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**TANYA CHAVDAROVA**

**THE SMALL ENTREPRENEUR:  
CULTURE AND ECONOMIC ACTION**

*(THE CASE OF SOFIA AND SKOPJE)*

**Introduction**

This paper is concerned with cultural differences and how they affect the process of doing business by a specific economic agent: the sole proprietor who operates in the capital cities of Bulgaria and Macedonia.

The analysis is based on the empirical results of surveys that are representative of the sole proprietors in Sofia and Skopje. The *sole proprietor* is defined here as a physical owner and is represented by the social category *self-employed* or *employer of few wage or non-paid family workers*; i.e. the legal term *sole proprietor* corresponds to the social term *small entrepreneur*<sup>1</sup>. *The legal term is preferred for the purposes of the cross-national empirical survey because the sole proprietor exists as a category in the Trade Law of both countries and has the same social definition. It is covered by the national statistics and this fact has permitted us to draw consistent samples in Sofia and Skopje.*

There are two comparative lines in this research. The first one concerns the cross-national survey, which was carried out in Sofia and Skopje in February 2002.<sup>2</sup> The second perspective compares Bulgarian data from two represen-

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1 Here the term *entrepreneur* is used as synonymous to *businessman* and not in the specific Schumpeterian sense of *humanes Wagniskapital*.

2 The quota sample consists of 206 firms in Sofia and 113 firms in Skopje. The method of the standardized interview was applied. The fieldwork was carried out in the period February – May 2002. This survey was funded as part of the common project of the departments of Sociology at Sofia and Skopje Universities, *Innovative Sociology (South-East European Societies in Transformation)*, which received a grant from the Soros Foundation (HESP – Budapest University). I greatly acknowledge this financial support. I am also obliged to Assoc. Prof. Mileva Gurovska from the Institute of Sociology, Skopje University “Sts. Cyril and Methodius” for her cooperation. The doctoral student I. Voinov and the students N. Aleksieva, V. Chernaeva, C. Christov, M. Christova, V. Dissanska, M. Goneva, M. Goranova, M. Panayotova, M. Samuilova, S. Sharkova, and I. Tatchev took part in the survey and I am grateful for their help and enthusiasm.

tative survey samples: the above mentioned one and the nationwide survey from August 2001 by Y. Genov and S. Karabeliova (2001a, 2001b)<sup>3</sup>.

The Bulgarian-Macedonian survey was designed by applying two theoretical and methodological schemes: the one belongs to G. Hofstede (1984) and the other to F. Trompenaars and C. Hampden-Turner (1998/1993). The same designs were used in the August 2001 survey of Genov and Karabeliova, which has made the comparison possible. In 2000, another survey was conducted in Bulgaria with highly qualified top managers. It also used Trompenaars & Hampden-Turner's methodology (see Ivanov et al., 2001) and is used for comparative purposes.

## I. Theoretical and methodological premises

### The approach towards culture

Culture is a collection of more or less shared characteristics possessed by people who have been conditioned by similar socialization practices, educational procedures, and life experiences. Thus, one can speak of the culture of a family, a tribe, a region, a national minority, a specific organization or a nation. In each society, the social identification of the people with those various groups differs. *Researchers have to cope with the heterogeneity of the group identifications/distances and to find out the group with which the individuals from a particular national culture most strongly identify.* Culture is the shared ways of understanding and interpreting the world by the specific groups. Culture is also the way in which a group of people solves problems and reconciles dilemmas. The shared culture underlies the common expectations in the group and this fact is the *sine qua non* for meaningful interaction in business and management (Ibid.).

In elaborating the concept of culture in relation to the economic institutions' functioning, the definition of institution that is proposed by M. Douglas (1986) is taken as a starting point. She distinguishes between two levels that constitute the institution. The first one embraces the conventions or rules that establish the structure of order. People are not deeply bound to them, which demands a considerable control over their observance. Norms and value attitudes to the right course of action and behavior that are deeply rooted in the national cosmology constitute the second level. They attach to action a feeling of mutuality and importance; they are rooted in tradition and are suggested

3 I would like to express my gratitude to S. Karabeliova and Y. Genov for their kind permission to use the data set from their survey. Here the data are presented only for illustrative purposes without being analyzed except for the leading dimension of individualism-collectivism.

to the new members. Conventions and rules embody not just the formal level of each institution, but could be defined more abstractly as the formal institution itself. Respectively, the norms and values that govern economic action represent the essence of culture as an informal institution.

There are different *layers* of culture. Explicit culture, or the outer layer, is the observable reality of different products and artifacts, e.g. markets, fashions, language, food, etc, which symbolize the deeper layers. The middle layer consists of norms and values that give the group some implicit basic assumptions. Norms are the group's mutual sense of what is "right" and "wrong," so they answer the question of "How should I behave normally?" Values determine the definition of "good and bad" and therefore show how one desires to behave. The core of culture, or its deepest layer, reflects our system of basic assumptions about life, which go unquestioned. This is the reality of the group's shared meaning; of what we take for granted. The different layers are complementary. The empirical part of this research *focuses primarily on studying the cultural norms and values*, i.e. the middle layer of culture, and how they affect the economic activities of the small businessperson. Some basic assumptions about life are also considered.

Culture also exists on different *levels*. At the highest level is the culture of a *national* or *regional* society. The way in which norms and values are expressed within a specific organization is described as a *corporate* or *organizational* culture. People with similar occupations will tend to develop a *professional* culture. The basic characteristics of each economic action, e.g. the specific ways of planning, investing, saving, risk-taking, decision-making, etc., constitute an *economic* culture. Some of them are closely linked to *entrepreneurial* culture. The goal of this research is not to study the specific economic (entrepreneurial) culture of the small businesspersons or their organizational culture. Rather, the *focus is on how the national culture is perceived (learned) by specific economic agents and how they embrace it in their activity*.

### **Two models of studying culture: Hofstede and Trompenaars & Hampden-Turner**

The theoretical models and the empirical instruments of Hofstede and Trompenaars & Hampden-Turner, which have been applied in the empirical survey,<sup>4</sup> were designed for studying national cultures. When sorting out cultural dimensions in their theoretical models, both authors take Parsons and

4 Hofstede's original research instrument was applied in the February 2002 survey after a minor linguistic adaptation. Not all empirical indicators of Trompenaars and Hampden-Turner were applied because of the limited scope of each questionnaire.

Shils' "pattern variables" (1951: 77) as a starting point (Hofstede, 1984: 152; Trompenaars & Hampden-Turner, 1998: 8-9).

Beginning in 1966 and until 1970, Hofstede undertook an enormous research project involving the IBM multinational corporation. In the course of this project some 116,000 questionnaires were completed by IBM employees on all levels, located in 50 developed and less developed nations.<sup>5</sup> Using these data, Hofstede was able to distinguish between four "dimensions" of culture: *power distance (PDI)*, *uncertainty avoidance (UAI)*, *individualism vs. collectivism (IDV)*, and *masculinity vs. femininity (MAS)*.

According to Trompenaars & Hampden-Turner, there are five cultural dimensions, which arise from our relationships with other people: *universalism vs. particularism*, *individualism vs. communitarism*, *neutral vs. emotional*, *specific vs. diffuse culture*, and *achievement vs. ascription*. The authors supplement these with the ones that result from the passage of time (*sequential vs. synchronous time*) and the ones that relate to the environment (*internal vs. external locus of control*). Trompenaars & Hampden-Turner's model of culture results from 15 years of research with a database of 30,000 respondents. Approximately 75% of them belong to management, while the remaining 25% are general administrative staff (Trompenaars & Hampden-Turner, 1998: 1-2).

Besides the variety in cultural dimensions<sup>6</sup>, there are some additional important points of difference in the two models. The first one concerns the questionnaire design. Hofstede has designed his survey for respondents who have different positions in the social stratification system (from unskilled workers to top managers), whereas Trompenaars & Hampden-Turner's questionnaire is aimed at studying the top management. There are differences in the way the questions are asked, too. The former questionnaire looks for each respondent's degree of agreement with different statements, while the latter one presents the respondents with specific situations and they are asked about the right thing to do in their opinion.

