short-term time orientation. It is manifestly contrary to the strong affirmation of the statement that they like to plan everything, as almost three fourths of respondents answered.

Table 12: My future is exactly predetermined.

<table>
<thead>
<tr>
<th>Agreement level</th>
<th>I strongly disagree</th>
<th>I disagree</th>
<th>I neither agree nor disagree</th>
<th>I agree</th>
<th>I strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Answers in %</td>
<td>4%</td>
<td>39%</td>
<td>32%</td>
<td>25%</td>
<td>0</td>
</tr>
</tbody>
</table>

The ability to accept the uncertainty in life also reflects in the willingness of people from certain culture to accept the novelties, changes, innovations and similar. Therefore, we asked the respondents to rate the agreement level with the statement: “I like to try with new things and activities”. The result is sufficiently revealing for itself: even 82% of respondents strongly agree and/or agree with the statement that they like to try new things and activities, for 11% of respondents this is of moderate importance, 7% of them strongly disagree, that is, they do not like novelties. The result shows that the most of respondents express the characteristic of curiosity and readiness to meet the unknown, which is important trait for both acquiring intercultural competences and expressing their uncertainty avoidance in terms of readiness to take a risk, which the existence imply.

In the context of researching the uncertainty avoidance, we asked the respondents how much they agreed with statement: “Unforeseen occurrences derail me”. We have provided the result in the table 13 below. As shown in the table, the most of respondents, that is, 61% accept well unforeseen occurrences (participated the respondents from all cultural groups), 21% remained indecisive, and 28% of respondents have difficulties to accept them. It is symptomatic that all of them are from Slovenia. This should not surprise us. Although Slovenians had been living and worked in planned economy half of century. Such result shows that our managers are still in the mind-set of concerted economy and eo ipso are not able to adapt to unforeseen occurrences in business world, unlike the managers from other countries that have been included in our sample and who are more prepared to act in uncertain circumstances typical for global economy of the 21st century.
Table 13: Unforeseen occurrences derail me

<table>
<thead>
<tr>
<th>Agreement level</th>
<th>I strongly disagree</th>
<th>I disagree</th>
<th>I neither agree nor disagree</th>
<th>I agree</th>
<th>I strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Answers in %</td>
<td>7%</td>
<td>54%</td>
<td>21%</td>
<td>14%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Since in the theories within the culture and organisational culture is considered that the attitude towards time is an important factor to form the desired community members’ pattern of behaviour, in order to verify this statement, we asked the respondents how much they agreed with the statement: (i) “I come always on time to the meeting” and (ii) “I live for today”. The result that we obtained indicates that with the first statement agreed and/or strongly agreed 93% of respondents. At the same time, it is interesting that only 7% confess that sometimes are late to a meeting 5-10 min. These are female respondents from Slovenia. This means that the attitude towards time, associated with good business habits in the business world and the value of respect to other people, is mostly equal, since we have not noticed any cultural diversity in our research. At the second statement we obtained the result that less than half of respondents or 46% do not live for today, considerable third part or 36% do live for today. Such result now we can compare with one of the results mentioned above, according to which the great majority of respondents prefer to have everything timely planned (71%). The result is similar, although not so extreme and indicates long-term time orientation (see Hofstede and Hofstede, 2005, 210-211) for the majority of respondents who are long-term oriented and are ready to invest in results in the future, unlike almost one third of those who are short-term oriented and prefer quick results in the present.

The respondents also classified the following seven elements in the five-level scale as they considered them more or less important: success, family, money, career, health, free time and the quality of life. With this question, we have to find out whether the societies are more feminine or masculine. For 75% of respondents the rate of success importance is high, as well as the importance of money, while 64% of them consider that career is also important. In addition, 79% of respondents highly rated the importance of family and the quality of life, for 82% of respondents the most important is health, and the free time is important for 60%. The result is equal for the factors that are typical for both masculine and feminine society, with a slight priority for the feminine (4%). Considering the respondents are from the management, which is oriented on achievement of business goals and where the profitability has an important role, it is difficult to imagine that they would not be interested in money, career and success, as remarkable masculine
dimensions of culture. It is obvious that their personality development make them aware in terms of the meaning and the quality of life, which are typical for the female dimension of culture. Such result probably depends on the fact that the respondents are not junior managers on the beginning of their careers, but managers that have already accomplished their basic needs (according to well-known Maslow’s pyramid).

We asked the respondents which gender they prioritised in the business operation on the target market. They could choose among three answers (male, female, I do not have preferences in that regard). For 86% of respondents the gender of their business partners does not matter, 4% prefer to cooperate with women (respondents from Slovenia) and 10% with men (respondents from Bosnia and Herzegovina and Slovenia). Should we interpret the result of respondents from BIH through the cultural conditionality of masculine domination in their own culture, it is not applicable to respondents from Slovenia who also contributed to this result, since the most of respondents from Slovenia do not prioritise the gender. Therefore, we can conclude that in this case it is a matter of respondent’s personality characteristics.

