

# The impact of national culture on business decision-making

---

Lončar, Klara

Undergraduate thesis / Završni rad

2023

*Degree Grantor / Ustanova koja je dodijelila akademski / stručni stupanj:* **University of Zagreb, Faculty of Economics and Business / Sveučilište u Zagrebu, Ekonomski fakultet**

*Permanent link / Trajna poveznica:* <https://urn.nsk.hr/urn:nbn:hr:148:081727>

*Rights / Prava:* [Attribution-NonCommercial-ShareAlike 3.0 Unported/Imenovanje-Nekomercijalno-Dijeli pod istim uvjetima 3.0](#)

*Download date / Datum preuzimanja:* **2024-05-21**



*Repository / Repozitorij:*

[REPEFZG - Digital Repository - Faculty of Economics & Business Zagreb](#)



Klara Lončar

**THE IMPACT OF NATIONAL CULTURE ON  
BUSINESS DECISION-MAKING**  
UNDERGRADUATE THESIS

University of Zagreb  
Faculty of Economics and Business

Course: Cross-Cultural Management  
Mentor: Najla Podrug, PhD  
JMBAG: 0067604292

Zagreb, 9 June 2023

## **STATEMENT OF THE ACADEMIC INTEGRITY**

I hereby declare and confirm by my signature that the undergraduate thesis is the sole result of my own work based on my research and relies on the published literature, as shown in the listed notes and bibliography.

I declare that no part of the work has been written in an unauthorized manner, i.e., it is not transcribed from the non-cited work, and that no part of the work infringes any of the copyrights.

I also declare that no part of the work has been used for any other work in any other higher education, scientific or educational institution.

Student

Zagreb, \_\_\_\_\_

\_\_\_\_\_

(signature)

## ABLE OF CONTENT

1. INTRODUCTION.....	1
1.1. Introductory considerations .....	1
1.2. Purpose and goal of the thesis .....	1
2. CONCEPTUAL DEFINITION AND DIMENSIONS OF NATIONAL CULTURE .....	3
2.1. Definition of a national culture.....	3
2.2. Trompenaar's seven dimensions of culture.....	4
2.2.1. Universalism vs. Particularism.....	4
2.2.2. Individualism vs. Communitarianism (individual vs. the group).....	5
2.2.3. Specific vs. Diffuse .....	6
2.2.4. Neutral vs. Emotional.....	8
2.2.5. Achievement vs. Ascription .....	9
2.2.6. Sequential time vs. Synchronous time .....	10
2.2.7. Internal direction vs. Outer direction .....	10
3. BUSINESS DECISION-MAKING STYLE .....	12
3.1. Definition of business decision-making style.....	12
3.2. The importance of decision-making in an organization .....	13
3.3. Types of decision-making styles .....	15
3.4. Factors affecting decision-making style .....	21
4. EMPIRICAL EXAMINATION .....	23
4.1. The problem and research question .....	23
4.2. Methodological framework .....	24
4.2.1. The sample .....	24
4.3. Results of empirical examination .....	25
4.3.1. Impact of national culture on business decision-making style.....	27
4.3.2. Adaptation of business culture and national culture to each other.....	29
5. CONCLUSION .....	32

6. LITERATURE .....	34
---------------------	----

# **1. INTRODUCTION**

## **1.1. Introductory considerations**

The increasing intensity of economic, political, and social interactions among countries, the expansion of the European Union, the transfer of knowledge and technology, and the intensification of market competition among companies from a growing number of countries present numerous challenges and opportunities for business and management.

However, the relevance of cultural context adaptation in business, as well as the potential influence of cultural context on business, is frequently underestimated. Given that modern business conditions necessitate individuals to collaborate with other individuals in multi-cultural teams, as well as in mergers and acquisitions in multinational corporations, understanding cultural differences is essential for the smooth operation of the aforementioned actors.

International business has and continues to encounter challenges that are frequently brought on by a misinterpretation of the cultural context, rather than the characteristics of the market. Different managerial behaviors are required in various cultural contexts. In one cultural context, strategies, institutions, and activities that work well may have quite different impacts or even fail entirely in another. Consequently, tools and techniques of accomplishing organizational goals as well as strategies of structures and activities should be adjusted to the sociocultural framework.

## **1.2. Purpose and goal of the thesis**

The significance of culturally adjusting business and management is understated in Croatian scientific and professional literature. As a result, the goal of this study is to highlight the significance of this issue, particularly because Croatia is becoming increasingly involved in significant topics such as economic, political, and social integration at both the regional and global levels.

The work's expected scientific contribution is multifaceted: dimensioning national culture and determining the effect of national culture on business decision-making style.

Understanding and accepting national culture, together with its related values, beliefs, attitudes, and patterns of conduct, is a requirement for comparing national and international business practices, expanding into other markets, and obtaining information and skills. Individual and organizational success is dependent on these abilities. The dimensioning of national culture was employed in this work as a tool for detecting cultural similarities and contrasts.

Fons Trompenaars, a Dutch sociologist and cross-cultural management specialist, pioneered the notion of dimensioning a national culture. Trompenaars created the "Trompenaars' Seven Dimensions of Culture," which tries to evaluate and comprehend the diversity and complexities of national cultures around the world. This approach was first presented in his book, "Riding the Waves of Culture: Understanding Diversity in Global Business," which he co-wrote with Charles Hampden-Turner.

The purpose of the undergraduate thesis is to validate the assessment of individual dimensions. Given the methodological criteria, the dimensioning of national culture will not be restricted to Croatia alone, but will also include Canada. Understanding the practice of management in the real cultural environment, as well as determining the roots and implications of differences in management principles and practices, is the purpose of determining the relative position of observed countries by individual dimensions.

In addition to developing cultural similarities and contrasts presented through national cultural characteristics, the purpose is to identify cultural differences in the style of business decision-making, that is, to identify cultural differences' influence, more specifically the influence of particular characteristics of national culture on the style of business decision-making.

Specifically, in present cross-cultural management research, study dominates cultures, while decision-making styles are usually bypassed. As a result, the work's purpose is to minimize the absence of research into cultural differences in decision-making when compared to other parts of decision-making and management. The ultimate contribution of the undergraduate thesis will be the identification of cultural influences on business decision-making styles.

## **2. CONCEPTUAL DEFINITION AND DIMENSIONS OF NATIONAL CULTURE**

### **2.1. Definition of a national culture**

The value of national culture is universally acknowledged by scientists and, increasingly, by businessmen. When it comes to identifying national culture, however, this is not the case. Scientists established 164 definitions of national culture in the 1950s. Interestingly, the authors of the Management Lexicon describe national culture in both a limited and broad sense.

In a narrower sense, national culture refers to a social group's or society's general way of life, which includes language, knowledge, art, traditions, conventions, laws, and all other material and immaterial products of social life that are passed down from generation to generation.

National culture, on the other hand, in a broader sense, demonstrates a general pattern of conduct based on values and beliefs that emerge over time in a society. These are the members of a society's shared knowledge, beliefs, values, standards, habits, and ways of thinking.

It is essential to highlight that cultural characteristics are taught, and national culture is cumulative, transgenerational, symbolic, and adaptable.

One of the most famous cultural theorists, Fons Trompenaars, has extensively studied and written about cultural dimensions and the impact of culture on various aspects of society, including business and organizations. While he has not established an official definition of national culture, he has created a cultural framework known as Trompenaars' Seven Dimensions of Culture. This framework seeks to capture the variety of cultural values and behaviors found in various cultures and societies.

