

# MANAGING BUSINESS IN EUROPE. SPECIFIC ISSUES IN THE EASTERN AND CENTRAL EUROPEAN COUNTRIES

**Bianca TESCAŞIU<sup>1</sup>**

**Abstract:** *The European business environment became a well-defined one. Specific elements such as: European cultural values, euro-clusters, European marketing, strategies for Europe, etc. can be found now in the specific literature, and almost all the firms working in European Union take into consideration specific aspects on doing business in this part of the world. This article tries to point out some of these aspects and it intend to apply some of them in the new economic context created by the Central and Eastern European Countries accession to EU.*

**Key words:** *European cultural values, multicultural diversity, euro-clusters, The Single Market.*

## 1. Introduction

Defining the “culture” concept is quite difficult. It supposes to take into consideration a few approaches, approaches referring to the following:

- Culture is a system of values and social norms
- Culture is learned
- Culture is shared
- Culture has many faces

Applying this concept in the economic environment implies especially to analyse the consequences of cultural differences on the attempt to do business at the international level. Cultural differences may affect the business attitude, so, understanding the cultural norms (particularly organizational structures

employed) and the individual culture becomes necessarily.

The culture components complete the significance of this concept, knowing the fact that culture covers a lot of areas:

*Elements of culture* Table 1

<b>Elements of culture</b>
Material culture (technology, economy)
Social culture (family, education)
People (value system)
Esthetics (arts, music, theatre, dans)
Language

## 2. Objectives

There is a challenge in the economic literature to establish if the Single Market/the Internal Market needs a “personalized” approach. Understanding its

---

<sup>1</sup> Faculty of Economic Sciences and Business Administration, *Transilvania* University of Braşov.

structure – including the cultural environment – could answer to these preoccupations.

To achieve this objective, it is recommended to define the specific European cultural values and to establish the way they influence the business environment (at microeconomic and macroeconomic level)

### 3. Materials and Methods

In the world economy, the Single European Market is a unique one. Its laws and regulations give it particular characteristics, such as:

- The removal of physical, technical, fiscal barriers
- The free movement of labour force
- The social market economy
- The single currency – euro

The Single Market represents the most developed integration structure from the world (economic and monetary union).

At the same time, the Single Market is one of the most heterogeneous integration structures in the world. It is composed of 28 nations, with different culture, with high level of nationalism, with different levels of development, with different attitudes regarding the European integration process.

These are the reasons why the cultural differences should be taken into consideration when the decision to involve in European business is taken. The main question is what cultural values should be considered relevant for the European business environment.

At international level the following values could be considered important to define the cultural environment:

1. Language – can determine the results of a business either by spoken language (official language – the case of minorities, translation mistakes, special

meanings of the same expressions, etc.) or unspoken/silent language (language of space, language of time)

2. Material culture - can influence by the way that people relates to material possession, the way that people regard pay and remuneration for work
3. Religion – provides attitudes and beliefs, values for individuals and groups
4. Education and training – the educational systems provides individual or group values
5. Values and attitudes – by determining behavioural patterns

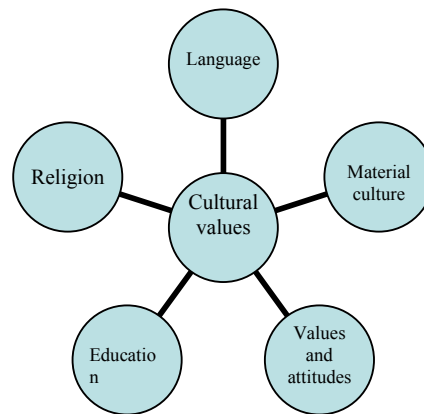


Fig. 1. *Cultural values*

Cultural organization is a concept largely used today trying to extend the meaning of “doing business at the international level”. There are different cultural organization values perceived in specific way in the world economy. For instance:

1. the relation between masculinity and feminity determines the way that women are accepted in the labour market. Speaking of this, some different situations can be presented:

