

CULTURAL ATTRIBUTES OF BULGARIAN MANAGEMENT

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Abstract: *The paper displays the cultural profile of Bulgarian management and responds to the gaps in comparative studies by positioning Bulgaria in cross-cultural space. The study is based on the survey of Bulgarian managers (2014) per the GLOBE methodology and on culture distance (friction) measures for Bulgaria relative 57 countries/societal cultures. It highlights the behavior-tied profile that is low on Uncertainty Avoidance, Performance and Future Orientation, visible Collectivism and high Gender Egalitarianism; and the values-tied profile that is compatible with all-countries average scores with slightly higher indicators of Collectivism, Assertiveness, and Uncertainty Avoidance. This research distinguishes between countries that display cultural proximity to Bulgaria (East European, Latin Europe, Latin American clusters) and those with greater distance (Germanic, Asian Nordic, Middle Eastern clusters).*

Keywords: *Bulgaria; cultural distance; GLOBE*

INTRODUCTION

Located in Southeast Europe along the Balkan Mountains near the Black Sea, bordering Romania, Greece, and Turkey, is the country of Bulgaria with long and rich history. Stemmed from ancient civilizations with Thracian influences in the region during the Bronze Age, through the formation of one of the oldest states in Europe in the 7th century and integration into Byzantine Empire in the 12th century, five centuries of Ottoman Empire's subjugation, gaining independence in the 19th century, participation in four wars in the first part and Communist rule in the second part of the 20th century, modern Bulgaria is a full-fledged democratic and market-oriented modern state and a part of the European Union and NATO.

An upper-middle-income country per the World Bank assessment, Bulgaria is known for its achievements in agriculture, machine-building, tourism, and successful cross-border trade. The World Economic Forum ranked Bulgaria as #54 on competitiveness close to Italy, Russia, South Africa and Kazakhstan; with stronger rankings in technological readiness, macroeconomic environment; with positive rankings in health and education and training, and market efficiency; but lagging behind in institutions, innovation, and business sophistication among other competitiveness pillars (2014).

Bulgaria's distinctive culture is evidenced in Bulgarian language - South Slavic language of the Indo-European language family using Cyrillic script; the traditional influence of the Bulgarian Orthodox Church, long-standing traditions, symbols of national identity, food, clothing, and music.

The country's population (est. 7.16 million in 2014) is culturally homogenous – over 85% of its citizens declare themselves as Bulgarians (the rest are Turks, Roma and others). M. Minkov and G. Hofstede analyzed the clustering of European regions on measures of values and confirmed that 75% of Bulgaria's regions form homogenous and clearly delineated clusters with remaining leaning towards the other diverse East European regions (2014). Bulgaria has few distinctive subcultures that may blend with the other countries (for example, Roma) however those are in relative minority and do not change the dominant Bulgarian ethnicity (Minkov & Hofstede 2012).

Ts. Davidkov (2004) refers to empirical studies of Bulgarian practices conducted by Bulgarian researchers K. Todorov, T. Chadarova, P. Kabakchieva (original methodology); D. Kolarova, R. Minkovski, O. Vedur (G. Hofstede's methodology); P. Ivanova, B. Duraknev, M. Marinov, H. Katrandzhiev, M. Stoianova (F. Trompenaars' methodology); E. Gerganov, H. Silgiszhan, Y. Genopv, S. Karabeliova (mixed Hofstede-Trompenaars methodology). Empirical research of cultural aspects of Bulgarian firms and trade firms in particular, per Hofstede's methodology, positioned them moderately high on Uncertainty Avoidance, high on Power Distance, moderately high on Femininity, and moderately high on Individualism (Yankulov 2005; Davidkov 2005). The later result however, deviates from the other study that revealed lower Individualism in Bulgarian organizations (Minkov 2002).

The stream of researches compared Bulgarian cultural attributes to those in the other countries. The analysis of Western management know-how transfer to Bulgaria in the broader context of Western assistance to Post-Communist countries revealed distinctions in acceptance of innovations by different age groups (Michailova & Hollinshead 2009). Comparisons with the Netherlands and Hungary on work motivation emphasized Bulgarians' reduced responsiveness, downplaying feedback, and viewing extrinsic factors as sources of commitment (Roe et al 2000). Comparisons of leadership behaviors with the United States suggested that Bulgarian managers can enhance subordinates' effectiveness by increasing the use of legitimate power (Rahim et al 2000). Comparisons with Austria in functional areas (such as marketing) highlighted Bulgarians' skepticism, sensitivity to perceived manipulation, and reserved responses to advertising (Petrovici et al 2007) and comparisons to Hungary and Romania explained Bulgarian's lower fashion consciousness and higher dress conformity especially among older population

due to relatively lower individualism and standards of living (Manrai et al 2001).

However comprehensive empirical researches on Bulgarian societal culture and its impact on the country's management practices as well as positioning in a broader cross-cultural landscape have been quite limited. This was due to scholars' limited access to broad groups of respondents in the Communist-controlled society, delayed imports of Western management practices and methodology, as well as traditional suspicion towards surveys and behavioral research in a conformist Bulgarian environment. Societal data on Bulgaria was not a part of the original classical cross-cultural studies by G. Hofstede, F. Trompenaars, or S. Schwartz however has been included in credible World Values Survey and European Social Survey databases.

Hence, the purpose of this article is to fill Bulgaria-related gaps in cross-cultural literature, bridge advanced methodology with the most recent empirical data, create a cultural profile of Bulgarian management and position it in cross-cultural space. The study relies on the leading-edge methodology developed through the Global Leadership and Organizational Behavior Effectiveness (GLOBE) research (House et al 2004; Chhokar et al 2007) and displays the results of the authors' survey of Bulgarian managers' attitudes to practices and values in a Bulgarian business environment. The paper constructs the cultural profile of Bulgarian management, reports comparative findings and evaluates cultural distance (friction) between Bulgaria and 57 other countries represented in the GLOBE study, and discusses Bulgaria's clustering with the other cultures. Finally, the authors suggest recommendations for decision-makers that may contribute to more effective cooperation between Bulgarian and foreign businesses.

GLOBE RESEARCH AND THE STUDY OF BULGARIAN MANAGERS

GLOBE research has been acknowledged among advanced comprehensive cross-cultural studies along with the contributions by Geert Hofstede (1980; 1983), S. Schwartz (1994; 1999), F. Trompenaars (Hampden-Turner & Trompenaars 2000), S. Schwartz (1992, 1999, 2004), and R. Inglehart (1997, 2004). Its findings derived from the empirical studies of 62 societies confirmed that attributes and entities that distinguish a given culture from other cultures are predictive of the practices of organizations of that culture and predictive of the leader attributes and behaviors that are most frequently enacted, acceptable, and effective in that culture.

While no research pattern is perfect and GLOBE's relative strength and weaknesses have been debated in the literature (Minkov & Blagoev 2012; Shi & Wang 2011; McCrae et al 2008; Smith 2006), the following arguments explain the advancement of GLOBE research and relevance to the studies of new societal cultures such as Bulgaria beyond the original list of countries-participants.

