

## MULTICULTURAL BUSINESS ENVIRONMENT - MANAGEMENT APPROACHES, VALUES, TRENDS AND STEREOTYPES

The article explores the setting up of a system of management procedures and approaches under the conditions of a multicultural business environment. The trends, the stereotypes and the impact of cultural differences on the values in the work process are identified. An analysis is made of the tools for an evaluation of the challenges, facing the management in the organisation and society. The focus is on assessment of the five determinants (5-D model) of Geert Hofstede for measuring and comparing national cultures.<sup>1</sup> The research justifies the argument that knowledge of cultural values, stereotypes and cultural trends is not sufficient for the effective leadership and management of human capital in a multicultural organisation. It is necessary to apply this knowledge in practice by different models of management and methods of motivating people to achieve optimum efficiency in the work process. Based on this, conclusions and recommendations are formulated to increase the effectiveness of management in a multicultural environment.

JEL: L22; M14; M54

Modern management is based on the successful translation of management skills, values and practices through corporate communications and interaction at a global level. Thus culture is perceived as a quality resource of the organisation to intensify the economic and management efficiency and the harmonisation of cultural diversity as a key prerequisite to the achievement of the organisational goals.

Intensive market penetration in all sectors of economy, *globalisation* and the development of means of information communication make large corporate structures and transnational companies face the challenge of change, relating *not just* to new user requirements, shorter life cycle of products, technological innovations, political and economic instability, but also to *optimal intercultural interaction*, intercultural sensitivity and competence. The driving forces of these transformational changes are information and communication technologies. The new opportunities for the creation and provision of information are changing the way of life, work and thinking. The requirements are increased at every level, from the individual through the team to the global level. The unprecedented number of bankruptcies and corporate mergers in the last few years reveal a negative trend in modern business. It is characterised by the inability of a number of organisations, in various sectors of global economy, to adapt to the *dynamic*

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<sup>1</sup> The basis for the study is Geert Hofstede's theory and his four dimensional (4-D) model for the measurement and comparison of the national cultures, to which he subsequently added a fifth dimension (discovered by Michael Bond - Confucian Dynamism). Hofstede proposes a theoretical framework, which highlights the relation of the values to the national cultural differences (see Hofstede, 2001).

*changes in the environment*. This requires a re-assessment of management systems that have been considered incontestable hitherto and the generation of new reference points and organisational decisions.

No doubt, nowadays risk and uncertainty predominate in both global and national economy. At the level of specific scientific research processes of evolution in the concepts are underway, as well as a change in the attitudes and the general truths, leading to qualitative development of accumulated knowledge.

The need for *comparative studies* of management in different cultures placed new emphasis on the analysis of *intercultural business environment* and its impact on the organisation. The efficient management of human capital today is impossible without considering the diversity of cultural differences that are implicitly presented upon the performance of the managerial functions. The motivation of individuals, interactions and relationships in the organisational structures of a new type turn into important determinants of success. In the social and organisational practice, the usual transfer from one country to another of proven effective management tools and technologies very often results in a complete failure, unless we consider the regional organisational culture, national specificities and the specificity of motivation; the different decision-making processes; the attitude of individuals to the work, assuming roles, status and levels in the organisation. The main problems that arise in organisations with different cultural discourse are related to overcoming the *ethnocentrism* (an attitude and a tendency to assess a given culture only on the basis and standards of the own culture) and *the reactions* from culture shock.

The main objective of the study is to set up a system of management procedures and approaches, depending on the cultural influence of the respective countries, identifying the trends, stereotypes, cultural specificities and their impact on the values in the work process.