The second and much more important difference is related to the way these models consider the two extremes of cultural dimensions (one *vs.* another). The extremes are inevitable insofar as cultural norms and values reflect our perceptions of "right and wrong" and "good and bad" respectively. Hofstede's model perceives cultures as static points on a dual axis where one cultural category excludes its opposite. This approach does not leave any room for

5 The principal difference among these respondents was culture; otherwise, all of them were similar because they were matched on other characteristics such as age, sex, and job category, and all worked for the IBM corporation, which was identified in the research project only by the pseudonym HERMES.

6 Their conceptualization follows in the subsequent parts.

meaningful interpretations of the middle positions on the axis unless they are subjected to comparisons. Trompenaars & Hampden-Turner provide a more appropriate and relevant perspective. They believe that “cultures are circles with preferred arcs joined together. (ibid: 1998: 27).

It is highly problematic whether culture can always be comparatively described via a linear dichotomic approach. A serious critique in this respect has originated from the results of a comparative study of the institutional cultures of Germany, Bulgaria and Taiwan done in 1996-1998.<sup>7</sup> One of the most influential schemes of cultural comparisons proposed by Münch (1993) has been applied in this research project. By following the Weberian/Parsonian tradition, Münch describes the cultures of the USA, England, France, and Germany through a scheme that focuses on: (1) individualism vs. collectivism; (2) activism vs. passiveness; (3) equality vs. inequality; (4) rationality vs. “irrationality”.

This scheme of dichotomies was also critically discussed from the methodological point of view: whether non-Western indigenous cultures can be characterized by dimensions that are “invented” to study the Western social reality. In the scientific community various critical statements under the heading of „indigenization” have addressed this problem of Western-biased concepts in cultural comparisons. “Indigenization” is, on the one hand, used as a recipe that implies a recognition of sociology as a Western enterprise. On the other hand, it expresses the indignation of non-Western social scientists expressed by rejecting Western concepts (See Daheim, Chang, and Chavdarova, 2001 for details).

A conclusion suggests itself: it is of utmost importance not to put values on a linear continuum but to explore how opposite values are integrated and reconciled; in what kind of groups people are more inclined to follow one kind of norms rather than another one and vice versa. The assumption here is that people do not embrace the same values to the same extent in all types of collectivity they are participating. It might be that the same people are, for instance, collectivists as related to the family but may become individualists in other social encounters. Hence, *the first analytical step should be to identify which “community” Bulgarians and Macedonians choose (or have historically chosen) to identify with.* Neglecting this question would distort the interpretation of any data and would prevent us from seeing how opposite norms could be reconciled in everyday life. The issue of national self-identification with specific groups is very closely related, in particular, to studying individualis-

7 A nationwide survey on *Institutional Culture in Bulgaria* was carried out in May 1998, which was representative of adult Bulgarians. (see Chavdarova and Kabakchieva, 1998).

tic and collectivistic attitudes. It is no accident that each theoretical scheme of culture begins with this dimension – it is the only dimension the three schemes presented here have in common.

## **II. Bulgarian self-identification: historical overview and present evidence**

Individuals are either self- or community-oriented but if we stay with the general statements about “community” or “group” we would not be able to understand the actual orientations in society. We have to cope with the heterogeneity of these concepts and to find out the group with which the individuals from a particular national culture most strongly identify. The answer to this question could only be derived from a historical analysis. Insofar as Bulgaria and Macedonia share common past trajectories, the conclusions from such an analysis should be relevant for both countries.

There is widespread agreement among scholars that collectivism is a legacy of the Bulgarian past. Historically, Bulgarian and Macedonian societies were established as familistic societies. Here I can only briefly outline some historical circumstances, which have influenced the shaping of a specific collectivistic culture in Bulgaria.<sup>8</sup> One of the most important factors in this respect is the Eastern Orthodox religious denomination, for which “brotherhood” is a central concept and supreme value (Nelson, 1969). It appears that this religious culture can be characterized as “egalitarian authoritarianism”, i.e. reciprocal impersonal interchangeability of each and everyone in a pre-set hierarchical context. Hence the idea of individual diversity and the principle of competition as well as the universalistic principle that people have equal rights and duties are alien to this tradition.<sup>9</sup>

While being part of the Ottoman Empire, Bulgarian society was of a traditional peasant non-market type, characterized above all with insecurity. The *zadruga*, or kin commune, was a typical unit of Slavonic tribes. It was distinct by virtue of involving collective ownership, collective property disposal, collective work and consumption, and collective responsibility for all its members. Collectivism, solidarity, and economic uniformity were its basic features. “Non-maximizing” patterns of action and non-individualistic rationality were enforced through socially institutionalized “norms of reciprocity” and social sanctions. Communal interdependence defined collective action as governed by the values of social and economic sameness.<sup>10</sup>

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8 Elsewhere I went deeper into the historical evidence. (Chavdarova, 2000).

9 For a more detailed analysis, see Daheim, Chang, and Chavdarova (2001).

10 Here the concept of *sameness* replaces that of *equality*. Equality in the Western perspective

After the Liberation, as a result of the Russian-Turkish war of 1878 and the establishment of the state, economic development was stimulated in inherently contradictory directions. On the one hand, the emphatic renunciation of traditional values was accompanied by the detachment of the nuclear family as an economic community from the extended family. The moral decay of the patriarchal ethos, which stemmed from the economic boom, was defined by I. Hadzhiiski (1974: 417-419) as a transformation of the survival strategy into one of prosperity. On the other hand, he argues, the interruption of the smooth development of the market disturbed the process of early capital accumulation. In the context of economic backwardness and poverty of the country as a whole, private capital could rely only on state capital (Gerschenkron, 1965); it was formed from state capital and expected (and was given) its goals by the state (Avramov, 1998). Thus, at the very beginning of capitalist development in Bulgaria, the state was able to gain a strategic re-distributive position in the economy. Conditions were created for owners' (mainly landlords') dependence on the ruling political class, which gradually crystallized into a patron-client relationship. The new economic ethics of prosperity allowed, tolerated, and even required informal ties with political figures.

When the market is imperfect, the entrepreneur must be able to offset against its shortcomings, remedy its deficiencies, and establish connections among the different markets. Thus, the entrepreneur is defined by his/her ability to reduce risks caused by the market's imperfections in order to lower the costs of negotiating a contract and ensure its execution (Leibenstein, 1968: 72-83). In Bulgaria, this imposed the development of an outlook different from that of Western rationality (Münch, 1993); an outlook presupposing that actors should decline to enter into impersonal economic transactions. The result was the emergence of specific, community-like economic groupings, in which social proximity and common cultural identity were used as social capital for building norms of cooperation, trust, and loyalty. Information about potential trade partners' identity was exchanged within that context. Thus, the kin-based networks were gradually enriched and complemented with friendship, neighbor-, and colleague-based networks.

It is the market that generates the differentiation between the public and the private and thus spawns individualism. The market's emancipation presupposes that the public and the private are two autonomous spaces, which are nevertheless "owned" by the person to the same extent (Bahrtdt, 1974: 63-66). In post-Liberation Bulgaria, the market's subordination to politics gave birth

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is related to the way of treating differentiated individuals. The concept of *sameness* reflects more adequately the historical situation, in which the primary definition of the individual is that he/she is a community member.

to another type of integrity and social behavior. Instead of equal treatment of all economic actors in the market, protectionism and informal power relations dominated. This was an important reason why the domain of formal relations was hostile to the individual. A public economic role could be “owned” only after it had already interacted with informal networks. The domination of informality in turn determined the weakness of the official sector. These were two realities and the individual was totally included (“owned”) in the first one but had only a token role in the second one. What was not conceivable for the Western mind (the mixture of the public and the private), was quite natural for Bulgarians. For them the public and the formal became “foreign,” and the only way for them to be “owned” by the people was through the private, the informal. Individualism and utilitarianism became an important feature of economic activity, but these two were associated with traditional network behavior rather than with formal institutionalized activity.

During socialism, economic man’s social integrity came from preserving the norms of representation. Legitimate institutional behavior was a “token”, a “symbolic” one (Bahrtdt, 1974: 79-83). The leading feature of this token behavior was evasion and *outwitting the formal institutions* as a prosperity strategy. Such behavior legitimized the informal network of human relations as the vehicle and the real regulator of social life. *The market of personal connections* was further developed: personal ties were exchanged and accumulated as capital yielding profit. Thus, the informal network became more strongly commercialized in comparison with previous periods.

