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INSTEAD OF INTRODUCTION

Ethnocultural features of the dynamization of the metasytem of the international economy

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Abstract. Over the past several decades, the potential of ethnocultural factor to economic development has been increasingly recognized. This article provides an overview of various approaches to analyzing of the impacts of historically formed national cultural stereotypes on economic development and in particular on international economic processes in a globalizing world. Under the culture we mean informal institutions that are product of a long historical development of peoples, the collective mental stereotypes and modes of behavior which are persistently transmitted from generation to generation and which to a significant extent determine, motivate and shape economic activity and interactions of economic actors. Modern studies pay the greatest attention to the consideration of the impact of the *cultural-historical*, social capital of different peoples on their economic success in comparison to other nations, on international competitiveness of national economies. In this respect, the cultural-historical bases of high entrepreneurial activity, creativity, national work ethic, productivity of different models of market economies etc. are analyzed. The main attention is paid to the review of studies of cultural aspects of international economic interaction, to the influence of culture on the decision-making regarding the nature and direction of international business activity. Various approaches to cross-cultural business communication (at the negotiating stage), the management issues in multinational corporations, the impact of culture on international trade, on investment processes, and on the foreign market entry modes are considered.

Key words: cultural values, informal cultural institutions, national economic mentality, cultural distance, cultural-historical capital

Introduction: Over the past decades, the potential of ethnocultural factor to economic development has been increasingly recognized. There are many publications on the issue of cultural determinants of economic performance of a different countries or companies. The issue is not new. Already A. Smith in his work "Wealth of the Nations" [1] noted that the pursuit of the individual's own interests involves much more than just "making money", and in the "Theory of Moral Sentiments" he discusses the role of cultural values. Later the representatives of German Historical School paid a great deal of attention to the ethno-cultural factors of economic life. M. Weber in the early 20th century offered his vision of the influence of religious values on economic development. He argued that the Protestant work ethic and the doctrine of pursuit of wealth as a religious duty led to greater economic achievements of the Protestant part of Europe compare to the Catholic one, as well as having had a significant impact

on the formation of capitalism [2]. However, the worldview of economists has changed radically over time; cultural notions were expelled out of economist's theorizing. They have been focused on the study of purely objective dependencies between different economic parameters available to observation and quantitative-mathematical description.

However, now the situation is changing again; we observe a kind of "returning" of the culture into the economic conceptions [3, p. 60-84]. One of the factors that led to the growing interest in culture in economic science was the stunning economic successes of the East Asian countries, which happened largely due to the cultural characteristics of these countries, in particular to the Confucian value basis of East Asian societies [4]. As D. Landes notes, "such terms as "values" and "culture" are not popular with economists, who prefer to deal with quantifiable (more precisely definable) factors. Still, life being what it is, one must talk about these things". [5, p.215] Economists again turned to the historical and socio-cultural context of economic processes. On this path, not only economic sociology but also institutional economics (D. Nort, R. Coase, O. Williamson) has developed with its demands to take into account the cultural context of the economic action, its socio-cultural roots, to study not only formal but also informal social institutions of social life. Categories of culture were included in the mainstream of economic science [3].

Thus, the idea of economic actors as "Homo economicus" gives way to the awareness of the importance of taking into account their specific national and cultural characteristics. In the identical economic situations, actors with different cultural and religious backgrounds can behave differently. One of the most important factors of qualitative differences between rich and poor countries is the differences in those historically formed mental values and stereotypes that guide people in their economic activities. One of the first who proposed a cultural explanation of economic underdevelopment was E. Berfield in his book «The Moral Basis of a Backward Society» [6]. In a later book «The Wealth and Poverty of Nations» [5], D. Landes, supporting the position of M. Weber, concludes that the success of national economies is due more to cultural factors than to anything else. Thrift, hard work, perseverance, honesty, tolerance are those cultural factors that determine everything; the social values and attitudes have a decisive influence on which economies will succeed and which will fail. To the similar conclusion came also other authors [7]. So, after a long period of underestimation of the role of ethno-cultural factors in the economy, it is now more and more recognized that "culture matters" [8; 9; 10].