### **The model of Geert Hofstede of diverging national cultures - opportunities and challenges**

In the age of the information (digital) knowledge-based economy of the 21<sup>st</sup> century, businesses face a new phenomenon - globalisation, which presents many opportunities but also significant challenges. The success and competitiveness of organisations in the globalisation age depend entirely on the capability to accept cultural differences and to take advantage of the available *opportunities*, such as:

- increased adaptability - a large variety of decisions, related to servicing consumers and outsourcing; staff with different cultural values having individual talent and unique ideas that enrich the organisation and increase its adaptability and resilience to the changes in the market conditions;
- diversification of the portfolio of services offered - the diversity of specific capacity and experience, knowledge of language and culture, provide the organisation the opportunity to serve consumers throughout the world;

- diversity of views and approaches - respect for this diversity enables the organisation to provide efficient business strategies and increase consumer satisfaction;

- new levels of efficiency - the development and implementation of a system of incentives, which make it possible to realise the potential of the individual and increase productivity, the profit and return on investments.

In parallel with the great number of opportunities there are *challenges*, arising from the differences in the national cultural dimensions within a multicultural working environment:

- communication - overcoming conceptual, cultural and linguistic barriers. Inefficient communication leads to confusion, a lack of team work, low morality;

- resistance to change, acceptance and understanding the differences - overcoming the limited stereotypes in terms of time and distance from all that is new and unknown. In the field of globalisation, adaptability and positive attitude to diversity comprise the key to success. This is one of the most serious challenges, faced by each and every organisation. Organisations should develop specific strategies based on cultural stereotypes and trends for optimum efficient use of the cultural differences.

In a study, that is innovative for its time and scale, on the cultural differences and their influence on the values in the working process, Geert Hofstede develops tools to measure the degree of satisfaction of the staff with the performed activities, their attitudes, personal goals and beliefs. On the basis of the obtained results, he indicates values, associated with the national cultures that can be grouped into four main dimensions: power distance, individualism against collectivism, masculinity against femininity, uncertainty avoidance. In 1988, to these four dimensions, Hofstede and Bond added a fifth dimension - long-term against short-term orientation. Each dimension, the differences between which are embedded in the national cultural values, shall be assessed on a scale from 1 to 100 (see Table 1).

- Power distance (high or low) - it is related to the decisions of the basic problem of inequality between people;

- Uncertainty avoidance (strong or weak) - evaluation of the stress level in society, faced with unknown future;

- Individualism against collectivism - measuring the level of integration of individuals into main groups,

- Masculinity against Femininity - the focus is on the allocation of emotional gender roles;

- Long-term against short-term orientation - the ability of people and businesses to optimise their choice, learning not only from past experience, but also from the use of modern information to predict the future (see Hofstede, 2013, p. 391).

