BUSINESS CULTURE IN LITHUANIA: TRYING TO FILL INSTITUTIONAL VOIDS

Irena Alperytė
Vilnius Gediminas Technical University, Saulėtekio ave. 11, LT-10223 Vilnius, Lithuania
E-mail: irena.alperyte@vgtu.lt

Abstract. The article aims at reviewing the internationalization and globalization trends and their relationship to culture in its general meaning. Political aspects of change in the late twentieth century and the new Millennium are discussed here with regards to Post-totalitarian countries. The processes of European cohesion influence the business culture in the local contexts, as part of the EU market and the ability to maintain intercultural dialogue, providing a broader perspective for future cooperation. The article examines the effect of culture on various sectors of activities in Lithuania, as compared to the teachings of basic researchers in culture and cultural differences. In addition, competences of international business communication are included as important topics here. Particular attention is paid to the tools of international collaboration required nowadays. Finally, the conclusions are suggested on what skills should be gained for global managers to be able to work on the international arena.

Keywords: internationalization, politics, management, international competences, cooperation.

1. Introduction

Constance De Vereaux and Martin Griffin in their study dedicated to internationalization (2007) suggest that information, education and civic culture were the virtual battlefields during the Second World War, and the postwar period, and the role given to them by military services of the Roosevelt Administration Office was the mark of their recognition. The authors say that during the Cold War, the world tour of the Moscow Bolshoi Theater was an extraordinary phenomenon, since the possibility that any member of the company would escape to the West, had interested more than the repertoire performed. Both private entities, and state supported artists and cultural programs traveled abroad to confirm the vitality of national culture. It was a symbolic vehicle of diplomacy, but the parties treated it very seriously. Since the 1980s, globalization has become a daily buzzword. Soon after this the term “global village” was coined and the talks about the global tribe attributing those two to the signs of the age of electronics started.

2. Internationalization in the cultural context of the countries

The term “internationalization” is often used as a computer programs’ adaptation to non-original environments, especially to mark peoples and cultures. Another interpretation of internationalization is as of the act of assignment of any phenomenon to international control or bringing something under international control. In some sources we find the following definition: the internationalization signifies the growing role of international trade, international relations, treaties, alliances and so on. The term “international” means “between nations”. The essential unit here remains people, even if the links between nations become critical and necessary. The globalization of the world shows integration of previously national economies in a global economy mainly due to free trade and free movement of capital, as well as mild or uncontrolled migration. Thus, in terms of internationalization, one of the important concepts is mobility.

2.1. International cooperation in Europe

As Melnikas (2007) identifies it, various ethnic, confessional or social conflicts were existing in the history and still are present in some secret ways; and there are many cases in modern Europe when various historically developed conflicts and their relics interfere into the development of the integral cultural space.

According to Suteu (2005), trying to properly define mobility, one can mean it to be “unafraid of being a foreigner”. According to her, mobility is needed because we live in a world that feeds us with the illusion that we know, and protects us in a subtle way from a set of the stereotypes, which are very difficult to break. Mobility is the only driving force that can help us restore the perception that we do not know, and that such confidence can be dangerous and limiting. On the other hand, mobility is necessary to help us continue to feel incredulous. According to Suteu, the paradox is that is the
assumption of being incredulous allows us feeling fragile, open, sensitive and attentive. Thirdly, mobility helps us understand not only who we are compared to the others, but most of all – to discover our roots.

Around fifteen years ago a group of European managers led by Grosjean (1997) produced a report called “Forty years of European cultural cooperation” and then in the 1990s envisioned the following five stages of international cultural cooperation in Europe:

1. Reconciliation with the purpose to acquaint Europeans with the general characteristics of civilization and avoid fanatical manifestations of nationalism.
2. Efforts to validate the concepts of knowledge and recognition, trying to include in the agenda the issues of diversity and comparative cultural studies, as well as educational and methodological topics (such as interdisciplinary studies, leadership and teacher education).
3. The third phase covered the building up of overall philosophy through cultural development, lifelong learning, democracy and cultural (in language teaching) “threshold level”.
4. The fourth phase has been proposed as a decisions bank.
5. The last phase was envisaged as a stage of the joint action, particularly in information and training.