During the years of post-socialist transformation, as in the first capitalist period, the main source of raising private capital is again the state. This specific reproduction of historical circumstances brings about a reproduction of old cultural codes of economic relations. *Clan* relations reappear and infest private business at its birth (Stark, 1990). The research studies carried out in Bulgaria clearly show that the production funds for starting-up small business are overwhelmingly raised with the financial support of the family and relatives (AEAP, 1993-2002; IME, 1996-2002; SSIG, 1996) and informal networks are heavily involved in its expansion (Chavdarova, 1996).

From this perspective, Bulgarian and Macedonian societies can be considered familistic societies where the most important group individuals identify with is the family. A discrepancy between institutional structure and institutional culture (formal and informal institutions) has been historically generated. It seems that Bulgaria today exhibits a special version of “cultural lag” (Ogburn, 1966), a discrepancy between the rules, which are embodied in the official institutions, and the values that make up the traditional economic culture. The discrepancy might be interpreted in terms of the formal vs. the informal.

The informal groups (and first of all the family) are the ones that give the individuals a sense of belonging. They mediate both among individuals as well as between them and the formal institutions and are thus able to compensate for the trust deficiencies. *The hypothesis*, which can be drawn from this line of thinking, is that *Bulgarians and Macedonians identify most strongly with their families and other informal primary groups.*

The research done in Bulgaria after the political turnover in 1989 confirms this suggestion. Topalova (1996) provides strong evidence in favour of the familistic self-identification of Bulgarians. She carried out a comparative analysis of data obtained from national representative studies in 1990, 1991 and 1993 with the subject matter being social identification and social distances. The applied method is based upon the perception of the “we-they” opposition. Some of the results exposed in Table 1 clearly indicate that mainly the members of the primary groups have been assigned to the group of “we”: friends and relatives, work-mates, neighbours. The remaining categories, assigned to “we”, which also give the basic profile of the Bulgarian population’s self-identification with regard to other dimensions of the social structure, are: workers and agricultural workers, non-party members, poor, non-religious. The negative section of the dimension “they” is much larger. The strongest social distance is seen as a distance from the rich and from the representatives of the different structures of power: director, military man, TV journalist, members of Parliament (ibid: 57-61).

There is no comparative data for Macedonia, to the best of my knowledge. Some research work shows that the violent disintegration of former Yugoslavia is very closely related to the rise of nationalism. A survey, representative Yugoslavia in 1993, suggests in particular that the dominant value orientation, completely accepted by over half of the Yugoslav people, is “traditionalism” (Lasic et al., 1995: 198). In its social identity dimension, traditionalism is described through *organicism*: the belief that “the past of our people should be sacred to us all” and “a nation which does not cherish its tradition deserves to perish” (Ibid: 193). In Macedonia, due to the war experience there, the value of the nation as a group of primary identification might have increased as well.

In the years of reinstated capitalism after 1990, SBs (small businesses) in Bulgaria and Macedonia are operating on local and not on world markets. They embrace a combination of reciprocity and market exchange principles: the market principle governs but is underlain by reciprocal networks. In fact, reciprocal networks organize markets. Using traditional technology, family firms operated without any support from the state; they developed a commercial code and transaction tools on their own.

When comparing various phenomena, similarity and difference are the two sides of the same coin; one presupposes the other. Nevertheless, research designs usually favor either the search for similarities or the quest for differences. In this survey, the strategy was to look for differences, yet retaining awareness of the historical similarities between Bulgaria and Macedonia. The difference assumption is at the center of the next hypotheses.

The hypothesis concerning small entrepreneurs in Sofia and Skopje: *The cultural differences of these economic agents in the two capital cities are to be explained primarily via the different socio-economic context, in which economic activity is being carried out at present.*

The hypothesis concerning the small entrepreneurs' sub-culture in the light of Bulgarian national culture: *There is an inconclusive tendency towards specific entrepreneurial sub-culture's differentiation from the national one, which is exemplified in the shift towards more individualistic orientations.*

The underlying assumption of the two hypotheses pertains to the ways culture changes. It was already discussed that a group's basic assumptions become absolute, as they are ceaselessly repeated ways of solving problems. One culture can be distinguished from another by the specific solutions it offers to typical problems. Solutions depend on what meaning people ascribe to life, to their fellows, to nature, etc. When people recognize that certain old ways of solving everyday life problems do not work any more, they change their basic assumptions and the underlying norms and values. This is how changes in culture occur (Trompenaars & Hampden-Turner, 1998: 21-23). Normally, in a situation of incremental social development, *value change precedes behavior change*. Yet, under a rapid and drastic societal change, as the one in Bulgaria and Macedonia, two opposite forces are acting. On the one hand, the nostalgic return to and re-confirmation of well-established values is an obvious way to cope with the anomic social landscape. On the other hand, there is a constant need to respond to the encounter with unfamiliar situations by *first changing one's behavior*, which is one of the most effective ways of changing individuals' cultural values. The "push" of the market forces seems to be more relevant to the newly emerging entrepreneurs rather than to people that have nothing to do with business competition. Hence, it should be expected that *a specific sub-culture of the economic agents would be formed as compared to the national culture*. When Bulgarian and Macedonian entrepreneurs are compared, the expected differences could be explained primarily through the different prevailing economic and social circumstances that influence small entrepreneurs' economic activity.

### III. The research findings

#### Between individualism and collectivism

The relationship between the individual and collectivity is a fundamental dimension on which societies differ. This relationship is not only a matter of the way people live together, but is closely linked to societal norms and values. The radical change of the socioeconomic context in both countries is a serious threat to their stability.

While there are various ways of conceptualizing dimensions of culture, the *individualism vs. collectivism* dimension (IDV) is an inherent part of the theoretical models of culture, which are most often applied. There is no substantial difference in interpretations of IDV in both models. In particular, I have already mentioned that both stem from the Parsonian distinction between “a prime orientation to the self” and “a prime orientation to common goals and objectives” (Parsons & Shils, 1951). The IDV is considered to be an indicator of the extent to which a society is a loosely knit social framework in which people are supposed to take care only of themselves and their immediate families, instead of a tight social framework in which people distinguish between the in-group and the out-group and expect their in-group to look after them. Hofstede emphasizes that individualism refers to “emotional (in)dependence on groups, organizations or other collectives” (1984: 157).

#### Sofia and Skopje entrepreneurs

Hofstede has developed a set of *five empirical indicators* for each cultural dimension. His questionnaire requires respondents to state which of two opposite statements they regard as more relevant to Bulgaria, respectively Macedonia. The method demands the scores on each dimension to be aggregated and a complex index to be calculated.<sup>11</sup>

The first empirical indicator for measuring the IDV index aims at revealing the individualistic value as a preference for a free choice of friends on the basis of attraction and similar interests. The collectivistic attitude here is perceived as a preference for maintaining strong and lasting relationships in the group. The survey results portray both Sofia and Skopje entrepreneurs as more individualistically than collectivistically oriented, but Sofia entrepreneurs stand out for their individualism nearly twice more than their colleagues from Skopje. And vice versa: Skopje entrepreneurs nearly twice more than their Sofia counterparts are characterized by a collectivistic orientation (table 2). This

11 The calculation of the index as aggregate of five empirical indicators is as follows: *Index*:  
...  $x 5 = \dots - 25 = \dots$

indicator demonstrates *the biggest variation* in the two samples' results concerning the IDV.

In the second empirical indicator, communal spirit and social solidarity are opposed to loneliness and freedom as values of collectivism vs. individualism. Here both Sofia and Skopje entrepreneurs are more individualistically orientated but this time to the same degree: 58.1% (answers 4 and 5). Entrepreneurs in Skopje are more sceptical about the communal spirit being a predominant value orientation in comparison with Sofia entrepreneurs (15.1% vs. 24.8%, answers 1 and 2) (table 3).

In the third indicator, the individualistic attitude comes out as the value of self-actualization and self-respect. The focus of people's attention mainly on not losing face and observing other people's dignity embodies collectivistic values. This indicator again confirms the prevailing individualistic attitudes of both groups; they are a bit stronger in the Bulgarian group than in the Macedonian one (69.2% vs. 59.8%, answers 4 and 5, Table 4). Bulgarian businesspersons are less inclined to embrace the attitude of maintaining mutual respect in the group than their Macedonian counterparts (13% vs. 21.4%; table 4).