Table 1

Cultural dimensions reference values

Dimensions	Low	High
<i>PDI: Distance to power</i> - the tolerance level of the weaker members of society to the uneven distribution of power	<ul style="list-style-type: none"> <li>•weak dependence</li> <li>•the inequality is minimised</li> <li>•the hierarchy is largely for convenience</li> <li>•the supervisors and team managers are available</li> <li>•all must enjoy equal opportunities</li> <li>•the change is made through evolution</li> </ul>	<ul style="list-style-type: none"> <li>•strong dependence</li> <li>•the inequality is accepted</li> <li>•the hierarchy is a necessity</li> <li>•the supervisors and team managers are unreachable</li> <li>•privileges have those involved in power</li> <li>•the change is made through revolution</li> </ul>
<i>IDV: Individualism</i> - people only think of themselves and the closest family; <i>Collectivism</i> - people belong to groups (families, clans, organisations), who take care of their interests in return for loyalty	<ul style="list-style-type: none"> <li>• We-consciousness</li> <li>•relations have priority over tasks</li> <li>•meet his/her obligations to family, group, society</li> <li>•punishment is shameful</li> </ul>	<ul style="list-style-type: none"> <li>• I-consciousness</li> <li>•Formation of personal views</li> <li>•fulfils the obligations mainly to himself/herself</li> <li>•the punishment is a loss of self-esteem and guilt</li> </ul>
<i>MAS: Masculinity</i> - the fundamental values are the achievements and success; <i>Femininity</i> - the fundamental values in society are caring for others and quality of life	<ul style="list-style-type: none"> <li>•quality of life</li> <li>•to serve the others</li> <li>•aspiration to consensus</li> <li>•I work to live</li> <li>•the small and slow are beautiful</li> <li>•sympathy for disadvantaged</li> <li>•intuition</li> </ul>	<ul style="list-style-type: none"> <li>•ambition to show off</li> <li>•need for success</li> <li>•trend towards polarisation</li> <li>•I live to work</li> <li>•the big and fast are beautiful</li> <li>•admiration to the successful;</li> <li>•determination</li> </ul>
<i>UAI: Avoiding uncertainty</i> - the level of a sense of threat of uncertainty and ambiguity and seeking to avoid such situations	<ul style="list-style-type: none"> <li>• a calm, low level of stress</li> <li>• intensive work is not a core virtue</li> <li>• emotions are not manifested</li> <li>• conflicts and competition are something normal</li> <li>• accepting the opposition</li> <li>• flexibility</li> <li>• low need of rules</li> </ul>	<ul style="list-style-type: none"> <li>•agitation, greater level of stress</li> <li>•internal need to work hard</li> <li>•the manifestation of emotions is accepted</li> <li>•conflicts threaten</li> <li>•a need for mutual consent</li> <li>•failures are avoided</li> <li>•need for laws and regulations</li> </ul>
<i>LTO: A long-term orientation</i> - the extent to which society is a pragmatic forward-looking instead of looking into the past and present	<ul style="list-style-type: none"> <li>•absolute truth</li> <li>•conventional/traditional</li> <li>•concerns for sustainability</li> <li>•short-term results are expected</li> </ul>	<ul style="list-style-type: none"> <li>•many truths</li> <li>•a pragmatic approach</li> <li>•acceptance of the change</li> <li>•determination</li> </ul>

### Analysis of the cultural dimensions by countries

The subject of examination in this paper includes the USA, India, China and Bulgaria. Table 2 shows the values of the indicators on a scale of 1 to 100 in the five dimensions.

Table 2

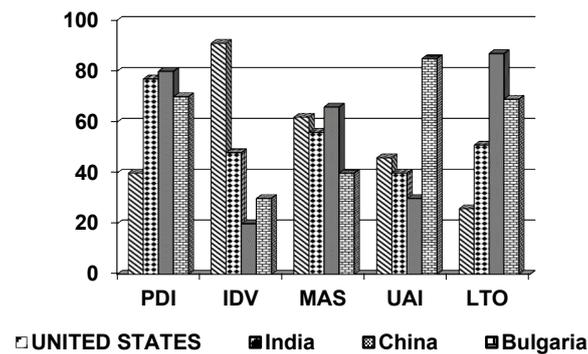
Values of the indicators for the United States, China, India and Bulgaria according to the dimensions of Hofstede

Country	PDI	IDV	MAS	UAI	LTO
USA	40	91	62	46	26
India	77	48	56	40	51
China	80	20	66	30	87
Bulgaria	70	30	40	85	69

Source. <http://geert-hofstede.com/bulgaria.html>

Figure 1 graphically presents the values for individual categories of the indicators for the United States, China, India and Bulgaria.

Figure 1  
A graphical representation of the indicators



*Evaluation of the results for Bulgaria*

- **PDI:** The high indicator (70) of Bulgaria on this dimension reveals that staff prefer *hierarchical* to matrix organisational structures. The difference in the opinions is neither accepted nor tolerated. To contradict the immediate superior is a senseless endeavour. Management is not prone to *management via the participation* of the employees. Matrix structures are very undesirable and hierarchy in the organisation is the product of the inherent inequality. Centralisation as an organisational structure is characteristic of Bulgarians and employees of the lower levels expect from those who are higher in the hierarchy to instruct them authoritatively what to do;

