

Bulgarian management in a cross-cultural space*

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The study of the cultural profile of Bulgarian management research is based on the survey of 125 Bulgarian managers (2014-2015), GLOBE methodology, and analysis of Bulgaria's cultural distance measures relative to 57 societies. It highlights behaviours that are relatively low on Uncertainty Avoidance, Performance and Future Orientation, display visible Collectivism and high Gender Egalitarianism, and suggests values-tied attributes that are compatible with the average GLOBE score; however, it suggests slightly higher value indicators of Collectivism, Assertiveness, and Uncertainty Avoidance. Based on cultural distance measures, the authors distinguish between countries that display cultural proximity to Bulgarian management (East European, Latin Europe, Latin American clusters) and those with greater distance (Germanic, Asian Nordic, Middle Eastern clusters).

Keywords: Bulgaria; cross-cultural management, cultural distance; GLOBE research

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1. Introduction

The primary purpose of this article is to shed light on the cultural attributes of management in Bulgaria, a European country and a member of the European Union and NATO, which has received relatively limited attention in international management literature. The second key goal is to position those attributes in a cross-cultural space, thus making a contribution to comparative research literature. The last, but not the least important purpose of this paper, is to contribute to discussion about comprehensive ways of measuring cultural distance in comparative analyses.

This paper responds to advances in cross-cultural literature. Its conceptual model stems from 62-societies' Global Leadership and Organizational Behaviour Effectiveness (GLOBE) research (House et al. 2004). The authors distributed questionnaires among managers of Bulgarian firms to analyse their perceptions of

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culture and organizational practices. Based on the analysis of 125 responses (response rate 20%), they constructed a cultural profile of Bulgarian management and developed quantitative data to further compare cultural attributes to the profiles of other countries, hence positioning Bulgarian management in a cross-cultural space.

The findings of this article have both scholarly and practical implications. On the one hand, they enrich the knowledge base about cultures and attest to the instrumentality of modern research tools such as those developed by the GLOBE project. On the other hand, the findings offer valuable practical instruments that decision-makers can use in assessing and improving interactions between Bulgarian managers and their foreign partners.

2. Advances in cross-cultural studies

Two key questions dominated the recent discussion in international management literature: first, how to evaluate cultures and second, how to measure cultural differences between cultures. Prior to moving into the analysis of a country's cultural profile, it is important to emphasize responses to those fundamental questions.

Advanced comprehensive cross-cultural studies have been associated with contributions by Hofstede (1980; 1983), Trompenaars (Hampden-Turner/Trompenaars 2000), Schwartz (1992; 1999; 2004), and Ingelhart (1997; 2004), with follow-up applications to different countries and regions. However, comprehensive empirical researches on Bulgarian societal culture and its impact on the country's management practices as well as positioning this culture in a broader cross-cultural space have been rather limited. This was due to scholars' limited access to broad groups of respondents in the past Communist-controlled society, delayed imports of Western management practices and methodology, as well as traditional suspicion towards surveys and behavioural research in a conformist Bulgarian environment. Bulgaria was not included in the classical studies by Hofstede (1980), Trompenaars (1998) or Schwartz (1992) and only recent World Values Survey and European Social Survey have added the data on Bulgaria to their databases.

In the empirical study of Bulgarian management and Bulgaria's societal culture, the authors relied on the methodology developed in 62-societies' GLOBE study. 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 Bulgarian culture.

First, the GLOBE concept of societal culture and its measurements stemmed from previous comprehensive researches by Hofstede (1980) and McClelland

(1985) as well as the theoretical findings of Kluckhohn, Strodtbeck (1961), and Triandis (1995). Thus, GLOBE extended the theoretical foundations of cross-cultural studies and made a major contribution to organizational behaviour literature. Second, GLOBE research shifted analytic focus from a primarily behaviourist or primarily anthropological perspective on societal cultures to the combination of both streams, thus permitting a more comprehensive analysis and interpretation of cultural data. Societal cultural profiles were 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. 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 behavioural 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 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 increased the generalizability of these findings beyond the culture of middle managers alone, in particular through the combination of anthropological and psychological/behavioural traditions of culture assessment, which consist of a broader range of variables that were not often considered in cross-cultural theories.