- Near East, Japan – traditional view about the female implication in the economic activity (low rates of female participation in the labor market)
  - Nordic, USA – supportive with women
2. regarding the relation between individualism and collectivism there are different ways of appreciating it:
- Greece and Portugal, Japan – are economies oriented to collectivism
  - Europe, USA – individualism is a primary value.
3. also, the orientation on short or long term gives useful informations about the way that the strategies should be planned:
- UK, Germany, Sweden, Netherlands – the firms are oriented on short perspective
  - Japan, France – long term planning

At the international level, some clusters with similar cultural attitudes can be identified, starting from the cultural common values shared by the countries:

EU – Euro-clusters	• Nordic, Germanic, Latin Europe, Near Eastern
Anglo	• UK, Ireland, USA, Canada, New Zealand, Australia
Latin America	• Peru, Chile, Mexico, Argentina, Venezuela, Brasil
Far Eastern	• Singapore, Indonesia, Thailand, Taiwan, Malaesya, Hong Kong, Philippines
Arab	• UAE, Oman, Kuwait, Saudi Arabia, Bahrain

Fig. 2. *How to act in a multicultural environment – global market*

This kind of “grouping” countries, helps the entrepreneurs to manage in the cultural diversity of the world economy.

In the same way, in European Union some “Euro-clusters” could be created, with the objective of identifying some groups with cultural similarities.

European Union economy is based on what we know as “The Single Market” (or The Internal Market”).

Defining The Single Market supposes to cover a complex concept.

The Single Market continues the Common Market. Those two concepts are two different stages of integration specific in European integration. On its way to achieve a high level of integration, European Union passed through these two phases:

**The Common Market (The Rome Treaty - 1957)**

- Custom union
- Free movement of factors (labor, capital)
- Common politics
- Harmonized politics

**The Single Market (The Maastricht Treaty - 1993)**

- Economical union (common and harmonized politics)
- Monetary union
- Political union

Fig 3. *The common Market and The Single Market*

#### 4. Results and Discussions

The Single Market determines a new perspective on studying economics for this new environment, created as an over-national one.

For instance, the new members of European Union have common characteristics because of their common history and these characteristics determine special approaches to their markets. In the same time, they have to be able to act in this over-national level, competing with countries with higher level of development. But, because of economic reasons, they should be taken into consideration, so, might become n

important specific segment for the EU Single Market. So, describing this segment might become useful.

We include in this category: Poland, Hungary, Czech Republic, Slovakia, Slovenia, Latvia, Lithuania (2004), Romania, Bulgaria (2007), Croatia (2013).

This segment might be described by the following:

- they come from another type of economy (centralised economies), so they passed through a transition period during the last years
- they had to accomplish some conditions to join EU
- they belong to a former common market (other than the European Common Market)
- they have specific cultural values (sometimes common cultural values)

Cultural changes determine different feedback from different groups. Each culture will react in specific way to new ideas, new products and new environments – as the Single Market represents. Also, the degree of nationalism may, also, have an important bearing on the willingness to change.

Starting from these premises, the following groups become relevant for the European business environment:

*Euro-clusters* Table 2

<b>Euro-cluster</b>	<b>Countries</b>
<b>Anglo</b>	UK, Ireland
<b>Nordic</b>	Finland, Sweden, Denmark, Norway
<b>Germanic</b>	Austria, Switzerland, Germany,
<b>Latin European</b>	Spain, Portugal, Italy, France, Belgium
<b>Near East</b>	Greece, Poland, Hungary, Czech Republic, Slovakia, Slovenia, Romania, Latvia, Lithuania, Serbia, Montenegro, etc

An analysis of some cultural values shows us the following:

- Anglo
  - ✓ Multicultural societies (especially UK, as a result of their former domination on some countries – India, Pakistan). This aspect gives to these countries a mixture of ethnic groups and cultures
  - ✓ Reserved and private people
  - ✓ Attached to values like “personal freedom” and “private property”
- Nordic
  - ✓ Egalitarian societies
  - ✓ Competition is not so encouraged
  - ✓ Open minded to give the “official status” to other languages
- Germanic
  - ✓ Attachment to family values
  - ✓ Conservative societies
  - ✓ Business culture is based on very well knowing an planning of activities and sub activities
  - ✓ People - honest, hard-working, punctual and very responsible
- Latin European
  - ✓ People – attached to culture, history, family and language
  - ✓ Open minded to novelty, and new ideas
- Near East
  - ✓ People - attached to religion and family
  - ✓ Bureaucracy – business needs a lot of time to achieve especially the managerial perspective

Knowing these aspects, the foreign investors have the opportunity to adapt their business style to the European environment.