- **IDV:** the low indicator (30) indicates an aptitude to collectivism. This tendency lies in long-term commitment to the group. *Loyalty* is at the heart of collectivism and prevails over the generally accepted rules and standards. Society forms relationships, in which everybody is responsible for the others in the group. In the societies, in which collectivism is dominant, the relations between an employer and an employee are considered from a moral point of view, as family relations. Decisions on recruitment and promotion are influenced by the group;

- **MAS:** The relatively low result of the masculinity indicator (40) shows that the predominant values in society are care for the others and the quality of life; success is measured by the achieved results and any attempt to stand out from the rest is not respected and is considered as degrading behaviour. Managers endeavour to find consensus. People appreciate equality, solidarity and the quality of the working environment. Conflicts are settled by compromises and negotiations. Encouraging rewards are preferred, such as free time and flexible working time. The focus is on well-being;

- *UAI*: Bulgaria has the highest result compared to the US, India and China (85). Uncertainty avoidance identifies strict understanding with respect to faith and standards of behaviour and low tolerance to unorthodox conduct and ideas. There is an emotional need of rules, even when they do not work; people have an internal need to be occupied and engaged; precision, accuracy and resistance to innovations are significant. *Security* is an essential element for internal motivation. In the work process the high values of this indicator are expressed in tension; high levels of stress; weak initiative; avoidance of unknown risks; reluctance to team work; negative attitude to change; ignoring training that does not contain any straightforward formulas (such as strategy, leadership and team work training courses).

- *LTO*: the result demonstrates a pragmatic focus. People believe that the truth depends to a large extent on the situation, context and time; aptitude to save and invest, perseverance and determination to achieve the set goal.

#### *Analysis of the results for the USA*

- The relatively low result of the indicator power distance (*PDI*: 40) and one of the highest results in the world of the individuality indicator (*IDV*: 91) reveal the following cultural specificities and values, typical for the Americans:

- equal rights for all in organizations;
- hierarchy is conditional, superiors are accessible (frequent exchanges of information, communication is informal and direct);
- the management complies with the expertise of the individual employees and of the team;
- people care for themselves and do not rely too much on the support from power;
- high rate of geographical mobility, easily adaptive, although it is difficult for men to establish deeper friendships;
- Americans are accustomed to make business or communicate with people, whom they do not know very well; they are not timid and are expected to show initiative and be self-reliant in order to obtain the necessary information;
- Recruitment and promotion are made on the basis of personal achievements.

- *MAS*: The high result of this indicator (62) in combination with the high level of *IDV* determine the behavioural style that is typical of Americans:

- the behaviour at school, at work, in the games is based on the shared value that "the winner takes it all" and on the ambition to be the best. As a result, Americans speak out about their successes and achievements in life. A strong motivator is not success itself, but the ability to demonstrate status;
- the evaluation system in the work process is based on precise indicators;
- the perception that things can always be done in a better way entails the dynamism in society;
- the Americans live to work, to receive higher remuneration, to be able to obtain the symbols of success -an expensive brand car, a house in an elite suburb, etc.;
- a conflict situation stimulates the American to disclose his/her potential.

- *UAI*: The result below the average level shows that there is a relative tolerance towards new ideas, innovation and a desire to try out something new. They are tolerant to the ideas and opinions of others and the freedom of speech. Americans do not feel the need of rules and norms and are less emotionally expressive as compared to Bulgarians, who have 85 points in this field.

- *LTO*: a low result for this indicator (26) shows that Americans are oriented towards traditions. This is also evidenced by the increased percentage of people, who go to church in comparison with the beginning of the twentieth century. They have strong convictions in respect of what is “good” and what is “evil”. US business organisations measure their performance results for short periods through profit and loss accounts on a quarterly basis. This stimulates individuals to strive to achieve quick results in the work process.

#### *Analysis of the results for India*

- *PDI*: The high result for India on this dimension indicates that they appreciate hierarchy and the vertical structure in society and organisations. They expect the management to guide them; accept inequality in rights based on the distribution of power, patriarchal leadership exists. The management is a source of rewards in return for employee loyalty. Power is centralised and superiors rely on the subordination of the team. Formal relationships between an employee and a manager. Communication runs in the direction from the top to the bottom, and feedback in most cases is missing.