When the countries of the (then) European Community were still studying the models of international cooperation, according to Suteu (2005), the Communist regime in Eastern European countries was rather different. The Eastern European countries could be divided into the following categories:

– A totalitarian system of Albania and Romania, and their people who ended up obeying and finally even sentencing themselves for the self-censorship. It was a difficult and remote process of total ideological contamination, which is extremely difficult to defeat even after the collapse of the regimes.
– The other edge of the Federal Republic of Yugoslavia was the happy Communist region, which seemed to have preserved the freedom of expression and mobility of the citizens until the end of the regime. In order to avoid ethnic tensions and bringing together the historically scattered and traumatic community, the Communist leadership shuffled by creating an oasis in this space, which could be described as an emancipated Communism, and thus retained the enviable status quo in the face of all the rest of the region. And only when Communism was falling apart, when awareness of themselves and the collapse of Yugoslavia were conceived, the Balkan situation was identified as fragmentation of power, conflict of authorities, poverty and backwardness.
– The structure was different for the Baltic States and Moldova that directly supported the Soviet invasion and the russification or cultural colonization, despite the often tragic resistance, the consequences of which appeared to be denationalization and public freedom constraint.
– Poland had hardly recovered from the World War II injuries, and developed a conservative Communism as a guarantee to reconnect the divided society and relying on it up to the “Solidarity” (Labor movement) times. Poland was the “real” socialist country with an ideal closed society. Spiritual resistance to Stalinism, though supported by the Catholic Church, was characterized by the conservative Communist power, and, therefore; was refused the alternative cultural forms. In the same category was Bulgaria; it also survived a very conservative Communism.
– In Hungary and Czechoslovakia, the signs of strong opposition to the grip of the Soviet ideology proved to show very early, but it was dearly paid for this resistance. For this cost the countries earned indestructible self-esteem and a sense of resistance to Stalin’s regime.
– The last in this list was the East Germany, rarely considered as an Eastern European country, but it had not only had to deal with Stalinism, but also waterlogged by the wandering fascism, military defeat, the American and Russian occupation, the tragic division of the capital and other ghosts... It was the uncured wound made by the Iron Curtain (Suteu 2005).

2.2. International cooperation in Lithuania

In 1009 Lithuania (in Latin Lituae) first mentioned in the chronicles The Annales Quedlinburgenses ironically acquired its best “international reputation”, when a monk Bruno Bonifacio was killed. Who did it? They were the non-baptized Lithuanians, the only pagans who had lived along the 13th century, in the area between European mid-eastern borders – between the East and the West. And even late baptism of Lithuania (1387) had hardly helped Lithuania’s rehabilitation, and, in today’s words, the infamous “intercultural competence”.

Lithuania in 1795 disappeared from the map of Europe, becoming a part of the Russian Empire, the area known as the Northwestern land (“Северо-западный край” – Russian). As an independent country, it only showed on the map of
Europe again in 1918 and (repeatedly) in 1940, and finally, was annexed “for good”. Is this a historical destiny affected by certain “Lithuanian” character, or a vague model of “international cooperation”? And whether the Lithuanian history proves that the country’s spirit would always get stronger in the event of external threats and/or by powerful political, economic, social and cultural alliances?

Without any ambitions to a comprehensive review of all Lithuanian periods, we only say that there were waves of resistance against the Soviets (at home and across the Atlantics), but these issues require a more detailed study and evaluation.