The first three indicators are impartial to particular groups or communities and coherently show a slight prevalence of individualistic attitudes. The next two indicators are definitely related to formal work groups. The collectivistic orientation measured by the fourth indicator is embodied in group loyalty, which leads to upward social mobility. The individualistic orientation is connected to performance-based promotion. Again, both Sofia and Skopje entrepreneurs are more individualistically oriented to an almost equal degree. At the same time, "the collectivists" among Skopje entrepreneurs are twice as many as those in the Sofia sample (36.6% vs. 19.3%, answers 1 and 2, table 5). This is the most pronounced difference in the responses of the two groups. Actually, Skopje entrepreneurs are divided in respect to their views of how promotion is accomplished in Macedonian society.

The fifth indicator concerns the influence of family loyalty on decision-making at the workplace and the moral rejection of familial connections. The question is whether society regards as moral or immoral a superior who uses their power in order to get a job for a needy member of the family. Here subjects are asked about something that happens at their workplace, but in fact this indicator does show whether nepotism is tolerated in society. It is the only indicator where the uncertain answers in the middle prevail in both entrepreneurial groups (table 6). However, Bulgarian entrepreneurs score a slightly stronger individualistic orientation (37.5% vs. 27.7%, answers 4 and 5).

In the final analysis, Hofstede's IDV complex index depicts Sofia and Skopje entrepreneurs as **very similarly** oriented (65.1 and 58.1 respectively): individualistic norms and values slightly predominate. There is a difference in the frequency distributions when subjects are asked about groups in general and when questions concern a particular group (at the workplace). In the second case, the largest number of entrepreneurs who do not have a definite opinion is registered and the most marked opinion divisions are found in the Macedonian sample. This might indicate the presence of strong "turbulence" of norms and values on the level of one's workplace.

Does Trompenaars & Hampden-Turner's questionnaire confirm any of these findings? Their model of culture includes IDV operationalization via many indicators that put respondents in a situation where they have to evaluate which reaction is right or wrong. For our survey, we chose two situations that could easily be adapted to the countries studied. Both were more markedly related to the workplace (i.e. to a formal group) than Hofstede's above-mentioned indicators 4 and 5.

The first situation explores the way rewards should be distributed within a team in an organization: whether they should be received by the best performing individuals or by the whole group (table 7). First, the respondents were asked which way of distributing rewards is the right one, according to them. The four options in the first question aimed at making respondents think about the possible risky consequences of each decision (see 7.1). Secondly, they had to determine which one should receive the reward, the individual or the group (see 7.2).

Sofia entrepreneurs expressed quite definitely their opinions: two thirds of them preferred the individuals with superior performance to receive the reward while the percentage of those who took into account the possible risks was very small. The Skopje data seemed to be inconsistent in this respect. While when answering the first question half of Skopje entrepreneurs think the rewards should go to individuals (Table 7.1, answers 1 and 2), when posed the second question their percentage increases to 74.1%. The cross-tabulation reveals that half of those who thought the group should receive the reward changed their mind in favour of the individual reward: a finding which is hard to explain.

The second situation aimed at studying the readiness for the team to be held responsible for an individual's negligence at the workplace (table 8). First, the respondents were asked whether the negligent individual or the whole group should bear the responsibility. The second question concerned the usual way people are held responsible in Bulgarian and Macedonian societies. Again,

Sofia entrepreneurs expressed stronger individualistic values than their counterparts in Skopje (72% vs. 44.6%). This situation leads to the most drastic differences between the two groups.

There is a discrepancy between respondents' values and societal norms in terms of habitual ways of bearing responsibility. In the Macedonian sample, approximately 40% of each of the groups with different opinions (8.1) insists that nobody is held accountable in Macedonian society – an answer, which was *unilaterally included* in the questionnaire. Seventy-five percent of those who believe in team responsibility and 40% of those who support individual responsibility (vs. 33% and 45% respectively of Sofia entrepreneurs) state that the way they prefer is not typical for their society. These data suggest *a serious inconsistency between societal norms and entrepreneurial values in both societies, Macedonian case being more drastic than Bulgarian one.*

Thus, both instruments applied confirm that the individualistic orientation is slightly more characteristic for both Skopje and Sofia entrepreneurial groups than the individualistic one. Despite the differences in the socio-economic context in which the economic activity is carried out in Sofia and Skopje, there is no significant difference between the groups in the extent to which they exhibit individualistic orientations. *The most important difference appears to be the intra-group variations.* Whereas the businessmen in Sofia are more coherently portrayed as individualists, the entrepreneurial group in Skopje appears to be more divided, especially in their attitudes and orientations towards the formal working groups.

### **The small Sofia businessmen in the national context<sup>12</sup>**

Surprisingly, the comparison between the Bulgarian entrepreneurial sample and the Bulgarian national one (August 2002) shows **no difference**: Hofstede's IDV index is respectively 65.1 and 65.0. The glance at the individual indicators gives us a more precise picture. First, Sofia entrepreneurs demonstrate comparatively stronger individualistic attitudes than the national sample in respect to the first three impartial indicators. The strongest difference here concerns the lack of beliefs among Sofia entrepreneurs that the communal spirit and social solidarity predominate in Bulgarian society (4.7% vs. 11.8% in the national sample, table 3). Second, Bulgarian respondents score higher on individualism than Sofia entrepreneurs, when evaluating relations in the formal work groups (answers 4 and 5 of the 4th and 5th indicator are

12 Because of the crucial importance in terms of the individualism-collectivism dimension, here a special part is devoted to the comparison of the Bulgarian entrepreneurial group with the Bulgarian population. Further in the text, the data for the Bulgarian national sample are presented as an illustration without being specially discussed.

respectively 61% vs. 51.4% and 42.6% vs. 37.5%). Twice as many Sofia entrepreneurs either do not want to express or do not have a definite opinion. They are not so convinced that promotion in Bulgaria is achieved because of performance (29.4% vs. 41.3% of the fifth answer, table 5) and that nepotism is regarded by Bulgarians as immoral (15.2% vs. 28.6% of the fifth answer, table 6). The last finding demonstrates the lowest level of individualistic evaluations among Sofia entrepreneurs. These results confirm the difference, which appears when asking about groups in general and when a specific group or action is envisaged.

The comparisons of data from different Bulgarian surveys that applied Trompenaars & Hampden-Turner's instruments, also suggest that, again, *there is no difference in the ways small entrepreneurs and common people think*. Yet, there is an important difference when comparing the views of the *top managers* in large companies from Ivanov et al.'s (2001) national representative survey and those of the *small businessmen*. It concerns the ways of bearing responsibility for a single negligence (Table 8.1). The diffusion of individualistic attitudes among the first group is much more limited than among the second one (59% vs. 72%). However, *Bulgarian top managers from the socialist period score higher on individualism as compared to top managers in the most individualistic Anglo-Saxon countries*<sup>13</sup>. *This fact should pose the question about the communist (collectivist) legacy of top managerial cultural orientations.*

*The lack of difference between the small businessmen and the common people suggests that the hypothesis that a specific entrepreneur sub-culture is emerging should be discarded, at least in relation to the IDV norms and values. This finding confirms the results of Topalova for the early transformation period (1990, 1991, and 1993). Remarkably, according to the results from the three successive national representative surveys, there is no statistically significant difference in the IDV orientations of the employers, managers and workers (Topalova, 1996: 56-7).*

*The comparison of Hofstede's IDV indexes for Bulgaria resulting from the two surveys discussed above, (Genov & Karabeliova's survey of February 2001 and Hofstede's surveys in other states) is presented in Table 9. When considering it, an important point should be kept in mind: Hofstede's questionnaire allows studying both the respondent's assessment of the real value orientations in the country (a real situation) and their own value orientations (a desirable situ-*

13 The ranking of selected countries is as follows: Netherlands – 43%, UK – 48%, Canada – 53%, USA- 54%, **Bulgaria - 59%**, Poland – 60%, Czech Republic – 63%, Rumania – 64%, Hungary – 66%, Russia – 69% (Trompenaars and Hampden-Turner, 1998: 57).

ation) depending on the way the question is asked.<sup>14</sup> The February 2001 and 1966-1971 surveys inquire about a desirable situation, while August 2001 and February 2002 surveys asked about the real situation.