- *IDV*: with an average result of 48, society is a combination of collective and individual characteristics. The collective characteristics are related to preferences to belong to a greater social community, according to which individuals are expected to act in the name of the “good” of the group. In such situations, the actions of the individual are influenced by the opinion of the family, colleagues and other social groups, to which the individual belongs. The employee – employer relations depend on the expectations of loyalty on the part of the employee and of family protectionism on the part of the employer. Recruitment and promotions are based on relationships, which are at the base of collective society. The individual features in Indian culture are influenced by the dominant religion/philosophy of Hinduism. Hindus believe in rebirth, which is completely dependent on how the person lived during his/her lifetime. Therefore, people are personally responsible for the way they live.

- *MAS*: the result above the average level shows that society is with strongly expressed masculine characteristics. The demonstration of power and success - the fashion brand and gloss are the main indicators of success and achievements. This expressed feature in the Indian culture is partly compensated by the fact that India is a spiritual country with many deities and religions and one of the most ancient cultures preaching humility and immateriality.

- *UAI*: The result below the average level indicates trends towards acceptance of imperfections. It is alleged that nothing should be ideal or happen as precisely as planned. India is a country with high tolerance for the unexpected. People do

not feel urged to take the initiative, routine gives them comfort, which they follow without asking questions.

- *LTO*: result 51 shows the tendency to a pragmatic culture, oriented in the long run. The concept of karma dominates both in the diversity of religions and in the various philosophical currents. Time is not of such major importance. The diversity of religions and philosophies can be explained by the justification and accepting the concept of the existence of many truths, which often depend on the person, who seeks them. Usually cultures with a high degree of pragmatism are tolerant of the lack of precision, modifications to the original plan as a result of the changing reality. They are comfortable to discover the right direction in the search process and not to follow a preliminary set plan.

#### *Interpretation of the results for China*

- *PDI*: China has the highest indicator among the four countries. Society believes that inequality between people is acceptable. The relationship employee/superior is highly polarised and there are no safeguards against abuses of power. Individuals are influenced by the formal authority and penalties. People should not have aspirations beyond their rank.

- *IDV*: result 20 shows that the China has extremely collective culture, people act in the interest of the group, even if this contradicts with their own interests. Recruitment and promotion must be determined by the group, the narrower the relations with the group, the more preferential the attitude. The commitment of employees to the organisation is low and it is relatively high in the relations between colleagues. The attitude towards individuals outside the group is detached, even hostile. Personal relations dominate over responsibilities and the organisation.

- *MAS*: China is a society with mainly masculine characteristics - oriented and motivated by success. A core value is to ensure success by working overtime and sacrificing leisure time. Chinese students, for example, are exclusively motivated to achieve high results in the exams, as this is the paramount criterion for success;

- *UAI*: the low result respectively leads to a low level of uncertainty avoidance. Compliance with the rules and standards may be flexible depending on the particular situation. The Chinese feel well in a situation of uncertainty, because Chinese language is full of unclear meanings that are difficult to understand by Western cultures. Flexibility is a key feature in their culture;

- *LTO*: The high result 87 identifies an extremely pragmatic culture. People believe that truth depends largely on the situation, context and time. They have the ability to adapt traditions to modified conditions; they demonstrate a trend to saving and investment; they show perseverance in reaching the final result.

#### **Cultural dimensions and management practices**

Cultural dimensions affect the values in the course of work. Knowledge of the cultural values, stereotypes and cultural trends is not sufficient for the effective leadership and management of human capital in a multicultural organisation. It is necessary to apply this knowledge in practice via different models of management

and methods of motivating people to achieve optimum efficiency in the work process (see Table 3).