One of the most remarkable periods of Lithuania (which had substantially altered the cultural direction of concomitance) became the Liberation Movement. During the year 1985–1986, Gorbachev dismissed the political leash, and the history of Lithuania with the tremendous momentum moved forward. However, as one historian notes, the people of Lithuania were shocked: the Independence did not provide the immediate economic prosperity and the welfare, which were expected back in 1988, unanimously marching for the movement, when to be a Lithuanian equaled to the meaning of existence. Moreover, although the twenty first century and its woes – inflation, corruption, uneven and spontaneous evolution of the market – had depleted the national spirit, nevertheless, the majority of nationals believed that independence would still have to be defended. This was the time of the most beautiful celebration of the Lithuanian culture – the Baltic Way. As Vanda Kasauskiene reminds us, on 23 August 1989, as a protest sign of a tragic past and a common Lithuanian, Latvian and Estonian people’s solidarity, the action was held alongside the motorway Vilnius – Tallinn called the “Baltic Way”. This was an appeal to world’s conscience and morality that witnessed the global affluat of Baltic people, seeking the historical truth and the maturity of national consciousness. The “Baltic Way” through the 650 km route from Riga’s Castle to the old Hermann tower in Tallinn filled hundreds of thousands of people. In Lithuania, Latvia, and Estonia, the people standing on the “Baltic Way”, repeatedly uttered a strong “no” to the Molotov–Ribbentrop Pact and showed to the world that they would seek every effort to deflect Soviet aggression. Lithuanian-Latvian and Estonian-Latvian borders saw large demonstrations of the Baltic nations. The live “Baltic Way” that connected Vilnius-Riga-Tallinn became a declaration of the three nations in their unity. The “Baltic Way” counted more than 1.5 million signatures to request invalidation of the secret criminal plot which showed determination and unity of the majority of Lithuanian people (Kasauskienė 2006).

Philosopher Donskis (2005) has his own way explaining the reasons why our society lost the unity and around one million people. Donskis speaks about the phenomenon of the two Lithuanias – “beetroots” and the “elite”. He suggests that a factor that affects the weakening sense of citizenship among the citizens of Lithuania is cynicism, which began with the 2004 presidential scandal and is continuing to this day (Donskis 2005).

Melnikas (2008a) suggests that the Baltic region should be conceived as a geopolitical, social and economic community for the reasons of the shared geography of the Baltic countries. Other kinship includes:

- The similarities in historic culture of the Baltic countries.
- The shared political development of the Baltic countries.
- The shared economic development of the Baltic countries.
- The common social background of the Baltic countries.
- The shared problematic tendencies of the Baltic countries and their development in the view of European integration and international cooperation.

Interesting views on this integration are given in writings by Tvaronavičienė and other authors (Tvaronavičienė, Ginevičius, Grybaite 2008).

On 18 December 2006, the European Parliament and the European Council issued the decision to announce the year 2008 as the European Year of Intercultural Dialogue, to flesh out and make visible the process of sustained dialogue between cultures, which would last for the year and beyond. This decision, in turn, raised the following objectives:

- Promoting intercultural dialogue.
- Highlighting the possibility via intercultural dialogue to contribute to a diverse and dynamic society, and benefit from the arising opportunities not only in Europe but all over the world.
- Increase living understanding of the importance of developing an active European citizenship among all citizens living in the EU.
- Highlighting the contribution of different cultures and expressions of cultural diversity (Lithuanian Ministry of Culture 2008).

In addition, Melnikas (2008b) notices that one of the characteristics of the Baltic region, influencing the integration process and complexity of the region as a whole, is that none of the Baltic countries has abilities or basis to be the leader of the
integration process, and more so of the Baltic region. The similar problems are scrutinized in the works of Tvaronaviciene (Tvaronaviciene et al 2009).

All that has been said shows the complex environment in which the cultural diversity manifests itself.

3. Managing cultural differences in business

American economist and frequent author of the “Harvard Business Review” Hamel (2006) argues that innovation in modern management was invigorated by and thanks to the emergence of the twentieth-century key changes in management. The study conducted by the researcher analyzed 175 innovations in Management that had been selected counting since 1900’s until the 2000’s. Each innovation was assessed by the three dimensions:

– What significant change had occurred, shifting the situation in comparison with the previous management practices?
– Did this change help acquiring a competitive advantage that affected recent innovative enterprises?
– Whether the changes can be seen in today’s organizations?

Economists Khanna, Palepu, and Sinha (2005) support the opinion that for the developed countries globalization of businesses is a major challenge in today’s business context. Over the past ten years, it has increasingly become more difficult to formulate a corporate strategy of internationalization and to choose with which countries to cooperate. Therefore, major multinational corporations are at their maximum trying to invest in the emerging new markets (Khanna, Palepu, Sinha 2005).

