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## **A comparison of Russian and Hungarian Business Cultures**

The presentation aims at pointing out similarities and differences between the Russian and Hungarian business cultures. The relevance and importance of this study is reinforced by the growing expectations towards the renewal of business activities among the two countries. The expanding and diversifying nature of trade-relations between these traditionally established business partners has brought about new requirements and new challenges that have to be met for effective functioning. The comparison of the two business cultures is going to be carried out along the cultural dimensions identified by FONS TROMPENAARS (1995). His model consisting of seven bipolar parameters will be closely followed in explaining the main characteristics of the Russian and Hungarian cultures respectively:

- 1) Universalism versus particularism
- 2) Collectivism (communitarism) versus individualism
- 3) Emotionally neutral versus affective dimension
- 4) Specific versus diffuse nature
- 5) Achievement orientation versus ascription-orientation
- 6) Time management: sequential or synchronic
- 7) Inner-directed versus outer-directed.

Alongside with the necessary theoretical considerations of historic, social and cultural-psychological relevance, the study is mainly focusing on the practical presentation and demonstration of the particular aspects of the above mentioned cultural dimensions. Examples and cases of their manifestations will be offered based on a rich pool of business practice. The study comes to the conclusion that in spite of relative geographical proximity and shared historical experience the cultural characteristics of the two business cultures set them apart in a number of aspects. These characteristics have to be given due attention in forming and developing business relations.

FONS TROMPENAARS of the Netherlands has been in the forefront of research into intercultural management since the early 1990s, as attested by his publications (TROMPENAARS 1993). His studies have focused primarily on the effects of intercultural communication on company management and business life. In his first, highly successful work, he described national cultures using seven dimensions – so-called dichotomous features – and presented real-life examples to describe their manifestations in business life. In his later publications, he suggested harmonizing these bipolar values (TROMPENAARS – HAMPDEN-TURNER 2002), and indeed made an attempt to explore the innovative possibilities involved in resolving the dilemmas of the dichotomous factors (TROMPENAARS 2007).

In this paper, we will attempt to use the dichotomous factors of the originally developed seven-dimension model to describe the features of Russian and Hun-

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garian business cultures and to explore the differences and similarities between them. Underlying this attempt is the wish to identify the cultural features the knowledge of which could be profitably applied to the shaping of the dynamically developing economic and business relations between the two countries.

## 1. Universalism – Particularism

### *Rule making versus exception finding*

The attitude which regards rules as absolutely binding, instruments that guide us every step of the way and something that we should not deviate from at all is rather foreign to Hungarian mentality. However, empirical survey-based studies conducted among middle and top managers (KOVÁCS 2006) revealed that in this cultural dimension, the universalistic orientation is rather high (61 on a scale of 100) even if this is contradicted by everyday experience with its documented use of “network capital”, neglect of rules and the importance of human relations. The generational difference in this respect is rather remarkable: older generations of managers tend to be more universalistic than younger ones. Some researchers find in this the effects of the rule-oriented working mechanisms of the former state socialist political system.

As for Russia, traditionally government was very powerful, and with every critical period it was getting stronger. It seemed as the only protection from the enemies, guarantee of order and safety in the society. People used to think that to obtain justice and defense is possible only from a person with authority but not from the law. The Soviet period contributed to the development of such features of the Russian character as passivity, reserve, jealousy, disrespect for law and willingness to break it. Distrust to police, corruption, bribery are still retaining in the minds of today’s Russians.

To get success in Russia people should trust each other, because it is difficult to find clear professional rules and criteria. It’s a pity, but in business relations conviction that to get success (signing a contract, getting profitable order, etc.) it is important to find ‘necessary key’ people and ‘come to an agreement’ (again with the help of bribe) is considered to be the right one.

Consequently, we can see that Russia is a country of particularism and doing business with Russians one shouldn’t trustingly rely on legislation of the country, documents, inspection agencies, laws, etc. One may rely only on his personal relations with people who should be constantly checked.

