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UNIVERSITATEA "AL. I. CUZA" IAȘI

**CULTURAL PROXIMITY IN THE  
MANAGEMENT OF INTERNATIONAL  
ECONOMIC EXCHANGES**

**Paper abstract**

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## **THE RATIONALE OF RESEARCH**

In the new global economy, which is in constant growth, an increasing number of companies or nations are in the position to export its own business model, seeking new markets, more favorable production costs or different strategies that lead to performance. We must not avoid the real objective of exporting companies and countries: to obtain profit. Therefore they continuously struggle in order to obtain benefits by speculating any field: technology, culture, finance, leadership, and especially by knowing the areas where they will export their products.

The premise from which we begin this academic project is the following: in international business, if Intercultural Management knowledge is mastered, there is an additional chance to develop and maintain an excellent relationship with the business partner. Knowing each other through differentiation, cooperation becomes much easier. This is the main reason why we aimed to analyze the weight and influence of cultural proximity on international economic exchanges. In order to have a benchmark, we focused strictly on the example of Romania, namely on the importance of cultural synergy in the development of commercial exchanges with foreign economic partners.

It is increasingly obvious the fact that internationalization is not an attribute of large companies, including more and more micro and medium enterprises. In this context, the conceptual definition of management, including intercultural management in foreign economic exchanges is nowadays much more complex. Although geographical, cultural, economic and political proximities are equally important in the internationalization of decisions, we aimed to focus only on the influence of the intercultural in business.

The approach proposed in this paper, one of the few that tries to capture the influence of culture on the exports of a state, by comparing cultural values with statistical data (COMTRADE, IMF etc.) seeks the recognition of multinationality and multiculturalism of contemporary society and is focused on the analysis and importance of cultural synergy in contemporary business environment.

We want to present the importance of interculturality and its specific theories that influence the business environment. We mention that the aim of the paper is not a juxtaposition of cultural dimensions in order to create a complex framework, it refers only to the influence of culture on international economic exchanges.

## **RESEARCH OBJECTIVES**

The aim of the research is to develop a pattern that supports the importance of cultural proximity in determining the final destination of a country's exports. Through our endeavor we aim to offer solutions that help select the optimal country or cluster, so that it becomes possible to maximize the degree of compatibility between the intentions of the investor and the results that can be obtained from economic exchanges favored by similar cultural characteristics of the country where the investor intends to internationalize his business.

The objectives pursued are:

- description of intercultural diagnosis characteristics, of the intercultural mediator attributes and of epistemological alternatives;
- optimization of alternative models for defining culture and of the main delimitations and comparative landmarks of Intercultural Management;
- presenting the potentiality of globalization, of leadership and of negotiation in the international environment;

- highlighting the degree of cultural synchrony between Romania and other countries, as well as its share in the evolution of direct foreign commercial exchanges.

## **RESEARCH METHODOLOGY**

The reference model is the consensual inductive (Locke), because research is based on acknowledged opinions of specialists in Intercultural Management and information is established after correlating it with international statistical databases.

The methodological system is the positivist one and the axiomatic system that explains reality is well defined theoretically. The epistemological stance is also positivist because the approach was achieved through concepts that allowed quantitative measurement and formal logic.

Homogeneous data systems have been analyzed, systems that transcend the subjectivity of the author - holistic research, with predominantly diachronic features (data are analyzed from the last five years). All data were retrieved and analyzed through the mixt method of triangulation.

Interdisciplinary exploratory analysis has been used with the aim to analyze the elements of international cultural specificity offered by specialized literature. Explicative analysis was used when we wanted to explain the share of cultural synergy complementarity between different states.

Methods used are also longitudinal because they follow the evolution of international trade over a period of 5 years, between 2007 - 2011.

Due to the fact that for determining the cultural proximity between Romania and states from 10 international clusters there was strictly necessary to compare COMTRADE statistical data and to establish a correlation between them and the level of cultural values offered by Hofstede and GLOBE studies, transversal analysis and the questionnaire were not necessary, not only they wouldn't have had a sample, but above all, this sample would have been impossible to achieve.

## **BRIEF PRESENTATION OF THE THESIS**

In order to achieve the proposed objectives, the content of the thesis is structured in five chapters: the first deals with methodological theoretical issues used in our analysis and tries to capture the required paradigms for an intercultural diagnosis. Furthermore, we emphasize the importance of cultural mediator in the research process and we conclude with a series of suggestions that can prove to be useful in specialized research.

