

**PANNON UNIVERSITY**  
Ph.D. School for Economics and Management



**Zoltán Kovács**

**THE COMPETITION OF CULTURES IN THE  
ERA OF GLOBALIZATION**

The examination of the characteristic features and of the relationships of natural cultures with regard to Trompenaars' model

**a Ph.D. dissertation**

Consultant: Professor Dr. Zoltán Gaál

**Veszprém, 2006.**



## 9. References

BOSCH van den, F. A. J. / PROIJEN van A. A.: The competitive advantage of European nations: The impact of national culture – a missing element in Porter's analysis? European Management Journal 10. 1992

CASSON, M. C. : Cultural determinants of economic performance, Journal of Comparative Economics 17, 1993

FRANKE, R. H. / HOFSTEDE, G. H. / BOND, M. H. : Cultural roots of economic performance: A research note, Strategic Management Journal 12, 1991

GARELLI, S. : Competitiveness of Nations: The Fundamentals, World Competitiveness Yearbook, IMD Lausanne 2005

HOFSTEDE, G. / BOND, M. H. : „The Confucius connection: from cultural roots to economic growth”, Organizational Dynamics, 16, 4 1988

TROMPENAARS, F. / HAMPDEN-TURNER, C. : Riding the Waves of Culture, Understanding Cultural Diversity in Business, Nicholas Brealey Publishing, London 2002

HAMPDEN-TURNER, C. / TROMPENAARS, F. : The Seven Cultures of Capitalism, Piatkus London, 1993

## Table of contents

1. The purpose and the precedents of the research .....	1
2. The applied methodology.....	4
3. Considerations connected with the research.....	6
4. The model of the research .....	7
5. The results of the research.....	9
6. Summary .....	14
7. The exploitation of the results in practice .....	20
8. Publications .....	22
9. References.....	23

## 1. The purpose and the precedents of the research

I have, in my thesis, attempted to reveal the peculiarities of the Hungarian natural culture as well as the relations of its attitudes on the one hand, and the connection between natural culture and competitiveness, on the other. The first topic is important because no extensive data, related to a considerable sample size are available concerning Hungarian natural culture, data that could be adjusted to Trompenaars' model, accepted and applied internationally. As far as the examination of the relationship between natural culture and competitiveness is concerned, this has gained an outstanding importance by now. Despite the fact that a number of researchers emphasized the impact of culture on economic development and advance as well as on competitiveness on a national level, the empirical research of these relations have mainly been restricted to the level of enterprises and other organizations. There has also been only a little international research dealing with this question, furthermore, works engaged in the mapping of cultural features being of decisive importance from the point of view of competitiveness were also missing.

The up-to-dateness of the topic is supported by the fact that in consequence of the so called globalization which has been the most determinant process of recent decades, better to say of recent centuries, the significance of geographical distances has considerably decreased, national markets have come to be integrated into a homogenous world market and the international, what is more, global activity of enterprises has become a more and more typical phenomenon.

*"The Earth seems to become flat again, borders wear away, the artificial barriers and walls collapse, and we've got to run faster and faster to be able to stay still." (Friedman, 2006)<sup>1</sup>*

Globalization involves not only the spatial extension of relations, developments and structures embracing now all the world, but also the formation of a network of relations of thought and action exceeding borders, as well as the interpenetration and interdependence of problem situations and its participants. Thus everybody has become everybody's potential partner and fellow competitor in any development taking place in the world.

<sup>1</sup> Thomas L. Friedman: Yet, the Earth is flat. A short history of the 21st century, HVG Kiadói Rt., Budapest, 2006.

## 8. Publications

GAÁL Z. / KOVÁCS Z.: Jöttünk! Látunk. Győzünk? Harvard Businessmanager, 2006. évfolyam 6. szám 2006

GAÁL Z. / SZABÓ L. / KOVÁCS Z.: Nemzetközi vállalati stratégiák és a nemzeti-vállalati kultúrák összefüggései. Vezetéstudomány, XXXVI. évfolyam 7-8. szám 2005

GAÁL Z. / SZABÓ L. / KOVÁCS Z.: Nemzeti-vállalati kultúrák vizsgálata. Személyügyi Hírlevél, áprilisi szám, 24-34.oldal 2005

KOVÁCS Z.: Heading Towards Intercultural Management, 4th International Conference of PhD Students - Miskolci Egyetem, Miskolc 2003

KOVÁCS Z.: Az interkulturális menedzsment empirikus vizsgálatának tapasztalatai, Karbantartás Megbízhatóság Hatékonyság Nemzetközi Konferencia - Veszprémi Egyetem, Veszprém 2004

KOVÁCS Z.: Kultúrák versengése - A nemzeti kultúra és a versenyképesség összefüggései, Karbantartás Megbízhatóság Megbízhatósági Kultúra Nemzetközi Konferencia - Pannon Egyetem, Veszprém 2006