The comparison with the other two surveys (exploring the desirable situation) shows that Bulgarians would like to live in a less individualistically orientated country than their own country appears to be in their perceptions (IDV-52 vs. IDV-65.1). This could be interpreted as a lag between a faster behavioural change and a slower value transformation.

On the other hand, the IDV indexes for Bulgaria, Sofia, and Skopje are markedly dissimilar from the findings of Hofstede in the period of 1968-1971 for some other Balkan states. If we attach Bulgaria to the Balkan states group, the conclusion would be that a deep shift from collectivistic value orientations to individualistic ones has been under way during the period of late communism. This is the period (supposedly starting in the late '60s - early '70s) of the distortion of the communist legacy and the initiation of various reforms (Kornai, 1980; Lòs, 1990). They all aimed, in the final analysis, at overcoming the irrationality of the socialist motivation system. What they achieved for sure was a change in the value attitudes. Already at the beginning of the transformation (1990) in Bulgaria, as Topalova's results show, the shift towards the prevalence of individualistic attitudes is accomplished. Lasic et al. (1995) confirm this shift in 1993 FR of Yugoslavia.

The de-legitimization of communism rather than the transformation process itself seems to be the decisive factor, which turns the prevailing attitudes towards a more individualistic orientation. The survey data gathered during the transformation show only slight increase in individualistic values. The transformation seems to serve as a lubricator of the process: it roughly imposes individualistic behavior on people with weak individualistic attitudes. Still, even in view of this gradual and enduring change, the IDV index for Bulgaria is much lower as compared to the one of the highly industrialized countries. These tendencies seem to be valid for Macedonia, too.

No tendency towards differentiation of the specific entrepreneurial sub-culture from the national Bulgarian culture, at least in terms of individualism/collectivism, was found. One important piece of the explanation could be that Bulgarian small businessmen are not *capitalists* in the classical sense: persons that strive for profit maximization. Like everybody else, they are above all motivated by the need to cope with unemployment and life insecurity, and to generate income. For this purpose, they have chosen to set up their own busi-

14 In the first case the question is, "In your opinion, in Bulgaria (Macedonia) in general:...", and in the second case, "I feel most comfortable in a country where ...".

ness. Only few of them own substantial physical and human capital for the operating of competitive markets. (Besides, *competitive markets* that generate individualism are a desirable rather than an actual description of the Bulgarian and Macedonian economy). Hence, their small enterprises emerge not *because of* but *despite* the owners' capabilities.

**Power hierarchy in formal organizations:  
needed in each enterprise but not in one's own firm**

Power Distance (PDI) indicates the extent to which society accepts the fact that power in institutions and organizations is distributed unequally among individuals. It is an indicator of the degree of inequality among people, which is considered "normal" by the population of the country and extends from relatively equal (small power distance - SPDI) to extremely unequal (large power distance - LPDI).

The LPDI in business organizations in particular is characterized by the need of hierarchy and formal rituals that express respect, attention, and agreement. Inequality is accepted and it embodies the need for high dependence. Superiors are often inaccessible. Employees do not feel free to argue with their managers. Managers who behave in a friendly manner and are close to their subordinates may lose their respect. The good manager is supposed to give detailed instructions.

In contrast, where the PDI is small, hierarchy is taken as a convenience. Low dependence is needed and inequality is minimized. People follow rules, norms, and behavior, which are the least conforming to hierarchy. Superiors are accessible and the employees feel free to argue with their managers. The latter act mostly as initiators who mobilize others. All have equal rights.

In respect to the sphere of domination and inequality, it appears that Bulgarian culture can be characterized as "egalitarian authoritarianism," i. e. a culture of reciprocal impersonal substitution of each and everyone in a pre-set hierarchical context. Politically, this kind of egalitarianism is associated with personal authoritarianism; impersonal equality goes hand in hand with patronage. Only paternal authority is acknowledged; the father is always right because of his status. This gives rise to single-person authoritarianism: the generalized father in charge of a mass of subjects who are equal before his authority (Kabakchieva, 1998). Egalitarian and personal authoritarianism is accompanied by an alienation from the state.

The survey data picture Sofia and Skopje entrepreneurs as characterized by a very close PD orientation (57.3 and 63.4 respectively, table 9). The questions' structure affords an opportunity to compare the PD orientations in the

family, society in general and the formal working groups. The relationships between children and parents within the family are perceived by the Skopje entrepreneurs (SkE) as being more equal than their Sofia counterparts' beliefs (table 10). However, the personal authoritarianism derived from one's age is much stronger in Macedonian society than it is in Bulgarian society (table 11). According to the respondents in both countries, the authoritarian tendencies become even stronger at the workplace. The data presented in tables 12 and 13 clearly demonstrate that within the working group there is a strong pre-set hierarchy where each employee knows his position and tasks. The superior is expected (and required) to take on full responsibility for the decision-making and supervising processes. While the Sofia entrepreneurs (SfE) score higher on PD-orientation in regard to the family (children-parents) relations, the SkE demonstrate that a hierarchy in the formal organizations is highly needed in Macedonian society. Moreover, on the societal level personal power is regarded as crucial for the way the political system functions. When compared with the SfE, nearly twice as many SkE consider the change of people on top positions of power to be the best way to change the whole political system (table 14).

As already mentioned, one of the important methodological goals of this research project was to see how influential theoretical schemes, which try to operationalize culture, would work in the Balkan context. With this purpose in mind, each dimension, which Hofstede operationalized via a set of five empirical indicators, was in a way duplicated by another set of three indicators.<sup>15</sup> The latter were directly orientated to the sole proprietor.<sup>16</sup> They are supposed to give the difference in orientations as related, first, to the societal context and, second, to the context of the particular firm. For each additional set, a complex index was devised on the same principle (table 15).

There is a clear difference between the two PDI indexes: a very sharp one for the SkE (63.4 vs. 46.6), and a very weak one for the SfE (57.3 vs. 50.2). In both cases, however, the sole proprietor PDI is lower than Hofstede's PDI. This means that small businessmen evaluate the level of inequality relative to their own firms as being lower (a bit lower in Bulgaria and much lower in Macedonia) than that it is in society at large.

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15 The only exception was IDV because this was the only indicator which is common in both theoretical schemes and it was possible to control. Besides, the scope of the questionnaire was limited.

16 Hofstede's questions were formulated as follows: "In your opinion, in Bulgaria (Macedonia) in general..." The additionally elaborated questions were, "According to you, the sole proprietor in Bulgaria (Macedonia) generally...". N. Aleksieva, M. Samuilova, and I. Tatchev had a major contribution.

The precise look at the separate indicators reveals a lag in perceptions of power and income inequality in both samples. Basically, it is likely that larger inequalities in power are also reflected in larger inequalities in other areas, e.g. social status and prestige, wealth, and rights. There is empirical evidence for this assumption; for example, in their study of hierarchy in industrial organizations in five countries, Tannenbaum et al. (1974) have shown that greater differences in power are associated with greater differences in rewards, privileges, and opportunities between bosses and subordinates. In turn, such differences in other areas feed back into the power distance and reinforce it.

In our particular case, about one third of the respondents in both capital cities fully agree that there is a mutual dependence between the superior and the subordinates in the small firms, so the hierarchical context is excluded. At the same time, this very small power distance (the smallest one together with the familial power distance; tables 17 and 10) is not reflected in the perceptions of income inequality. Both Sofia and Skopje entrepreneurs are more inclined to think that income inequality is widely accepted. Thus, about half of them agree that it is normal (acceptable) for the manager of the firm to receive three times as big a compensation than their inferiors, and to demonstrate wealth (luxurious office, expensive car) (tables 16 & 18, answers 4 and 5). The opinions of the SkE on this issue are more divided and inconsistent than the ones of the SfE.

The SfE, in particular, seem to underestimate the egalitarian orientation of the Bulgarian people toward income distribution. The data from the 1998 nationally representative survey show that only 27.7% of the respondents can accept limitless income variations in Bulgarian society. In contrast, more than half of them insist that the highest income received in our society should not exceed the limit of three times the lowest one (see Chavdarova and Kabakchieva, 1998).

The discrepancy between the low power inequality and high-income inequality accepted by small entrepreneurs is a good index of their *status inconsistency*. Additional evidence is provided by the discrepancy between the low PD in the specific firm and the high PD attributed to the societal level (seen very clearly in the fifth answer in Tables 13 and 17). It seems that the effect of self-representation and/or the lack of experience operate in regard to small businessmen's perceptions of the ways power is exercised.