First, the GLOBE concept of societal culture and its measurements stemmed from previous comprehensive researches by G. Hofstede (1980) and D. McClelland (1985) as well as the theoretical findings of F. Kluckhohn, F. Strodtbeck (1961), and H. Triandis (1995). Thus GLOBE extended the theoretical foundations of cross-cultural studies and made a major contribution to organizational behavior literature. Second, GLOBE research shifted analytic focus from a primarily behaviorist or primarily anthropological perspective to the combination of both thus permitting a more comprehensive analysis and interpretation of cultural data. It is measured separately but consistently in terms of two manifestations of culture: modal practices ("as is") and modal values ("should be") of collectives. Third, GLOBE research developed scales and psychometrically tested them for construct validity from inception and sufficient statistical procedures were applied to define the properties of GLOBE cultural scales. Societal cultures were operationally measured by assessing questionnaire responses from 17,350 managers in 62 societies with respect to the values they endorsed and reports of behavioral practices. Cultural values and practices were measured on a 7-point response scale with respect to nine cultural dimensions¹ that displayed high within-culture and within-organization agreement and high

¹ Institutional Collectivism, Group Collectivism, Gender Egalitarianism, Assertiveness, Power Distance, Performance Orientation, Future Orientation, Uncertainty Avoidance, and Humane Orientation

between-culture and between-organization differentiation. Fourth, sampling from middle managers permitted the generalization of the subculture of middle managers in the countries studied, and increased the internal validity of the study by insuring the homogeneity of the sample. However the design of the GLOBE project, in particular through the combination of anthropological and psychological/behavioral traditions of culture assessment, a broader range of variables that were not often considered in cross-cultural theories, increased the generalizability of these findings beyond the culture of middle managers alone. Finally, when applied to cross-cultural comparisons with distance measurements, GLOBE provides a more comprehensive set of data in terms of dimensions (nine dimensions vs. Hofstede's four or five or six); permits two distinctive perspectives (anthropological and behavioral) on culture instead of one; and generates a more complex and reliable composite distance measures. GLOBE database thus responds to the recent critique of cultural distance concept with recommendations of using more than one distance measure, moving away from the predominant assumption of distance as something negative, and recognizing the existence of asymmetries in distance research (Ambos and Hakanson 2014, 5-6).

Following the methodology and traditions of the GLOBE research, the authors administered a survey of middle managers in Bulgaria, making every possible effort to make it consistent with the original GLOBE study requirements. They translated the original questionnaire (English version) into the Bulgarian language and tested it with back and forth translation conducted by two different teams of native speakers. They approached middle managers of Bulgarian firms through several professional and business networks, namely Burgas Chamber of Commerce, Burgas Business Women Club, and the professional development network of Burgas Free University. While the initial study was concentrated in the Eastern Bulgarian city of Burgas, respondents represented different parts of the country such as other major cities like Sofia and Varna.

The survey of Bulgarian managers was conducted in September-December 2014 and 55 questionnaires were returned and processed with GLOBE tools towards the creation of behavioral and values profiles of Bulgarian management.

The average age of respondents was 46.5 years; 14 men (25%) and 41 women (75%) responded to the survey. Only two respondents (4%) were born outside Bulgaria (in Russia) and all are currently Bulgarian citizens. 9 respondents (16%) lived abroad on one country for more than a year; and 3 (less than 6%) lived for more than a year in two countries. Mothers of only 2 respondents were born outside Bulgaria (Poland, Russia) and father of only

one respondent was born abroad (Greece). In the families of five respondents the second language was spoken (3 – Russian, one – Polish, one- Greek).

On average respondents were employed for 22.7 years, in a current organization 12.7 years, and in a management position for 8.0 years. 19 respondents (35%) have had experience working in multinational companies, 15 participated in professional organizations (27%) and 12 – in industrial or trade organizations (22%). On average, respondents had 15.1 years of formal education; and 21 respondents (38 %) had received formal training in Western management techniques practices. Functionally, 17 respondents (31%) worked in general administration and planning; 8 (15%) – in research, engineering, technical support or production; 6 (11%) – in finance and accounting; 4 (7%) – in human resources management; 15 (27%) – in marketing, sales or purchasing; and 5 respondents (9%) did not display functional affiliation. While all managers spoke Bulgarian language in their organizations, other languages were spoken such as English (21 respondents or 38 %), Russian (11 or 20%), German and French (2 or 4% in each case).

Overall, on key items, the configuration of the group of Bulgarian respondents was consistent with the original GLOBE sample. This permitted, with known reservations and limitations, the comparative analysis of the cultural attributes of Bulgarian management.

SOCIETAL CULTURE: EMPIRICAL RESULTS FOR BULGARIA

The empirical study resulted in a cultural profile of Bulgarian management (Table 1). This profile absorbs three historic streams that shaped the country's culture. First, the Bulgarian ethnic core incorporates national self-determination, patriarchal traditions, struggle against misfortunes and hardships, ability to cooperate for survival, honesty, resourcefulness, kindness, and humanism. Second, historically developed values and behaviors were modified by the Communist command system of the second half of the 20th century, evidenced in the stratification of society, and strive for homogeneity and conformism, double standards of life, and the indoctrination of hostility to external environment. And third, substantial transformation of societal structure followed the ouster of Communist leader Todor Zhivkov and the culminating reforms process transitioning Bulgaria to a democracy and a free market. The later displayed the emergence of entrepreneurial behaviors and initiatives, as well as weaknesses evidenced in high level of corruption, predatory and criminal activities. This combination creates a unique profile of Bulgarian societal culture.

Table 1. Bulgarian scores and all-country average scores on GLOBE cultural dimensions.

GLOBE dimension	Bulgarian behavior (“As Is”)	Bulgarian score	61 societies behavior (“As Is”) average	Bulgarian values (“Should Be”)	61 societies values (“Should Be”) average
Institutional Collectivism	3.53		4.25	4.7	4.73
Power Distance	5.48		5.13	6.1	5.66
Gender Egalitarianism	4.31		3.37	4.96	4.51
Assertiveness	3.74		4.14	4.49	3.83
Performance Orientation	5.58		5.17	2.61	2.75
Future Orientation	3.59		4.10	6.63	5.94
Humane Orientation	2.87		3.85	5.38	5.49
Uncertainty Avoidance	2.85		4.16	5.54	4.62
Confucian Dynamism	3.55		4.09	5.5	5.42

One of the general observations of the cultural profile of Bulgarian management is the visible deviation from the average GLOBE all-countries scores on behaviors however data on values was much closer to the average all-countries scores. This can be interpreted as Bulgaria’s struggle to abandon the cultural deviation of the Communist era and positioning itself in the mainstream of global cultural aspirations. Second general observation is a sharp contrast between cultural profiles based on behaviors and based on values. This can be interpreted as a serious cultural transformation that the country and its people experience during transitional years and integration into the European Union. Finally, on some GLOBE dimensions there was a minimal gap between “as is” and “should be” scores while on some others this gap was very large. This can be interpreted as the distinctions of Bulgaria’s unique cultural profile. The discussion of the findings on each separate GLOBE dimension follows.