KOVÁCS Z.: A nemzeti kultúra hatása a versenyképességre, Tudás és versenyképesség pannon szemmel, Pannon Gazdaságtudományi Konferencia tanulmánykötet I-II. kötet, II. kötet 80. oldal Pannon Egyetem, Veszprém 2006

SZABÓ L. / KOVÁCS Z. : A nemzeti kultúra hatása a versenyképességre, Karbantartás Megbízhatóság Hatékonyság Nemzetközi Konferencia - Veszprémi Egyetem, Veszprém 2005

Furthermore, the research also revealed the fact that a considerable improvement of the competitiveness of countries and regions cannot be imagined without taking their culture into consideration. It is important to know, too, which are those cultural features that exert a positive influence on the competitiveness of a country, because only based on this knowledge it is possible to work out a long range developmental strategy aimed at the changing of the culture. With the help of a consciously carried out cultural change, in the long run, the national culture of a country can be shifted in the direction of those cultural features which have a positive influence on its competitiveness, thus contributing to the improvement of the competitiveness of the country and to its advancement in the ranking of the countries from this point of view.

It is also of outstanding importance to compare countries and regions on the basis of cultural peculiarities defining competitiveness. In this way we can have a clear picture concerning the advantages and disadvantages of a given country or region as compared with other countries or regions of a similar economic weight. The results of such a comparison may be useful when working out the long range developmental strategies of countries and regions, as well as for the planning and preparation for a change in culture.

In our days economic competition takes place under more even conditions, more intensively, and not only on the level of enterprises but on the level of national economies, as well. Cultural aspects gain an emphasized importance in the formation and utilization of competences necessary to obtain a better position in competition. Cultural characteristics, having their roots in a national-cultural context, appear to be strategic success factors both for enterprises and for national economies, too. In addition to physical, human and natural resources there is a cultural capital constituting basic resources for the economic development to be maintained. For enterprises or nations willing to become winners in the process of globalization, cultural questions are not to be left out of consideration.

The first and most important question in connection with cultures is the definition of the characteristic features of those cultures as well as the recognition of their differences. For the purpose of comparability it is important that the examination of cultural peculiarities will be carried out by using a uniform, standard model. One of the internationally most well known cultural model is that of Trompenaars' who, based on his model, created the most extensive database comprising the national cultural data of about more than 100 countries on the grounds of questionnaires completed by more than 50.000 middle and upper level managers. The database, however, does not contain extensive data related to a considerable sample size concerning Hungarian natural culture. One of the main questions of our research, accordingly, is the following:

### **Which are the characteristic features of Hungarian national culture?**

With the help of the model and the related questionnaire a Hungarian survey makes it possible for Hungarian managers, for the leaders of enterprises and other organisations, to be well acquainted with the characteristics of Hungarian national culture, to be able to compare this culture with the cultural peculiarities of other countries, thus being able to plan and act accordingly, bearing the above in mind. In addition to the representatives of the profit- and non-profit oriented areas, a knowledge of cultural features is equally necessary for researchers for completing analyses or comparative studies, or for building up their theories.

The media of national cultures are the people themselves who, however, possess largely divergent demographic qualities. Besides the outline of the Hungarian national cultural profile, it is interesting to examine how people's cultural attitudes are influenced by individual features. In this respect I am trying to find an answer to the following question:

### **Is there any connection between demographic qualities and cultural attitude?**

In other words, do individuals brought under different headings based on various personal characteristics possess divergent qualities? In addition to personal characteristics such as sex, age, duration of education, the functional sphere and the character of occupation, the industry and the geographical situation of employment, the analyses examine, with high priority, the influence of a profit-oriented or non-profit oriented character of the person's place of employment on his cultural attitude.

The question to be answered in connection with the relationship between national culture and competitiveness is the following:

### **Is there any connection between the national culture and the competitiveness of a country?**

In so far as this assumption can be justified and a clear-cut connection shows up between culture and competitiveness, even in that case an important question remains, namely, which are those cultural peculiarities which exert an influence on competitiveness and what, exactly, this influence is like? The results of such an examination are of great importance for experts of economic policy, too, who work out the long range developmental strategies of countries.

With full knowledge of the cultural peculiarities defining competitiveness, it is serviceable to draw comparisons between countries, furthermore, between regions, in order to find the strength for their present competitiveness or to find out, what kind of cultural change, a shift directed towards which of the specific characteristics would result in the improvement of competitiveness.

By the help of such comparisons it can be outlined, which are those cultural peculiarities on the basis of which or, by the change of which features and towards which direction can the competitiveness of our country be improved in the competition within the European Union, in the competition between the Union and other world economical regions, in the competition of the Triad.

The outcome of the comparison of Hungary and the European Union was also as expected. Hungary can be characterised with a lower value of acquired orientation than the average of the countries which joined the Union before 2004. By increasing this value, the country's competitiveness may improve. The obtained result was not surprising on the basis of practical experience and with the knowledge of the fact that in Hungary the linking of status with achievement and result is not extensively typical.