This also applies to the sphere of international economic relations, to the field of international business, the processes in which are to a large extent determined by cultural factors. The consideration and rational use of the ethno-cultural factor is an important direction in increasing the effectiveness of *international economic relations*, 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, *globalization processes*.

Speaking about the cultural determination of economic processes, it is first of all necessary to understand what in this case is meant by *culture*. A broad understanding of culture as everything that is created (i.e. cultivated) by human activity from the natural reality, is not suitable here. In relation to economy it is needed more "narrow" notion, which is stressing next moments: it is, first of all, mental, non-tangible and stable reality: stereotypes of behavior, beliefs, values that affect the economic behavior of people as agents of economic processes (informal institutions); secondly, such informal institutions are the product of a long cultural and historical development of peoples; thirdly, this mental stereotypes characterize a group, society, nation. Thus, one can speak generally about *ethnocultural economic mentality* as the most important informal institution, formed as a result of the cultural and historical process. It can also be regarded as a *cultural-historical capital*.

The purpose of this article is to review the theoretical and practical aspects of the influence of cultural factors on economic life and, in particular, on international economic relations and international business, highlighting various research approaches. In the context of international relations, the most important domains of manifestation of action of cultural determinants are: an issue of different types of market economies; 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 conducting of business negotiations with foreign business partners; the integration processes. In all these forms of economic relations and processes, interact actors, whose behavior is determined not simply by the desire to maximize benefits and minimize costs, but to a significant extent by different cultural attitudes and stereotypes, different economic mentality.

Cultural norms affect economic outcomes: Cultural norms have influence on economic growth and profitability of economic entities, on the economic development of the country as a whole [12]. In the economic behavior of people, along with the striving for rational maximization of benefits, a significant role belongs to such realities as devoir, responsibility, loyalty, decency, mutual trust. Adherence to moral norms makes it possible to reduce transaction costs in the economy, making unnecessary external control of actions, improving the coordination of market participants' behavior, reducing undesirable side effects of economic activity [8]. The most productive economies have emerged precisely in those societies where there are strong moral foundations and a high level of mutual trust [11].

Empirical research demonstrates the indirect positive influence of general moral norms on the success of economic activity, in particular on the growth of per capita income of the population [13]. So, it is shown that the level of trust, trusting relations, positively affect the size of GDP. This is manifested, in particular, in the fact that a high level of trust makes campaign more effective, since it makes it possible to delegate authority and responsibility, freedom to

make decisions to a large number of members of the organization. Thus, the focus of activity in the organization shifts from a permanent centralized managerial control associated with constant suspicion, to a productive, independent fulfillment of organizational tasks by all participants. Such a connection between morality and economic efficiency exists in other spheres of business [14; 15; 16]. Significant impacts on the economic development of the people have a religious faith. In particular, it largely determines the attitude of people to wealth, to work, to the distribution (redistribution) of public goods, to time [2; 16].

Researchers note the impact on the economic behavior of such a key cultural institution as *language*, because, as notice L. Boroditsky, "the structure of our language significantly affects our construction of reality" [17]. According to empirical cross-linguistic study, for example, the level of savings are higher in countries with languages in which the present and the future are weakly divided, and lower - where they are clearly separated, i.e. the latter leads to behavior less focused on the future [18]. As another empirical research shows, the leaders of successful companies are characterized by a special subjective "temporal perspective", they tend to perceive the future in close connection with the present, linking the present actions with the intended goal. And this is one of the real factors of the success of the whole organization the verbs in the present, which is one of the real factors of the success of the whole organization [19]. About different forms of time perception and their economic relevance also write R. Lewis, G. Hofstede and F. Trumpenaars.

Also ethnoculturally determined is the *creativity* of economic actors [20; 21].

Cultural attitude towards 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 work as a value in Europe was formed, for example, on the basis of Protestantism [22], a special work ethic in the Far Eastern countries was formed under the influence of Confucian culture. 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, of investments.

Cultural factors affecting international trade: In the sphere of international trade, different cultural orientations manifest itself in the behavior of consumers in the markets of goods and services, in certain 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 conditioned preferences make some products such that they are in high demand, and some have no prospects for implementation at all. These circumstances should be noticed in the process of