The GLOBE database permitted the evaluation of cultural distance and the analysis of cultural frictions between Bulgaria and other countries. Within known limitations of cultural distance assessments associated with asymmetries, ambiguities in levels of analysis and aggregations, and interpretations of cultural frictions (Shenkar 2001; Dow & Karunaratna 2006; Ambos & Hakanson 2014), 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 has been traditionally associated with the works of 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 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 popu-

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

larity of this later stream can be explained by simple yet reasonable computations of aggregate indexes - Euclidian distance or corrected by variance averaged squared distances on Hofstede's dimensions as originally proposed by Kogut and Singh (1988).

In response to the situation in the literature when, according to Ambos and Hakanson, Kogut-Singh index based on Hofstede's findings "became the paradigmatic measure of distance in international business research," (2014: 1) and according to Dow and 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.

Hence, 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 behavioural) on culture instead of one, and generates 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/Hakanson 2014: 5-6).

3. Creating a cultural profile of Bulgarian management

Located in Southeast Europe along the Balkan Mountains near the Black Sea, bordering Romania, Greece, and Turkey, is the country of Bulgaria with a 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, software develop-

ment, 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 and positive rankings in health, education, 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 the 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 analysed 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).

Davidkov (2004) summarized the results of empirical studies of Bulgarian culture conducted by Bulgarian researchers. He displayed the diverse methodological base on cultural studies of Bulgaria and explained that some scholars such as Todorov, Chadarova, Kabakchieva developed their original methodology while other researchers acquired either Hofstede's methodology (Kolarova, Minkovski, Vedur), or Trompenaars' methodology (Ivanova, Duraknev, Marinov, Kalandzhiev, Stoianova), or a combination of both (Gerganov, Silgiszhan, Genopov).

These findings positioned Bulgarian societal culture high on Uncertainty Avoidance, high on Power Distance, moderately high on Femininity, and moderately high on Individualism. The latter observations were supported by Karabel'ova's results of the 2010 survey that Bulgarian culture has "dominant individualistic" societal attributes (2011: 295). These results however, deviated from Minkov's study that revealed lower Individualism in Bulgarian organizations (2002). Karabel'ova's survey also confirmed Power Distance attributes "oriented rather towards the maintenance of social inequality with dominant strict control and directive style of management" (2011: 293) but deviated on Uncertainty Avoidance findings explaining that "low tolerance of uncertainty and high level of stress" require consistent rules and legal framework (2011: 301). Davidkov's comparison of the results of the surveys conducted in 2001 and 2008 also confirmed the distinctions of Bulgarian culture such as high Power Distance and moderate Gender Egalitarianism along with the shift towards higher tolerance of

uncertainty (2009). Overall, Bulgarian culture-focused studies present a distinctive aggregate profile of society however with visible deviations in results in selected dimensions.

The other stream of cultural findings stem from the analysis of Western management know-how transfer to Bulgaria. Conducted in a broader comparative context, it revealed distinctions in management norms, values, and practices. For example, Michailova and Hollishead, (2009) in their analysis of Western assistance to Post-Communist Bulgaria, emphasized different levels of acceptance of innovations by different age groups (Michailova/Hollinshead 2009). Comparisons with the Netherlands and Hungary on work motivation displayed Bulgarians' reduced responsiveness, downplaying feedback, and viewing extrinsic factors as sources of commitment (Roe et al. 2000). Comparisons of leadership behaviours 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' scepticism, 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).

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 English version of the GLOBE questionnaire (form Beta that targeted national cultures and management practices) 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 in major cities of Burgas, Sofia, Plovdiv and Varna through several professional and business networks in October 2014 – March 2015. 125 questionnaires were returned (30% response rate). The average age of respondents was 41.8 years; 51 men (40.8%) and 74 women (59.2%) responded to the survey. On average, respondents were employed for 18.1 years, and reported 14.9 years of formal education; 42 respondents (33.6%) had received formal training in Western management techniques practices. Functionally, 30 respondents (24%) worked in general administration and planning, 9 (7.2%) – in research, engineering, technical support or production, 15 (12%) – in finance and accounting, 13 (10.4%) – in human resources management, 47 (35%) – in marketing, sales or purchasing, and 11 (8.8%) in after sales services. While all managers spoke Bulgarian language in their organizations, other languages were spoken such as English (46 respondents or 34%), Russian (24 or 19%), German (6 or 4.8%) and French (3 or 2.4%).