### **7. The exploitation of the results in practice**

An important goal of the research was that its results could be utilized in practice.

The outline of a Hungarian national profile, the definition of the peculiarities of Hungarian culture has an outstanding importance both for the Hungarian middle and upper leaders with foreign connections, and for the foreign management of multinational enterprises with Hungarian connections. With the help of the Hungarian profile it becomes possible to get acquainted with our culture more efficiently, to compare our culture with that of more than 100 countries, to map the differences and on the basis of these, to coordinate the dissimilar systems of values of the various cultures, to create an effective co-operation and to work out, choose and utilize the most powerful organizational and managerial practices and methods.

The comparative examination of the profit- and non profit oriented sectors has also come to important results. The different cultural attitudes of the people working in one or in the other sector have become justified, as well as such specifications like which features were characteristic of which sector and to what an extent. The statement of the above may be useful in turning the non-profit sector to become more achievement oriented and more efficient on the one hand and, with the knowledge of the relationship of culture and competitiveness, increase the competitiveness of the country relying on the profit oriented sector or on the non-profit oriented sector, or both.

The statement justifying the relationship between national culture and competitiveness also has a determiningly practical importance. The fact that competitiveness is influenced by culture can be an important information for experts of economic policy and it cannot be left out of consideration when working out long term economical policy, either.

The relationship between the profit- or non-profit oriented character of the workplace of the person and the extent of neutral orientation is somewhat surprising, because the neutral/emotional dimension, in the case of individuals, expresses the extent of the manifestation of emotions.

#### The relationship between culture and competitiveness

On the basis of the considerable differences among the countries of the world from the point of view of competitiveness it is presumable, that there must be a connection between the cultural peculiarities of the countries and their competitiveness. This supposition is also supported by the basic conception of the IMD concerning competitiveness, which they describe with the help of four dimensions, four, so called "basic forces". It is presumable that these "soft" factors depending on social traditions and values are culturally influenced. Several scholars have already included the relations between culture and competitiveness in their models. All in all, national culture, the dimensions of culture seem to have a connection with the competitiveness of a country. Surveying the results it is not surprising that the acquired status orientation and the neutral orientation show a clear connection with competitiveness, because the former is connected with the acknowledgement of the achievement, while the latter is connected with openness. It is even more interesting that an acquired status orientation significantly determines competitiveness by itself. The model best describing competitiveness contains, in addition to acquired status and neutral orientation, also past orientation, and it is not surprising, that past orientation exerts an influence on competitiveness in the negative direction.

The comparison of world economic regions and countries from the aspect of cultural dimensions influencing competitiveness more or less justifies the assumptions. The supposition has been proved, namely, that the cultural attitude of the European Union is supposed to shift towards acquired status and neutral orientation in order to achieve a better position in the economic competition of the determinant world economical regions. Besides, following from the results of the thesis creating the model of competitiveness, the comparison of the time orientation of the regions is also necessary. This result also corresponds to the assumption according to which the European Union is traditionally past oriented which effects competitiveness disadvantageously. The North American region turned out to be, as it was expected, future oriented, which is the direction the Union is also supposed to shift towards in order to become the most competitive region of the world.

## 2. The applied methodology

### Research samples

The basis of the research was a survey completed in Hungary with the application of a Trompenaars questionnaire through empirical datasurvey in 2004 and 2005. In the course of the examination the quantitative method was used and it was a cross-sectional examination.

The total number of elements of the sample connected with the own questionnaire grounded research was 501. The giving of personal data was not compulsory. 14 of those who completed the questionnaire did not answer or only partly answered such questions.

The questioned persons were all living in Hungary and were Hungarian citizens without an exception. While shaping the sample of our own, in order to be able to compare our data with those related to the countries from the database of Trompenaars, the main consideration for the compilation of our sample was that the questioned persons should work as medium or upper leaders for enterprises or other organisations. A further goal was an extensive sample taking, that is, the covering of an extensive group of people brought under different headings (sex, age, occupation, training, etc.). When compiling the sample, it was also an important consideration that various industries as well as the profit- and the non-profit oriented sector be equally represented. A further goal was the complete geographical covering of the country, as far as possible, at least.

The questionnaire was completed by 315 men and 175 women.

Nearly half of the sample is constituted of people belonging to the age group between 40 and 59. The other half is mainly comprised of people between the ages 25 and 39. There are only a few people among the questioned who were younger than 24 or older than 60. This must be the consequence of the fact that the research concentrated on people occupying managerial positions.

The fact that most of the participants were characteristically highly qualified must also be the consequence of the above mentioned managing position. The related question, in the interest of international comparability, was the number of years spent in the educational system (duration of education). More than half of those who completed the questionnaire spent over 18 years in education. The years 15, 16 and 17 can also be regarded as a considerably long time.