Individualism versus communitarianism, neutral versus emotive, specific versus diffuse, achievement versus ascription, sequential time versus synchronic time, and internal direction versus exterior direction are among Trompenaars' Seven Dimensions of Culture. These factors exhibit the differences in cultural norms, attitudes, and behaviors that can be observed between countries. Trompenaars' theory, in essence, proposes that national culture covers a variety of cultural characteristics that shape the values, attitudes, and actions of individuals

inside a specific country or community. It stresses the existence of cultural variations and how they affect many elements of social interactions, decision-making processes, and organizational dynamics. Trompenaars' framework aids in understanding and appreciating the diversity of national cultures, as well as providing a foundation for managing and navigating cultural differences in a globalized society.

## **2.2. Trompenaar's seven dimensions of culture**

### **2.2.1. Universalism vs. Particularism**

According to Trompenaars, people in cultures that adhere to universalism often conform to standards that are generally accepted all over the world, and the rules, regulations, general values, and obligations that regulate their relationships. In any situation, following the rules is more important than maintaining personal relationships. In particularist cultures, personal relationships, on the other hand, always take precedence over universal rules and laws, and the behavior of individuals is defined by their special commitments to the people they know in person. Switzerland, the United States of America, and Canada are examples of cultures that adhere to the universalist perspective, whereas Russia, China, and India are examples of civilizations that adhere to the particularist perspective.

A universalist cultural framework is conducive to the observation of a number of features, including the following: Fourthly, a singular truth or reality is acknowledged, which is based on consensus. To begin, the emphasis is placed on adhering to norms rather than fostering interpersonal relationships; secondly, legal agreements are easily established; thirdly, trustworthiness is determined by one's ability to uphold their word or contractual obligations; and finally, there is only one truth or reality that is acknowledged. In conclusion, the adage "a deal is a deal" highlights how essential it is to uphold one's end of an agreement.

A particularist point of view is characterized by a number of key traits, which can be detected within their environment. To begin, the value of maintaining healthy relationships is emphasized more than strictly adhering to any set of guidelines. The second advantage of using formal contracts is that they are more amenable to being amended. A third characteristic of a trustworthy person is the ability to recognize and respond appropriately to shifting

reciprocal obligations. In the fourth place, it is understood that there are numerous viewpoints on reality, each of which is specific to the participant who is participating. Last but not least, it is widely acknowledged that interpersonal connections are fluid and vulnerable to change over the course of time. (Trompenaars and Hampden-Turner, 1997, pages 29-48).

The component of Universalism-Particularism has a substantial influence on a number of aspects of day-to-day life, including commercial operations, legal systems, and interpersonal relationships, to name a few of the fields it encompasses. Understanding this particular aspect makes it easier to navigate interactions with people from other cultures since it enables one to determine whether a certain culture is more likely to take a rule-based and standardized approach or a situation-sensitive and customized approach to problem solving. The statement emphasizes how important it is to change ways to communication and decision-making so that they align with the cultural values and expectations of a given community. This will, in turn, increase the efficiency and cohesiveness of cross-cultural encounters.

### **2.2.2. Individualism vs. Communitarianism (individual vs. the group)**

Individualism is a cultural trait that distinguishes certain civilizations from others because it emphasizes the primacy of the individual over group interests. People place a high premium on their own personal independence and initiative, as well as their decision-making skills and their willingness to take responsibility for their own deeds and behaviors. In addition, they place a high value on the acknowledgement and benefits that come as a result of their personal accomplishments. It is a commonly held belief that each individual is accountable for the decisions they make and must take personal responsibility for their own health and happiness. It is common for people who live in societies with communitarian beliefs to give more weight to the group rather than an individual's achievements or contributions. This is due to the notion that, in times of need, individuals who demonstrate their commitment to the organization will be given the opportunity to receive protection and aid. The importance of belonging to a group is prioritized higher than that of one's individual liberty and autonomy.

A culture that places a high value on individualism is characterized by several essential qualities, which can be seen within its framework. To begin, there is a propensity to recognize

and commend the efforts and successes of particular individuals. Second, individuals have a sufficient amount of initiative and autonomy to engage in independent decision-making when given the opportunity to do so. Thirdly, the requirements and pursuits of individuals should be prioritized over those of organizations. Last but not least, people are given the opportunity to exercise their creative potential and grow as a result of their mistakes. On the other hand, when operating inside a communitarian framework, certain practices are observed, including the following: Individual accomplishments are not publicly acknowledged; decision-making processes tend to be of a communal type; and last, the display of personal bias is actively discouraged. To begin, recognition and incentives are bestowed upon collective achievements; next, individual accomplishments are not publicly acknowledged; decision-making processes tend to be of a collective nature. (Trompenaars and Hampden-Turner, 1997, pages 50-68).

A substantial influence may be seen from the Individualism-Communitarianism aspect on societal structures, the dynamics of the workplace, and the interpersonal connections between people. Understanding this particular facet paves the way for more effective cross-cultural communication because it enables one to determine whether a certain civilisation places a larger emphasis on the cohesiveness of groups or on the individual achievements of its members. This remark emphasizes the significance of adopting a collaborative and decision-making style that is compatible with the cultural preference for either individual autonomy or group unity. This strategy ultimately encourages meaningful and successful interactions between people from different cultural settings.

Countries like the United States of America, Israel, Canada, and Romania are sometimes thought of as being emblematic of individualist cultures, whereas countries like Egypt, Mexico, and India are frequently thought of as being more emblematic of communitarian civilizations.

### **2.2.3. Specific vs. Diffuse**

This conflict is related to the degree to which accountability is either openly accepted or overtly assigned. People who live in societies that place a premium on specificity typically subscribe to the idea that their lives are made up of numerous different aspects that, for the most part, should be preserved in their own right. As a consequence of this, they make an effort to keep a definite boundary between their personal and professional lives, while

simultaneously highlighting how important it is for individuals to have clearly delineated relationships with one another. The idea that individuals can successfully work on a project without necessarily developing a deep personal attachment is implied by the practice of keeping a clear distinction between one's personal and professional interactions.

People have a tendency to adopt a holistic approach in a society that is marked by diffuse orientation because they see the various aspects of their lives as interconnected components that receive significance from the overall perspective of the whole. It is generally accepted that each component is intricately connected to all of the others, and it is for this reason that the interrelationships between these components are thought to be of more significance than the components themselves. In this context, individuals experience a convergence of their personal and professional realms because they hold the opinion that establishing strong personal ties with their business counterparts is a critical prerequisite for attaining success in this particular domain. This belief is supported by the fact that individuals in this context experience a convergence of their personal and professional spheres in this context. There is a lack of clarity surrounding the line that divides work connections from other types of social ties.

This particular component has an effect on a variety of factors, including tactics for working in teams, various leadership styles, and the degree to which one's professional and personal lives are in balance. It is of the utmost importance to be able to determine whether a culture is defined by distinctiveness or diffusion in order to facilitate successful cross-cultural collaboration. This remark emphasizes how important it is to adjust patterns of communication and expectations when working in multicultural environments. This can be accomplished through either recognizing and honoring the unique roles that individuals perform or through building better interpersonal bonds. Both of these approaches are viable options. When this is done, it is possible to foster a greater level of mutual understanding and to facilitate relationships that are more productive.

Countries such as the United States of America, Switzerland, Germany, Scandinavian countries, and the Netherlands are examples of specific cultures that are commonly encountered. Argentina, Spain, Russia, India, and China are some examples of countries that have cultures that are typically distributed around the country.

#### 2.2.4. Neutral vs. Emotional

Individuals in communities that are defined by neutrality adhere to the view that it is necessary to retain emotional control, value rationality over feelings in decision-making, and refrain from revealing their emotions to others. This is because individuals in these societies believe that maintaining emotional control is the key to success.