**Uncertainty avoidance:  
strong in society, weaker in the specific business activity**

Uncertainty avoidance (UAI) indicates the extent to which a society feels threatened by ambiguous situations and tries to avoid them by providing rules, believing in absolute truths, and refusing to tolerate deviance. Uncertainty avoidance is an indicator of the degree to which people in the country prefer structured situations to unstructured ones. Structured situations are those, in which there are clear rules as to how one is supposed to behave. These rules can be written but could also be customary and traditionally adopted.

In countries with high uncertainty avoidance scores, people are inclined to demonstrate more nervousness and showing emotions is accepted. In countries where uncertainty avoidance is strong there is a predominant feeling that what is different is dangerous; conflict is threatening and that is why the need for consensus is great. There is more stress at work and resistance to change. The inner urge to work hard is accompanied by the need to avoid failure. Employees fear failure and take fewer risks. They need laws and rules and prefer clear requirements and instructions, as well as specific, written rules. Hence, employees believe the manager should be a specialist. Corporate rules should never be violated and conflicts are unacceptable. The hierarchy structure in the organization should be clear and respected by all.

In societies with weak uncertainty avoidance, people are more carefree and easy-going, and emotions are not shown. The dominant feeling to diversity and oddity is positive. The tension at the workplace and reluctance to accept change are weaker. Hard work is not perceived as a virtue per se. Conflicts and competition are seen as fair play, they are natural; dissent is accepted. The willingness to take risks goes hand in hand with the belief that there should be few rules. The employees prefer broader limits and fewer written rules; the latter and the hierarchy in general can be violated when needed. The view that there is no need for the manager to be a pro in their area dominates.

There is no significant difference between the SfE and SkE in connection to the UAI shown in both samples. The UAI is slightly lower among the SfE (UAI index being 59 vs. 63.3 for SkE). On this indicator, both entrepreneurial groups we studied are close to the group of the German speaking countries and are significantly distant from the group of the Balkan countries (table 9).

The data suggest that the UAI is learned by children in the family and this is clearer in the Macedonian case: 41.1% of the respondents in Skopje are deeply convinced that children are taught in their families to create clear structures and to avoid ambivalent situations vs. 25.1% of the SfE (table 19).

The findings that are more related to the UAI at the workplace show the opposite tendency: Bulgarian entrepreneurs are more inclined towards high UAI than their Skopje counterparts. The latter admire leaders with general knowledge whereas the SfE would rather prefer their leaders to be specialists (table 20).

The other three empirical indicators tap the UAI orientations on the societal level, where the strongest uncertainty avoidance is demonstrated in comparison to the one in the family and at the workplace. The data show quite consistently SkE as more orientated towards strong UAI; 65.2% of them are convinced that “you always have to carry your identity card with you” (vs. 54.5% of SfE, table 21, answers 4 and 5). More than half of the SkE believe also that it is acceptable to show feelings in public (53.5% vs. 29.2% of the SfE, table 22, answers 4 and 5). The finding that 72.3% of the SkE and 63.5% of the SfE state that there are many rules to be obeyed in society (table 23, answers 4 and 5) is quite significant.

The degree of inconsistency in the statements of the businessmen about the strong UAI in their societies and their own uncertainty avoidance is remarkable (table 15). With one exception (the recognition that the manager of the firm is anxious and strained at work; table 25), the small entrepreneurs tend to present themselves as oriented toward low UAI. More than half of the SfE and SkE (56.1 and 56.3% respectively, table 24, answers 1 and 2) believe that the manager of the firm is ready to accept risks so that the company could develop and expand its business. It is worth noting here the sharp split of the opinions in the group of Skopje businessmen.

In the Bulgarian case, the greatest inconsistency is observed in the belief that in Bulgarian society there are strict and detailed regulations (63.5%) and businessmen’s preference (54% of the SfE, table 26, answers 1 and 2) to have a law which sets only the general rules for the firm’s business. Such a contradiction is not observed in the Macedonian sample, where 47.7% are convinced that it is necessary to have detailed normative guidelines, which would determine the firm’s business activities. Only 30.3% of the SkE would like to have just general rules for their business. These data testify that the level of discrepancy in terms of uncertainty avoidance between the existing rules and norms in society and the norms that govern businessmen’s behavior in Bulgaria is high, whereas in Macedonia the discrepancy is much lower. Still, in both countries the UAI proves to be lower in the specific business activities than in society in general.

### **Skopje is more masculinity oriented, while Sofia is more femininity oriented**

The masculinity/femininity (MAS) dimension indicates the extent to which the dominant values in society are biased to assertiveness and acquisition of things, and move away from concern for the people and the quality of life. This dimension was labeled “masculinity” because within nearly all of the 50 countries men were more likely to score higher on these values than women were. This was true even in societies which as a whole (i.e. considering both men and women) tended to be characterized by the set of values labeled “femininity”. Hofstede found that the more a nation as a whole is characterized by masculine values, the greater the gap is between the values espoused by men and women in that nation.

The masculinity side of this dimension is bound to task orientation. Work, material welfare, assertiveness, and ability to compete occupy a central place in people’s lives. They live in order to work. A more aggressive type of communication and decisiveness are accepted. People who share masculinity values are ambitious and tend to polarize. They need to excel and admire the achiever. The roles played by each gender are clearly distinguished. Big and fast is regarded as beautiful.

The femininity type of culture is relationship-oriented. Quality of life and serving others are the basic values. People who accept them strive for consensus; they empathize with the unfortunate and let their intuition govern them. They interpret more easily non-verbal communication and deal better with the unknown. They work in order to live and perceive small and slow as beautiful. The roles of each gender are more easily accepted.

The strongest division line between the SfE and SkE is along the MAS dimension. Slightly more than half of the Sofia respondents (MAS-index 47.1%) show femininity orientation; while a comparative percentage of Skopje respondents (MAS-index – 55.7%) favor the opposite, i.e. masculine, orientation. This is not only the sharpest difference in comparison to the other dimensions of Hofstede, but is the only difference, which exceeds a mean of 50%.

The strongest split is found in the area of work relationships. More than 60% of Skopje businessmen believe that in the business world in Macedonia “confrontations are valued as something positive and leading to achievement: “you either face competition or you perish” and that “motivation at the workplace results from clearly defined goals and a great deal of responsibility, as responsibility is a proof of success.” In contrast, the notions that “people at the workplace endeavor to accomplish agreement and colleagues do not compete with each other” and that “motivation at the workplace results from

a pleasant environment, warmth and friendliness” are nearly twice stronger among the Sofia entrepreneurs than in Skopje (tables 29 and 28).

On the societal level, however, both groups display similar attitudes. They are more femininity oriented. About half of the subjects in both groups state that in their society “people express their sympathy with the less successful and the successful are envied” and “both men and women can be modest and understanding, thinking about the quality of life” (tables 27 and 30). The opposite opinion is embraced by every fifth subject in Sofia and in Skopje (the first statement) and by every third respondent in Sofia and every fourth subject in Skopje in respect to the second statement.

In contrast to the social context, masculinity orientation is stronger in personal relationships in both societies, according to the opinion of small businessmen. It dominates in Macedonian society (53.2%; table 31, answers 4 and 5), while MAS is rather widespread in Bulgarian society (43.3%) and yet every third respondent demonstrates a femininity orientation.

There is another striking difference with regard to the MAS dimension: this is the biggest variation between Hofstede’s index and the one that has been devised on the basis of the newly introduced questions, which are designed to measure MAS in the specific economic activity of the small entrepreneur. The second index pictures both Sofia and Skopje groups as much more femininity oriented (39.1 and 35.9 % respectively, table 15). There is a drastic discrepancy between the perceived social values and one’s own value codes in this respect. Femininity orientations prevail in both groups in a rather similar pattern (demonstrated by 50 to 60% of the respondents) (tables 32, 33, 34).

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Research findings in line with Hofstede’s instrument reveal a substantial similarity in the way small businessmen in Sofia and Skopje perceive the cultural patterns of their societies. Although a statistically significant difference ( $\pm 5\%$ ) exists on three out of the four dimensions, it is the smallest possible one (table 15). It allows the conclusion that there is no fundamental difference in one specific social layer’s perceptions of the culture in both nations.