The emphasized target group of our own research was the category of medium and upper leaders, which shows itself in the distribution of the participants' occupation as regards the type of work they are engaged in. 70 per cent of the questioned occupied leading positions.

The distribution of the sample is considerable with regard to the functional sphere of occupation. Only those, working in the engineering, marketing/sale and general management, represent more than 10 per cent of the sample.

The proportion of those who work in the public administrative or in the educational sectors is also high. Besides, more than 10 per cent is represented by those whose work is connected with building and construction, energy and natural resources, or other industrial production.

The profit- and non-profit oriented spheres are represented in a roughly identical proportion.

The sample concentrates on people working in Vas, Veszprém, Komárom-Esztergom counties and in Budapest. The rest of the counties constitute the remaining 32 per cent in a roughly uniform distribution.

In addition to the mass of facts gained in the course of the own research, the analyses rely on two more, independent samples.

One of them is the cultural data related to the countries contained in Trompenaars' database. The special features of the national cultures in different countries are defined with the help of a uniform questionnaire identical with the one used in the Hungarian research. The database contains the values of the seven dimensions of the central model with relation to the individual countries. The survey carried out in different countries can be characterised by an attempt to compile similar samples. The samples are, despite the diverse organizations, of similar distribution. As far as age, sex, education and occupation are concerned, the target is, similarly, the achievement of a roughly identical distribution. The database contains, as an average, the data of 500 persons per country. The data of the individual countries follow from the added up results of the continuously performed surveys.

For the analysis of competitiveness the data of the Swiss IMD World Competitiveness Yearbook from 2005 were used. The IMD issues a ranking list yearly, the compilation of which is performed on the grounds of summing-up various indices. The values used for the ranking are percentage values.

The comparison of the cultural characteristics of different age groups, however, did not result in the expected differences with respect to all the presumed dimensions. There were supposed to be bigger differences between the age groups on the grounds of the physical and psychical changes having taken place during people's life spans, on the one hand, and because of the sudden social, economic and technological changes of the last decades, the change of the political system, globalization, etc., on the other. On the basis of these I expected the elder groups to be clearly more universal, specific- and past oriented than the younger generations. The assumption connected with the expected higher value of a universalist orientation was based on the regulation oriented operation of the political system prior to the change of the regime. The expected specific orientation was to be explained by the basic ideological changes resulting in an emphasis on a system oriented attitude, as well as in the linking up of the different spheres of life. As for time dimension, this seems to be obvious, since young people are more likely to give preference to the future than the elder generations. The results of the research were surprising and only the relationship between a universalist orientation and age could be unambiguously justified.

The hypothesis connected with this topic provides a transition from this topic to the next one. The hypothesis associates different cultural attitudes with the profit- and the non-profit oriented groups. The supposition is connected with the relationship between the character of the operational sphere as well as the conditions of competition among its participants and the corresponding cultural attitudes. It seems to be logical that the employees of enterprises operating on the market characterised by an intensive competition, will have different cultural attitudes from those working in the non-profit sphere. From among the cultural dimensions, with regard to universalism/particularism, past orientation, within the latter past- and future orientation, and with regard to neutral/emotional orientation the differences were significant between the two groups. With respect to universalism/particularism the connection is probably based on the fact, that people operating in the non-profit sphere consider the keeping of the rules and regulations to be more important than anything else. Time orientation is a function of their choice concerning which time level is more important or has priority for them. Profit oriented enterprises lay stress on the future, they work out plans and strategies to promote their development and the achievement of their goals.

## 2. thesis

*In Hungary the employees of the for-profit and non-profit sectors have different cultural attitudes. The employees of the for-profit sector can be characterised by a higher level of future-orientation, whereas a higher level of universalism, past-orientation and to a limited extent a higher level of neutral orientation are typical of the employees of the non-profit sector.*

## 3. thesis

*The national culture of countries considerably influences their competitiveness. The cultural dimensions affecting competitiveness are neutral/affective, achieved/ascribed status and time orientations. A higher level of neutral and achieved status orientation results in a higher level of competitiveness, while a higher-level past orientation leads to a lower competitiveness.*

### **The interpretation of the obtained results**

#### Characteristics of the Hungarian national culture

As far as Hungarian cultural characteristics are concerned, its most surprising feature appears to be the relatively high value of universal orientation. What this covers is the ambition to keep and emphasize rules and regulations, which is contrary to the experiences of everyday life, where the utilization of connections, disregard of the regulations and the importance of human relationships can often be observed.

#### Connections between personal characteristics and cultural attitudes

The personal characteristics, the results obtained with regard to comparisons according to demographic data were not surprising. The differences in cultural characteristics related to men and women was a logical presumption based on the differences between the divergent genetical and biological bents of the sexes. The received results precisely corresponded to the expectations. Everybody knows that men tend to suppress their feelings, that women strive after the maintenance of harmony around them and that they are better at adjusting themselves to their environment. Presumably these cultural differences are not typically Hungarian but exist all over the world. To scientifically justify, however, further and more extensive research is needed.

