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The impact of cultural factors on the management of business innovations

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Research Article

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Abstract
Global market expansion results in the free flow of capital, labour, and technology as well as cooperative problem-solving for innovation. Innovator nations now rely on open inventions for their economic and technical advancement. Transnational corporations today are distinguished by their high degree of coordination and cooperation in the field of innovations. They also focus on open (international) innovations, which are a significant source of both technological advancement and profit growth.
Since the context of innovations is seldom taken into account, institutions, finances, management, personnel, technology, and the national and corporate cultures are seen to be the most significant topics of the innovation process in Georgia. This is driven by the fact that inventions' technical components are valued more highly than their humanitarian aspects. The research and analysis of multicultural aspects of innovations are becoming more crucial in the context of markets, fields, and globalisation of inventions.

Key words:. market globalisation, technology advancements, multinational enterprises, and multicultural aspects

NATIONAL AND BUSINESS CULTURE AS THE CONTEXT OF INNOVATION

Innovative development is seen as one of the fundamental drivers of national economic progress in the era of globalisation. Without the nation's technical advancement and creative product, Georgia would not be able to establish itself in Western markets and become more competitive. The experience of the top Asis nations—China, Hong Kong, Taiwan, and Singapore—leads us to the conclusion that both an open, liberal economy and an innovation strategy are necessary for their "economic miracle." The majority of direct foreign investments in these nations go toward the technology sectors, which are distinguished by the innovative impact. Focusing on industries with strong economic outcomes, like tourism, does not provide the chance for long-term economic impact and appropriate, deliberate resource allocation. For this reason, in many European nations with high economic growth indicators and varying GDP per capita growth dynamics, scientific fields are establishing a priority position in the services sector (e.g. Switzerland, which, along with tourism, receives high revenues from the innovative produce: electronics, watches, telecommunication).
One of the factors contributing to Georgia's low level of global competitiveness is the unsystematic reforms carried out starting in the 1990s of the 20th century, which ultimately resulted in a decline in the nation's capacity for innovation and technical deterioration. This is what kept the nation optimistic about the income from the service industries. The country's export potential is dominated by agricultural products, while tourism was seen as a developing industry that seemed inadequate to maintain the country's financial stability and replenish its reserves.
Georgia seems to be in a negative position in the worldwide index of inventions. Georgia is ranked 68th out of 127 nations in the 2017 Global Index of Innovations, with 34 points. It should be noted that Georgia dropped four spots from the previous year's ranking. There were 82 components in

the index released by the World Organization of Intellectual Property and Cornell University.

Institutions, human capital and education, infrastructure, market and business growth levels, knowledge and technology, and creative accomplishments are the seven fundamental ones. Georgia is ranked 47th in the institutions component, 53rd in the business environment component, 8th in the start-up company component, 20th in the tax payment component, and 20th in the human capital and studies component. Georgia is ranked 89th.

Infrastructure is ranked 74th, market development is ranked 53rd, business development is ranked 202nd, knowledge and technologies are ranked 54th, and creative accomplishments are ranked 69th. Switzerland, Sweden, the Netherlands, the United States, and Great Britain are the top five nations on the "index of global innovations." Regarding the surrounding nations, Armenia is ranked 82nd in Azerbaijan, 43rd in Turkey, 45th in Russia, and 50th in Ukraine [1].

The ratio of innovation efficiency is calculated using two subindexes of the global index of innovations: innovation input and innovation produce. The first five variables (institutions, human capital/studies, infrastructure, and market and business development) are averaged to create the subindex of innovation output. The final two indicators—creative output and knowledge and technology production—are averaged to create innovation generate. The link between innovation produce and innovation output is used to establish the ratio of innovation efficiency. Its index ranges from 0 to 1, with 1 being the optimal value.

Georgia is ranked 60th with 26.7 points for innovation production and 67th with 41 points for innovation costs. As a consequence, our nation ranks 67th out of 128 nations with an innovation efficiency ratio of 0.7.