In this setting, it is reasonable to expect individuals to (1) meticulously regulate their own emotions; (2) refrain from displaying emotions through nonverbal signs; (3) avoid allowing personal sentiments to disturb professional relationships; and (4) closely watch and analyze the emotional responses of other people. On the other hand, individuals are permitted to freely and instinctually transmit their emotions inside the workplace when an emotional culture is present, and they are also authorized to allow these feelings to influence their decision-making processes to some level. It is expected of individuals to (1) demonstrate emotional vulnerability in their interactions with other people; (2) make use of emotional expression as a means of communication; (3) make effective use of nonverbal cues; and (4) proactively handle issues before they escalate to a personal level. In order to facilitate successful relationships between people of different cultures, it is essential to gain an understanding of whether a particular culture has a tendency toward emotional reserve or emotional expression. This framework provides individuals with assistance in adapting their communication tactics to fit to cultural standards. It encompasses the expression of empathy and comprehension, as well as the adoption of a more objective and logical posture in one's approach to the situation. Individuals have the power to form better relationships and establish rapport through the process of traversing this dimension, which, in turn, leads to the achievement of successful and harmonious interactions across a wide range of cultural backgrounds.

Sweden, the Netherlands, Finland, and Germany are typical examples of cultures that are frequently defined as having a neutral orientation. Other common examples include the United States. It is generally accepted that Poland, Italy, France, and Spain each present a culture that is characterized by a particular emotional state.

### 2.2.5. Achievement vs. Ascription

In a society that places a high value on success, an individual's worth is determined by their deeds and performances, and their social and professional position is based on their level of achievement. As a direct result of this, individuals are required to continually demonstrate their acquired position. People have a propensity to appropriately identify, respect, and compensate outstanding achievements, while only employing titles when they have significance to impart. A society that is defined by assigned status is one in which individuals get their social standing based on variables such as the circumstances of their birth, their age, their gender, or their income. Because of this, a person's place in this society is not defined by what they have done in the past or what they are doing at current moment; rather, it is determined by who they are. People in this location hold the view that you should be recognized for who you are rather than for the titles or credentials you hold. As a result of this belief, people in this location have a tendency to use titles rather frequently and to show deference to those who are in positions of formal authority. Understanding whether a culture places a larger focus on achievement or ascription is crucial for developing successful cross-cultural relationships. This is because different cultures place different levels of importance on the two concepts. It supports individuals in understanding whether respect is acquired through demonstrated competence or granted due to social circumstances, and it helps individuals determine whether respect is won through demonstrated competency or granted due to social factors, which enables them to change their communication and collaboration tactics accordingly. If individuals are able to successfully navigate this dimension, they will be able to foster meaningful connections and have successful interactions in a range of cultural settings. Because of this, individuals are able to foster an atmosphere of mutual respect and promote cooperative endeavors.

Countries such as the United States of America, Canada, Australia, and the Scandinavian nations are examples of cultures that place a premium on accomplishing goals. According to Trompenaars and Hampden-Turner (1997, pages 101-119), cultures such as those seen in France, Italy, and Japan are instances of typical ascription cultures.

### **2.2.6. Sequential time vs. Synchronous time**

People who live in societies that place a high value on the progression of time have a tendency to view the structure of time as being sequential and rigid, and they have a tendency to place varied levels of importance on the past, the present, and the future. The order in which events take place is significant to them, the value of time is high ("time is money"), and the value of being on time, preparing ahead, and honoring a timetable is high as a direct result of these considerations. Cultures from countries such as Germany, the United Kingdom, and the United States of America tend to place a high priority on the order in which events occur.

People who are raised in societies that practice synchronic timekeeping have the mentality that the past, the present, and the future are all intertwined periods of time. People who live in this culture feel that time is merely a framework that can be bent, and as a result, they favor working on numerous tasks at the same time and consider it acceptable to be flexible when it comes to making plans and promises. According to Trompenaars and Hampden-Turner (1997, pages 119-138), some examples of cultures that observe synchronized time are Japan, Argentina, and Mexico.

When navigating interactions with individuals of various cultures, it is quite beneficial to be aware of whether or not their culture places a higher value on sequential or synchronous time. This knowledge will allow you to respond appropriately to the situation at hand. Because of this, individuals are better able to synchronize their approaches to time management, which leads to successful cooperation, respectful participation, and harmonic interactions in situations that include several temporal views overlapping. Because of this, successful collaboration, respectful involvement, and healthy relationships are all ensured.

### **2.2.7. Internal direction vs. Outer direction**

In this part of the thesis, we will talk about the degree to which people believe they have influence over their surroundings, as well as the degree to which they believe that their surroundings have power over them. People in a culture that is inwardly oriented have the

idea that nature is a complicated process that is unfathomably big, but that it can be managed by humans if they have sufficient information ("knowledge is power"). This is because people in such a society believe that humans have the ability to control nature if they have enough information. They are of the opinion that humans have the potential as well as the right to rule over nature provided that they put in the requisite amount of effort to do so. On the other hand, this way of thinking is applicable not only to the natural world but also to the social environment, namely the manner in which individuals interact with groups and function within organizations. The manner in which we communicate with one another will be a reflection of the method in which we communicate with the natural environment.

In contrast to the earlier mechanical viewpoint, those who live in cultures that place a greater emphasis on the outside have an awareness of the natural world that is more comprehensive. Again, this is a holistic point of view, in which man is considered as simply one of the elements that make up nature, and as such, he ought to endeavor to live in peace with the environment as well as the other people who are a part of his community. People consequently have the mindset that they ought to adapt themselves to the circumstances that are external to them and that they ought to work in conjunction with their surroundings in order to accomplish the goals that they have set for themselves. They should guide their reactions toward other people in the context of their engagement with the social environment, such as at the job or in their personal relationships, and they should avoid conflict whenever it is practical to do so. For example, at the workplace, they should direct their reactions toward other people in the context of their connection with the social environment. (Trompenaars and Hampden-Turner, 1997, pages 141-154)

### **3. BUSINESS DECISION-MAKING STYLE**

#### **3.1. Definition of business decision-making style**

What is the current understanding of decision-making? Aside from the fact that individuals engage in this behaviour either subconsciously or deliberately. Through the application of logical reasoning, it can be inferred that a systematic procedure is employed to deliberate upon a limited set of possibilities, leading to the eventual determination of a conclusion, namely the decision that is ultimately reached. The Cambridge Dictionary provides a concise and suitable definition of a decision-making process as "the act of making selections, particularly significant ones" (Cambridge University Press, 2019). While the provided definition is deemed correct, it lacks the necessary level of precision to be considered precise.

A greater understanding of managers, their decision making, problem solving, and relationships with other individuals in the organization can be gained through an awareness of the managerial decision-making style. To put it another way, the manner in which one arrives at decisions is a significant factor in determining the level of success that one achieves. Even if there are numerous ways to define decision-making styles in terms of criteria, dimensions, and vocabulary, the fundamental split remains that of autocratic and democratic decision-making styles. This is true despite the fact that the scientific literature has a variety of approaches to defining decision-making styles. In this sense, decision-making styles range from one extreme, represented by the autocratic style, to the other, represented by the democratic style. The decision-makers characteristics, the characteristics of collaborators, and the situation in which decisions are made all factor into the decision-maker's choice of style.

An autocratic decision-making style is a method of making decisions in which one person, typically the top manager of a company, has unrestricted power and the authority to make decisions for the entire organization. Every other worker in the organization is merely an implementer of decisions made by higher-ups. It is not necessarily the case that the dominance of an individual, in which that person claims entire authority and responsibility for decision-making, is ineffectual. To be more specific, the autocratic style of decision-making can be useful in smaller organizations, that is, in firms that have a smaller number of employees. Because of the decision-making style that is prevalent in larger firms, the middle

level of management is pushed to the side, which calls into question the overall effectiveness of the company's business operations.