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.

4. 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 co-operate for survival, honesty, resourcefulness, kindness, and humanism. Second, historically developed values and behaviours 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 T. Zhivkov and the culminating reforms process transitioning Bulgaria to a democracy and a free market. The latter displayed the emergence of entrepreneurial behaviours 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 behaviour score ("As Is")	61 societies behaviour ("As Is") average	Bulgarian values score ("Should Be")	61 societies values ("Should Be") average
Institutional Collectivism	3.67	4.25	4.7	4.73
Group Collectivism	5.46	5.13	6.1	5.66
Gender Egalitarianism	4.25	3.37	4.96	4.51
Assertiveness	3.67	4.14	4.49	3.83
Power Distance	5.52	5.17	2.61	2.75
Performance Orientation	3.62	4.10	6.63	5.94
Future Orientation	2.99	3.85	5.38	5.49
Uncertainty Avoidance	3.11	4.16	5.54	4.62
Humane Orientation	3.50	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 score on behaviours; however, data on values was much closer to average GLOBE score. This can be interpreted as Bulgaria's struggle to abandon the cultural heritage of the Communist era and positioning itself in the mainstream of global cultural aspirations. The second general observation is the sharp contrast between societal profiles based on behaviours 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 uniqueness of Bulgaria's 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 countries' economic health.

The GLOBE Institutional Collectivism practices score for Bulgaria (3.67) is lower than average GLOBE score (4.25) however, "should be" score (4.65) is close to average GLOBE score (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 (5.46) compared to average GLOBE score (5.13) with similar pattern in values scores (6.03 vs. 5.56). These data display the broadly perceived value of loyalty in society and 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 of a transitional society which reflect the consequences of the suppression of individual freedom and initiative under Communism, individualistic behaviours 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 behavioural manifestation with gender discrimination and gender equality (Hendrix 1994). This dimension was partially considered in Hofstede's Masculinity-Femininity dimension (1980). The empirical data on relationship between Gender Egalitarianism and countries' economic health are mixed and typically not significant (House 2004: 368).

In medieval patriarchal Bulgaria, the division of labour 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 latter were ignored in official economic statistics. Nevertheless, Bulgarian GLOBE data on gender roles in society emphasizes the importance of egalitarianism, with practices score (4.25) visibly higher than average GLOBE score (3.37), and with values score (4.71) also slightly higher than average GLOBE score (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 literature. It was conceptualized on a continuum between assertive and non-assertive behaviours (Rakos 1991) and Hofstede partially considered it in the masculinity-femininity dimension (1980). While Triandis (1995) 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 average GLOBE score on practices (3.67 vs. 4.14) but higher on values (4.40 vs. 3.38), and "should be" score was higher than "as is" responses. Bulgarian Assertiveness scores do not visibly deviate from the average GLOBE scores, thus explaining avoidance on confrontational, aggressive behaviours in an environment known for collective actions with obedient behaviours, and conformist mentality widely indoctrinated during the Communist era. The lower level of assertiveness in the society may also be interpreted as a result of strong family bonds, nepotism, and friendliness and kindness which are deeply rooted in Orthodox traditions.

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) and 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 relationship between Power Distance and countries' economic 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 (5.52 vs. 2.60), this gap is quite typical for managers' responses evidenced in average GLOBE 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 GLOBE 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 behaviours. 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 (3.62) is much lower than the average GLOBE score (4.10) and surrendering 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 political promotions. 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; thus, 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 macroeconomic 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 Performance Orientation (6.31) above average GLOBE 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 behaviours, 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 the present into the future. Hofstede emphasized this dimension by changing his earlier Confucian Dynamism (Hofstede/Bond 1988) to Long-Term Orientation (2001) and Trompenaars and Hampden-Turner (1998) applied the Time Horizon dimension to their studies. Per GLOBE research, Future Orientation practices scores positively correlated with countries' economic health (House 2004: 315).