The value of the first place is 100 %, the per cent values of the rest of the countries are defined compared to this value proportionally. The WCY concentrates on the consequences of the interaction of four competitive factors, which essentially determine the competitive environment of a country.

These are:

- Economic achievement
- Governmental efficiency
- Efficiency of the business sphere
- Infrastructure

The WCY compile their ranking list on the basis of these four factors and the more than 300 criteria associated with these. They suppose that a healthy balance of these dimensions creates such a national environment, which is able to maintain its competitiveness according to world standards. For the compilation of the ranking list "hard" and "soft" data are considered alike. From among the data used, 128 are "hard", which means that these data are characteristically collected and published by the official statistical system of the given country. The rest are "soft" data, coming from the questionnaire based survey of the WCY.

There are 42 countries on the list whose national cultural data are also available.

#### **Units for observation and units for analysis**

During the research the individually questioned middle- and upper leaders were meant as units for observation, while the analyses were performed on both an individual and a national level.

In order to define the peculiarities of the Hungarian national culture, we collected the individual data and adjusted them to the national level. The specification of the relations between demographic qualities and cultural characteristics was carried out by way of the analysis of the data gained from the Hungarian research on a personal level. For the examination of the connection between national culture and competitiveness, however, cultural data on the national level were needed.

### **3. Considerations connected with the research**

In the course of my research I was studying two systems of relations. One was the relation between personal characteristics and cultural attitude, the other, between culture and competitiveness.

I presupposed that the groups of individuals under different headings (which were based on such characteristics like sex, age, qualification, profit oriented or non-profit oriented place of employment, etc.) possessed different cultural characteristics. I examined, with high priority, the influence of a profit-oriented or non-profit oriented character of the place of the person's employment on his cultural attitude. To map the relations I specified the average cultural characteristics of the individual groups with the help of the cultural dimensions and tried to find out if there were any significant differences between the cultural characteristics of the different groups in connection with a specific feature. I made it probable that there existed such cultural dimension and personal characteristic counterparts of which it was true, that different groups created in accordance with a given personal characteristic would show significant differences in relation with a given cultural dimension, and this would justify that there was a correlation between certain individual characteristics and a certain cultural attitude. It is important to note that the results found in this way can be supported by Hungarian samples only, consequently, they bear the above interpretation in relation to Hungary.

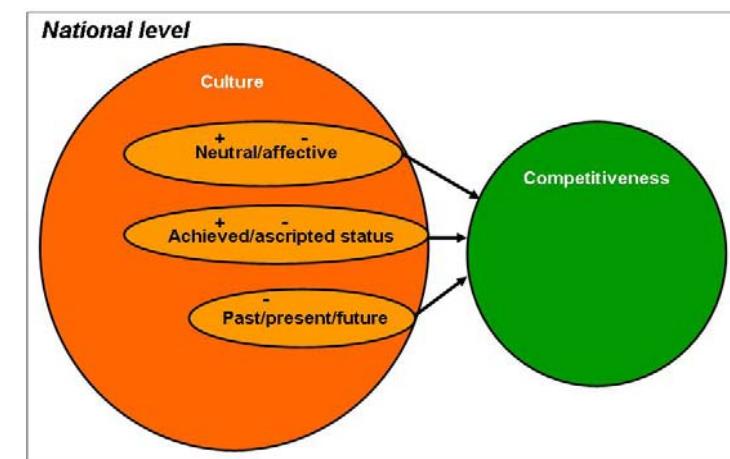
The other system of relations examined was that between the culture of a country and its competitiveness. It has been stated by several researchers that the competitiveness of a country is culturally influenced. On these grounds I presumed that it was possible to define those cultural dimensions and the corresponding cultural peculiarities which played an outstanding role from the point of view of competitiveness.

#### 4. The model of the research

The primary goal of the examinations carried out on the individual level is to define the determinant elements of the person's cultural characteristics, in other words, to define the determinant elements of the so called personal factors. The personal factor constitutes the dependant variable, while the various personal demographic qualities like sex, age, the profit- or non-profit oriented character of the place of occupation, etc. constitute the independent variables.

The analyses concentrate on the examination of the correlations alone and it is not our purpose to reveal the character and the action mechanism of these correlations. In the course of the examinations it is defined that from among the dimensions used to describe a culture - which are, at the same time, used to describe a kind of cultural attitude - which are related to given individual characteristics.

From among the contrasting cultural characteristics connected with the individual dimensions, the neutral and the acquired status orientation have a positive, while past orientation has a negative effect on competitiveness.



