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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 money, labor, 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 globalization of inventions.

Key words: market globalization, technology advancements, multinational firms, and multicultural elements.

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 globalization. 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 ranks 47th in the category of institutions; 53rd in the category of business environment; 8th in the category of start-up business simplicity; 20th in the category of tax payment simplicity; 89th in the category of human capital and studies; 74th in the category of infrastructure; 53rd in the category of market development level; 202nd in the category of business development level; 54th in the category of knowledge and technologies; and 69th in the category of creative accomplishments. 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, organizational, 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 international corporate environment. 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 concept illustrates how the innovation process might include several firms in the context of globalization. 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 industrialized nations with contemporary market circumstances and varying degrees of globalization 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 industrialized 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 globalization 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 elements into account becomes much more crucial in the context of globalization of markets, industries, and innovations.

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 emphasizes 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].
One may argue that the advances are met with resistance in Georgian culture. It is against the advancement. The demands of cultural reform and the development of the nation's innovative economy do not align with the fundamental legislative and democratic parameters of the nation. British scholar G. Gelade examines social equality, intellectual liberty, and an open intellectual environment as cultural aspects of technical advancement [6, p. 412]. According to American researcher S. Shane [7. P 51], a country's high level of innovation is linked to its attitude toward uncertainty (as being prepared for risks and changes), individualism (as autonomy, independence, and freedom), and lack of authority distance (as the opposite of hierarchy and authoritarianism). "More functional factors than economic conditions influence the national indicators of innovation." For the less inventive society to become more innovative, social adjustments may be required [7, p. 38]. According to scholar T. Friedman, cultural elements like the country's willingness to engage with foreigners and its openness to foreign ideas influence its growth [8, p. 178]. "Some cultures are more predisposed to the progress, while others are not," claims L. Harrison. In his book "The Central Liberal Truth" (pp. 36–37; Oxford University Press, 2005), L. Harrison compared the characteristics of societies that are inclined toward and opposed to advancement. The four categories of cultural elements are "ideas of the world," "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

DEVELOPMENT OF MULTICULTURAL COMPETENCE IN THE SPHERE OF GEORGIA INNOVATIONS

Culture involves abstract and material elements. Abstract elements involve values, norms, ideas. All the components of culture are inter-related. For example, Renowned economist S. Sheman mentions that democracy is impossible in the country, where GDP per capita does not exceed USD 10 000 [8, p 71].
Researcher J. Moven [9, p 702] points to the relation between culture, the level of society well-being and public institutions. According to the scientist cultural conception of the society demands three complex factors, which form three-dimensional matrix of culture. They are:
Cultural values (for the USA – individualism, achievements, informativeness, equality, progress, materialism).
Material environment (economic development, geographical determinants, natural resources, technical/scientific level).
Institutional/social environment (legal, political, religious, bsuness, subculture).
To activate participation of Georgian business in open innovations, for overcoming the nulticultural barriers er conside obligatory the following obligatory:
Formation of innovation amrket, formation of institutional terms for its development in Georgia.
Formation of mediator institition of innovations in the country, to impose this function on the agency of innovations and technologies and the public relations department of the Ministry of Science and Education.
Introduction of principles of cultural relativism in the sphere of innovations.
Establishent of the idea of cultural tolerance and respect to other cultures contrary to cultural marches and intensive propaganda of this idea in the population.
Internationalization of the spheres of education and business sciences, protection of principles of their openness.
Propaganda of the innovation values, formation of terms for material and moral stimulation of scientists-innovators.
Formation of institutional, legislative and financial terms to stimulate onnovation business in the country.
Realization of thes and other measures will enable Georgia to leave the list of non-innovation countries and join the category of innovation countries, which in its turn can become a pre-condition for rconomic development of the country.

CONCLUSION

The phenomena of globalizing, 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.

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