The second chapter aims to bring familiarity regarding Intercultural Management, deals with certain models for defining culture, which are tightly connected with various sciences: political economy, law, education, religion, environment and society, also approaching the interdisciplinary character of this field of management. Moreover, this chapter presents the intercultural approach undertaken by Geert Hofstede, as well as the results of an in-depth analysis over culture and leadership from 61 countries, conducted through GLOBE project.

The third chapter focuses on the importance of proximity for International Management, presents the ethical, geographical, political-economic aspects of proximity and assigns a special role to cultural proximity, the other dimensions not being so relevant for the proposed study. We want to underline the conditions under which a cultural project can become operative, the way in which it has to involve the collaboration and focus of all interested persons. Synergic participation must be the main way by means of which people identify with the project and they assume both individual and collective responsibilities.

Because intercultural differences must be taken into account when international management practices and strategies are being outlined, for the establishing of cultural synergy indicators we preferred the study conducted by Hofstede (it includes a number of 111 states).

We considered appropriate to make references in the fourth chapter on the key role held by transnational societies in promoting global interdependences, focusing on capturing the general aspects of the phenomenon. We have defined and analyzed the risk system, contemporary leadership as well as the fundamental importance of negotiation in establishing and improving trade relations.

In the fifth chapter dedicated to the analysis of international economic exchanges from Romania to other states belonging to ten international clusters we captured the diversity, political and economic from these clusters, to which we have added the specificity of norms and cultural values. From data presented by COMTRADE, United Nations, we analyzed the exports of Romania to each member country of the ten clusters. The obtained results were analyzed based on existing indices of cultural synchrony, determining whether the level of cultural compatibility influenced or not the exports to those regions.

The first conclusion that emerged from these approaches emphasized the extent to which cultural proximity, in each cluster, is a determining factor in influencing the development of international economic exchanges.

In the final part of the thesis, the annexes contain a number of materials, most of them being elaborated by the author, that are edifying for understanding the content and message of this paper.

We consider that personal contributions are useful for academic study as well as for the economic practice as they include an international cultural diagnosis based on a large diversity of strictly empirical data.

## **CONCLUSIONS AND PERSONAL CONTRIBUTIONS**

The hypothesis from which we started this research was that there are interdependence relations between cultural synergy among countries and the intensity of their international economic exchanges, regardless of their geostrategic position. The main hypothesis, together with the secondary hypothesis and the statistical hypothesis 1, 2, 3, 4, 5 were totally confirmed, statistical hypothesis 6 was not confirmed, while the 7<sup>th</sup> was partially confirmed.

The study may be useful for those managers who regard international trade as a huge market full of opportunities. Competencies can be enhanced by adapting optimum negotiating strategies, regardless of the international specificity, by the understanding of economic, social, political and cultural conditions. Global vision and international strategy depend also on the leadership ability of the management, in conjunction with its investigative skills. International competitiveness of companies, in addition to the increase of exports, can particularly occur through efficient management of the internationalization strategies of their own image.

Through the analysis of the main international markets we have shown how macroeconomic and intercultural indicators can be used for optimum decision-making in the economic process. Also, through the knowledge of the elements and variables of commercial transactions we have pursued the study of aspects and differences for the elaboration of an Intercultural Management plan, with practical applicability in the international area.

For future research (we intend to constantly reevaluate chapter V after an interval of five years and to compare changes that have emerged), we will try to be much more specific and we will focus on identifying the influence of proximity in international economic exchanges through systematic identification of a single sector/cluster.

We find representative the exploring of the Danube countries cluster, whose common features have not been developed from the perspective of Intercultural Management.

Through this study we will try to reflect on the huge transformations that have taken place in these countries over the past two decades, as well as on the existing asymmetries.

For Romanian managers, for whom the international openness is relatively recent, the presented study may have numerous practical implications, in particular through the possibility to avoid critical incidents that can occur with partners from other cultures as a result of the inability to know and understand specific work perspectives.

The analysis of the presented issues also leads us to the conclusion that Intercultural Management, as an integral part of General Management, must be addressed as an integrated concept, since it allows the training of a competent character in order to reach performance in international economic markets.