Strengths and weaknesses of innovation are described from the perspective of the nation. Georgia's strengths are listed as follows: ease of starting a business (97.8 points, sixth place); tariff rate (95.7 points, fifth place); ease of obtaining credit (85 points, seventh place); printed and published goods (83.2 points, fifth place); safeguarding the interests of small business owners (68.3 points, twenty-first place); and quantity of direct foreign investments relative to GDP (66.8 points, tenth place). The country's weaknesses include: the level of collaboration between universities and businesses/private enterprises (27.3 points, 117th place); education expenditures (10.4 points, 115th place); study and development expenditures (1.3 points, 103rd place); company-recommended staff retraining (9.4 points, 91st place); and the ranking of the nation's top three universities in the world (0 points, and last place alongside other 56 countries [1].

Technical advances are generally understood under innovations in Georgia. However, as the practice demonstrates, they are just a part of the common innuvation process and cannot succeed without taking into account the political, cultural, and economic processes.

Today, the topic of technological innovations transcends the creation of new goods, and the focus shifts to concerns like business model, corporative structure, establishment of a chain of value, services, brand, and customer experience [2, p. 8]. Without resolving marketing, information technology, organisational, sociocultural, and financial issues, innovation—which revolves on a new product—cannot be put into practice. The practice of open innovations necessitates more inclusive and transparent debate of innovations than is customary in Georgia in the globalised corporate world. Answers to many problems may be provided via an integral, multidisciplinary, and interdisciplinary approach to this process, which is relevant given Georgia's situation.

Innovations are formed step-by-step according to the innovation process. The following employees of the invention process are presented by scientist M. NcKeon [3. P 341]:Idea – distribution of the idea – its practical realization, formation of innovation

This design illustrates how the innovation process might include several organisations in the context of globalisation. The innovation that one organization is implementing is open. The plan demonstrates that, under the current circumstances, transnational corporations are distinguished by high levels of coordination and cooperation in the field of innovations.

They are also focused on open (international) innovations, which are a significant source of both technological advancement and profit growth.

As a result, the inventions may be considered a phenomena that is typical of industrialised nations with contemporary market circumstances and varying degrees of globalisation and integration. Georgia is not one of these nations, which is one of the reasons it does not engage in the open innovation process. As a result, the country's ability to generate income from this crucial aspect is limited. Additionally, it is evident that Georgia's peripheral position in global technology growth contrasts sharply with the innovator-countries.

According to the most recent analysis, Georgia will need 30 to 40 years to reach the same level of technical progress as industrialised nations given its current capacity for invention. According to Scientis H. Chesbrough, open inventions "depend on development of ideas and technological mediatory markets" [4, p 403]. Such a mediatory market is neither created nor developed in Georgia. Open innovation business models are influenced by objective factors such as globalisation of markets and competition, shortening product life cycles, increasing complexity in the formation of new technologies (i.e., rising costs and risks), technology development, personnel, and financial decision-making. Innovations in today's world transcend national boundaries and originate in many cultural contexts. As a result, the cultural aspect of the innovation process continues to grow in significance.
The following are seen to be the most talked-about aspects of Georgia's innovation process: institutions, finances, management, employees, technology, intellectual property rights, and culture, which is a significant but understudied feature. There is very little discussion of national and corporate culture in relation to innovation. This is also driven by the belief that technological advancement is more significant than humanity. At the same time, taking multicultural issues into account becomes much more crucial in the context of globalisation of markets, industries, and innovations.

I. Multicultural Factors of Innovations

The multicultural origin has a significant role in the innovation together with technological components. The uniqueness and characteristics of the invention process are determined by culture. For the process of open innovation to be successful, it is necessary to take into account the multicultural characteristics of the countries, understand the dominating role of the state, and research religious perspectives on inventions. L. Harrison, a renowned American scientist, researched the cultural quirks of the Caribbean Sea and Central American nations. The researcher concluded that the poverty and inequality that exist in these nations have deep cultural origins, and that cultural determinants like religion have a significant impact in this process. Certain faiths are more focused on confidence, entrepreneurship education, and personal accountability than others. Protestant cultures, particularly those in the North (Denmark, Finland, Iceland, Norway, and Sweden), are much superior than Catholic nations in terms of democracy, well-being, and the supremacy of the law. The confucional societies (China, Taiwan, Korea, Singapore, and Japan) experienced revolutionary economic expansion. Even in oil-rich areas, Islamic nations vary in the rate of economic decline [5, p. 134]. In his book "The Protestant Ethic and the Spirit of Capitalism" (Roxbury Publ. Co., 2002), famous sociologist Max Weber continued to defend the high rate of economic growth in European nations by citing religious factors. Calvinism and Lutheranism served as inspiration for the Christian Reformation, which resulted in a powerful and forward-thinking economic drive. L. Harrison, who linked capitalism to democracy and freedom, also emphasises the Osrdox church's role in fostering anti-capitalistic sentiments in Orthodox nations, which in turn had a detrimental effect on these areas' innovations [5, p. 108].