The next set of our questions refers on how the respondents are aware of the existence of cultural differences, of how much they are prepared and of the knowledge for managing such differences. In accordance with the theoretical background as a basis of our empirical research, there are two basic steps to become an intercultural competent manager. Therefore, we were interested to know how high the respondents’ agreement level with the proposed statements in that regard was. The result we have obtained is self-explanatory. For example, to the statement: “I like to meet new people and traditions when travelling” even 61% of respondents answered with the highest agreement level, while 39% of them provided the feedback between the middle and high agreement level. The results show that all respondents like to meet new people and traditions. The basis for acquiring the knowledge and skills in the subject of intercultural competences consists of the existence of interest and willingness, which expressed also the respondents from our research. At the statement “I always learn some words in local language”, the respondents provided similar answers distributed on the scale from the middle – 14% the high – 43% and the highest agreement level – 43%. This result as well confirms the previous result: all respondents learn some words in local language, which express the respect towards the host and the wish to get closer. The respect towards

---

1 See also recent empirical study on this issue: Baric, Jelovac and Fain, 2013.
other cultures is also an important factor for interculturally successful and competent manager. The similar situation is regarding the level of agreement with the statement: “Before travelling I usually inform myself about the history of the country, habits and traditions”, for which significant three fourths of respondents or 78% provided high and the highest agreement level, while only 11% of respondents did not dedicate almost any attention to this. We have noticed that at the research of the history, habits and traditions of the target countries, which managers plan to visit, the result is somehow lower than at the result of previous two statements. If we try to explain it in the way that the research of such subject is more demanding from intellectual point of view and consequently requires more effort and time the managers have to invest in their own interest, that is, on their own initiative, and not within a professional training in their organisation, the result is quite satisfactory. However, the quality level of such preparation is completely different question.

With the following statement: “I follow carefully his/her verbal and non-verbal communication” we have been verifying the competences of respondents in the intercultural communication. The result is sufficiently revealing – all respondents answered affirmatively to the statement, since their answers distributed in the range from middle level (14%) to high (54%) and the highest level of agreement (32%). Considering the result, the respondents are aware of the importance of non-verbal communication and in 86% of cases follow it carefully in order to get the feedback strictly necessary for successful communication. Indeed, the non-verbal communication is the communication that emphasises the messages we produce orally and complements the verbal meaning of messages we produce orally and complements the verbal meaning (Mihaljičić, 2006: 25). At the same time, non-verbal communication is strongly based on the culture (Jelovac and Rek, 2010: 89).

If we summarise the results above, we can conclude that the respondents are aware of existence of intercultural differences, are also willing and ready to invest certain effort in acquiring the knowledge about other cultures. They fulfilled the basic condition of the verbal communication, that is, the proficiency in one or several languages. They acquire the remaining knowledge in an amateurish manner, on their own initiative and through experiences. They do not have professional guidance that according to the model of Harvey et al. (2013: 120) includes the initial evaluation of self-concept, the initial evaluation of intercultural competences, the distribution of cultures according to levels of novelties, development of the organisational support for immigrants etc. Due to the lack of language proficiency and since not all
the elements required for intercultural competent manager are fulfilled,
thereby we confirm our second hypothesis that the cause for neglecting
the cultural factors is the lack of intercultural competences.

Finally, with the 4th part of the questionnaire we have tried to verify the
impact of intercultural management competences to the effectiveness of
companies. The respondents provided descriptive answers to all
questions. To the question: “if the values, religion, history, habits and
traditions, i.e. culture, in fact have a considerable impact on the
international business operation”, 72% of respondents answered
affirmative, 14% consider that their impact is partial, while 14% of them
provided negative answer. Therefore, most of respondents agree that
the culture has large impact to the international business operation. In
our next question, we asked the respondents “whether they (had)
experienced cultural barriers in the operation on target market”.
According to their feedback, 46% of respondents did not have any
experience with cultural barriers; the remaining 54% did have such
experience. Among mentioned experiences was strong emphasising of
the religious affiliation, gender inequality, language and alphabet (for
example Cyrillic), intolerance and stereotypes, (in)punctuality, collective
decision making. They overcame such barriers through communication.
The feedback on the effectiveness of such communication would be also
interesting, but unfortunately, it was not provided.

To the question in our study, “if they already had the training in the field
of intercultural differences”, they answered that 93% of respondents did
not have any training in this subject (out of which one respondent
provided negative answer, as he was a professional, lecturer in this
subject), while only 7% of them did have such trainings to a smaller
extent. The respondents did not have a professional training and
therefore their knowledge and skills are insufficient and questionable.
With this result, we just additionally confirm the assumption from our
second hypothesis. To the next question within this set, “if their business
partners from abroad had such training” we obtained interesting result:
50% of respondents considered that their partners from abroad did not
have any training, 7% of them answered that they did have some
trainings, 11% of respondents answered affirmatively, while 32% of them
did not disposed of such information.