Bulgarian data on Future Orientation displays contrasts between "as is" and "should be" scores (2.99 vs. 5.49) and contrasts with average GLOBE practice score (3.38) while values score equals to average GLOBE score (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 behaviour 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 Cyert and March (1963), Hofstede made it one of his classical cultural dimensions (1980) and 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 behaviours and values in society. 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 (3.11 vs. 5.52), but when compared to average GLOBE 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 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 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" (3.50) and "should be" (5.6) scores however, practices score is slightly lower than average GLOBE score (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 behaviour scores displays a society that is relatively high on Collectivism, Power Distance, and Gender Egalitarianism; and relatively low on Performance and Future Orientation, with extremely low scores on Uncertainty Avoidance. Low Performance Orien-

tation 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 endeavours, 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 systems. And high Power Distance scores support existing bureaucracy and search for tough moves in restructuring businesses and industries.

The Bulgarian values-based 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 search for more disciplined business landscape. Scores on Collectivism push towards stronger collective actions rather than a drift towards individualism.

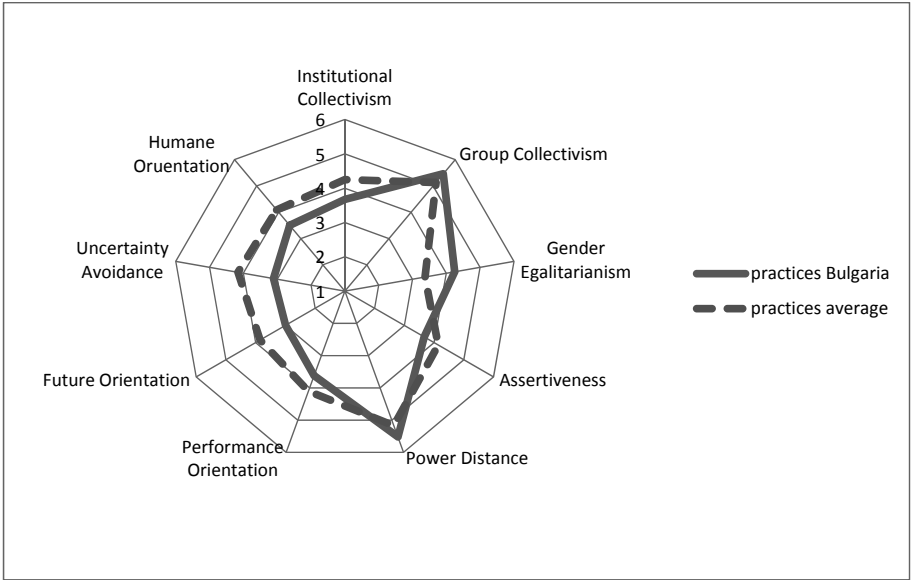
Pictures 1 and 2 illustrate the Bulgarian societal profile relative to average GLOBE scores (dotted line).

5. Positioning Bulgarian management in an international business landscape

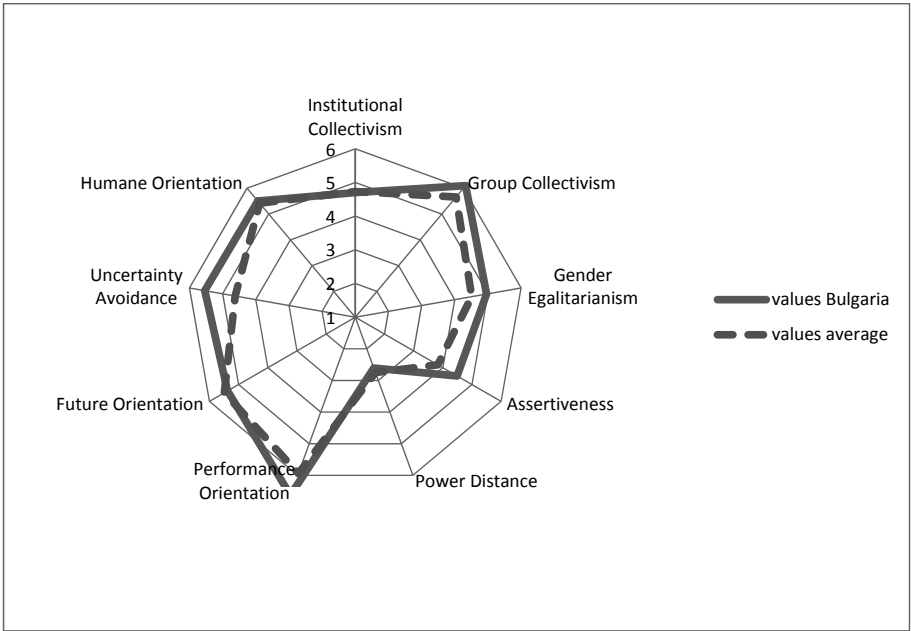
To position Bulgarian management in a cross-cultural space, the authors accepted the traditional Kogut-Singh index methodology and processed original GLOBE data on societal cultures for 57 countries² and empirical results for Bulgaria's cultural profile, both practices-based and values-based, to compute cultural