## 2. Individualism –Collectivism

### *Self-interest and personal fulfillment versus group interest and social concern*

The profile of Hungarian national culture in this respect leans toward individualism (57 on a scale of 100) suggesting that for Hungarian managers, the interests of the individual, personal gain and fulfillment count for more than collective interests. In

this particular dimension a serious difference can be observed between the attitudes of managers working in the market and managers active in the non-profit sector.

There is a generally accepted viewpoint that Russia is a collectivist country. But at present time the statement that “collectivism is an inborn Russian feature” seems doubtful. Researchers often make one and the same mistake, changing the notions: they call “collectivism” a mutual ‘gravitation’ of Russians to each other, their openness in the process of communication, necessity ‘to be as everybody’, lack of wish to stand out of the crowd and be original, constant care ‘what will people say’, love to mass holidays and parties, traditions of hospitality, etc., – all these may be called as publicity. But this is rather way of life, external behavioral stereotypes, forms of collaboration and traditions of Russian communication. Real collectivism needs such world perception when one does feel himself as a valuable ‘detail’ in the common machine, consciousness that this machine would stop without him.

Some researches (ILYIN 1993, SHIHAREV 2008) believe that such consciousness is not typical for Russians; one can notice in their behavior traces of past real collectivism. Russians have another feature – individualism instinct, i.e. disposition to do everything by yourself, to have your own opinion, etc. This fact may be connected with flat areas of Russia which make easy people’s isolation or centuries-old influence of Asian nomads (Tatars) which destroyed people’s spirit of collectivism. Soviet authority also contributed its share.

According to sociological researches and TROMPENAARS’ as well, Russians are big individualists. Individualism in Russian business sphere is revealing in leadership – most firms are organized for individual leader to satisfy his interests and they have a great mark of his personality. Some top managers still interfere with all operations of their company at all the levels. Employees’ relations in these organizations are abstract, legalized and regulated by a contract. Organization is a mean to reach what its employees want for themselves. If they are ready to collaborate, it means their personal interests are touched. Everybody fulfils his own function and gets a reward.

However, it should be noticed that in spite of extreme individualism in some parts of the country (megapolises and cities with one million population), people consider that a group is the most important part of social and economic system, because the group’s opinion is always taken into consideration, the group may make a leader to change something. For any Russian a group is protection and this can explain Russian’s orientation firstly to people, than to business.

### **3. Neutral – Affective**

#### *Emotions inhibited versus emotions expressed*

In neutral (i.e. non-emotional) business relations, human relationships and emotions are usually suppressed and decision making based on emotions is eschewed as these can have adverse effects on efficiency. After the post-regime-change appearance of multi-national companies in Hungary, the handling of this particular dimension seems to be one of the greatest problems: Hungarian employees have a

hard time accepting the cold and hard realities of capitalism and the habits of foreign management intent on applying these in a cool and unemotional way. Fundamentally, Hungarians are a people that tend to express their emotions and moods in a rather spectacular fashion – which can, in many cases, constitute a disadvantage in business relations when conducting negotiations with representatives of certain cultures. The generational divide is also remarkable: the younger generation of managers display a greater mastery over their emotions in business relationships, which is probably due to a large extent to following Western patterns of business behavior. Empirical research (KOVÁCS 2006) also recorded gender differences in this regard: male managers in Hungary are characterized by a higher degree of neutral orientation than female managers. In general, however, the value of neutral orientation (56) is higher than the value of emotional orientation (44).

As for Russia, everybody can notice that Russians are very sociable, that they like to gather in groups and discuss not only work, but personal issues. They are very democratic in the process of communication. They can ask any question interesting for them, ask your advice or give an advice themselves whether you want it or not. The difference between an acquaintance and a stranger is very little for them, they are able to overcome this relative barrier very quickly without any hesitation. Besides, they do not take into consideration any social, professional or age distance.