We were also interested to know about the level of attention the
management dedicate to the cultural factor in their company. The
provided answers were descriptive. We classified them into three
categories as follows: dedicated, not dedicated, no answer. According to
answers of 39% of respondents, their company dedicate the attention to
cultural factors, 43% of them provided negative answer, while 18% did not answered the question. Such answers additionally confirm our first hypothesis. In such context, we wanted to know *whether the company has human resources to support the education of the management in the subject of cultural differences*. According to feedback, 93% of respondents answered that their company did not have human resources for such purposes. Meanwhile, only 7% of respondents inform themselves in that regards. For the majority of managers, companies do not provide professional training and the consequence is insufficient knowledge. Thereby we additionally confirm our second hypothesis, and at the same time the first one, since this result shows that the companies neglect the impact of the cultural factors on everyday business life. To our question from the questionnaire, that is, “*whether the respondents have enough education possibilities*”, 54% of them think that they have sufficient education possibilities (out of which 25% for the education on their own initiative) and 46% provided negative answers. The answer is quite surprising. We interpreted such feedback as a consequence of lack of knowledge on how the professional education in the subject of intercultural competences even looks like, which confirm our second hypothesis.

We asked the respondents “*which are the most frequent errors someone without enough knowledge, awareness and skills, can make*”. The most frequent answers were as follows: 1) errors in communication, 2) perception of foreign environment through their own culturally conditioned insight, 3) aggressiveness, arrogance, self-overestimation, 4) lack of time and interest for other cultures, 5) incomprehension of habits and traditions. Such result is completely in accordance with our expectations we based on our first and second hypothesis.

At the end, respondents provided the rate of correlation between effectiveness of managing intercultural differences and the effectiveness of the companies, for the company of respondents and for the company of business partners from abroad. Half of them (50%) believe that the effectiveness of managing cultural differences affects the operation’s effectiveness, while only 14% cannot notice the correlation or the impact. The remaining respondents were indecisive. The rate is similar for the companies abroad – 61 of respondents confirmed the correlation between the successful management of cultural differences and the effectiveness of the company, only 10% cannot see any impact, while the remaining respondents remained indecisive.
Discussion and conclusion

Based on the obtained primary data, in this study we confirmed our first hypothesis according to which the management would neglect the impact of the cultural factors at their work. If we are searching for the reasons, we can firstly conclude that they are several and very different. Among them are the factors, such as general social alienation, (too) fast technology development, that enables immediate and cost-efficient communication without contact in person (consequently all additional information such contact provides is lost), accelerated globalisation, cruel competition on the world market and similar. Unfortunately, the management as usual still dedicates the attention to the “hard” or economic factors, which are visible and more easily measurable, and not to the underlying “soft” factors, such as culture. Therefore, we are not surprised that, based on the obtained data, we have confirmed our second hypothesis, according to which the reason for neglecting cultural factors by managers is associated with the lack of intercultural competences. We have established that the managers, at least the ones from the group of respondents who were included in our study sample, are clearly aware of the existence of cultural differences. On the other hand, the knowledge that based on the theoretical considerations consists the second required element to acquire intercultural competences, unfortunately is limited to: (i) foreign language proficiency, providing to managers only the basic verbal communication and (ii) the knowledge they have been acquiring on their own initiative, i.e. without professional guidance. Because of that, such knowledge is on a low level and limited. It is primarily reduced to verified practices of obtaining intercultural competences, such as initial evaluation of self-concept, initial evaluation of intercultural competences, classification of cultures depending on the level of novelty, development of the organisational support for immigrants, revision of competences etc. The companies do not provide to the managers education and training in this subject. Whence, their intercultural competences are very moderate and limited. At the same time, they expose the managers to the risk of experiencing a culture shock and significant probability to cause an intercultural conflict. The respondents from our research are obviously aware of this, since they provided following advices to managers entering a foreign market: (i) be well informed about the cultural particularities of all groups, (ii) plan the time and meet the country and people before business meetings, (iii) observe and learn, (iv) be patient and tolerant, (v) obtain all relevant advices from the managers who already have some experience with the target and (vi) educate yourself. It is self-evident that should the intercultural competence of the respondents be on a higher level, such advices would be even more extensive, specific and comprehensive.
In the academic audience in the management field it is widely accepted the statement, that one of important factors of international project/business failure is intercultural conflict. Therefore, the managers require a range of complex competences for successful management of such conflict. The main task of managers is to pay attention to the factors and circumstances that provoke the conflicts and prevent them. Therefore, it is necessary to improve their intercultural knowledge and skills through the lifelong learning.

At the end, we can conclude that the intercultural competences are important for the effective operation of companies and that the management do not dedicate substantial attention to them, since do not dispose of suitable professional competence. In such context, our research just confirmed the results of already conducted studies on different samples, which indicates that intercultural management competences positively affect the effectiveness of companies in the global economy and, vice versa that the lack of such competences can even affect their existence. Unfortunately, we consider that the research of correlations among economic and cultural factors and comparative studies on such issue, designed on a representative samples in different countries has yet to be conducted.
References


Gulev, Rune (2011): The International Headquarters – Subsidiary Relationship: projecting economic cultural influences on management