**Figure 4 The relationship between national culture and competitiveness**

In the figure arrows indicate the relations between cultural dimensions and competitiveness, whose impact on competitiveness was outlined on the basis of a model set up with the help of linear regression. Besides the above dimensions, though on a lower level, significant correlation was seen between universalism/particularism and competitiveness, but this dimension was not included in the model, therefore, presumably, these dimensions exert an influence on competitiveness in an indirect way only, perhaps through other dimensions, this is the reason why they are not figured where the relationship between national culture and competitiveness is illustrated.

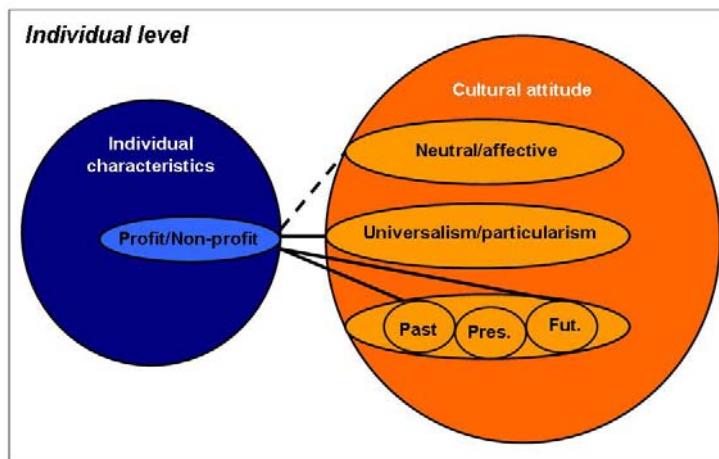
#### The theses of the research

##### 1. thesis

*The main peculiarities of the Hungarian national culture are universalism, individualism, specific and neutral orientation. It can be characterised by achieved status, external orientation and a limited future-orientation.*

With reference to the relationship between demographic qualities and cultural attitude and on the basis of the comparison of the cultural peculiarities of people working in the profit oriented or non-profit oriented sphere, it can be stated that the employees of the two spheres possess divergent cultural features. The profit oriented sector is more future oriented, while the non-profit sphere shows higher values with regard to universalism, past-orientation, and to a small degree, to a neutral orientation.

The model seen in the following figure illustrates the characteristic feature appearing in the second thesis of the demographic qualities, the relationship between the profit- or non-profit oriented character of the place of occupation and the corresponding cultural attitudes.

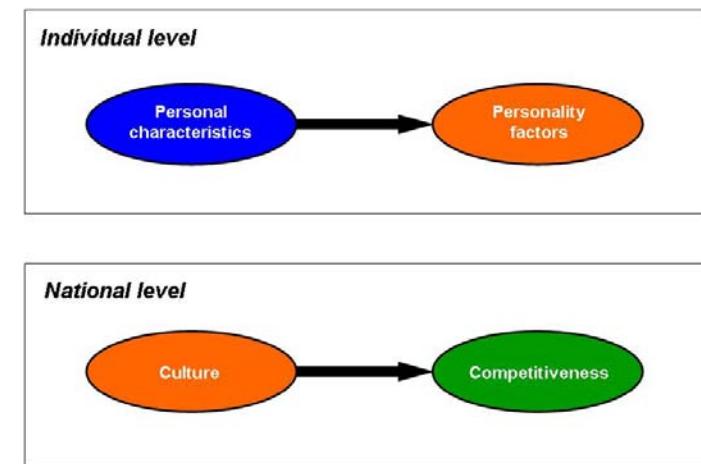


**Figure 3 The relationship between the profit- or non-profit oriented character of the individual's place of work and the corresponding cultural attitudes**

The unbroken line illustrates the significant relations on level 0.01, the broken line illustrates the significant relations on level 0.05.

The other model set up as a result of the examination illustrates the relationship between national culture and competitiveness. The model is based on the data of 42 countries. The analyses have clearly brought out the relationship between culture and competitiveness on the level of countries. The cultural dimensions influencing competitiveness are the neutral/emotional, acquired/inherited and past oriented ones.

As opposed to examinations on the individual level, the goal of the examinations performed on the national level was not the exploration of those elements which determined cultural peculiarities, but it was the determining role of culture itself. The main goal in this case was to reveal to what extent (if any), culture was able to influence or what is more, determine the state of development of the economy. Competitiveness is the most suitable characteristic for the description of the state of the development on the level of countries, the more so, because competitiveness also takes the influential factors extensively into consideration. The initiation of competitiveness as a dependant variable is further supported by the fact that there is a number of comparative data at our disposal concerning almost every developed country of the world. The independent variables of the model are, on the national level, made for the definition of culture or for the corresponding cultural characteristics. The main goal of the analyses is the specification of those cultural peculiarities which are connected with the competitiveness of countries. Following the definition of the dimensions, next is to decide which of the two opposite orientations belonging to the given dimension exerts a positive influence on the competitiveness of the country in question. With full knowledge of the relations, one has to try to model the countries' competitiveness with the help of the cultural dimensions, using them as explanatory variables.