It is believed that the international companies’ integration into international markets is partly hampered by the missing link – the so called imperfect “intermediaries” institute, as well as the irregular framework for contracts in the opening markets, and all these failures are referred to as the institutional voids, firstly identified in 1997 in Harvard Business Review and impeding the implementation of business strategies in the context of globalization. In developed countries companies tend to underestimate what you would call as “soft” or “humanitarian” infrastructures integrated into the business models of their homeland. However, these infrastructures are often made up as single shots, or simply do not exist in selected new markets. Businesses do not succeed in finding professional market research consulting firms, which could be adequately informed about the local consumer habits, in order to adapt their products to specific needs and to increase people's willingness to buy.

Because of all these institutional voids, many multinational companies are losing up their businesses in “uninhabited” countries. The big heads of international corporations are aware of this, and for this reason they are more inclined to invest in the developed countries (Khanna, Palepu, Sinha 2005). In Lithuania similar trends are observed by Tvaronaviciene and Degutis (2007).

Why do countries choose to invest in unsuitable foreign partners? Many of them are doing business on the basis of personal experience, family relationships, intuition, or “legends”. Others rely on market leaders or competitors' actions. Khanna, Palepu and Sinha argue that cross-border mergers are often characterized by a herd instinct, or a flirt with certain countries.

However, it is enough to have understanding of business fundamentals and a make a thorough examination of local markets in economic terms? Even more than the “economic-based” approach to international cooperation the knowledge of the psychological climate and the identity of the parties should be scrutinized. This is especially important for intercultural dialogue in businesses between new partners. Authors Gudykunst and Lee (2002) stress the importance of the “high” and “low” contexts of international cooperation. Quoting the anthropologist Hall’s (1995) classification, they argue that the context of communication is higher when most of the information is encoded in the physical (environmental) context or informally transferred to individuals, but only very little information is recorded in written documents and can fully understood. Low-context communication on the contrary is when the majority of information is very clearly set out and documented.

Hall and Hall (2000), in the book “How Cultures Collide” give the following comments on higher education and low ratio of contexts: the cultures with higher context (post-Soviet, Islamic, etc.) can do better in the countries with less paperwork, than it is, say, in the U.S., a low context country (Fowler, Mumford 1995). Hall (2000) gives examples of even relatively simple household items causing confusion in different cultures. According to Hall (2000), the culture of the higher context is based on “those whom you know”, and the American society is driven towards procedures and rules. In other words, whereas in some countries people invest in long-term agreements, Americans tend to save time and money and just pay the bill. Another interesting note is about the “hobby” of American marriage contracts. According to Hall, low-context cultures ignore personal expe-
rience, and trust the developed patterns. Popularity of marriage contracts may show the decreasing people's mutual commitments. As for higher context cultures, the greater commitment to invisible and almost unchanging system of internal rules can be seen there. In dealing with the higher context, Hall notices the rigidity of the system and resistance to reforms. Another problem is the class structure of societies. Isolated individuals belonging to the societies of higher context may feel powerless in foreign social group.

Paige (1993), discussing the skills and competencies that should be developed in the person, working with the international team, in addition to the professional requirements (hard skills), identifies the critical humanitarian (soft) features:

- Uncertainty tolerance.
- Cognitive and behavioral flexibility.
- Personal self-awareness, strong personal sense of identity.
- Cultural self-awareness.
- Patience.
- Enthusiasm and zeal.
- Interpersonal sensitivity.
- Tolerability of differences
- Openness to new experiences and people who are different.
- Empathy.
- Humility.
- Sense of humor (Paige 1993).

Deresky (2000), when explaining how to prepare for the interface with other cultures, offers the following components:

- Kinship.
- Education.
- Business.
- Policy.
- Religion.
- Association.
- Health.
- Leisure (Deresky 2000).

In 1997, Lithuania opened up to the European Structural Funds. To ensure consistent implementation of the Structural Funds ideology, it was believed that the cultural sector may find a niche in the country's economic development and is able to create jobs, enhance the attractiveness of the poor areas or promote social integration (Portugal is considered the example of the first to promote European cultural funding mechanism, followed by Greece and Ireland). During the initial phase of European integration it was believed in economic indicators, but eventually focus changed towards the culture, because it was realized that it strengthens citizens’ national identity and a sense of unity within the European Union, known as the “European dimension”. This trend is well illustrated by the Maastricht Treaty, signed on 7 February 1992, which for the first time, intends for culture to be an integral part of EU competences. Paragraph 128 (later on – 151) of the Agreement states that EU policies contribute to the flowering of the cultures, encourage states to cooperate and take into account their cultural aspects (Culture and EU Structural Funds 2002).