Even though the Single Market establishes common laws and regulations, the cultural aspects cannot be changed by this

For a better understanding, we will briefly analyse some cultural differences between the Romanian and Finnish environment.

According to some basic cultural information, the two countries are characterized by the following:

Table 3

*Basic cultural information  
Romania and Finland*

<b>Issue</b>	<b>Romania</b>	<b>Finland</b>
Official language	Romanian	Finnish and Swedish
Religion (2012)	Romanian 89.5% Hungarian 6.6% Roma 2.5%, Ukrainian 0.3% German 0.3% Russian 0.2% Turkish 0.2% other 0.4%	Evangelical Lutheran Church of Finland - 75.2% Finnish Orthodox Church – 1.1% Other – 1.5% No religious affiliation – 22.1%
Education	Bologna system (rank 32*)	Bologna system (rank 1*)

\*<http://thelearningcurve.pearson.com/index/index-ranking>

Doing business in these two countries implies to take care about some issues coming from different cultural aspects:

- 1) Personal relationships
  - a) The importance of relationships
    - Romanians are very attached to personal relationships
    - Finns are transactional and do not need long-standing personal relationships in order to conduct business
  - b) Cooperation estimated time
    - Romanians do not value long-term cooperation
    - Finns are interested in long-term cooperation
- 2) Business style
  - a) Using e-mail
    - In Romania, e-mail is often used, but to signing an agreement

- needs a face-to-face contact
  - Finns do not necessarily need face-to-face contact, using e-mail is enough
- b) Formal/non-formal character
    - Romania – non-formal character
    - Finland – formal character
  - c) Time management
    - Romanians – do not always respect dead-lines, not so good in managing time
    - Finns – excellent time-managers
- 3) Decisions and communication
    - a) Communication
      - Romanians do not respect always verbal commitments
      - Finns – a verbal commitment is as important as a written contract

- b) Decision
- Romania – decisions are made by the senior members of the firms and usually are related to the political environment
  - Finland – decisions are taken in concordance with technical and scientific support

### 5. Conclusions

A good strategy in international marketing supposes to take into consideration the following aspects:

- The national context
- The international environment
- The local, foreign market

Apart from the above mentioned, today, in the regionalization context, new issues influence the international business. In this context, European Union offers an example of the way that, even if a common market with common rules was created, the cultural differences still have an important role in defining the national markets.

For The Single Market, multicultural diversity is still a component that cannot be avoided. For an efficient investor this aspect has to be taken into consideration, and for the business success the cultural

environment - and its impact on the economic activity - has to be studied.

### References

1. Boscor, D.: *Marketing international (International Marketing)* Braşov. Editura Universitatii "Transilvania" din Brasov, 2008.
2. Chitu, I.B.: *Dezvoltarea comerţului din mediul rural în perspectiva integrării României în Uniunea Europeană (Trade development in rural areas in perspective of Romania's integration in the European Union)*. Braşov. Editura Universităţii "Transilvania" din Braşov, 2006.
3. Mercado, S., Welford, R., Prescott, K.: *European Business*, fourth edition. Prentice Hall, 2001.
4. [http://europa.eu/pol/pdf/flipbook/ro/culture\\_audiovisual\\_ro.pdf](http://europa.eu/pol/pdf/flipbook/ro/culture_audiovisual_ro.pdf) Accessed: 27.04.2014.
5. <http://www.kwintessential.co.uk/resources/global-etiquette/uk.html> Accessed: 27.04.2014.
6. <http://www.telegraph.co.uk/comment/telegraph-view/3618632/Ten-core-values-of-the-British-identity.html> Accessed: 27.04.2014.