Macedonian society could be viewed as *slightly more* collectivistic and masculine, exhibiting *slightly larger* power distance and *slightly stronger* uncertainty avoidance. These results, as compared to earlier findings of Hofstede, put the two Balkan countries closer to the Latin countries in terms of their dominant cultural patterns (table 35).

Hofstede’s set of five questions on each dimension allows a more detailed comparison on these dimensions as related to family, workplace and soci-

ety in general. There is enough evidence to conclude that the respondents' specific cultural orientations vary in their strength depending on the specific group (or level) they are related to (table 36).

The comparison of standard deviations, which characterize the dispersion of the frequency distributions in each set of questions, reveals that the Sofia group of entrepreneurs is more coherent than the one in Skopje, because their opinions are less dispersed and divided (table 37). The biggest intra-group split is observed in Skopje and is related to the individualism/collectivism dimension and, secondly, to masculinity/femininity orientation. The strongest intra-group division line in Sofia is along power distance orientation.

As already stated, as a way to control Hofstede's instrument, we have introduced a new set of three questions asking about the small entrepreneurs' attitudes toward different aspects of their own economic activities. The only dimension without such a "counterpart" is individualism/collectivism, because it was controlled by the instrument of Trompears and Hampden-Turner (and also because of the limits of each survey's scope). When comparing those two sets of questions, some important deviations appear. First, they are observed in all cases and show a tendency to *diminished values* of power distance, uncertainty avoidance, and masculinity.

Second, the discrepancies in Skopje are much more significant than those in Sofia. This means there is a substantial disagreement between the perceived culture of society and the norms and values that govern small businessmen's activities in Macedonia. This is most evident when we consider the MAS and PDI dimensions. While the businessmen share predominantly femininity orientations, the societal context is more masculinity "colored" (-19.8 %, table 15). Small entrepreneurs in Skopje are also less oriented to a large power distance (-16.8%) and strong uncertainty avoidance (-12.4 %) in their firms. The most important discrepancy in Sofia appears to be the transition from strong to weak uncertainty avoidance (-10.6 %).

Third, when comparing the entrepreneurial groups in Sofia and Skopje by using only the second complex index, ***the differences between them disappear***. At this stage of the analysis, these remarkably similar results could be interpreted in one possible way: despite the different ways of experiencing socialism, despite the different ways of shaking off the legacy of socialism, despite the different on-going economic context of carrying out economic activity, history matters and the cultural patterns' variables are imprinted in the present day reality.

### **Entrepreneurial universalism vs. societal particularism**

The universalism/particularism dimension deals with principle-governed behavior – *universal vs. particular (rules vs. relationships)*. Conflict resolution in the area of values depends on the extent to which universal rules (widely applicable rules) match with particularism (particular exceptions). This is the only way cultural rules may extend to include more situations, thus making individual behavior more adaptive to crucial situations.

To begin with, the instrument of Trompenaars & Hampden-Turner puts the manager/employer at the center of specific situations. They are asked to state their opinion on the right course of action and to compare their own opinions with either the habitual ways of acting in society or with habitual social expectations about the right course of action.

The survey is designed to measure universalism/particularism (U/P) in three aspects of human relationships. The first one is the relation between the superior and the subordinate at the workplace. Through the first two situations, it is inquired whether the superior at the work place is ready to break the rules concerning the quality of work (Situation 1) and the work discipline (Situation 2), thus demonstrating a particularistic attitude to a concrete employee. The second aspect reveals the U/P orientation to friends (Situation 3) and the third one – to relatives (Situation 3).

The comparison of the mean results obtained suggests the following conclusions:

The strongest particularistic orientation, which is exhibited by Sofia entrepreneurs, is related to the workplace, where they are inclined to understand the particular human circumstances (personal problems) and to make exceptions (table 39). In case there is an inexplicable recent decline in the quality of work of somebody who has a reputation for being a good worker, the opinions are sharply divided (table 38). Almost the same split is observed in regard to the perception of their obligation to friends (table 40). While in the first case the particularistic attitude is slightly prevalent, there is a slight predominance of universalistic orientation in the latter. The strongest universalism is demonstrated in the form of rejecting the practice of “pulling strings:” nearly all Sofia respondents refuse doing favors to relatives at the expense of the company’s performance (table 41.1).

There are two exceptions from the Sofia pattern in the group of Skopje entrepreneurs. First, they are more particularistically oriented to the employee who has stopped performing well (a mean of 1.71 vs. 1.56, table 42). The second and more significant distinction is related to friendships. Skopje entre-

preneurs exhibit a very strong tendency to particularism in respect to friends (a mean of 1.28 vs. 1.54). Two-thirds of them tolerate exceptions made to friends, while 60% of the SfE embrace the opinion that rules should not be broken for the sake of friends (table 40).

The discrepancies between the ways the entrepreneurs think about universalistic rules and particular exceptions and what the actual social expectations are, according to their opinion, are depicted in Figure 4. In both societies, the habitual way of thinking does not correspond to entrepreneurs' value orientations. The widest gap concerns the particularistic orientation to relatives of both societies and universalistic entrepreneurial values. In general, social attitudes are perceived to be more in favor of a modest particularism, while the amplitude of entrepreneurial orientation variations is the biggest.

### **Dominance of the external locus of control**

This very important indicator concerns the reason for success – an individual's actions or external forces. Do people believe that they “are in control of their own destiny” or they are convinced that they do not have a say in their own life? The behavior of the individuals with an internal locus of control is proactive, i.e. they have a presentiment for changes, try to apply new technologies and take advantage of them. The individuals with an external locus of control believe that the world will crush them because it is ruled by a minority and the insignificant average person cannot influence the government's decisions. The prevailing internal locus of control allows for a wide range of actions and a greater “stage” for the individual's fulfilment. It also makes people better motivated and successful. By contrast, the more people feel they are influenced by external forces, the more they believe they are like a small seed along the sidewalk, which anyone can tread on.

The locus of control dimension is of crucial importance to each business activity. It is hard to imagine somebody being an entrepreneur without the firm belief that their life and business activities depend primarily on themselves. Unfortunately, this cultural orientation is not typical of both SfE and SkE, nor is it typical of Bulgarian society.

The mean scores' comparison shows that both entrepreneurial groups have an external locus of control, which is slightly stronger in the Sofia group than it is in the Skopje one (given the mean scores vary from 1 to 2 [external/internal], the aggregate means for the set of five questions are 1.398 and 1.366 for SfE and SkE respectively). A deeper look into this indicator reveals even more shocking findings. It is most striking that four-fifths of the entrepreneurs in Sofia and Skopje state that “this world is controlled by a few powerful people

and the ordinary person could not do much” and that 75.3% of the SfE believe that their life is mostly controlled by chance. Almost the same percentage of Sofia respondents reject long-term planning because many things could turn out to be a matter of good or bad luck (table 43). Skopje entrepreneurs are much more modest in their belief that chance circumstances have a crucial impact on their life. Besides, their preference for the external locus of control is more consistent and is demonstrated in the five questions.

The 2001 representative research project shows that 72,0% of Bulgarians are strongly external and only 15.7% are internally controlled in their individual behavior. The pilot research revealed similar results. The probable reason for the significant discrepancies between these results and Trompenaars & Hampden-Turner’s ones, presented on Figure 5, would be the fact that their respondents are highly qualified experts only. Here we are facing again the important difference between the way of thinking of small entrepreneurs and top managers.

**Sofia orientation is to achieved status;  
Skopje orientation is to ascribed status**

The achieved/ascribed status dimension describes the way status is obtained: whether as a result of *what one does* or *as a result of who one is*. Some societies grant status based on achievement, others ascribe it on the basis of gender, age, education, class, etc.

This cultural orientation indicates one of the strongest divergences in the opinions of the two entrepreneurial groups. While the SfE definitely prefer achievements as the only legitimate source of social status, more than half of the SkE entrepreneurs favor the enduring human features, such as social background, education, and age as the main determinants of social status (table 43).

The entrepreneurial preferences in Bulgaria are in sharp dissonance with the usual way social status is achieved in Bulgaria, i.e. through ascription (table 43.2) The latter, though to a lesser degree, characterizes Macedonian society, too, and there is no discrepancy in the social weight of ascribed status as socially desired and valued by Macedonian entrepreneurs.