Table 3

Main management tools, approaches and models depending on the reference borders of the cultural dimensions

Dimensions	Low	High
Distance to power	<ul style="list-style-type: none"> <li>●flat organisational structure;</li> <li>●management approaches are most effective in team work</li> <li>●efficiency by involving as many people as possible in the decision-making process</li> </ul>	<ul style="list-style-type: none"> <li>●the organisational structure is most effective at centralised power and strong reporting lines</li> <li>●management from the position of power</li> <li>●responses and responsibility are to be found at high organisational levels</li> </ul>
Individualism against Collectivism	<ul style="list-style-type: none"> <li>●harmonious relationships are valued greater than frankness</li> <li>●It is necessary to demonstrate respect for age and wisdom, to respect the traditions</li> <li>●the implementation of changes should be slow in the family, the group, the society</li> <li>●feelings and emotions are suppressed, in order to maintain the harmonious relationships</li> </ul>	<ul style="list-style-type: none"> <li>●the accuracy and personal freedom are highly valued</li> <li>●challenges and rewards for well done work have been a strong motivator</li> <li>●an effective management tool for disclosing the potential is encouraging the discussions and expression of one's own ideas; recognizing the achievements</li> </ul>
Masculinity against Femininity	<ul style="list-style-type: none"> <li>●effective management depends on the equality between men and women</li> <li>●women and men perform equally</li> <li>●the positions and working relations should be organised in such a manner that they are not discriminative against the representatives of either sex</li> </ul>	<ul style="list-style-type: none"> <li>●there is an attitude to split the roles into male and female</li> <li>●management is effective, if the organisational functions are allocated, relying on this attitude</li> <li>●behaviour must adhere to the stereotype: analytical skills and restraint for men, emotionality and expressiveness for women</li> </ul>
Avoiding uncertainty	<ul style="list-style-type: none"> <li>●informal business relationships</li> <li>●attitudes to changes</li> <li>●effective is the management, in which no structures and rules are built, unless it is necessary</li> <li>●emotional self -control, restraint</li> <li>●diversity is appreciated</li> </ul>	<ul style="list-style-type: none"> <li>●effective management is achieved by defining precise and clear parameters of the expectations</li> <li>●planning and preparation as a fundamental part of the toolbox of management</li> <li>●frequent communication and submission in advance of detailed plans</li> <li>●focus on the tactical aspect of the project</li> <li>●emotions are expressed by gestures and increased intonation</li> <li>●structure is something desired and anticipated</li> <li>●formal business relations together with many requirements and procedures</li> </ul>
Long-term against short-term orientation	<ul style="list-style-type: none"> <li>●the successful management strategy recognises the equality of all</li> <li>●stimulates creativity and individualism</li> <li>●mutual respect</li> <li>●adaptability to changes</li> <li>●setting short-term goals</li> </ul>	<ul style="list-style-type: none"> <li>●family and the family type of relationships are the very basis of society</li> <li>●the successful management must be based on the position of traditions and strong moral principles</li> <li>●recognition and reward of loyalty, obduracy and dedication</li> <li>●frivolous conduct and extravagance are not tolerated</li> <li>●observing the standards of behaviour in the group</li> </ul>

The model, examined in the article, of the five cultural dimensions reveals the national cultural differences based on *the value system of individuals as a basis for the formation of their conduct*. The initial assumption in the concept of the identification of the culture as collective programming of the mind is in the dominant values. The values according to their “plus” or “minus” sign motivate the choice of a decision or action. They are the invisible part of culture and therefore a distinction should be made between desirable and desired behaviour. These values are formed in the first ten years of a person’s life under the influence of the social environment and are transformed into unconditional reflexes. They are characterised by sustainability

(programmed in the mind) and it will take a few generations for the changes to take place.

The term “*organisational culture*” is defined as a soft holistic concept, with assumed ‘hard’ consequences. They contain “psychological assets of an organization, which may be used to forecast what will happen to the financial asset after five years” (Hofstede, 2001, p. 23). The shared common relations, models of thinking, behaviour, values, beliefs, norms and customs are usually what binds people together within an organisation. At the same time, however, they are crucial determinants, which differentiate the motivation of the members of one organisation from another. While at national level cultural differences are based on values and to a lesser extent on practices, on organizational level cultural differences are embedded in practices and to a lesser extent in values.