According to L. Harrison, culture may evolve over time (a few generations), which will lead to political plurality and economic growth. The three most significant tools for transformation are: 1)

education, which fosters the growth of democratic and entrepreneurial principles; 2) better childrearing; and 3) religion reform [5, p 132].

It can be said that the Georgian culture is resistant to the innovations. It opposes the progress. The basic legislative, democratic terms of the country fo not match the demands of cultural reformation and formation of innovation economy of the country.

Among the cultural factors of technological progress, British researcher G. Gelade streses open intellectual environment, intellectual autonomy and social equality [6, p 412]. American researcher S. Shane [7. P 51] mentions that the attitude to incertainty (as readiness for the risks and changes), individualism (as autonomy, indeoendence freedom), and lack of authorities distance (as an antipode of hierarchy and authoritarianism), is associated with the high innovation of the nations. "The national indicators of innovarions are conditioned by more funfamental forces than by economic conditions. Social changes can be necessary for the less innovation society to become more innovative [7, p 38]. In the opinion of researcher T. Friedman development of the country is conditioned by such cultural factors, as openness of foreign ideas and the wish of the nation to cooperate with foreigner [8, p 178]. According to L. Harrison, "some cultures are more predisposed to the progress, while others are not". In hos book "The Central Liberal Truth (Oxford University Press, 2005, pp 36-37) L. Harrison presented comparative features of the cultures predisposed to the progress and opposinthe progress. The factors of culture are united in 4 groups – "idea of the worlg", "values", "economic behavior" and "social behavior".

Table 1

Typology of cultures predisposed and opposing the progress According to L. Harrison

Factors of culture	**cultures predisposed to progress**	**cultures opposing progress**
	View of the world	
Religion	**preaches rationality, achievements, stimulates accumulation of wealth focuses ib the reality of this world**	**preaches irrationality, suppresses accumulation focuses on nether world**
fate	**influence on one's own fate is possible**	**influence on one's own fate is impossible**
time orientation	**priorite is attavhed to seeing the future, planning, punctuality**	**priority is not attavhed to pundtuality**
wealth/well-being	**product of human activity, it is possible to increase it**	**what we have is wealth**
knowledge	**practical, verified**	**cosmologic, not verified, abstract, theoretical**
	values	
ethic code	**strictly formalized, causes confidence**	**non-formalized**
education	**it is obligatory, non-Orthodoxal, creative**	**dependant, Orthodoxal**
	Economic behavor	

work/achievements	**live for work, work leads to wealth**	**work for live, work does not lead to wealth**
thriftiness/rationality	**priority is attached to investments, rationality**	**danger of equality**
entrepreneurship	**creative**	**oriented to rent**
innovation	**open innovations**	**slow adaptation to innovations**
competition	**leads to perfecyion**	**opposes equality**
	Social behaviot	
Supremacy of law	**obedience to law, anti-corruption fight**	**weakness of law, corruption**
Radius of confidence and identification	**identificayion to public at large**	**weakness of law, corruption**
individual, group	**individualism**	**collectivism**
authority	**balanced control,**	**centralized**
attitude to church	**secular**	**religion plays main role in public relations**
gender relations	**gender equality**	**woman obeys man in all the spheres**

CONCLUSION

The phenomena of globalising, dynamic, and fiercely competitive marketplaces for products, services, and ideas is known as innovation. Open innovations are seen as cross-cultural processes since they transcend national, corporate, and continental boundaries. The development of cross-cultural abilities is a prerequisite for Georgia's extensive integration into international innovation networks. At the very least, the knowledge and comprehension of the countries that are leaders in global innovation are crucial, as is the potential adoption of their cultural norms.

II. REFERENCES

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