Institutional Collectivism is the degree to which organizational and societal norms and practices encourage and reward the collective distribution of resources and collective action; and ***Group Collectivism*** is the degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families. These phenomena have been widely discussed in the literature (Triandis 1995; Erez & Earely 1993; Hofstede 1980; Kim et al 1994), with a high level of agreement on the construct but differences in the scope and uni- vs. multidimensional nature of individualism-collectivism dyad and mixed results on its impact on economic health.

The GLOBE Institutional Collectivism practices score for Bulgaria (3.53) is lower than all-countries average (4.25) however “should be” score (4.7) is close to all-countries average (4.73). The numbers may be interpreted as insufficient institutional support for collective actions and expectations for stronger support in the future. The other argument for the lower score on Institutional Collectivism is the absence of the feeling in the society about fair redistribution of resources which could motivate towards stronger collective actions. At the same time, Bulgarian managers displayed higher Group Collectivism practices score (5.48) compared to all-countries average (5.13) with similar pattern in values scores (6.1 vs. 5.56). These display the broadly perceived value of loyalty in society and the pride of a family and team affiliation. Overall, Bulgarian scores on collectivism are mixed however the profile suggests stronger support for a more collectivist environment and interest in effective collective actions and orientations. These attest to contradictions in transitional society which reflect the consequences of the suppression of individual freedom and initiative under Communism, individualistic behaviors aligned with networking for survival (often exploited by criminal structures) in the recent decades, as well as appreciation for strong family ties that stemmed from history and religion.

Gender Egalitarianism is the extent to which an organization or society minimize gender role differences; and its components include attitudinal domain with gender stereotypes and gender-role ideology (Beall & Sternberg 1993) and behavioral manifestation with gender discrimination and gender equality (Hendrix 1994). This dimension was partially considered in G. Hofstede’s Masculinity-Femininity dimension (1980). The empirical data on relationship between Gender Egalitarianism and economic health are mixed and typically not significant (House 2004, 368).

In medieval patriarchal Bulgaria the division of labor by gender was visible however in the socialist era the ideology of gender equality was promoted to incorporate more women into the economy. Today women are more involved in household tasks and in education, healthcare or clerical jobs and less in senior management and administration, and technical sciences.

They have comparable educational levels with men but lag behind in pay levels. Under Communism Bulgarian women were engaged in multiple economic activities and family services however the later were ignored in official economic statistics². Nevertheless, Bulgarian GLOBE data on gender roles in society emphasizes the importance of egalitarianism, with practices score (4.31) visibly higher than all-country average (3.37); and with values score (4.98) also higher than all-countries average (4.51). These data attest to the idea that Bulgaria remains an egalitarian society with expectations for minimizing gender roles.

Assertiveness is the degree to which individuals in organizations or society are assertive, confrontational, and aggressive in social relationships. Being an important aspect of societal culture, this dimension has received relatively less attention in the literature. It was conceptualized on a continuum between assertive and non-assertive behaviors (Rakos 1991) and G. Hofstede partially considered it in the masculinity-femininity dimension (1980). While H. Triandis (1994, 129) suggested that economic health is positively connected to masculinity indexes, GLOBE research did not find significant correlations between Assertiveness and economic macro indicators (House 2004, 417).

Bulgarian score on Assertiveness was lower than all-countries average on practices (3.74 vs. 4.14) but higher on values (4.49 vs. 3.38); and “should be” score was higher than “as is” responses. These data displays the combination of both feminine and masculine characteristics of societal culture. The former relates to caring about other people, promoting jobs in education and healthcare sectors; while the later responds to survival behaviors with aggressive search for quick transformational actions. The data may also reflect the composition of research sample with higher women’s participation in the survey. At the same time, Bulgarian Assertiveness scores do not visibly deviate from the average all-country data thus explaining avoidance on confrontational, aggressive behaviors in an environment known for collective actions with obedient behaviors and conformist mentality widely indoctrinated during the Communist era.

Power Distance is the degree to which members of an organization or society expect and agree that power should be unequally shared; it relates to society’s acceptance and endorsement of authority along with status privileges. Theoretical explanations of different types of power (legitimate, expert, referent), the need for power and other related attributes (Stogdill 1974; Yukl 2002; McClelland 1985) were supplemented by discussions on connections of the power factor with government and religion. The

² Starting with September 2014, Bulgarian national statistics include illegal activities, but still ignore domestic services.

relationship between Power Distance and socioeconomic health have been assessed as negative for practices and were mixed for values indicators (House 2004, 557).

While the Bulgarian scores on Power Distance display striking differences between practices and values scores (5.58 vs. 2.61), this gap is quite typical for managers' responses evidenced in all-country average scores (5.17 vs. 2.75). The distinction for Bulgaria is that its Power Distance practices score is slightly higher and values score slightly lower than average scores. These can be interpreted as respect for authority and the acceptance of privileges of authority in society combined with the vertical hierarchies and centralization of the Communist era. Being historically dominated by great powers for centuries and seeking ways to preserve ethnicity, Bulgarians developed strong survival skills and conformist behaviors. In recent decades, with higher levels of individual and economic freedoms and strive for compliance with pan-European values, Bulgarians seek democratic solutions in their politics and daily life. However, visible generation gaps and still existing turmoil in the political landscape make this trend difficult and somewhat uncertain.

Performance Orientation is the extent to which a society encourages or rewards group members for performance involvement and excellence. Cultural indicators of Performance Orientation may include achievement (McClelland 1961; Fyans et al 1983), personal responsibility, standards of excellence, challenge (Maehr 1974), personal success through competence (Schwartz & Bilsky 1987), as well as hardworking and status based on accomplishments (Trompenaars 1993) among others. Per GLOBE research, Performance Orientation practices scores positively correlated with countries' economic health indicators measured with indexes of economic prosperity, economic productivity, government support for prosperity, societal support for competitiveness, and world competitiveness indexes; however with varying results for values scores (House 2004, 253).

Bulgarian score on Performance Orientation (3.59) is much lower than all-country average (4.10) and respond to the heritage of the Communist era when the system de-emphasized the need to exceed the planned benchmarks; and enterprise managers were not rewarded for achievements beyond those targets unless approved by Party authorities and propaganda (like in sports or science). This situation limited the need in and access to additional resources and flexibility in decision-making to pursue innovation. Achievements were not supported by appropriate financial stimuli but praised symbolically or with promotions along the Party lines. Bulgaria's recent transition to the market economy was somewhat associated with predatory and non-transparent privatization and engagement of criminal capital in economic

activities; and growth was achieved not by exceptional innovations or economic breakthroughs but through management buyout schemes or barter schemes (often with foreign, typically Russian involvement). And while clusters of ethical excellence in Bulgarian society cannot be ignored, multiple results were achieved with ethical and moral violations.