2 The original GLOBE research addressed 62 societies, but due to insufficient findings on one society, data was reported on 61 excluding Czech Republic. Kogut-Singh methodology targeted distance in national cultures (not societal) therefore in case of countries where two sets of data were collected (West and East Germany, German and French Switzerland, and black and white samples in South Africa) the results for those countries were averaged. While this somewhat deviated from the original study, it provided data for economic analysis and complied with distance measurement methodology. Finally, since economic data on Taiwan is not easily available (not included in the UN sources), cultural profile was not applicable to economic analysis. Hence, the number of countries for comparing Bulgaria's national culture with the expectation to develop comparative economic models totalled 57.

Picture 1. Bulgaria’s practices scores (“as is”) relative to all-countries average.



Picture 2. Bulgaria’s values scores (“should be”) relative to all-countries average.



distance measures for country pairs³. Integration of data obtained from the original GLOBE research (House et al. 2004) and data collected through 2014-2015 survey of Bulgarian managers is possible under the assumption that societal cultures do not change radically within half generation (average generation time is about 27 years).

The distance scores were further sorted in ascending order to distinguish between countries that are culturally closer to Bulgaria (on a composite Kogut-Singh index) and those that reveal greater cultural distance. 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.

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 behaviours was 0.852 and for values was 0.823 – 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.

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/Shenkar 1985; House et al. 2004: 178-218).

On a *practices* perceptual map Bulgaria was positioned on a periphery of cross-cultural space relatively close to Hungary, Greece, and Russia hence displaying

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

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

A_{i_B} - 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.

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	0.60	Israel	2.99
Slovenia	0.67	Indonesia	3.20
Colombia	0.72	Kuwait	3.63
Portugal	0.85	India	3.64
Poland	0.88	Australia	3.68
Argentina	0.91	Nigeria	3.69
Namibia	1.11	Hong Kong	3.70
Italy	1.14	USA	3.82
Venezuela	1.18	Philippines	3.91
Hungary	1.20	Finland	3.93
Georgia	1.26	Ireland	3.95
Kazakhstan	1.32	Egypt	4.00
Guatemala	1.32	Canada	4.08
Brazil	1.50	South Africa	4.09
Greece	1.51	China	4.18
Bolivia	1.54	Germany	4.34
France	1.63	Japan	4.36
Costa Rica	1.76	Zimbabwe	4.42
Thailand	1.96	Malaysia	4.54
Mexico	1.99	New Zealand	4.72
Slovakia	2.11	Switzerland	5.03
Spain	2.12	Austria	5.20
Qatar	2.44	Albania	5.21
Ecuador	2.66	South Korea	5.33
Turkey	2.62	Sweden	5.38
Iran	2.66	Netherlands	5.74
Morocco	2.67	Singapore	6.38
Zimbabwe	2.73	Denmark	6.68
U.K.	2.92		