On the other hand, a democratic style of management implies the following: the existence of various decision-making levels in the organization, genuine power in the decision-making of lower management levels, respect for the decision-making hierarchy, clear delineation decisions by types at higher and lower levels of management, etc. Democratic styles of management are also characterized by a consensus-based approach to making decisions. As a result of the manager's consultations with his coworkers during the decision-making process, this style of decision-making is also known as the participatory-democratic style of decision-making.<sup>281</sup> The democratic or participatory-democratic style of decision-making has a significant advantage over the autocratic decision-making style in the modern business environment. This is due to the fact that the democratic or participatory-democratic style develops such a working climate in which employees make decisions independently and responsibly, and greater satisfaction of employees ultimately results in the success of the company.

### **3.2. The importance of decision-making in an organization**

It is impossible to exaggerate the significance of an organization's decision-making approach, given that it is one of the most important factors that determines the overall effectiveness, efficiency, and adaptability of the business. The term "decision-making style" refers to the strategy and procedure that individuals and groups utilize when confronted with a variety of options and conundrums. It spans a range ranging from autocratic, in which decisions are decided by a single authoritative figure, to democratic, in which collective involvement is required, to laissez-faire, in which subordinates are given a significant amount of liberty to make their own choices. The selection of an acceptable decision-making style has a considerable impact on the strategic direction of an organization, the morale of its employees, and the potential for creativity in that business. In addition, it has an impact on the rate at which choices are made, as well as their quality and the degree to which they are congruent with the objectives and priorities of the business.

The manner in which decisions are made has a direct bearing on the communication and dynamics within a company. It is possible for communication in an autocratic style to become top-down and rigid, which has the potential to impede the flow of useful insights from lower-level personnel. This is because choices in an autocratic style are concentrated in the hands of senior leadership. On the other hand, a democratic approach promotes open communication and inclusivity, which helps to cultivate a climate that is conducive to collaboration, and which has the potential to increase employee participation and ownership of choices. Inclusion plays an important part in the process of conflict resolution as well, given that including a variety of viewpoints can result in solutions that are more well-rounded and acceptable to all parties. In addition, the mode of decision-making that is used reflects the culture of the company as well as its philosophy on leadership, both of which, in turn, influence the firm's appeal to prospective employees and other stakeholders.

Likewise, the manner in which decisions are made has an effect on the organization's responsiveness to change and its capacity for innovation. A style that is more flexible and inclusive can enable employees at all levels to contribute ideas and proposals for adaptation, whereas a style that is more authoritarian and inflexible may hinder swift answers to movements in the market. This is especially true in commercial environments that are both fast-paced and unpredictable. Employees are encouraged to go above and beyond their allocated tasks in order to suggest new ideas and embrace a proactive attitude toward change when a participatory decision-making style is used. This style of decision-making not only capitalizes on the collective knowledge of the workforce, but it also cultivates a sense of ownership. This can be particularly beneficial in fields that are characterized by technical developments and innovations that upset existing practices.

In conclusion, the mode of decision-making that is utilized within a company has an enormous amount of weight due to the myriad of influences that it exerts on areas such as communication, culture, adaptability, and innovation. Organizations have a responsibility to acknowledge that there is no one management technique that is superior to all others, and that the most effective strategy may be different based on aspects such as the kind of decisions being made, the organizational structure, and the specifics of the industry. Leaders can cultivate an environment that encourages effective collaboration, empowers employees, and positions the organization for success in an ever-evolving business landscape if they

consciously select and consistently implement a decision-making style that is aligned with the organization's values and objectives. This can be accomplished by selecting a decision-making style that is aligned with the organization's values and objectives, and then consistently applying that style. The process of making decisions, therefore, is the tool that we employ in order to preserve this fragile equilibrium. Because of this, the judgments that are made need to be as well-suited to each setting as possible; otherwise, chaos will win out, and businesses will become ineffective, lose money, or fail to expand.

### **3.3. Types of decision-making styles**

A greater understanding of managers, their decision making, problem solving, and relationships with other individuals in the organization can be gained through an awareness of the managerial decision-making style. In this regard, the decision-making style that an individual employs as a method of decision-making is a significant factor that contributes to their level of success. There is a whole host of definitions of decision-making styles as well as classifications of decision-making styles that are utilized in the theory and practice of managerial and corporate decision-making. Even if there are numerous ways to define decision-making styles in terms of criteria, dimensions, and vocabulary, the fundamental split remains that of autocratic and democratic decision-making styles. This is true despite the fact that the scientific literature has a variety of approaches to defining decision-making styles. In this sense, decision-making styles range from one extreme, represented by the autocratic style, to the other, represented by the democratic style. The decision-maker, the characteristics of the collaborators, and the situation in which decisions are made all factor into the decision-maker's choice of style.

An autocratic decision-making style is a method of making decisions in which one person, typically the top manager of a company, has unrestricted power and the authority to make decisions for the entire organization. Every other worker in the organization is merely an implementer of decisions made by higher-ups. It is not necessarily the case that the dominance of an individual, in which that person claims entire authority and responsibility for decision-making, is ineffectual. To be more specific, the autocratic style of decision-making can be useful in smaller organizations, that is, in firms that have a smaller number of employees. Because of the decision-making style that is prevalent in larger firms, the middle

level of management is pushed to the side, which calls into question the overall effectiveness of the company's business operations.

A democratic style of management implies the following: the existence of various decision-making levels in the organization, genuine power in the decision-making of lower management levels, respect for the decision-making hierarchy, clear delineation decisions by types at higher and lower levels of management, etc. Democratic styles of management are also characterized by a consensus-based approach to making decisions. As a result of the manager's consultations with his coworkers during the decision-making process, this style of decision-making is also known as the participatory-democratic style of decision-making. The democratic or participatory-democratic style of decision-making has a significant advantage over the autocratic decision-making style in the modern business environment. This is due to the fact that the democratic or participatory-democratic style develops such a working climate in which employees make decisions independently and responsibly, and greater satisfaction of employees ultimately results in the success of the company.

The following characteristics are utilized by Driver, Brousseau, and Hunsaker in their classification of decision-making styles: (1) in accordance with the quantity of information utilized by the management in the decision-making process, and (2) in accordance with the number of different approaches taken to find solutions to issues.<sup>1</sup> It is hard to provide a definitive response to the questions of whether it is preferable to make a decision with a limited amount of information or with a large amount of information and whether it is preferable to make a decision with a small number of versions or with a large number of versions. It is possible to identify the following types of decision-making styles by combining a smaller number of information needed for decision-making with a greater number of information needed for decision-making and a smaller number of versions.

- decisive decision-making style characterized by the use of a minimum amount of information and one problem solving possibilities;
- a flexible decision-making style characterized by quick decision-making in which the decision-maker often changes the focus of information in order to look more comprehensively at different solution possibilities problems;

---

<sup>1</sup> Hunsaker, P. L., Hunsaker, J. S. (1981), „Decision Styles – In Theory, in Practice“, *Organizational Dynamics*, Autumn, p. 23-35.