**Figure 1 The central model of research**

## 5. The results of the research

### Theoretical conclusions

The examinations have proved that national culture exerts a considerable influence on the competitiveness of the country. From among the cultural dimensions the acquired/inherited status and the neutral/emotional orientation show the most significant, the tightest connection with competitiveness. From among the opposing values of the two dimensions competitiveness has a positive relationship with acquired status and with neutral orientation. A higher level of an acquired status orientation, as well as a higher level of a neutral orientation, presume a higher level of competitiveness. It is time orientation, more precisely, past orientation and universalism/particularism which have a significant correlation with competitiveness on a lower level.

Further analyses also supported that national culture had a determinant role from the point of view of competitiveness. The model which defines competitiveness with the help of cultural dimensions, besides the acquired/inherited status and the neutral/emotional orientation also contains the dimension of time-orientation and past orientation within that. The acquired status and the neutral orientation, based on the obtained results, appear together with a positive co-efficient, while past orientation appears together with a negative co-efficient in the model. According to the received results, the less past oriented a country, the more competitive it is. Cultural peculiarities determining competitiveness, in due course, are the following: acquired status, past and neutral orientation.

With respect to their statements, I agree with several authors, with Bosch and Proijen (1992); Franke, Hofstede and Bond (1991) and Hampden-Turner and Trompenaars (1993), according to whom culture influences the competitiveness of countries to a considerable extent.

I disagree, however, with Hampden-Turner's and Trompenaars' certain statements, namely, that there is no single, best combination of cultural peculiarities, that there is no uniform system of cultural conditions that would guarantee the future success of different economies, and that the present economic results of certain countries cannot be explained by cultural factors.

As opposed to Hampden-Turner and Trompenaars, I assert the following:

When comparing Hungary and the European Union, it can be concluded that our country, with respect to a number of cultural features being determinant from the point of view of competitiveness, turned out to be in a similar, in many ways more advantageous position than the European Union or its member countries. There is, for example, the neutrality of orientation, in which respect Hungary showed a higher value than the average value of the European Union. With regard to this orientation, Hungary was outrivaled only by the most advanced Union countries like the United Kingdom, Germany or Finland, for example. We possess similarly advantageous cultural features with respect to time orientation because, as opposed to the Union's past orientation, our country showed a future oriented dominance, even if to a small degree. Considering the value of past orientation, if we compare Hungary with countries which joined the Union before 2004, it turns out that Hungary is among the four countries with the lowest value in this respect, in the company of Sweden, Ireland and Italy. In the case of an acquired/inherited status orientation the situation is different. Regarding acquired status orientation Hungary shows a significantly lower value than the average of the European Union. The value of acquired status orientation in Hungary is slightly above the middle of the scale, while in the European Union a considerably higher value of acquired status orientation is typical. The result of the comparison of Hungary with individual Union countries was similar, in this respect, from among the countries who joined the European Union prior to 2004, Hungary was ahead of Greece and Belgium only. This is a disadvantage for Hungary from the point of view of competitiveness.

## 6. Summary

In the course of the research we defined the characteristic features of Hungary's national culture, which are the following:

- Universalism
- Individualism
- Specific orientation
- Neutral orientation
- Slightly achieved status orientation
- Poor future orientation
- Slightly external orientation

The examination also embraced the connection between people's cultural attitudes and the sector of the enterprise the concerned people were working for. The goal of the examination was to point out the personality factors as well as the cultural differences between those working in the profit oriented and those working in the non-profit oriented spheres. The results obviously supported the difference of cultural attitudes between the two groups. The profit- and the non-profit oriented spheres differed from each other with respect to a universalist/particularist, past and present, and neutral/emotional orientation. The profit oriented sphere was more future oriented, while the non-profit oriented sector was considerably more universalist, past oriented and slightly more neutrally oriented.

The last section of the examination of a practical character contains the comparison of countries and regions along cultural dimensions determinant from the point of view of competitiveness. It is the statements supporting the assumption of the existence of relationships between national culture and competitiveness concluded from the research, which constitute the basis of the comparisons. The emphasised dimensions of the analyses, accordingly, were the acquired/inherited and the neutral/emotional status and time orientation.

With reference to regions, we compared the three most determinant areas of world economy, the Triad. The cultural characteristics of the European Union were defined with consideration to the data of the countries that joined the Union prior to 2004. Considerable differences could be observed with regard to acquired/inherited status orientation. The region with the highest value of acquired status orientation was the United States, followed by the European Union with a considerably lower value of acquired status orientation. The regions of Japan and South-eastern Asia were more significantly inherited status oriented. As far as the examination of the neutral/emotional dimension is concerned, it can be concluded that the North American and the Asian regions are similarly neutrally oriented, while the European Union takes up a position at the middle of the graduation representing the dimension which shows that none of the orientations dominate. The comparison of the regions according to time orientation resulted in an interesting conclusion. North America turned out to be characteristically future-, Japan and Southeast Asia present-, while the European Union past oriented. Consequently, the European Union showed disadvantageous features compared to other world economic regions with respect to time- and acquired orientation when examined through cultural dimensions exerting influence on competitiveness.