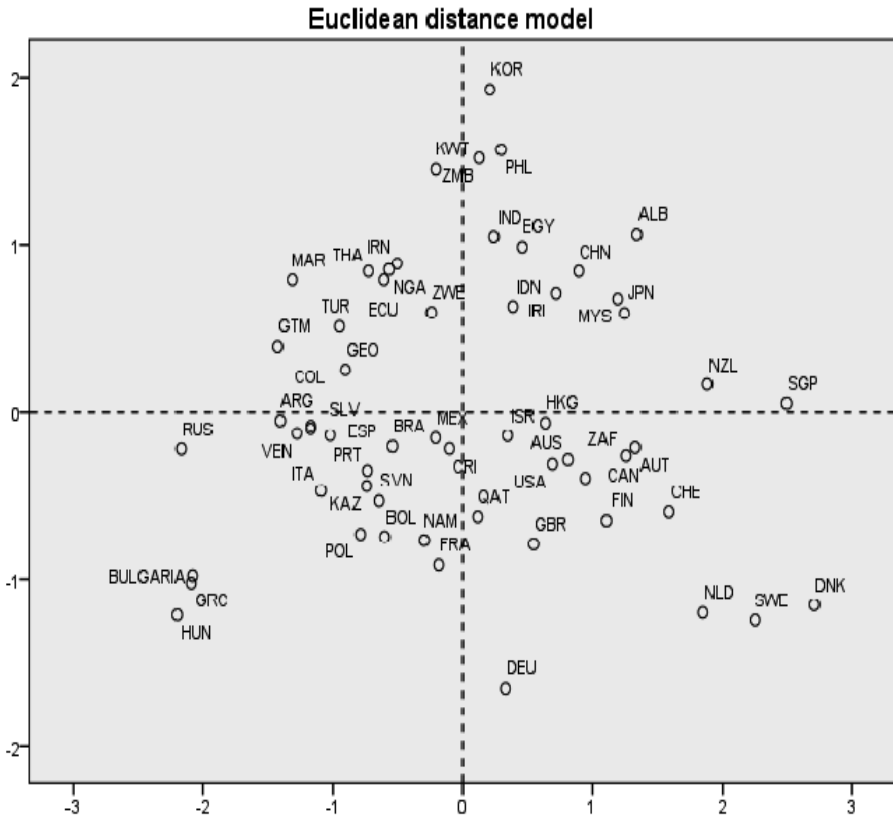
substantial differences from the others on composite measures and relatively lower inclination to cluster with the other cultures. This attests to quite a unique cultural configuration stemmed from the "as is" responses. When for each GLOBE-participating country plus Bulgaria the average distance to all other societies was computed and sorted in ascending order, Bulgaria was ranked last (58) on that list.

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
Slovenia	0.47	Singapore	1.48
Philippines	0.48	U.K.	1.55
Zambia	0.54	Morocco	1.57
Namibia	0.68	Bolivia	1.66
Mexico	0.78	South Africa	1.71
Spain	0.86	Greece	1.81
Zimbabwe	0.86	Russia	1.81
Italy	0.86	Thailand	1.92
Guatemala	0.89	France	1.92
Venezuela	0.91	Brazil	1.97
Ecuador	0.92	Finland	2.05
Hungary	0.97	Qatar	2.19
Malaysia	0.98	Hong Kong	2.23
Poland	0.99	Sweden	2.24
India	1.01	Albania	2.25
Argentina	1.01	Kazakhstan	2.30
Columbia	1.02	Turkey	2.33
Portugal	1.05	South Korea	2.35
Israel	1.07	Kuwait	2.46
Slovakia	1.08	Germany	2.50
USA	1.10	Austria	2.57
Iran	1.11	Egypt	2.63
Ireland	1.16	Switzerland	2.84
Canada	1.27	China	2.94
Australia	1.32	Denmark	3.20
Costa Rica	1.35	Japan	3.24
Indonesia	1.37	Netherlands	4.10
Georgia	1.40	New Zealand	4.27
Nigeria	1.47		

Among countries closest to Bulgaria on cultural distance, Russia (distance index 0.60), Slovenia (0.67), Poland (0.88), Hungary (1.20), Georgia (1.26) and Kazakhstan (1.32) represented Eastern European cluster; Portugal (0.85) and Italy (1.14) represented Latin European cluster; and Columbia (0.72), Argentina (0.91), and Venezuela (1.18) represented the Latin American cluster (with only Namibia scored 1.11 joining this top band). Among countries most distanced from Bulgaria, Singapore (6.38), South Korea (5.33), and Japan (4.36) repre-

Picture 3. Cross-cultural map (behavior scores) based on multidimensional scaling of GLOBE cultures' distances (R-square = 0.852) with Bulgaria.



sented Confucian Asia, Denmark (6.68) and Sweden (5.38) represented Nordic Europe; Netherlands (5.74), Austria (5.20), Switzerland (5.03), and Germany (4.343) represented Germanic cluster; with selected representatives of other clusters in the lower band (Albania, 5.21; New Zealand, 4.72; Malaysia, 4.54; and Zimbabwe, 4.42).