- hierarchical decision-making style characterized by the use of large amounts of information in order to create one specific possibility to solve the problem;
- an integrative decision-making style characterized by the use of large amounts of information and development as many versions of problem solving as possible;
- systemic style of decision-making which is the most demanding because it includes a large amount of information how different perspectives and versions of problem solving would be considered.<sup>2</sup>

Robbins, S. P., identifies the four distinct decision-making styles based on two distinct dimensions: (1) according to the manner of thinking of the decision maker, which can be a rational, logical, or creative, intuitive approach to information; and (2) according to the decision maker's tolerance for ambiguity. The rational, logical, creative, and intuitive approaches to information are all examples of different ways a person can think about information. The following is a concise explanation of Robbins' approach to making decisions: intuitive, as well as intellectual, creative, and logical<sup>3</sup>

The following is a concise explanation of each approach of making decisions:

- the directive decision-making style is characterized by a rational way of thinking and an intolerance towards uncertainty in the decision-making process; decision-makers decide quickly and focus on the short term; they use a significant amount of information and analyze a small number of choices;
- when opposed to the directive decision-making style, the analytical decision-making style is defined by a wider tolerance for uncertainty, a bigger amount of information and versions in solving problems; hence, it is about cautious decision-making with the flexibility to adapt to unique scenarios;
- the conceptual decision-making style is defined by an openness to a broad range of alternatives, this is because, in contrast to the directive decision-making style, decision-makers in the conceptual decision-making style are focused on the long term and are successful in coming up with innovative solutions to difficulties;
- the behavioral decision-making style is indicative of decision-makers who effectively engage in cooperation with others by considering their accomplishments and

---

<sup>2</sup> Hunsaker, P. L., Hunsaker, J. S. (1981), cit., p. 23-35.

<sup>3</sup> Robbins, S. P. (2005), „Organizational Behavior“, Eleventh Edition, Prentice Hall, Upper Saddle River, New Jersey, p. 154.

embracing their recommendations, this style is rooted in the decision maker's acceptance by others.

The ability to make sound decisions in business settings is a goal shared by all of the approaches to decision-making that are presented here. To be more specific, having knowledge about the different decision-making styles can assist the manager in better understanding his own associates, as well as in improving the work of associates by better aligning the duties and responsibilities of the individual with the suitable one decision-making style. The following authors have also acknowledged the significance of the various decision-making styles: R. Likert, F. Heller, V. Vroom and P. Yetton, B. Bass and E. Valenzi, F. Muna and A. J. Ali, along with a large number of other authors.<sup>4</sup>

In particular, A. J. Ali produced his own scale in 1989 based on the work of V. Vroom and P. Yetton and F. Mun with five different decision-making styles. In 1993, for the objectives of research in Arab countries, he added additional one style (pseudo-participative decision-making style).

The scale that was described may be found below; it was utilized in this study as well to determine the different decision-making styles.

- I handle problems and make decisions utilizing the information that is available to me without consulting my coworkers or my subordinates the vast majority of the time.
- I consult with my coworkers or subordinates on a regular basis, and while this does not guarantee that I will adopt their thoughts and ideas, it does mean that I give them serious consideration.
- Before making a choice, I will frequently discuss it with my coworkers or those under my supervision.

After that, I'll make a choice, and the input of my subordinates might have some bearing on it, but it might not.

- In most cases, I discuss the issue with coworkers or subordinates in a group setting. After evaluating the pros and cons of the various potential solutions, we reach a conclusion by a process of majority vote.

---

<sup>4</sup> Ali, A. J. (1993), cit., p. 56-57.

- In most cases, I discuss the issue with coworkers or subordinates in order to conduct a group problem analysis. Together, we evaluate the various possible possibilities in order to arrive at an appropriate solution. However, I provide them with prior notice on the decision that I believe to be appropriate. Voting is ultimately what determines the winner of the contest.
- I put the majority of my coworkers and subordinates in the position of having to make decisions on their own.

The previous statements explain a certain style of business decision-making, respectively:

- The first assertion is that an autocratic decision-making style is one in which the manager, who is focused toward the work at hand, reserves the authority to make the final decision. The workers under an autocratic leadership are given orders, yet there is just one-way communication. Every significant undertaking first sees the light of day thanks to the manager's initiative.
- The second assumption is that the style of decision-making known as pseudo-consultative is one in which the manager behaves in accordance with an authoritarian and hierarchical organizational structure. associates of the preparation manager in order for them to accept his choice, which had been made in advance. The goal of this management approach is to enhance the public perception of managers by cultivating an air of consultation while concealing the fact that actual consultation is not being conducted.
- The consultative decision-making approach, as stated in third assertion, involves a boss delegating a specific problem to colleagues on an individual basis. Individual proposals are collected without the formation of a group, after which the manager exercises their decision-making authority. The decision may or may not be influenced by collaborators, and it is imperative that such influence is duly considered.
- The participatory decision-making approach, as stated in fourth claim, involves the manager collaborating with colleagues in a group setting to study the problem, assess the various possible solutions, and ultimately make a decision through a majority vote. This approach aims to create a balance of power and influence between co-workers and managers, enabling them to engage in discussions about organizational issues and participate in the decision-making process on an equal footing.

- The fifth statement is that a pseudo-participatory decision-making style is one in which the management enables the participation of associates in decision-making but retains the authority for decision making. This style of decision making is known as the participative decision-making style. Within the framework of the pseudo-participatory style, participation is merely acknowledged in concept, but it is not actively encouraged in any way. The manager calls a meeting of the employees in an effort to reach a consensus regarding a shared aim; nevertheless, what is actually required is permission, support for the manager's own choice, or the decision itself.
- Sixth assertion describes delegation as a form of decision-making, which is a form of decision-making in which the management requires associates to make decisions autonomously. In this sense, the decision-making process is delegated to a colleague who is also the person who actually started the action. <sup>5</sup>

Conflict is used as a starting point in some scientific circles to investigate decision-making styles and cross-cultural differences in decision-making styles. These scientific circles deal with the problem of decision-making styles and differences in decision-making styles.

Conflict can be defined as the behavior of a specific number of members of an organization that is in conflict with the behavior of other members of the organization. Conflict can arise when there are insufficient resources, a diversity of aims, or autonomy. In this sense, the term "conflict" refers to any and all encounters that are adversarial and confrontational in nature. The lack of means and power, as well as differences in social status and value system, are the root causes of these types of conflicts. According to E. F. Harrison, the following factors can contribute to conflict in the business decision-making process: (1) individual and organizational interdependence unit; (2) performance measurement criteria and reward; (3) communication difficulties; (4) dissatisfaction with the role in the organization; (5) personal characteristics; (6) differences in perception; and (7) diversity of goals.<sup>6</sup> Conflict indicators are signs that can be seen or not seen, and they represent the existence of conflicts inside an organization or in the decision-making process of a business. Conflicts can manifest themselves in a variety of ways, including interference, the preservation of information, mistrust, and so on. According to the conceptual model, the foundation for understanding and

---

<sup>5</sup> Ali, A. J. (1993), cit., p. 53-73.

<sup>6</sup> Harrison, E. F. (1999), cit., p. 258-260.

managing conflict in business decision-making is based on identifying the sources of conflict as well as the signs of that conflict.

### **3.4. Factors affecting decision-making style**

The manner in which individuals and organizations make decisions is impacted by a myriad of complex factors that combine to influence how choices are made. These factors range from the personal preferences of leaders to the prevalent organizational culture and external environmental constraints. It is essential to have this understanding in order to know the reasons why particular decision-making styles are selected and how these styles influence the outcomes of an organization.

1. Personalities and philosophies of leadership: Personalities and philosophies of leadership of important decision-makers have a critical influence in determining decision-making approaches. Because they have faith in their own knowledge and authority, leaders who have an inclination toward authoritarianism may be more likely to drift toward an autocratic style of leadership. On the other hand, leaders that place a high emphasis on collaboration and inclusivity are more inclined to pursue a democratic or participatory strategy. The process of making a decision also takes into account aspects of an individual's personality, such as their level of comfort with uncertainty, willingness to adapt, and communication abilities.

2. Culture of the Organization: The dominant culture that exists inside an organization has a significant impact on the decision-making processes that are used. An autocratic approach may be favored in societies that place a premium on hierarchies and centralization. On the other hand, businesses that put a premium on employee agency, collaborative problem-solving, and inventiveness have a propensity to adopt democratic and participatory management practices. The manner in which decisions are made is influenced greatly by the culture's emphasis on trust, communication, and active participation on the part of employees.