In European's viewpoint attitude to smile in Russia is too serious. It is considered that Russians smile very rarely, their faces are concentrated and gloomy. But this fact has its reasons: hard life during a long period of time (invasions, wars, revolutions and their consequences) and natural conditions, because Russian nature is more severe than, for example, in Europe, and people are more reserved. Formal polite smiles at the official meetings are sometimes hardly perceived. Excessive smiles or gaiety seem suspicious in terms of stupidity or inferiority. Smile for the Russian acts differently than in other countries. It must be sensible and have emotional reasons; it must express feelings like cordiality, confidence, friendliness and sometimes gratitude. Russian smile has nothing common with etiquette.

Russians get especially irritated by idle talks, lengthy reasoning about things which can be expressed briefly and clearly in two-three words. They badly perceive too pretentious and complicated speech: it doesn't attract, but alienate them. Laconic and expressive speech even a bit rude is likely to persuade any Russian more than correct turn of speech in any discussion.

Foreigners often consider Russians too straightforward and think this feature to be dangerous in case of a sudden misunderstanding or disagreement. By virtue of spontaneity and impulsive character a Russian, so to say, intuitively imagines a situation up to the end and prefers to act, sometimes even to fight.

Russians' life perception is expressed in the fact that they need close human contacts and emotionally depend on the environment. Such things as routine, monotony, repetition, triviality are very hard for them. In other words, things which mean peace and stability for any European may chill any Russian. This fact can explain more eastern irrationality than western rationality in Russians. Emotions often prevail over mind and passions prevail over material interests. While solving a problem Russian would listen to his heart, but not to his mind. It is difficult to expect objectivity, rationality, easy-tempered approach to any business and clear logic.

#### 4. Specificity – Diffusion

*Preference for precise, singular 'hard' standards versus preference for pervasive, patterned and 'soft' processes*

In business cultures of high levels of specificity, attention is focused on the concrete business transaction and its efficiency, while in diffuse business cultures, it is directed at the relationship between the partners involved in the transaction and a business deal may only be struck if these relationships develop in a positive way. In this regard, Hungarian business culture tends to lean toward the specific mode – many of them believe that time and energy spent on establishing safe background relations to a business deal is a luxury and time and energy could be better spent elsewhere. Empirical research supports this tendency, recording a value of 60 for specificity orientation.

Considering the fact that personal relations in Russia are more important than business, we can confidently speak about diffusion of Russian culture. Employees often consider their organization as a part of their personal space and expect more interest in their problems and more care from the company's side. One of the questions in F. TROMPENAARS' research was the following: "Should organization help its employees to solve their habitation problems?" Negative answer was given by approximately 85% of Americans, Englishmen, Dutch and Swiss, and 22% of Russians. So, we can conclude that the latter expect from their leader care and understanding. Russians still value a leader who is able to put himself in an employee's place, to look into his problems and, if necessary, support him not only at work, but in personal matters as well.

#### 5. Inner-directed – Outer-directed

*Control and effective direction comes from within versus Control and effective direction comes from outside*

In this respect, Hungarian business culture tends to be more outer-directed than inner-directed as indicated by the relevant values of 53 and 47. Empirical data show that women managers are more characterized by outer-directedness than their male counterparts. A more robust outer-directed attitude implies openness which in turn suggests consideration for the wider context, for the immediate circumstances and for the actual variables of the situation.

According to F. TROMPENAARS's research, Russian business culture is outer-directed, because only about 49% of the respondents think that 'what is happening with them is their personal achievement' in comparison with the USA, for example (82%). Such characteristics of outer-directed cultures as flexible attitude to the environment, desire to find a compromise, tenderness, centre on the customers and partners are typical for Russian business culture. Besides, different historical events (revolutions, communism, changing of the government policy, etc.) greatly influence Russians' standard of living, revealing in quality of the goods, prices, salary and so on.

