**ABSTRACT**

The purpose of this paper is to ascertain whether national culture has an impact on the level of innovation. The results of the analysis of data by means of statistical tools confirm that cultural factors play a big role in creating innovations. On the basis of the research, it can be assumed that the thesis formulated by Shane (1993) assuming the correlation of low power distance and strong individualism with innovation seems to be correct if we do not refer it to the Far East Asian countries. These countries seem to be very different culturally from the rest of the analyzed cultures. Low power distance and low uncertainty avoidance countries are in most cases more innovative in European countries. Impact of individualism versus collectivism is more debatable but generally in Europe more individualistic countries achieve better innovative results.