The setting up, *establishment* and maintenance of corporate culture is not one-off, but a continuous process, associated with overcoming barriers of internal and external nature. This is achieved by transmitting models of behaviour, the models adaptation over time and their change under the influence of various factors. This greatly depends on the philosophy (values) of the founders and key leaders of an organisation. This culture is translated to the ordinary members through *common practices*, which form the rules of the game within the organisation. The conclusion to be drawn is that at organisational level the values of the founders - leaders are naturally transformed into practices (rules of the game), which determine the behaviour of the individuals within the organisation.

In the analysis of the intercultural identity of business environment of particular significance is not only the clear distinction between *organisational* and *national culture*, via which values are differentiated, determining national cultural differences, but also between the symbols, the heroes and the rituals as *practices*, forming the organisational diversity (see Figure 2).

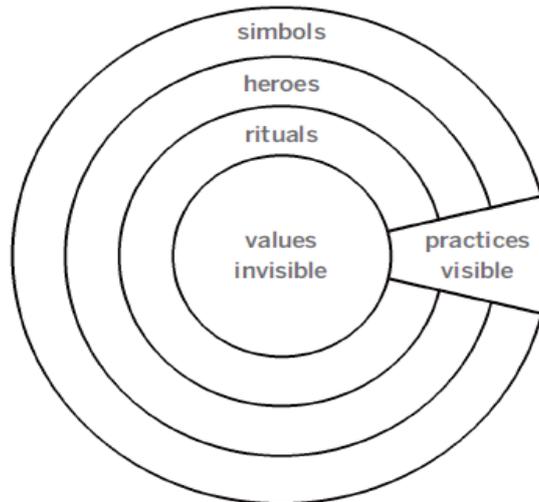
Cultural differences are expressed in several ways. Among the many terms, identifying the manifestations of culture, there are four, which cover the general concept of culture: symbols, heroes, rituals and values. In Figure 2 the symbols form the most superficial layers, the values are the inner (complex) manifestations of culture, and the heroes and rituals have an average degree of complexity and are in the middle.

The symbols are words, gestures, style of dressing and objects of particular significance to the adherents of the same organisational culture. New symbols are easily formed and replace the old ones.

The heroes are persons, real or fictional, who have distinctive features that are highly appreciated in the particular culture, which transforms them into behavioural patterns. Examples are the founders of large companies, media stars etc.

Rituals as collective activities (technically redundant) play a secondary role in achieving the desired objective, but are at the same time socially significant in a given culture. Examples of this are forms of expression of respect, social and religious ceremonies.

Figure 2  
Diagram of the manifestations of the culture  
of different depth levels



Source. Hofstede, 2013, p. 391.

On Figure 2 symbols, heroes and rituals are designated under the general term *practices*. As such, they are visible to the outside observer, but their cultural importance is invisible and is found only in the way, in which these practices are interpreted by the internal group. In this sense culture is a “collective programming of the mind, which distinguishes the members of a group or category of people from another” (Hofstede, 2013, p. 368). The conclusion to be drawn is that culture is a process of establishing models of values, ideas and other symbolically significant systems, which form human behaviour and its immediate result.

Practices in organisational cultures, unlike values in national cultures, are learnt in the working environment and may change very quickly. There are different organisational cultures in one country, as well as many national cultures within an organisation.

National cultures are differentiated on the basis of values, which are sustainable over time and change very slowly, under the pressure of external influences, following their own logic. Effective managers must be able to identify those values and take the cultural differences for granted. The strong and weak features of each national culture should be taken into account by managers, who start projects in other countries or work on a daily basis with teams on different continents. Knowledge of different cultural dimensions and their practical relevance for effective management of people and teams with different cultural values is a tool for increasing the competitiveness of the company by increasing the level of adaptability to the global trend towards globalisation.