3. The Nature of the Decision: The nature of the decision that is being made has a considerable influence on the decision-making method that is selected. When making decisions that will have a significant impact on the organization's long-term trajectory, strategic decisions may require a more deliberate and collaborative approach, whereas tactical decisions may call for judgments to be made more quickly and autocratically. Collaborative

efforts that draw on a variety of views in order to arrive at well-rounded answers typically prove to be beneficial when making difficult decisions.

4. Time Restriction and Urgency: Time restrictions and the level of urgency associated with the decision both have the potential to influence the decision-making style. When dealing with time constraints, leaders may choose to govern in an authoritarian fashion in order to get the process forward more quickly. On the other hand, if time is not a constraint, it is possible to opt for a participatory approach in order to guarantee comprehensive analysis and input.

5. The Experience and competence of the Decision-Maker: The confidence and strategy of the decision-maker are influenced by the decision-maker's own experience and competence in the topic at hand. When leaders are in possession of extensive information, they are more likely to be inclined to make decisions that are authoritative. On the other hand, if they are honest about the constraints they have, they may be more open to receiving ideas from others and adopting a participatory approach.

6. The Structure of the Organization: The structure of an organization defines the distribution of authority and the communication channels, which in turn affects the decision-making styles of the organization. While organizations with a hierarchical structure may have a natural tendency to make decisions from the top down, organizations with flatter structures may encourage a more collaborative approach.

7. The influence of stakeholders: The stakeholders who are either directly participating in the decision-making process or who are indirectly influenced by it have the potential to mold the decision-making style. In circumstances in which gaining the support of stakeholders is essential, it may be prudent to adopt a participatory approach so as to guarantee alignment and ownership.

8. Pressures and Norms from the Industry: and the Outside World: Decision-making styles can be influenced by elements from the outside world, including industry norms, legal and regulatory requirements, and competitive pressures. In order to maintain compliance, highly regulated businesses may require more authoritative decision-making, whereas dynamic industries may foster flexibility and creativity.

9. The history of the organization and its previous experiences: The preferences of decision-makers are influenced by their previous experiences, both successful and unsuccessful.

Participatory decision-making may be more likely to be maintained by organizations in the future if such organizations have already reaped the benefits of using this method.

The manner in which decisions are made is the result of a complex interaction between the person, the organizational, and the external elements. It is crucial for leaders who want to develop effective decision-making processes to recognize these elements and their relationships with one another. Organizations are able to actively adopt decision-making styles that are aligned with their values, aims, and the context in which they operate when they have a knowledge of the multidimensional nature of the variables that have an effect on them.

## **4. EMPIRICAL EXAMINATION**

### **4.1. The problem and research question**

The process of globalization is currently underway, leading to increased interconnectedness and integration on a worldwide scale. Managers and executives are obligated to navigate a multitude of issues that extend beyond local and global contexts, including cultural disparities that arise between the corporate culture and the unique cultures of individual countries. The central focus of this thesis is to examine the impact of national cultural differences on the decision-making processes employed by managers in multinational corporations. The objective is to identify prospective avenues that may lead to effective solutions. This study aims to offer executives employed by multinational corporations with a comprehensive understanding of cultural differences, as well as more effective and culturally appropriate approaches to engaging with foreign cultures. In situations when individuals operate within diverse cultural environments, is it necessary for them to adapt their approaches and methodologies? This subject presents an intriguing inquiry, and although the research conducted may provide novel insights, the intention is to provide a response.

## **4.2. Methodological framework**

The study of comparative cultures, which includes defining the elements that comprise a nation's culture and the manner in which businesses make decisions, is a very difficult endeavor. As a result, targeted research is required, in addition to the application of tools and procedures that are comprehensible and acceptable in a manner that is comparable across the cultures that are being examined. As a result of this, for the purposes of this undergraduate thesis, a survey questionnaire was developed and administered to a total of 93 respondents across two nations during the months between June and August 2023.

The methodological framework comprises an overview of the features of the research sample in addition a description of the assessment of dimensions of national culture, and a style of business decision-making.

### **4.2.1. The sample**

We are conducting research in an effort to gain insights into how effective managers in international companies behave in their own national culture or how they adapt their cognitive processes to other cultures. These are questions that we are attempting to answer in both of these ways. Respondent managers hail from Croatia and Canada, and their educational backgrounds are in the fields of business and economics at the graduate and doctoral levels. This particular choice was made because it enables a fair cross-comparison between both national cultures (Croatian, Canadian) and corporate cultures of managers located in two different countries which are geographically far and can give the impression that they are of somehow similar culture (huge number of war emigrants who inhabited Canada in 1990s), but this is not the case. The outcomes of our investigation will be improved as a direct consequence of this symmetry. Data about the respondents can be found in the table below.

Table 1: Characteristics of examination respondents

Characteristics of respondents	Croatia (60 respondents)	Canada (33 respondents)
<b>Sex</b>		
Male	33 (55%)	13 (39%)
Female	27 (45%)	20 (61%)
<b>Age</b>		
31-40	23	20
41-50	30	13
50-	7	-
<b>Qualifications</b>		
Bachelor of Arts	24 (40%)	30 (90%)
Master of Arts	35 (58%)	3 (10%)
PhD	1 (2%)	-

It has been decided that in order for potential respondents to have the best possible possibility of providing high-quality information that is pertinent to this thesis, they need to have a few specific qualities. It is highly recommended that managers have a minimum of five years of experience working for the companies in which they are currently employed in order for them to have an understanding of the culture of the company. The second need is that they should be leaders of teams consisting of at least two people, with a preference for multicultural groups. This criterion is used to filter managers with low responsibility in order to highlight the decision-making authority that should be given to the chosen managers. The third and last requirement is that at least thirty percent of the people being interviewed should have foreign experience (not necessarily in the same company). A person who spends throughout their lives immersed in the culture of their home country may develop some cultural blind spots as a result of this immersion. Having international experience can help erase these blind spots.

#### 4.3. Results of empirical examination

The dimensions of national culture do not encompass all the values, norms, and attitudes of individuals within a particular culture. However, they do provide a representation of the

majority of cultural distinctions, and empirical evidence has established numerous connections between these dimensions and various aspects of organization and management.

Trompenaars' seven dimensions, which are also the subject of this thesis, can already be read to reveal the initial difference between the cultural dimensions of these two countries; these dimensions are also the subject of this paper. Canada, and consequently, Canadians, can be understood in terms of the following dimensions: Individualism (acknowledging individual triumphs, making personal decisions, and allowing and supporting creativeness), Universalism (tying one's values and beliefs to one's job, providing clearly defined methods and instructions, honouring one's commitments), and providing analysis for decisions made are all aspects of universalism. and Achievement (respect is something that must be earned by hard work and successful endeavours) While Croats tend to lean more towards dimensions that are diametrically opposed to one another, such as Particularism (be flexible in decision-making, think of others when decisions are made, be sure to build relationships, and only highlight important rules), Emotional (build trust and relationships, and communicate objectives with emotion), Diffuse (build relationships and take the time to understand the business and the people), and Ascription (respect is accorded to a person depending on the function they play or the title they hold).

According to the conducted empirical examination, the majority of Croats exhibit a preference for a consultative approach to business decision-making, with a significant proportion over 70%. It is noteworthy that both authoritarian and democratic methods, which represent the extreme ends of the decision-making style spectrum, are not favoured by Croats. Also, based on the findings of the study, a majority of participants hold the belief that the consultative style is the most efficacious approach in the context of business decision-making. Hence, it is argued that the most advantageous course of action for the manager is to engage in open communication with colleagues over a specific issue, seeking their input individually rather than forming a collective group, and afterwards making a decision based on the collected proposals. Naturally, the decision may or may not be indicative of the impact of those within one's social circle. Moreover, the use of the term "also" serves to highlight the significance of the participative style of decision-making in achieving exceptional efficiency. This particular style involves the manager engaging in a collaborative process with colleagues, wherein they collectively analyse the problem, evaluate various options, and ultimately arrive at a decision through a majority vote.