Nevertheless, Bulgaria's accession to the European Union puts a pressure on streamlining its economic system and competing with the other European countries' businesses, hence endorsing higher standards on economic success. The value-tied score displays visible Performance Orientation (6.63) above and beyond the all-countries average score (5.94). These data offer the optimistic picture for Bulgaria's vector of economic and social developments into the future.

Future Orientation is the degree to which individuals in organizations or society engage in future-oriented behaviors such as planning, investing in the future, and delaying gratification. It relates to societal perception of time frames (past, present, future) and meanings of experiences in those frames (Kluckhohn & Strodtbeck 1961). In future-oriented societies, members believe that current actions influence the future, believe in strategy and planning, and look beyond present into the future. G. Hofstede emphasized this dimension by changing his earlier Confucian Dynamism (Hofstede & Bond 1988) to Long-Term Orientation (2001) and F. Trompenaars and C. Hampden-Turner (1998) applied the Time Horizon dimension to their studies. Per GLOBE research, Future Orientation practices scores positively correlated with economic health (House 2004, 315).

Bulgarian data on Future Orientation displays contrasts between "as is" and "should be" scores (2.87 vs. 5.53) and contrasts with all-countries average practices score (3.38) while values score is close to all-countries average (5.49). This reflects the transformation of Bulgarian society from the Communist era with indoctrinated long-term future orientation and central planning system through transitional economy and continuous government reshuffling with changing legislation and political priorities to the perceived stability within the European Union. Low behavior scores on Future Orientation explain the lack of or ambiguities in strategic vision and suspicion about promised change in the managerial corps and society at large. They present the contrast between the desire of Bulgarian people to be certain of what the future holds and the political and economic instability that followed the collapse of the Communist system.

Uncertainty Avoidance is the extent to which members of the organization or society strive to avoid uncertainty by relying on social norms, rituals, and bureaucratic practices to alleviate the unpredictability of future events. Following the conceptualization of Uncertainty Avoidance by R.

Cyert and J. March (1963), G. Hofstede made it one of his classical cultural dimensions (1980) and H. Triandis distinguished between tight and loose cultures, explaining many rules and conformism in the former ones (1989). At the societal level this dimension correlates with innovation and risk-taking; and Uncertainty Avoidance practices scores positively correlate with economic health data (House 2004, 631).

The scores on Uncertainty Avoidance computed on Bulgarian managers' responses provide the contrasting picture of behaviors and values in societal culture. These gaps on Uncertainty Avoidance are the greatest among all Bulgaria's GLOBE-tied dimensions of culture. Not only do they display a striking distance between Bulgarian practices and values scores (2.85 vs. 5.54), but when compared to all country average scores, the Bulgarian "as is" responses were much lower than average (5.54) and "should be" – much higher than average (4.62). These results of the study may be interpreted as respondents' acceptance of uncertainty in society that experiences fundamental transformation; and search for order and discipline to confront chaos, uncertainties and ambiguities in political and economic life stemmed from that transformation. Add to these the fact that people have experienced economic burdens and hyperinflation twice in 1991 and 1997, were disoriented by politicians' broken promises and lies, and it would explain the gaps between the perception of reality and societal expectations about the future.

Humane Orientation is the degree to which individuals in organizations or society encourage and reward individuals for being fair, friendly, generous, caring, and kind to others. This factor was partially considered in the cross-cultural literature (Triandis 1995; Schwartz 1992; Hofstede 1980), and was discussed in relation to political systems and social policies. GLOBE analysis did not find significant relations between Humane Orientation and economic health indicators.

The study of Bulgarian managers revealed the gap between "as is" (3.55) and "should be" (5.5) scores, however practices score is slightly lower than all-countries average (4.09) and values score is close to average (5.42). Bulgarian managers did not reveal high scores on this dimension. This may reflect promising prospects for society; and the abovementioned gap may refer to weaknesses in social norms and the legal system, welfare system, and social benefits, existing unfairness, corruption, and deviations from ethical norms and morality. While Humane Orientation is usually

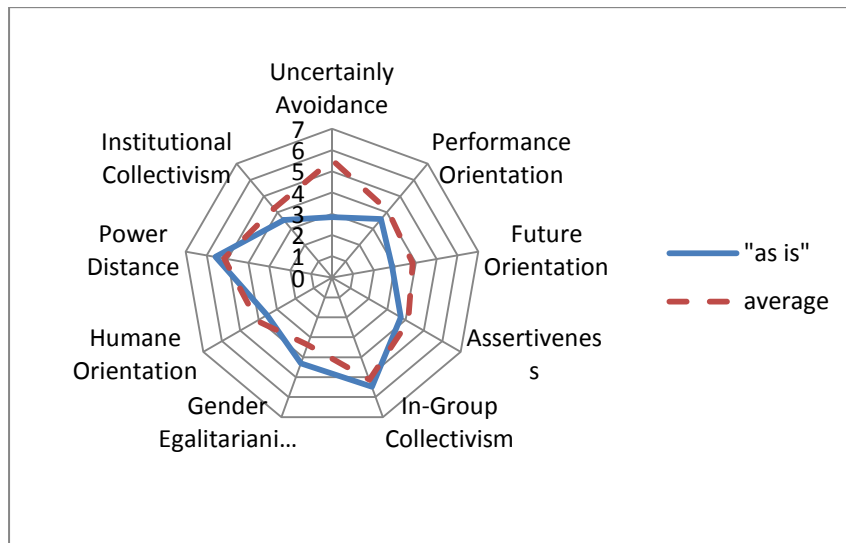
inversely related to hostilities and aggressiveness in society, modest scores support moderate positioning of the Bulgarian profile on this dimension. And Bulgarian data and the gaps on this dimension show the desire for social justice, empathy and compassion to those who are unable to cope with the new environment or fell victims of Ponzi schemes, lost properties, savings, or investment in risky and uncertain economic and social transition.

Overall, the Bulgarian profile created with the GLOBE behavior scores displays a society that is relatively high on Collectivism, Power Distance, and Gender Egalitarianism; and relatively low on Performance and Future Orientation, with extreme scores on Uncertainty Avoidance. Low Performance Orientation stems from the past centrally planned system with limited individual initiative and achievement-oriented deviations from those plans. While lower Uncertainty Avoidance scores may support entrepreneurship and innovation, low Future Orientation limits those initiatives to short-term moves rather than long-term endeavors, with the focus on survival in a turbulent economic environment. Lower scores on Humane Orientation and Future Orientation may explain lack of attention to effective human resources management systems. And high Power Distance scores support existing bureaucracy and search for tough moves in restructuring businesses and industries.