- The competitiveness of countries can be accounted for cultural factors.
- In terms of the acquired/inherited status, the neutral/emotional and past orientation there exists a possible best combination of cultural peculiarities. With regard to these dimensions the balance of the opposite values does not constitute a precondition for competitiveness.
  - Countries with an acquired status orientation of a higher value are characteristically more competitive.
  - Countries with a neutral orientation of a higher value are characteristically more competitive.
  - Countries with past orientation of a lower value are characteristically more competitive.

The above statement, according to which there exists a single best combination of cultural peculiarities, can be accepted only regarding the dimensions included in the model for competitiveness, that is, regarding the acquired/inherited status, the neutral/emotional and past orientation. On the basis of the significant correlation shown by competitive values it is possible that there is a single best combination in relation with universalism/particularism, too, but this dimension is not included in the model, therefore its direct influence on competitiveness is not clear. It may be the case that it displays its effect only indirectly, through another dimension. To answer this question with certainty further examinations are necessary the source of which could be the statement that between universalism and the extent of competitiveness there is a positive correlation, that is, the more universalist the country, the more competitive it is.

The domain of the statement implies 42 developed countries whose IMD competitiveness data as well as Trompenaars' data concerning national cultures as contained in his database, are at our disposal. These countries mostly belong to the most developed countries in the world. To find out, whether the statement holds on the level of regions, can be the topic for further research.

### Practical conclusions

Practically, the research is concentrated on three main fields. Firstly, it reveals the peculiar features of the Hungarian national culture with the help of the dimensions of Trompenaars' model. Secondly, it examines the relationship between individual cultural attitudes (personality factors) and personal characteristics (demographic data). Thirdly, it performs comparative examinations with regard to cultural peculiarities effecting competitiveness between countries and regions.

As a result of the survey, the characteristic features of the Hungarian national culture have come to be defined, the Hungarian national cultural profile has been outlined, and it has become possible to compare our national culture with the national cultures of those, more than 100, countries which make up the database.

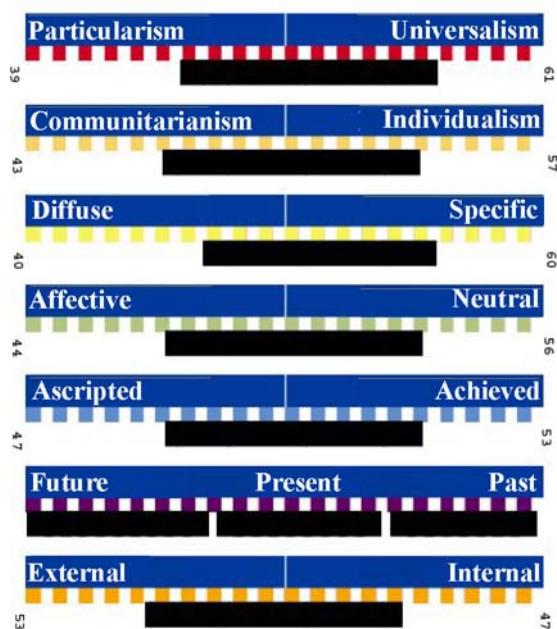


Figure 2 The Hungarian national cultural profile

The characteristic features of the Hungarian national culture are the following:

- Universalism
- Individualism
- Specific orientation
- Neutral orientation
- Slightly achieved status orientation
- Poor future orientation
- Slightly external orientation

In the course of the research it has become justified that the person's sex, age, the profit- or non-profit oriented character of his place of occupation are connected with the person's cultural attitude. It is probable that as sex regards, the divergent genetic and biological features are responsible for the differences in cultural attitude, while, as regards age, it must be the various physical and psychical changes a person has undergone and been affected by during his life span that exert an influence on his cultural attitude and his internal order of values. In the case of personal characteristics the direction of the action mechanism is obvious, in contrast to the the relation between the person's profit- or non profit oriented place of occupation and his cultural attitudes. Since in the latter case the examination was not concerned with any action mechanism, it cannot undoubtedly be stated that the specific features of a place of occupation exert an influence on the cultural attitude of the employee, it is also possible that people chose such a workplace that corresponds to their cultural attitudes and internal system of values.

The examination has justified that from among the cultural dimensions it is the neutral/emotional and the external/internal orientation which show a conspicuous relationship with sex. Hungarian men can be characterised by a higher value of neutral orientation than Hungarian women. On the other hand, Hungarian women are more externally oriented than men.

As regards the relationship between age and cultural attitude, the relationship between age and the dimension of universalism/particularism has been confirmed. More aged people can be characterised with a higher level of universalism.