When it comes to decision-making, Croatian managers tend to use decision-making styles that are more on the autocratic end of the sequence. It is fascinating to observe how everyone in Canada has an equal representational style, with the exception of the pseudo-participatory style, which is definitely tied to the cultural ideals of the Canadians. Specifically, A. J. Ali added this style to the already existing ones in 1993 because he recognized how managers in Arab countries frequently evaluate the available opportunities in a group together with their colleagues in order to make an adequate decision, with the manager himself informing them in advance what he thinks it is adequate decision, and at the end, they make the final decision by voting on it. It is an interesting conclusion because this one was done in the style and in the spirit of Croatian managers. The decision-making process is approached with a great deal more caution by respondents from Croatia than by respondents from other countries. They almost always make an effort to evaluate all potential outcomes of the decision as well as the potential drawbacks of each option. After that, they make an effort to amass a significant quantity of data and have as crystal clear of an understanding of their objectives as they can. A portion of the explanation should pertain to the features of the sample in order to facilitate careful decision-making. To be more specific, a significant proportion of responders from Croatia and Canada are under the age of 30; as a result, their lack of information and experiences calls for extreme prudence whenever decisions are being made.

The examination that was carried out provides some support for the concept that the way in which cultural factors and values that are conveyed through the many characteristics of national culture influence the manner in which business decisions are made. The recognized relationships between aspects of national culture and approaches to making decisions in business are of a low intensity, and a statistically significant association was found between the aspects of uncertainty avoidance and individualism/communitarianism.

#### **4.3.1. Impact of national culture on business decision-making style**

The influence of national culture on international business has significant implications for key aspects of decision making-style, human resources management, marketing and finances, corporate strategy, organisational structures, and business ethics. Business decisions are influenced by variations in national culture. Enhancing the compatibility between management practices and cultural contexts has been found to yield measurable advantages in business outcomes. Specifically, the following observations have been made:

- a) The implementation of participative management can enhance profitability in cultures characterized by low power distance, while potentially diminishing it in cultures with high power distance;
- b) Quick fixes may lead to improved profitability in cultures that prioritize short-term orientation, but could have adverse effects in cultures that emphasize long-term orientation;
- c) The adoption of merit-based pay and promotion policies can enhance profitability in cultures that exhibit more masculine traits, but may have a detrimental impact in cultures that display more feminine characteristics.
- d) Placing emphasis on individual contributions has the potential to enhance profitability within societies that prioritize individualism, while conversely, it may have a detrimental effect on profitability within societies that prioritize collectivism.

In order to comprehend the relationship between culture and managerial practice, it is imperative to grasp the cultural underpinnings that account for variations. It should be noted that managerial practice merely represents the visible surface of a much deeper cultural phenomenon. Cultural maps have been discussed by Hofstede (2005). It is feasible to develop a national profile as a means of reminding managers in various nations about their inclination towards specific organizational methods (Schneider, Barsoux, 2003).

When formulating and executing strategy, it is imperative for firms to evaluate both their external environments and internal capabilities. Managers that are engaged in making strategic decisions frequently encounter challenges related to the socio-political context, structured difficulties, or environmental uncertainties. Individuals respond based on their respective subjective realities. Managers hailing from various nations hold divergent ideas regarding the allocation of responsibility and authority. The influence of cultural roots has a significant impact on the determination of whether information is deemed important, the selection of analytical models employed to analyse such information, the identification of relevant stakeholders, and the formulation of strategic decisions. The comprehension and acceptance of national culture, encompassing its values, beliefs, attitudes, and behavioural patterns, is an essential requirement for achieving success within the contemporary corporate landscape. In contemporary times, the corporate sector exhibits a tendency to disregard conventional limitations. There exists a mutual interdependence among nations, which necessitates our inclination towards accepting and employing diverse forms of the

contemporary landscape offers various competitive advantages. Cultural differences refer to the variations and distinctions that exist between different societies or groups in terms of their beliefs, values, customs, constant and persistent factors provide numerous issues, particularly for multinational corporations. Organizations that demonstrate good adaption management has the capability in order to attain benefits within the diverse cultural contexts in which they operate, while also expanding their reach, organizations strive to accomplish advantages. The primary sources of advantage that transcend national borders, and in certain instances, even engendering cultural diversity might be considered an inherent benefit. Although this highlights cultural aspects.

It is imperative to acknowledge the frequently overlooked disparities and accord equal significance to their management. Regarding cultural commonalities. In the realm of adaption management, there exists a significant amount of content to be considered. The benefits derived from directing our attention towards shared commonalities rather than highlighting our differences. Culture is a multifaceted concept that encompasses the beliefs, values, customs, and behaviours of a particular group of people. Cultural variety possesses the potential to function as both a valuable resource and a potential drawback. It is imperative for managers to possess the capability to establish a connection or correlation between different aspects or components. The matter of effectively managing cultural diversity in alignment with corporate requirements and demonstrating proficiency in this area. The subject matter pertains to matters of business, encompassing issues, objectives, and outcomes. The influence of national cultures in multinational corporations extends beyond the management style significantly impacts several corporate operations and the overall organizational structure.

#### **4.3.2. Adaptation of business culture and national culture to each other**

The process of adapting national culture to corporate culture, as well as the reverse, is a complex and dynamic phenomenon that carries important consequences for the effectiveness of organizations, the satisfaction of employees, and the facilitation of cross-cultural collaboration. The concept of national culture covers a multifaceted network of values, conventions, customs, and behaviors that individuals acquire from their own cultures, hence influencing their perspectives and patterns of social engagement. In contrast, business culture refers to the distinct set of beliefs, customs, and anticipated behaviours that arise inside the

framework of an organization. The dynamic relationship between these two domains entails a mutual exchange of influence, whereby national cultures exert an impact on the development of business cultures, while business cultures, in turn, affect the assimilation of individuals' national cultural characteristics. The major focus of this interaction lies in acknowledging the different levels of compatibility and divergence that exist between national and business cultures. One aspect that exemplifies this dynamic is the correlation between individualism and collectivism in both national culture and corporate contexts. For example, in national cultures that prioritize autonomy and personal achievement, there may be a potential alignment with business cultures that foster employee autonomy, creativity, and entrepreneurial mindset. On the other hand, collectivist national cultures, which prioritize the importance of harmony and social cohesiveness, may exhibit compatibility with company cultures that place emphasis on teamwork and collaboration. Nevertheless, divergences in cultural orientations can give rise to difficulties in communication, decision-making, and leadership approaches, hence requiring a nuanced process of adaptation. The adaptation process encompasses several techniques that facilitate the resolution of conflicts arising from the divergent national and business cultures. One such method is cultural intelligence, wherein individuals cultivate the ability to comprehend and adeptly negotiate cultural disparities. This entails the acquisition of knowledge pertaining to both national and business cultural characteristics, alongside the cultivation of interpersonal skills necessary for effective communication and collaboration across diverse cultural contexts. Organizations possess the capacity to significantly contribute to the development of cultural intelligence by implementing training programs, intercultural seminars, and mentorship initiatives. These activities empower employees to effectively utilize their different cultural origins as valuable resources within the company environment.