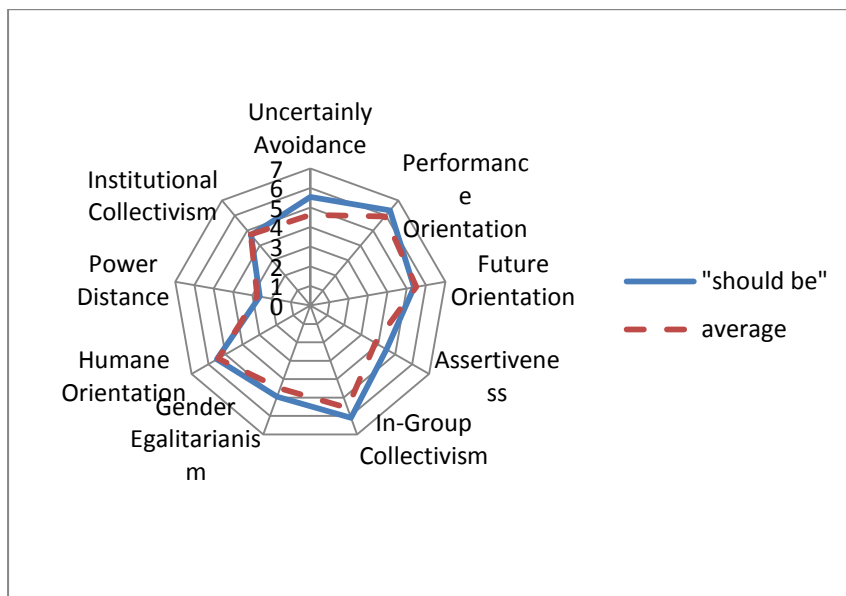
The Bulgarian values-tried cultural profile provides a promising picture relative to all-countries average scores, with an emphasis on strategic development, and the humanistic and democratic value system with traditional European influence. While not substantially deviating from that average, Bulgarian scores on Performance and Future Orientation display the importance of effective market-driven achievements and commitment to long-term growth vision; and higher scores on Uncertainty Orientation support a more disciplined business landscape. Scores on Collectivism push towards stronger collective actions rather than a drift towards individualism.

Pictures 1 and 2 illustrate the Bulgarian societal profile relative to all-countries average scores (dotted line).

Picture 1. Bulgaria's practices scores relative to all-countries average.



Picture 2. Bulgaria's values scores relative to all-countries average.



BULGARIAN MANAGEMENT IN A CROSS-CULTURAL SPACE

The GLOBE database permits evaluation of cultural distance and analysis of cultural friction between Bulgaria and other countries. Within known limitations of such comparisons, the new data may offer fresh and creative insights on positioning the Bulgarian cultural profile in a cross-cultural space.

The mainstream of cultural distance literature stems from the quantitative multidimensional measures of cultural profiles. These researches are traditionally associated with the works of G. Hofstede who created an index that permitted quantitative comparisons of cultures on each of the four dimensions and permitted grouping cultures on within-cluster similarities (1980; 1993). While G. Hofstede's original research displayed limitations and provoked criticism, his cross-cultural framework and quantitative database triggered follow-up cross-country comparisons and implications to cross-border business flows such as trade or FDI. The popularity of this later stream can be explained by a simple yet reasonable computations of aggregate indexes - Euclidian distance or corrected by variance averaged squared distances on Hofstede's dimensions as originally proposed by B. Kogut and H. Singh (1988).

However, the Kogut-Singh index was criticized for its oversimplification and linearity, and L.-T. Lu (2006) summarized related methodological and conceptual problems. Known difficulties in distance measurements stem from lack (until recently) of comprehensive cross-cultural data beyond Hofstede's and from known methodological issues related to cultural distance (Nakata 2009; Shenkar, 2001; Dow & Karunaratna 2006; Ambos & Hakanson 2014). In particular, those weaknesses have been associated with asymmetries in differences, conflicting levels of analysis (from individual to national), contextual inappropriateness, ambiguous aggregations (pairs of countries vs. clustering), insufficient validity and reliability of distance construct, along with uncritical acceptance of distance constructs to research.

In response to the situation in the literature when, according to B. Ambos and L. Hakanson, Kogut-Singh index based on Hofstede's findings "became the paradigmatic measure of distance in international business research" (2014, 1); and according to D. Dow and A. Karunaratna, in using composite cultural indexes "many researchers turned to Hofstede scales because of lack of alternatives" (2006, 591), broader sets of culture-related distance variables and composites were introduced (Dow & Karunaratna 2006; Tynanyi, Griffith & Russel 2005) followed by critical responses on

inconsistencies and ambiguities with alternatives or advanced scales being further developed (Gerschewski 2013). Overall, the discussion on the instrumentality of the composite distance measures continues and leads towards more rigorous methodological justification and the conceptualization of culture distance instruments and towards the integration of those instruments into a broader set of measures that help understand differences between countries and societies.

In response to those discussions and researches, the authors accepted the traditional Kogut-Singh index methodology and processed complex original GLOBE data and GLOBE-tied empirical results for Bulgaria, both practices-tied and values-tied. They computed cultural distance indexes for Bulgaria³ to evaluate cultural frictions between Bulgaria and 57 countries that participated in the GLOBE study and that represented major regions of the world. The distance scores were further sorted in ascending order to distinguish between countries that are culturally closer to Bulgaria (on a composite index) and those that reveal higher cultural friction. Table 2 displays distance scores for practices-tied Bulgarian societal culture and Table 3 displays distance scores for values-tied Bulgaria societal culture relative to 57 countries.

Table 2. Bulgaria’s cultural distance from the other countries on practices (“cultural friction“ in ascending order).

Societies	Culture distance index	Societies	Culture distance index
Russia	1.21	United Kingdom	4.54
Portugal	1.63	Kuwait	4.55
Slovenia	1.84	Israel	4.63
Columbia	2.00	India	4.71
Poland	2.13	Philippines	5.23
Argentina	2.16	Ireland	5.27
Guatemala	2.23	Egypt	5.29
Namibia	2.24	Finland	5.29
Italy	2.33	Australia	5.41
Bolivia	2.44	Japan	5.42

³ The cultural distance index took the form (1):

$$A_{iB} = \sum_{k=1}^9 \left\{ \frac{(I_{kB} - I_{ki})^2}{V_k} \right\} / 9 \quad (1)$$

A_{iB} - cultural distance between country i and Bulgaria;

I_{kB} –score for Bulgaria on GLOBE’s k -th dimension ($k = 1, \dots, 9$);

I_{ki} –score for i -th country on GLOBE’s k -th dimension ($k = 1, \dots, 9$);

V_k – variance of the k -th index.

