

# BUSINESS RELATIONSHIPS DIVERSITY IN GEORGIA

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## Annotation

*Many factors influence human behavior in the field of business - geographic, social, natural, economic, religious, and some others, which is then reflected on some of the traditions and of formation habits. These conditions give rise to life, education, work on certain systems. Business traditions in Georgia have developed by influence of natural and historical, political and social factors, which led them to the variation and diversity. In addition, religious and cultural diversity of customs, as well in Georgia contributed to the formation of diversity of business relationships.*

**Key words:** *Business relationships, Business cultures, corporate culture, socio-economic development, type of market behavior.*

Business culture means the business norms, values and knowledge of the system that is expressed in the relationship. Many factors influence human behavior in the field of business - geographic, social, natural, economic, religious, and some others, which is then reflected on some of the traditions and of formation habits. These conditions give rise to life, education, work on certain systems. Any characteristics of the economic behavior of any country represent the outcome of some events and the nation the existence conditions for a long period of time. Business traditions in Georgia have developed by influence of natural and historical, political and social factors, which led them to the variation and diversity. In addition, religious and cultural diversity of customs, as well in Georgia contributed to the formation of diversity of business relationships.

For many centuries, have been forming the principles that are the basis of human behavior. They were caused by historical, geographical and climatic factors. In the history of the business culture the conventionally can distinguish the following stages: pre-revolutionary, the USSR and modern periods. The first two were very important, and still reflected in the Georgian style [1].

There is not a strong tradition of entrepreneurship in the history of Georgia which could promote the development of business traditions. So, new business development started in the 20th century, during the independent Republic (1918-1921 years.) Conditions, but after 70 years the business to be illegal, it was enough time to be lost any ability of entrepreneurship and to be erased Georgian entrepreneurial culture and traditions.

Over the past century, the basis economic management was planned system, which was dissolved during the current Georgian reforms period. Disruption of the USSR led to serious transformation of managerial behavior.

Before the state was the owner and cared more about control and restrictions, rather than creativity and motivation. At the end, the Soviet economy was known by its embezzlement, unnecessary production, agricultural and other negative phenomena disproportions. Thus in Georgia existence of a creative approach did not appreciated so much. In addition, the population had learned the signs, such as lack of initiative, and etc.

Driving on the type of market behavior caused a change in government and forcing people to reconsider its old-fashioned principles. In addition, many negative signs of modern business culture including the low level of business ethics, are the main reasons that Georgia does not comply with the principle of institutional development and slow and rapid changes in the value system. First of all, the socialist system that preached collectivism and the lack of individual values, changed the other, individual initiative and responsibility for the market-based system. But radical changes are not accompanied by adequate development of politics, economy, social sphere, which led to the confusion of values and definitions. It was not clear what is right and wrong, ethical or unethical. This applied to both daily life and business ethics [2].

The system switching process, the impact of globalization and the World Trade Organization membership demand from management of a certain concept. Many foreign and local researchers tried to make an analysis of the Georgian business, focusing on the strengths and weaknesses of each of the parameters applied to its historical sources. From analysis of their works we are going to conclude that the any sign of Georgian business can be given an

explanation according to the modern historical context. For example, the activity of collective forms of work - the peasant communities in agriculture and manufacturing - contributing to the promotion of collective forms, and etc. There is no standard set of definitions of Georgian business, however very often local and foreign researchers agree that they can be made by drawing parallels between concepts.

Among the foreign researchers of Georgian business culture, we would like to separate R. Lewis, who in his study notes that Georgian business culture has a long history, in addition, it was greatly influenced by the communist regime for 70 years. According to the researcher, the many qualities of Georgian people, can be explained by historical and geographical factors. Attractive geopolitical situation and the foreign invaders' permanent eagerness to take over our territory, provoked an insecurity complex, which led to collectivism, and for many years the permanent duplicated expansion led to maneuvering skills training and reduction initiative. Focus on the negative qualities of the people, such as jealousy, lack of initiative and ease as a result of historical events and regimes. On the other hand, some of the characteristics, in our opinion, are exaggerated or related to the development of the earlier period. Isolation, jealousy or some other feature, no doubt, existed in nature, but not of its basic characteristics. While some certain aspects are exaggerated in overall we agree to Lewis' conclusions.

Historically, there are two following approaches in the study of the business cultures: "mythological" - polemic, with free admission, is concentrated in the spirit of recognition and scientific, Ethno-sociological, which is based on the measured events (demographic, work, cultural, political and so on.). Unfortunately, for a long time was dominated the first approach, and it was supported by the fact that in the scientific methodology for a long time there was no comparative principle. Most of the publications describe the mentality of the Georgian economy with the help of qualitative features. Georgian mentality economic study uses foreign science research, such as Trompenaars, Lewis, Hofstede, etc. which often rely on the methodologies of business cultures to describe [3].

It should be emphasized that the Georgian ethno-sociology is now focused on the West (US, Western Europe), and not in the East. If the East oriental tradition (for example, the Japanese Institute of Ethnology) is characterized by prevalence of the theory on practice, the Western tradition has marked applied, instrumental character, seeks application to use in practice.

### Conclusions

Thus, the Business relationships diversity specificities conclusions sources are the following:

- generalized data collected by scientists, who systematize the study of business culture;
- local and international practitioners and researchers' observations
- Standard scale of the social survey data.

After discussing Business relationships diversity in Georgia we go to the following conclusions:

- Georgian business relationships has a number of features, which can be explained by the greater part of the country's historical and cultural development;
- Market caused significant changes in the management behavior, at the same time in Georgia low development level of institutional field did not correspond to the principal change in the value system, which explains some negative sides of the modern Georgian business culture.
- Manager, which operates in Georgia, has to understand these features and use them to improve the management efficiency.

Business relationships in Georgia is characterized by the following features:

1. **Attitude toward wealth.** Attitude of wealth, money, profit of any society is traditionally considered one of the most evident indicators of business relationships. Striving to accumulation is considered one of the essential postulates of capitalist society to build. If the wealth in the West is traditionally considered as a man's work, his/her work capacity, energy and generations of hard work and being transmitted inheritance, in Georgia, rich people are believed as dishonest people, that enriched at the expense of others. Georgian culture is less focused on material benefits, that's why there was not a widespread desire for accumulation, to the rich by any means.

2. **Distance Power,** high rate of daily management practice is seen in a high hierarchy, depending on the particular direction.

3. **The advantages of collectivism on individualism.** Even thinkers of the 19th century suggested that it is typical for Georgian culture aspiration toward collectivism and individualism

in Western cultures are profoundly different from the individualism in Georgia.

4. **The high level of uncertainty avoidance.** Georgia is characterized as a country with a high level of uncertainty avoidance, which means that people are worried about their future, to give preference to structured operations, it is important to set rules and regulations. According to GLOBE project in Georgia, uncertainty avoidance index is up 77 points.

5. **Business culture of femininity.** It is believed that masculine cultures managers are determined to achieve the goal, are ready for a tough competition, run the business aggressively. Georgian business culture is very much a "feminine", or is expected to focus on whether the achievement of "life" work, but also to fulfill the task to work on "Living". Feminine cultures are assessed for their constant attention to their staff, good relationships, competition reluctance to support the weak.

6. **Polyactive cultures typical attitude towards the time.** Georgia belongs to number of Polyactive cultures countries which are characterized by multiple work when changing previously established schedules and the intensity of the work is uneven

7. **The contradictions and aspirations towards the extremes.** Duality, sometimes contradictions of Georgian business culture is one distinct characteristic.

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