## 6. Achievement – Ascription

*Status earned through success and track record versus Status ascribed to person's potential, e.g. age, family, education*

In Hungarian business culture a slight preference for achievement (53 on a scale of 100) can be observed with regards to the achievement-ascription dichotomy, the level of preference is significantly below the average value of European Union member countries. In this respect, Hungary places above only Greece and Belgium of the pre-2004 EU members, in all other countries, the level of preference for achieved status well exceeds that of Hungary. This is an indicator hardly favorable for Hungary when it comes to competitiveness – for the prestige of performance in achievement-oriented cultures constitutes a strong motivating factor.

Russia is a country highly oriented on status. But a person's status in Russia mostly depends on many external factors (social environment or social context of his business), which are not connected with his actions and behavior (origin, elite education, heritage, religion, etc.). In other words, very little depends upon a person himself. More important are his clothes, sort of his car, expensive flats, kind of sport, previous working experience in authorities, etc. So, as Russia lies on the crossroads of western and eastern cultures, we can say, that it takes intermediate position in achievement – ascription parameter, but with a level of preference to ascription.

## 7. Sequential – Synchronous

*Time is conceived of as a 'race' with passing increments versus Time is conceived of as a 'dance' with circular iterations*

With regards to attitudes having to do with the conception of time, Trompenaars's surveys have shown that North America is dominantly future-oriented, Japan and Southeast Asia present-oriented while the countries of the European Union are past-oriented. Empirical surveys have shown that Hungary, even if to a small degree, places higher towards the future-oriented end of the scale than the average EU country. This is a promising indicator with regards to business competitiveness, but its positive effects cannot yet be adequately felt in the economic performance of the country.

Russians have special perception of time. Firstly, they are more inclined to discuss the traversed path than to make plans for future, they look back more often than forward. It is connected with the fact that Russians seek in the past the underlying reason for their future actions, moral support, consolation, justification for their own actions and reasons for decision-making. Russians are not so self-confident in their plans for the future because they are sure that future is impossible to be managed, it is predetermined by fate. That is why, according to Russian logic, it is better to think twice than to do something and, on the whole, to postpone the final decision as “morning is wiser than evening”. Besides “Russian fatalism”, rejection of long-term plans is also explained by rough reality of Rus-

sian life: decrease of living standard of the main population for the last decade, care about survival, lack of guarantees from the government, sudden change of political and economic conditions in the country – all these make the formation of long-term plans difficult.

Secondly, priority of accomplishing tasks during some time is more determined by mood, emotions, subjective feelings or way of life than by logic. Distribution of time is more likely submitted to human feelings, that is why Russians do not rate highly such values as punctuality, formalism, accuracy of accomplishing of schedules and plans. They can rather pretend to keep the latter, but they are sure at heart that real life with its constantly changing circumstances is more important than different agreements and schedules.

## Conclusion

To summarize the above, the national cultures of Hungary and Russia can be generally characterized by the following features (*Table 1*).

*Table 1*

<b>Hungary</b>	<b>Russia</b>
Universalism	Particularism
Individualism	Individualism/Collectivism
Neutral orientation	Affective orientation
Specific orientation	Diffuse orientation
Weak 'achieved status' orientation	Intermediate position in achievement-aspiration parameter
Weak outer orientation	Outer - orientation
Weak future orientation	Weak future orientation

Since the cultural parameters characteristic of a country can have a serious impact on its economic performance, competitiveness and its everyday business culture practices, we think that the study of these parameters is indispensable for a better understanding of the processes at work. At the same time one must be mindful of the particular geopolitical situation and historical development of both countries since these have caused drastic changes and social as well as cultural pressures in the course of the previous century, such as the shift from the turn-of-the-century European style of capitalism to the cultural cluster of the state socialist countries in the middle of the century as well as the reorientation of values following the accession to the European Union, which the society has had a difficult time to process. Therefore the values of cultural orientation we presented in this paper are reflective of the situation in the first decades of the 21<sup>st</sup> century, but in all likelihood will undergo further changes with the passage of time.

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