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Based on the study of the existing *intercultural differences* at a national and organisational level, the following conclusions and recommendations can be made to increase the efficiency of management in the Bulgarian socio-cultural business environment:

*Firstly*, the effects of high power distance impose the design and setting up of a stricter hierarchical system in the management and the formation of authoritarian leadership style. With this style decisions taken in most cases are emotionally motivated by personal considerations and are not the result of a sound organisational strategy.

*Secondly*, Bulgarian management is located in the collective part of the continuum, but with an external locus of control and increased expectations to the organisation, the state, the inner circle and the friendly relations. This tendency underlies the long-term commitment of individuals to the group. The initiation and introduction of changes in the organisational practice have an evolutionary and not dynamic (revolutionary) nature. The presence of strong motivation for personal fulfilment and demonstration of initiative is not bound with bearing personal responsibility.

*Thirdly*, Bulgarian management is more oriented towards the feminine (rather than the masculine) culture with a particular focus on gender relations. It is not only more tolerant and liberal, but also creates incentives for group integration and building of team cooperation, particularly when that interpersonal phenomenon is managed adequately and in a balanced manner within the organisation.

*Fourthly*, the effects of strong uncertainty avoidance are translated into formal business relations, combined with systems of many static rules and bureaucratic procedures. Individuals at Bulgarian organisations are programmed to feel that everything that is different is dangerous; they have resistance to change; they are pessimistic about the possibility to influence the decisions made by the power structure. The development of detailed plans and risk aversion form a fundamental part of the management toolbox. A focus is placed on *strategic planning (deployment of predefined strategic objectives over time)* and *improvisation* is perceived as *erratic action* in unlimited environment, caused by the situation rather than as *free and targeted action within the corporate strategy* (Kamenov, Hadjiev, Marinova, 2005, p. 125). This in practice limits the organisational potential and does not allow Bulgarian management to implement strategic dividends in an environment with a high degree of uncertainty by considering and assessing the change over time and its favourable effects.

*Fifthly*, based on the values of Confucian dynamism, Bulgarian culture is *pragmatically-oriented* or it has a *moderate long-term* orientation. Effects on business are expressed in the aptitude to save and invest free financial resources. Management behaviour is characterised by perseverance and rigour in the process of implementing the planned objectives, zero tolerance to contradictions, seeking the absolute truth and stability, along with dominance of the need to obtain coordinated information (Genov, 2004, p. 208).

When speaking about reforms and business development in Bulgaria we often repeat ourselves by referring to the same problems, decisions and ultimately results. For one reason or another, a large part of business organisations in Bulgaria find themselves in a state of 'fictitious' existence, after which they face the problems of Bulgarian economic daily life. Some of them are hard pressed by the conditions of market environment and the inability to cope with its challenges. Others still operate only to cover the "subsistence" costs of their owners. Of course, some achieve results and sustainable development in their own area of activity, successfully overcoming the difficulties of the fast-changing business environment.

No doubt, in modern global and national economy risk and uncertainty are predominant. At the level of specific scientific research processes of evolution of concepts, changing mindsets and general truths are underway, leading to qualitative development of accumulated knowledge. These concepts evolve over time as a response to the development of production and to the shortcomings of the existing theories.

The comparative analysis of the values and research of cultural differences in the organisational behaviour identify the need of positive changes in the theory and practice of Bulgarian socio-cultural environment not only in terms of the main functions of the management (planning, organising, motivating and controlling) but also in the process of shaping and implementing adequate business strategies and tactics. Effectiveness in a multicultural environment is determined by the application of *equivalent management toolbox* to minimise the various deviations, bias or direct transmission of certain theoretical structures. For that reason, however, assessment is needed of the various effects from the interaction of cultures upon the design and implementation of the team structures, methods of information assimilation, new dimensions of leadership and communication.

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