Georgia	2.57	China	5.44
Venezuela	2.57	New Zealand	5.56
Costa Rica	2.69	Canada	5.61
Thailand	2.69	Hong Kong	5.76
Hungary	2.89	USA	5.77
Brazil	2.91	Nigeria	5.78
Kazakhstan	2.96	Zambia	5.82
France	3.06	Malaysia	5.90
Greece	3.07	South Africa	6.09
Mexico	3.73	Sweden	6.33
Spain	3.79	Germany	6.43
Ecuador	3.80	Switzerland	6.62
Qatar	3.87	South Korea	7.16
Slovakia	3.87	Austria	7.42
Iran	3.90	Albania	7.51
Zimbabwe	4.07	Netherlands	7.69
Morocco	4.30	Denmark	8.12
Turkey	4.35	Singapore	8.30
Indonesia	4.41		

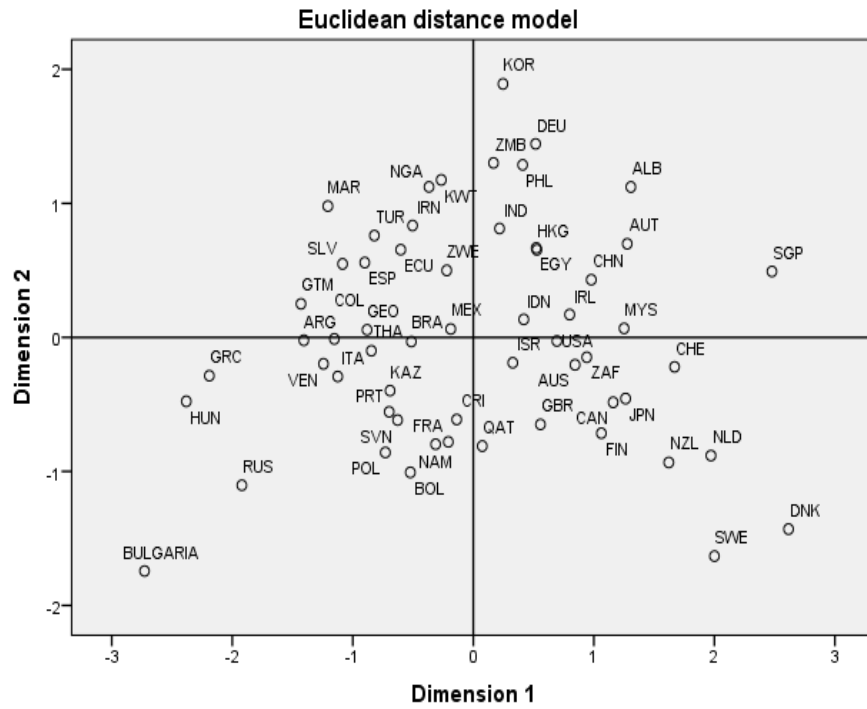
Table 3. Bulgaria’s cultural distance from the other countries on values (“cultural friction“ in ascending order).

	Societies	Culture distance index	Societies	Culture distance index
s	Slovenia	0.42	Singapore	1.76
	Philippine	0.50	Greece	1.79
	Mexico	0.76	Georgia	1.81
	Zimbabwe	0.79	South Africa	1.89
	Venezuela	0.89	Morocco	1.97
	Namibia	0.90	Nigeria	2.01
	South Africa	0.93	Thailand	2.09
	Portugal	0.94	France	2.15
	Ecuador	0.95	Russia	2.17
	Guatemala	0.95	Brazil	2.19
	Spain	1.01	Sweden	2.23
	Italy	1.02	Finland	2.41
	Poland	1.03	Hong Kong	2.42
	Colombia	1.04	Albania	2.46
	Argentina	1.07	Kazakhstan	2.47
	Slovenia	1.10	Germany	2.59
	USA	1.11	Qatar	2.59
	India	1.12	Turkey	2.61
	Ireland	1.12	South Korea	2.75
	Costa Rica	1.19	Kuwait	2.76
Hungary	1.19	Austria	2.80	
Israel	1.22	Switzerland	2.96	
Canada	1.30	Egypt	3.07	

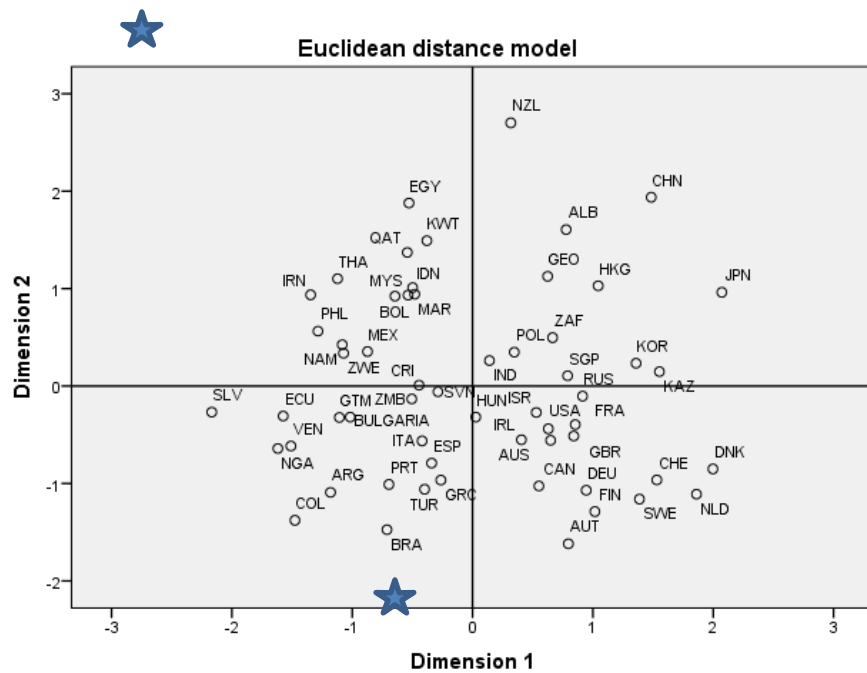
Malaysia	1.30	China	3.12
Australia	1.36	Denmark	3.12
Iran	1.42	Japan	3.42
United Kingdom	1.52	Netherlands	4.13
Indonesia	1.54	New Zealand	4.13
Bolivia	1.57		

The computation of cultural distance indexes for pairs of all 58 countries (GLOBE participating countries plus Bulgaria) resulted in a culture friction matrix. This matrix was further transformed into culture friction map with the multidimensional scaling procedure applied to square symmetric 58x58 matrix with expectations that the mapping cross-cultural landscape provided a perceptual map that showed how different or similar country profiles were and whether they clustered or not. This model did not require linearity or multivariate normality and was found more attractive in this case over factor analysis. It resulted in a coordinate matrix (output) whose configuration minimized a loss function (strain) and reliability was tested with squared correlation of the input distances with the scaled p-shaped distances using MDS coordinates. R-squared as the fit measure for behaviors was 0.824 and for values was 0.834 – both higher than the required 0.80 for good metric scaling. Picture 3 displays the multidimensional scaling map for the GLOBE societal cultures plus Bulgaria on practices, and Picture 4 – on values.

Picture 3. Cross-cultural map (behavior scores) based on multidimensional scaling of GLOBE cultures' distances (R-square = 0.824) with Bulgaria.



Picture 4. Cross-cultural map (values scores) based on multidimensional scaling of GLOBE cultures' distances (R-square = 0.834) with Bulgaria.