Again, it is worth noting the difference in the opinions of small businessmen and top managers in Bulgaria, which is presented in Figure 6. This time it consists in the degree to which both groups value achieved status, and this degree is higher for the top managers. According to the representative research survey, only 11.4% of the respondents prefer ascribed status and 34.5% believe that status is acquired in Bulgaria. According to the pilot re-

search study, young people value more acquired status (63.8%) (Genov and Karabeliova, 2001a).

**Sofia entrepreneurs – sequential to their business-partners  
and synchronous to problem solving;  
Skopje entrepreneurs – with consistent synchronous orientation**

The *sequential– synchronous time* dimension is probably close to Hofstede's *long- term orientation*. Long-term orientation means that some cultures (Hong-Kong, China, Japan) emphasize values like preparation for the future. This shows that they have a long-term orientation. Other cultures hold in high esteem the past and stress the present; traditions and the need to fulfill historical social obligations are considered very important. Such countries (European nations) have a short-term orientation.

The results show that Bulgarian society accepts the conventional or short-term orientation. Such societies seek the absolute truth and are rather concerned with stability; they expect quick results, live from hand to mouth and even on credit. They often consume before they have produced. Asian countries belong at the opposite end of this continuum. They accept the existence of many truths, have a long-term orientation, and save for investment. Hofstede and his associates believe that these differences are due, to a great extent, to the Far Eastern religions and philosophies, which are embraced in these countries. Confucian dynamism is the only dimension, introduced additionally and not included in this research project and on this index Bulgaria is in the group of all countries belonging to the Western civilization.

The data of Trompenaars & Hampden-Turner's research confirmed the Hofstede-based representative survey (2001) results. Both studies proved that 58.1% (representative study) and 53.7% (pilot study) prefer short-term orientation (Genov and Karabeliova, 2001). Research findings confirm this orientation to the present day tasks and current work in both samples (table 44.2). The time flows rather synchronously for both entrepreneurial groups; they prefer to solve several problems at once and easily shift their attention among them (about 60%).

At the same time, there are areas of activity where the two groups differently perceive the time flow. The Skopje entrepreneurs demonstrate a strong preference for synchronous time; they prefer to maintain numerous business relations, which they easily break and create new ones (60.7%); they do not perceive deadlines as an absolute goal, which is definitely determined (55.4%). In respect to the last two indices Sofia businesspersons prefer a rather sequential time flow. They try to maintain steady business relations,

devote special efforts to that objective (67.7%) and perceive deadlines as something which they are bound to (56.6%). Thus, the Sofia group's attitude towards time seems a controversial one.

### **Specific – diffuse culture: preferences for the low context**

According to Trompenaars & Hampden-Turner, a certain dimension stands out and it concerns work involvement. It is called specific vs. diffused cultures. This polarization has to do with the structure of interpersonal relations. In certain cultures, there is a clear distinction between public and private life. In such cultures, the so-called *low context* (i.e. from specific to general) prevails. The so-called high context (from general to specific) is predominant in diffuse cultures and there is substantial overlapping between the public and private life in organizations, the family and among friends.

89% of Bulgarian top managers belong to the specific type of culture (Trompenaars and Hampden-Turner, 2000: 88). Their public and private lives hardly overlap. The scores of the pilot study are very close to those of Trompenaars and Hampden-Turner, while those of the August 2001 representative research survey are significantly lower; 53,4% of the respondents prefer the specific culture rather than the diffuse one (Genov and Karabeliova, 2001, see Figure 7).

The attitudes of the small entrepreneurs in Sofia are quite similar to the orientation of the top managers (table 45). A substantially smaller number (59.8% vs. 80.3%) of SkE also adopt the view that the public and private should be separated with regard to work.

Once again the survey provides evidence about the discrepancy of what society values and what the entrepreneurs value. Both Bulgarian and Macedonian societies favor the attitude that public and private could not be separated, but the gap between society and entrepreneurs is substantially larger in Bulgaria than it is in Macedonia.

There is one remarkable aspect of difference between SfE and SkE, which concerns the considerations when choosing business partners. Having in mind that the trust deficiencies are high in both societies, when choosing a business partner, Sofia entrepreneurs believe in an individual's personality and the opportunities for a stable and loyal relationship (58.9% of them, table 46). The particular offer and the expected profits (60.7%), which can be interpreted as a low context, guide Skopje entrepreneurs.

### **Neutral culture – recognized as most appropriate in business negotiations but still the affective pattern prevails**

*Neutral – affective culture* concerns emotions; to what extent it is admissible in a society to publicly show one's emotions and which context is regarded as appropriate.

Both groups of respondents voice some kind of self-criticism for the first time in respect to the neutral vs. affective cultures. More than half of them recognize that the most appropriate behavior in business negotiations is to repress one's emotions (SfE – 82.1%; SkE – 50.9%; table 47.2). At the same time, more than half of them confess that they would clearly demonstrate at once their emotions at a business meeting (50.2% of SfE and 59.9% of the SkE, table 47.1). This is the only dimension where the entrepreneurs stay close to the habitual attitudes in society (54% for Bulgaria and 57.1% for Macedonia respectively, table 47.3).

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The instrument of Trompenaars & Hampden-Turner offers additional insights into the cultural orientations of the small entrepreneurs in two transformation states. Both groups could be portrayed as consisting of individuals who do not believe that their life is in their own hands; who are emotional when doing business and yet they realize that it should not be this way. Both groups are somewhat controversial in their perceptions of time and the starting point of their interpersonal relations (whether to start from specific to general or vice versa).

The most essential differences are observed when it comes to the universalistic orientation of the SkE and the particularistic attitudes of SkE. The distinction which deals with the perception of how social status should be backed up is closely related to this. SkE are more inclined to favor ascription, while SfE are more convinced that achievements should be the only criterion for social status.

The second instrument clearly allows us to look more deeply into everyday business life and that is why the distinctions are richer than those obtained via Hofstede's instrument. Yet, Hofstede's methodology provides evidence for the correspondence of some deep assumptions, which are taken for granted in both cultures. Trompenaars & Hampden-Turner's methodology deals with much more concrete norms and values and this feature makes for richer distinctions.

#### IV. Conclusions

Both Bulgarian and Macedonian societies share a historically established collectivistic culture. The traditional self-identification with the informal groups (relatives, friends, etc.) has preserved its priority and cohesive strength. The survey data show, however, that an important shift from collectivistic towards individualistic norms and values in both societies has been occurring during the years of late communism and the early transformation years. Although Bulgarian and Macedonian societies share very similar historical trajectories, they follow different paths of extrication from communism. The Macedonian state was established and the new developments unavoidably bear the traces of war. Despite the different socio-economic context, in which the economic activity is now being carried out in Sofia and Skopje, research data show that there are no substantial variations in the cultural attitudes of Skopje and Sofia entrepreneurs. In the Macedonian case in particular, the stronger “turbulence” of norms and values at the workplace level deserves special attention. This has to do with the very high level of unemployment and informal economic activities in Macedonia, which precludes any sustainable labor relations.

The concluding remark concerns the Balkan context applicability of both instruments. This consideration is crucial for the relevance of conclusions, which are drawn from such data. There are some facts that could be interpreted in favor of Trompenaars & Hampden-Turner’s instrument than Hofstede’s one. First, the experience gained during the fieldwork clearly shows that respondents feel more comfortable with Trompenaars & Hampden-Turner’s situations than with Hofstede’s statements. They perceive some of the latter either as not clear enough or as irrelevant and strange. Hofstede’s questionnaire has been adapted several times for different respondents in Bulgaria and comparisons show that in most cases (at least in some of the questionnaire’s parts) subjects’ understanding of the item content is questionable. This has to do with the fact that the first instrument is focused on the managerial activities and not on everyday life spheres. It seems that “managerial language” could be adapted easily for cross-national surveys. Second, the alpha analysis of consistency of empirical indicators, which are designed to measure the IDV dimension, shows that the reliability of Hofstede’s questionnaire is weaker than that of Trompenaars & Hampden-Turner. Summing up, it seems that Trompenaars & Hampden-Turner’s instrument is more relevant to cultural studies of economic agents in Bulgaria. However, it could be taken as a model for designing situations, which are even more relevant in the Bulgarian context. The level of respondents’ identification with various groups and communities should become an important component of every research instrument for studying cultural norms and values so that proper data interpretations could be ensured.