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 close linguistic (Russia, Poland, and 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 be-

Euclidean distance model

Scatter plot showing the relationship between two variables (likely derived from a Euclidean distance model) for various countries. The x-axis ranges from -3 to 3, and the y-axis ranges from -2 to 3. A vertical dashed line is at x=0 and a horizontal dashed line is at y=0. Countries are labeled with three-letter codes.

Key countries and their approximate coordinates (x, y):

- NZL: (0.5, 2.8)
- CHN: (1.5, 2.0)
- ALB: (0.8, 1.6)
- EGY: (-0.5, 1.9)
- KWT: (-0.2, 1.6)
- QAT: (-0.8, 1.5)
- THA: (-1.2, 1.2)
- IRN: (-1.5, 1.0)
- MYS: (-0.8, 1.0)
- MAR: (-0.5, 1.0)
- BOL: (-0.8, 0.8)
- IDN: (-0.5, 0.8)
- PHL: (-1.2, 0.6)
- MEX: (-0.8, 0.4)
- ZWE: (-1.0, 0.3)
- NAM: (-1.2, 0.2)
- CRI: (-0.5, 0.1)
- SVN: (-0.2, 0.0)
- HUN: (0.0, -0.2)
- IND: (0.2, 0.2)
- POL: (0.5, 0.5)
- ZAF: (0.8, 0.6)
- SGP: (0.8, 0.2)
- BUS: (1.0, 0.1)
- KOR: (1.5, 0.5)
- KAZ: (1.8, 0.3)
- ISR: (0.8, -0.2)
- FRA: (1.2, -0.2)
- USA: (0.5, -0.4)
- GBR: (1.0, -0.4)
- AUS: (0.8, -0.4)
- IRL: (0.5, -0.5)
- CAN: (0.5, -0.6)
- DEU: (1.0, -0.6)
- FIN: (1.2, -0.7)
- AUT: (0.8, -1.5)
- ITA: (-0.5, -0.5)
- ESP: (-0.2, -0.5)
- GRC: (-0.2, -1.0)
- BRA: (-0.5, -1.4)
- TUR: (-0.5, -1.4)
- ARG: (-1.0, -1.0)
- COL: (-1.2, -1.3)
- VEN: (-1.5, -0.6)
- NGA: (-1.5, -0.6)
- GTM: (-1.0, -0.6)
- BULGARIA: (-1.0, -0.3)
- ZMB: (-0.8, -0.2)
- ECU: (-1.2, -0.2)
- SLV: (-2.2, -0.2)

On a *values* perceptual map Bulgaria leaned towards other clusters and was ranked 17 on the list of countries' average distance to all other countries sorted in ascending order.

Among countries with the lowest values-tied cultural distance from Bulgaria only Slovenia (0.47) and Hungary (0.97) represented East European cluster; Spain (0.86) and Italy (0.86) represented Latin European cluster; Mexico (0.78), Guatemala (0.89), Venezuela (0.91) and Ecuador (0.92) represented Latin American cluster; Zimbabwe (0.54), Namibia (0.68) and South Africa (0.86) representing Sub-Sahara Africa cluster, and Philippines (0.48) – Southern Asian cluster. Among countries with the greatest values-tied distance from Bulgaria were representatives of the Middle Eastern cluster Egypt (2.63) and Kuwait (2.46); of

the Confucian cluster Japan (3.24), China (2.94) and South Korea (2.35); Germanic cluster Netherlands (4.10), Switzerland (2.84), Austria (2.57) and Germany (2.50); as well as New Zealand (4.27) from Anglo cluster and Denmark (3.20) from Nordic cluster. These data supports the assumption of Bulgaria's cultural compatibility with Latin countries of Mediterranean Europe and Latin America however, being more distant from the other East European countries on values was quite unexpected.

Overall, the research confirmed Bulgaria's cultural proximity to countries of East European and Latin European as well as Latin American clusters in practices; and substantial behaviour-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 Eastern European countries. In the other words, typical behaviours in Bulgaria are distinctive from the other countries, displaying similarities with post-Communist societies and Latin cultural clusters.

6. 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 behaviour 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 average GLOBE 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 behaviours 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 relative cultural proximity to Bulgaria (East European, Latin Europe, Latin American clusters) and those with greater distance (Germanic, Asian Nordic, Middle Eastern clusters). These data can further be applied to complex economic models that explore culture's effects in international trade or foreign direct investment.

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