Positioning Bulgaria in a cross-cultural space with distance measures reveals important attributes of its societal culture and distinctions between practices-tied and values-tied profiles relative to the other countries. In terms of distance proximity measured with practices and values scores Bulgaria may be associated with distinctive cultural clusters (Ronen and Shenkar 1985; House et al 2004, 178-218).

On a *practices* perceptual map Bulgaria was positioned on a periphery of cross-cultural space hence displaying substantial differences from the others on composite measures and relatively lower inclination to cluster with the other cultures. This attests to quite a unique cultural configuration stemmed from the “as is” responses. However, when for each GLOBE-participating country plus Bulgaria the average distance to all other countries was computed and sorted in ascending order, Bulgaria was ranked 14 on that list.

Among 12 countries closest to Bulgaria on cultural distance (top 20 percent), Russia (distance index 1.21), Slovenia (1.84), Poland (2.13) and Georgia (2.57) represented Eastern European cluster; Portugal (1.63) and Italy (2.33) represented Latin European cluster; and Columbia (2.00), Argentina (2.16), Guatemala (2.23), Bolivia (2.44) and Venezuela (2.57) represented the Latin American cluster (with only Namibia joining this distance band). Among 12 countries most distanced from Bulgaria (lowest 20 percent), Singapore (8.30) and South Korea (7.16) represented Confucian Asia, Denmark (8.12) and Sweden (6.33) represented Nordic Europe; Netherlands (7.69), Austria (7.42), Switzerland (6.62), and Germany (6.43) represented Germanic cluster; with few other countries in that band (Albania, 7.42; South Africa, 6.09; Malaysia, 5.90; and Zambia, 5.82).

Bulgaria’s proximity to the East European cluster can be explained by shared recent history of the Communist rule and transition that followed, as well as closes linguistic (Russia, Slovenia) and religious (Russia) ties. The findings attest to Bulgaria’s compatibility with this cluster’s general features such as distinctive Power Distance, Institutional and Group Collectivism, and at the same time displaying attachment to cultural heritage of family and group cohesion (Bakacsi et al 2002). The findings are also consistent with comparisons of East Central Europe (including Bulgaria) on culture-determined time behaviors, emphasizing risk aversion, harmony seeking and face saving (Fiink & Meierewert 2004).

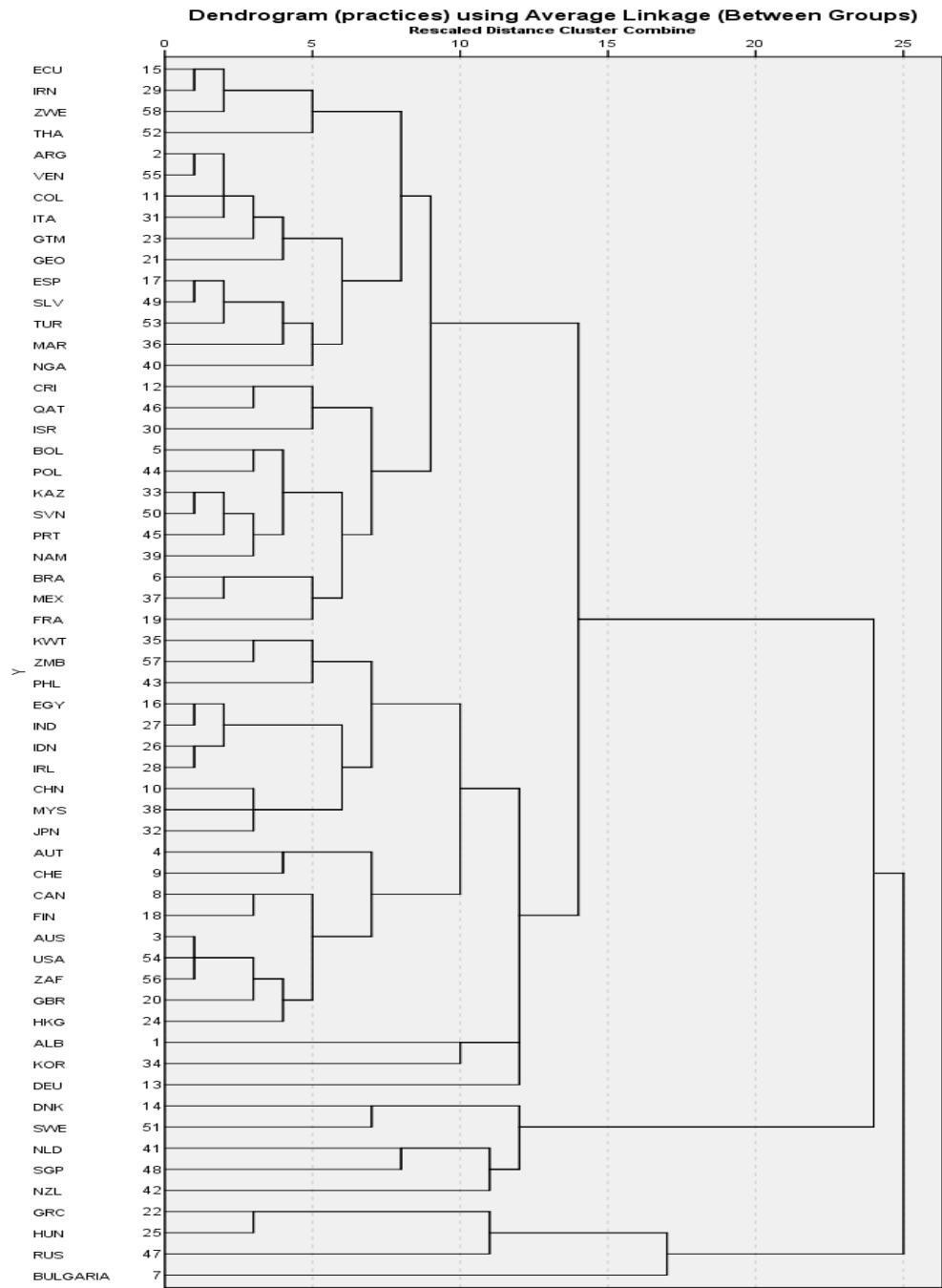
On a *values* perceptual map Bulgaria leaned towards other clusters and was ranked 29 on the list of countries’ average distance to all other countries sorted in ascending order.