“Creative Industries” that came to the world from the Great Britain, have become a slogan of the new Millennium. In Lithuania they are understood as symbols of the country’s industrialization and globalization. Donskis (2005) observes that capitalism, which in Soviet school was painted as evil incarnate, in Lithuania turns to be much more aggressive and more dynamic than in the rest of the European Union. Nordic countries, according to Donskis (2005), only shrug their shoulders looking at the Baltic’s antique, historically worn out and ill-developed capitalism, otherwise known as liberal economy. Not surprisingly, the creative industries are moving to Lithuania rather rapidly (Donskis 2005). The drastic changes in the area are also analyzed by Urbanaviciene and Tvaronaviciene (2008).

At the same time, Suteu and Dragicevic Sesic (2003) analyze 14 years of experience in international cultural cooperation in Southeastern Europe. The mentioned authors use the famous British sociologist Lord Dahrendorf’s concept where he argues that in Post-Communist country changes can be achieved within six months, the economic changes – in six years, and the cultural change could take up to sixty years. The authors discuss this delicate subject which our administrators tend to avoid: that the values change takes time (Suteu, Dragicevic Sesic 2003).

Returning to the question of comparative development of various Post-Communist countries, Kaklauskas, Zavadskas and Saparauskas (160) analyze Oradea (Romania) city’s development strategy. These steps are considered there:

- Enabling environment for economic development.
- Living environment and social equity.
- Strategic urban management practices.
- Public finance sustainability.

These criteria systems were analyzed in comparison to the development of Lithuanian cities and prove certain similarities in the discussed context.

4. Empirical analysis: research of Lithuanian case

Before introducing the results of our original research, I would like to provide an authentic example
of some foreign student from a “developed” country in Europe who shared the following experience after spending a semester in Lithuanian university in 2005: “The Lithuanians are more open-minded and less short-spoken of strangers than the ... are. I assume this attitude is growing more and more because the Lithuanians are not satisfied with their government and not only a few citizens think they could have a better life outside of their country and therefore they try to be acquainted with non-Lithuanians and pick from them as much information as they can do just to be once ready to cross the Lithuanian border. The current problem in Lithuania seems to be that so many potentially good employees are working abroad that low-pay, low-skill jobs have to be filled with unfortunate people.” ... “One Lithuanian lecturer asked me once what is wrong with me and due to her reaction I got the impression that she may have been insulted by my direct look into her eyes. To take everything very seriously is one of the Soviet manners which was taught at school and still remains nowadays. Therefore, I adapted to be more earnest in public just not to strike someone.” ... “If it is economically or emotionally important to be reachable, a portable phone is obviously useful. For many users, from salesmen to mothers who want to be always there for their children, mobile phones satisfy a real need. There are also some negative effects: beeping telephones disturb meetings, restaurants, movie watching, lectures, and all kinds of situations where people have not previously been accessible. And one of these negative effects was shown, from my point of view, too often in the classroom and even during examinations (in ... that would be strictly prohibited): I heard some ringing phones. In my country one of the first unwritten rules of behaviour is not to attract attention in public at all therefore receiving SMS without vibrated mode, for instance, during a lecture you would never see and furthermore using the phone in public transport is annoying for all the other commuters and, therefore, one tries to avoid such embarrasing situation when every eye is targeting at you. It appeared to me that being reachable all day long is very important, even in night time the phone is never switched off. Many Lithuanians are wearing their portable phone as a necklace just for convenience even though the radiation of the cell phone may absorb this part of the body very strongly. “When Lithuania is able to stop the corruption, modernize their health care system, bring the education level to a Western standard and create a good environment for new innovations, then this country will grow in the right direction in order be fully competitive among other European countries. I wish all the best to Lithuania in this necessary shaping.”