Moreover, the process of aligning national culture with business culture frequently entails the negotiation of cultural norms and practices. The application of Hofstede's theoretical framework on cultural characteristics, including power distance and uncertainty avoidance, is relevant in this context. Individuals originating from national cultures characterized by high power distance, whereby hierarchical structures are prevalent, may be required to adjust to flatter organizational hierarchies within business cultures that prioritize open communication and participative decision-making. Likewise, persons hailing from cultures characterized by a strong inclination towards uncertainty avoidance may be required to adjust their behavior in order to align with business settings that promote risk-taking and experimentation. This

negotiation necessitates a combination of receptiveness towards adopting novel methodologies and a deliberate synchronization of individual principles with the requirements of the corporate milieu. The significance of leadership in facilitating the process of adaptation is crucial. Leaders play a crucial role as cultural ambassadors, facilitating the connection between national and business cultures. They establish the framework for the organization's cultural norms and values, so influencing the overall cultural environment. Transformational leadership is a leadership style that is distinguished by its ability to inspire and foster collaboration. This style of leadership has the potential to cultivate an inclusive organizational culture that values and incorporates individuals from many national backgrounds. Additionally, executives who exhibit cultural sensitivity and act as exemplars of cultural adaptation play a crucial role in cultivating a conducive atmosphere that promotes the success of employees from many nationalities. The comprehension of biculturalism is vital in comprehending the manner in which individuals assimilate their country cultures within corporate environments. Individuals who are bicultural demonstrate the capacity to effectively navigate and adapt to both their native cultural background and the cultural context of their professional work environment. The possession of a dual cultural identity empowers individuals to adeptly bridge cultural divides, navigate intercultural disagreements, and ease the exchange of ideas across different cultural contexts. Organizations can optimize the capabilities of individuals with bicultural backgrounds by strategically assigning them to leadership roles or leveraging their expertise as cultural intermediaries, thereby fostering more seamless interactions among employees from diverse cultural backgrounds. However, it is imperative to acknowledge that the process of adapting national culture to company culture is not a one-way process. The infusion of varied national cultural aspects has the potential to influence business cultures. Organizations that cultivate a culture characterized by inclusivity and diversity establish a conducive setting wherein people are empowered to contribute their distinct cultural perspectives. This phenomenon has the potential to facilitate the development of inventive strategies for addressing problems, novel approaches to tackling challenges, and a more comprehensive comprehension of worldwide marketplaces. Hence, the process of adaptation encompasses more than just individuals complying to a predetermined corporate culture; it also involves enhancing the business culture by incorporating a diverse array of cultural influences.

Overall, the process of adapting national culture to business culture is a complex phenomenon marked by reciprocal impact and negotiation. Effective cooperation and communication

necessitate the application of cultural knowledge, the negotiation of norms, and leadership guidance in order to navigate the interplay between these two areas. The aforementioned dynamic process comprises not only the alignment of employees' behaviours with the expectations of the company culture, but also the integration of varied national cultural aspects, leading to the transformation of business cultures. It is imperative for firms that aspire to leverage cultural diversity for long-term success in the global marketplace to acknowledge the intricate nature of this adaptation process.

## 5. CONCLUSION

This undergraduate thesis focuses on the managerial processes of decision-making, a sociological, economic, and managerial concern. It aims to clarify whether there is a connection between national cultures and the decision-making techniques used by managers in multinational corporations in a culturally diverse setting. The topics covered in this thesis are somewhat broad. From theoretical models to an explanation of the current situation and the factors that made cultural characteristics important to consider, to an empirical examination. The goal of this study is to highlight the significance of this issue, particularly because Croatia is becoming increasingly involved in significant topics such as economic, political, and social integration at both the regional and global levels. The works expected scientific contribution is multifaceted: dimensioning national culture and determining the effect of national culture on business decision-making style.

The influence of culture on management is best and most succinctly expressed by P. Drucker with the statement that it is what managers do the same all over the world, but the way they do it can be completely different. "Because management deals with the integration of people into a joint venture, it is deeply rooted in culture." <sup>7</sup>The objective was to get an understanding of the significant approaches for assessing national culture, as proposed by F. Trompenaars, through the use of cultural peculiarities specific to Croatia and Canada. Despite the fact that the nations in the sample do not have considerable economic collaboration, in the future there

---

<sup>7</sup> Drucker, P. (1992), „Nova zbilja“, Novi Liber, Zagreb, p. 204. according to Bahtijarević- Šiber, F. (1999), cit., p. 84.

is a possibility that there will be an escalation of cooperation. Despite this, it is essential to acknowledge the cultural particularities of these countries. The extension of the EU not only increases the potential for political and economic collaboration with other countries, but it also increases the possibilities for cooperation between the countries that were investigated. Despite the fact that Western managers tend to neglect the cultural differences that are present in Central Europe, the expansion of the EU has increased these possibilities. A total of 93 managers from Croatia and Canada participated in the empirical research by filling out questionnaires. The objective of using a sample with a restricted definition is to bring down to the lowest possible level the amount of variation in the data (such as age, gender, education level, etc.) so that any remaining discrepancies may be attributed to national or cultural differences.

The second objective of this thesis was to investigate the ways in which people of various national cultures approach making decisions in business settings. To be more specific, the conditions of modern business lead to a significantly increased frequency of scenarios in which difficult decisions with far-reaching repercussions must be made. It is easy to comprehend why these decisions are difficult to make because, among other things, they are the direct result of the social and cultural norms that have been ingrained in each person. Therefore, social and cultural values determine not just decisions but also the manner in which they are made.

In conclusion, the research that was done on the influence of cultural factors on the style of corporate decision-making is either based on existing theoretical underpinnings or empirical research. Both types of research were used. They are established cultural quirks of the nations that make up Central Europe, as well as the accompanying particularities in the commercial approach to decision-making. The paper also confirmed the partial connection between national dimensions of culture and decision-making styles. This was done with the caveat that there is a whole series of aggravating circumstances for the implementation of the comparative cultural research, and it is necessary to include and control a number of cultural and other contextual variables. In addition, the thesis made note of the fact that it is necessary to include and control a number of cultural variables.

## 6. LITERATURE

1. Gutterman, A.S. (2010), Trompenaars and Hampden-Turner's Seven Dimensions of Culture, in Organizational Management and Administration: A Guide for Managers and Professionals, available on-line at <http://alangutterman.typepad.com/files/cms---trompenaars-sevendimensions.pdf>
2. Hofstede, G. (2001), Culture's Consequences: Comparing Values, Behaviors, Institutions and Organizations Across Nations, 2nd Edition, Thousand Oaks CA: Sage Publications.
3. House, R. J., P. Hanges, M. Javidan, P. Dorfmann, and V. Gupta (2004), Culture, Leadership and Organizations: The GLOBE Study of 62 Nations, Thousand Oaks, CA: Sage.
4. Trompenaars, F. & Hampden-Turner, C. (1998). Riding the waves of culture. McGraw-Hill
5. Smith, P. B., Dugan, S. & Trompenaars, F. (1996). National culture and the values of organizational employees a dimensional analysis across 43 nations. Journal of cross-cultural psychology, 27(2), 231-264.
6. Smith, P. B., Trompenaars, F. & Dugan, S. (1995). The Rotter locus of control scale in 43 countries: A test of cultural relativity. International Journal of Psychology, 30(3), 377-400.
7. Hunsaker, P. L., Hunsaker, J. S. (1981), „Decision Styles – In Theory, in Practice“, Organizational Dynamics

### Websites:

1. <https://www.mindtools.com/a5ce21r/the-seven-dimensions-of-culture>
2. <https://www.bbvaopenmind.com/wp-content/uploads/2013/02/BBVA-OpenMind-National-Cultures-Organizational-Cultures-and-the-Role-of-Management-Geert-Hofstede.pdf.pdf>
3. <http://conferinta.management.ase.ro/archives/2013/pdf/11.pdf>