Among the 12 countries with the lowest values-tied cultural distance from Bulgaria only Slovenia (0.42) represented East European cluster;

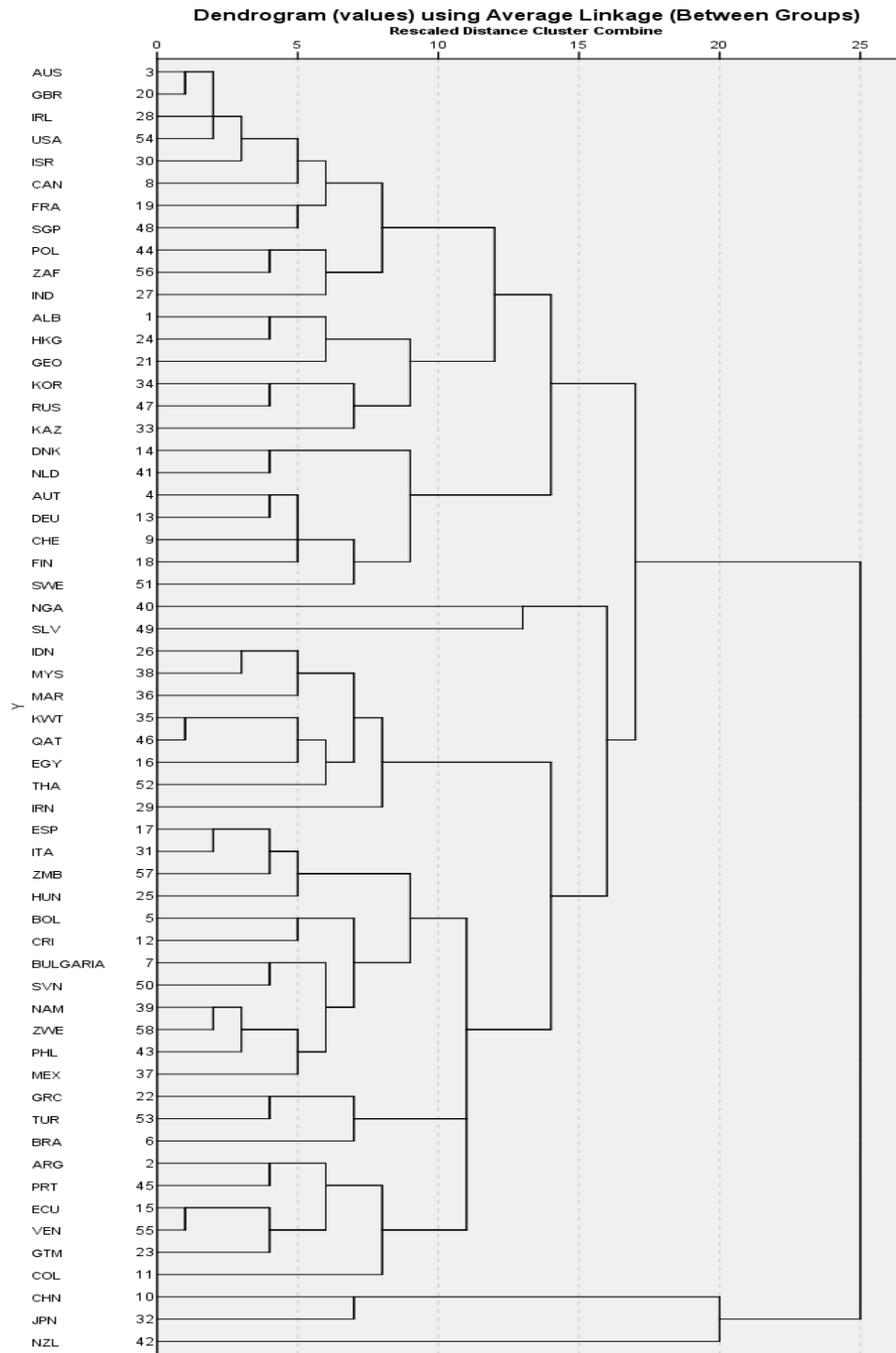
Portugal (0.94), Spain (1.01) and Italy (1/02) represented Latin European cluster; Mexico (0.36), Venezuela (0.89), Ecuador (0.95) and Guatemala (0.95) represented Latin American cluster; Zimbabwe (0.79), Namibia (0.90) and South Africa (0.93) representing Sub-Sahara Africa cluster, and Philippines (0.50) – Asian cluster. Among the 12 countries with the greatest values-tied distance from Bulgaria were representatives of the Middle Eastern cluster Egypt (3.07), Kuwait (2.76) and Qatar (2.59); of the Confucian cluster Japan (3.42) and China (3.12); Germanic cluster Netherlands (3.13), Switzerland (2.96) and Austria (2.80); as well as New Zealand (4.13) from Anglo cluster and Denmark (3.12) from Nordic cluster. These data supports the assumption of Bulgaria's cultural compatibility with Latin countries of Mediterranean Europe and Latin America however greater distance from the other East European countries on values was quite unexpected.

Pictures 5 and 6 display dendrograms for Bulgaria's positioning in cross-cultural space with practices-tied and values-tied distances.

Picture 5. Hierarchical clustering of 58 countries (with Bulgaria) on practices-tied distance measures.



Picture 6. Hierarchical clustering of 58 countries (with Bulgaria) on values-tied distance measures.



Overall, the research confirmed Bulgaria's cultural proximity to countries of East European and Latin European and Latin American clusters in practices; and substantial behavior-tied distance from countries of Germanic, Middle Eastern, and Confucian clusters. It also supported Bulgaria's values-tied compatibility with Southern Europe and Latin America, with an unexpected values-tied distance from the other East European countries. In the other words, typical behaviors in Bulgaria are distinctive from the other countries, displaying similarities with post-Communist countries and Latin countries.

CONCLUSIONS

Important conclusions and recommendations stem from this research. The study of Bulgarian management (generalized to the level of societal culture) and its positioning in cross-cultural space revealed distinctions of behavior-tied and values-tied attributes that stem from history, religion, language, as well as from societal, political, and economic developments. The aggregate behavior profile displayed low Uncertainty Avoidance combined with low Performance Orientation and Future Orientation, visible Collectivism, and high Gender Egalitarianism. The aggregate values profile displayed high compatibility with the all-countries average scores, with a slightly higher Collectivism, Assertiveness, and Uncertainty Avoidance scores. These findings attest to Bulgaria's transition from the Communist rule towards free market behaviors with an emphasis on performance and innovation, the strive for stability, discipline, the reliance on collective actions; and the search for values-tied compatibility with the other countries.

This configuration of the cultural profile of Bulgarian management influences organizational practices, perception of effective leadership, and serves in some cases as a contributor to or, in other cases as impediment for effective cross-border business activities. It is also clear that this profile cannot be understood without a deep knowledge of history and culture of Bulgaria, and the past and present of the Bulgarian society.

Cultural differences with the other countries impact cross-border economic relations such as trade and FDI flows, further integration into the European Union, effectiveness in business collaboration via strategic alliances and activities of foreign firms in Bulgaria, decisions in international business such as expat assignments and the formation of multicultural work groups.

Positioning Bulgaria in cross-cultural space displayed similarities and differences with the other cultures. High cultural distance leads to higher risks and uncertainties in decision-making, requires additional dedicated investment in data collection, training, and the talent acquisition to overcome

costly cross-cultural frictions. This research distinguished between countries that display cultural proximity to Bulgaria (East European, Latin Europe, Latin American clusters) and those with greater distance (Germanic, Asian Nordic, Middle Eastern clusters). It also measured cultural distance so that the data can further be applied to modeling economic relations and cross-border flows with the other countries to predict effective international business activities accordingly.

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