As an undirect response to this, (Kaklauskas, Zavadskas, Budzeviciene 2008), the problems of truthfulness, ethics and efficiency may be successfully solved in university of Lithuania today “when the achievements of various sciences, such as philosophy, ethics, Law, psychology, management, administration, economics, etc. are used. The use of a principle of multi-variant design and multiple criteria analysis makes it possible to develop many ethical alternative versions and carry out their ethical and other kinds of optimization throughout life cycle of the alternative”.

Concluding what is said, let me finish with the results of the research done during 2005–2007, by the Lithuanian cultural training center, together with Vilnius Gediminas Technical University, Department of International Economics and Management. For two years we surveyed 331 civil servants from the cultural departments, units or divisions in various regions of Lithuania – the municipalities, museums and libraries – and students and artists enrolled in the design or art. The most successful partners in cultural cooperation were identified in the course of the research. (The Statistical Package for Social Sciences (SPSS) has been used for tabulations and data processing).

![Fig. 1. International cultural institutions in Lithuania communicating most efficiently](image)

Legend:

**Vertical ax:** percentage; **horizontal ax:** values.

- **NORD** – (Position I) Nordic Council of Ministers Office, Lithuania;
- **BRIT** – (Position III) the British Council;
- **GOET** – (Position II) Goethe-Institut Vilnius;
- **POL** – (Position IV) Polish Institute (Instytut Polski);
- **DAN** – (Position VI) the Danish Culture Institute, Vilnius, Lithuania;
- **FR** – (Position V) the French Cultural Centre (Centre Culturel Français);
- **ITAL** – (Position VIII) the Italian Cultural Centre, Vilnius;
- **USA** – (Position VII) the America Center.
As we can see in Fig. 1, the research shows that Nordic Council of Ministers Office, Lithuania, is evaluated by 59.68 as an institution with whom culture organizations communicate most efficiently (N=186). The British Council, as an active partner is valued by 36.96 % of Lithuanians (N=184); the Goethe-Institut Vilnius is seen as an active cooperator by 37.84 % of respondents (N=185); Polish Institute (Instytut Polski) is given 34.62 % (N=182); the Danish Culture Institute, Vilnius, Lithuania is indicated as efficient communicator by 30.86 % (N=162); the French Cultural Centre (Centre Culturel Français) is seen as efficient by 32.61 % (N=184); the Italian Cultural Centre, Vilnius is valued by 19.14 % by the respondents (N=162); and finally The America Center is pointed out as a partner by 27.78 % of the respondents (N=162).

Other interesting observations can be made in addition (Fig. 2) regarding competences needed for cooperation.

The research shows that the three leading obstacles confronted by culture operators are: insufficient knowledge of foreign languages; economic and financial instability of cultural institution; and lack of experience. Another highly evaluated variable - “other” is disregarded here because of the limited number of respondents. It would be useful to come back to the respondents and find out what stopped them from answering this question.

![Fig. 2. Most frequently confronted obstacles in development of cultural co-operation in Lithuania](image)

Legend:
Vertical ax: percentage; horizontal ax: values.
IFL – (Position I) Insufficient knowledge of foreign languages;
LOE – (Position III) Lack of experience;
LOI – (Position V) Lack of information on possibilities for international co-operation in culture;
TEAM – (Position VII) Inadequate teamwork capabilities;
TECH – (Position VI) Insufficient experience using high technologies;
EFI – (Position II) Economic and financial instability of cultural institution;
UFU – (Position IV) Uncertain future of cultural institutions;
OTH – (no position cause of limited replies) insufficient experience using high technologies.

5. Conclusions

Lithuanian business culture is directly attributable to the country’s political paradigm. Lithuania’s accession to the European Union, when the country opened up to the unlimited opportunities for the development of international cooperation, however, revealed a missing link – the phenomenon of imperfect “intermediaries” in business. It can be proven that in the business sector, the main factor determining the willingness to “conquer” a new country’s market, not only the size of the market and the pace of its development matter. International cooperation is also susceptible to psychological or sociological factors in societies. The research described in the article proves that in initiating and development of international cooperation, there is a need for intercultural literacy and sensitivity. The new members of the EU need to learn many lessons from the common European expertise in order to become compatible partners in international businesses.

References
I. Alperytė

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