

## **National cultural differences and the management of textile and clothing companies in Bulgaria: three examples**

Radostina A. Angelova<sup>1</sup>

<sup>1</sup>(Department of Textiles / Technical University of Sofia, Bulgaria)

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**Abstract:** The textile and clothing sector in Bulgaria nowadays is dominated by foreign companies from Italy and Germany. SMEs from Turkey are operating in many regions of the country. The establishment of a multicultural working environment requires knowledge of the impact of the national cultures on the organization and management of the textile and clothing companies. This paper applies the Hofstede's 6D cultural model to compare Bulgaria with three countries: Italy, Germany and Turkey, in the light of the influence of the particular national culture on the communication between employer and employees and peculiarities of the working organization in textiles and clothing companies. The discussion and conclusions may be extrapolated to other countries, operating in Bulgaria, as well, and the study can be used as an example for further analysis on organizational management in any kind of industry that is based on multicultural workplaces and relations.

**Keywords -** cultural differences, technological management, textile industry, clothing industry, international management

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### **I. INTRODUCTION**

Bulgarian textiles and clothing enterprises are among the preferred partners for companies from Italy, France, Germany and many others. The technological capabilities, modern equipment, long-lasting traditions in the field and last, but not least – the geographical location, make the country interesting for foreign investments. According to the Bulgarian Agency for Small and Medium-Sized Enterprises [1] the Bulgarian textile industry retains its competitiveness also because of the low wages and energy prices, as well as the high production quality.

At present companies from Italy, Germany, Turkey, Israel and Belgium can be found in the Top 20 of the biggest textile and clothing enterprises in Bulgaria [2]. The largest textile company, Eduardo Mirollio (Italy), has more than 2300 employees, exports products to 65 countries and sells to more than 6000 customers. The German company Südwole Group, which is among the largest manufacturers of worsted yarns in the world, became the owner of the second largest textile company in Bulgaria (Safil) [3]. Typical for the sector of micro, small and medium enterprises is the presence of companies or their subsidiaries from Turkey, especially in the southern regions of Bulgaria [1].

In the presence of multicultural companies and jobs, the impact of national culture is essential. Despite the decision of the foreign companies to establish a subsidiary that hires local managers, specialists and workers, knowledge on cultural differences and possible effects on corporate activity are required. This is especially true for the local managerial staff, which is in direct communication with both the foreign headquarters and the Bulgarian employees.

The same is valid for all Bulgarian companies that operate under CMT production with foreign companies. CMT (cut, making and trim) is a form of production outsourcing, when the supplier develops the new styles, controls the materials and the quality of the finished items, while subcontracting the rest of the labor intensive jobs. According to [1] 90% of the Bulgarian SMEs, dealing with production of clothing, work under the terms of CMT. In these cases the direct contact with the subcontractor is also very important and the knowledge on the cultural differences can facilitate the communication and help avoiding conflicts.

In his interview Hofstede [4] commented two of the problems that can be found in the management of companies, operating with foreign owners. The first one is that the culture of the company owner (national, corporate) does not fit to the culture of the country, into which the work is transferred. The second one is that the managers in the subsidiary may have different attitudes than expected from the company owner [4].

To date, there is no single theory, dealing with cultural dimensions and allowing comparison between different countries and organizations, which has been agreed upon to be the best [5]. The taxonomy of value dimensions, developed by Schein [6], the framework of the competing values of Cameron and Quinn [7] and the GLOBE project [8] are among the most studied and cited theories.

Hofstede's model is undoubtedly one of the most used since its development in 1970s [9]. It was created on the basis of a comprehensive research among IBM employees, aiming to evaluate both qualitatively

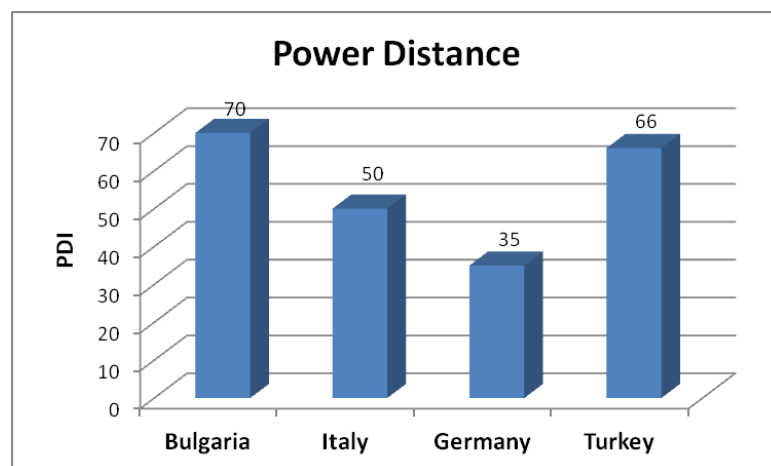
and quantitatively the influence of the national culture on the values of people in their working places. This Hofstede's study has been extended several times during the years and the last update of Hofstede's model involves 76 countries and already six cultural dimensions, due to the studies of Geert Hofstede himself, Gert Jan Hofstede, Michael Minkov and their teams [10].

Hofstede's model has been widely used in corporate training programs on intercultural competence and international management [11-15]. It has been also criticized [16-18].

This study uses the Hofstede's cultural dimensions to compare Bulgaria with three European countries: Italy, Germany and Turkey, in the light of the management of textile and clothing production companies in Bulgaria. It aims to show that the intercultural competence can be used for an antecedent of the successful management [19]. Moreover, that the attitude of the managers is much more influenced by the national culture, than the specifics of the particular production industry [20]. The study is based on real cases, though the names of the companies and their location in Bulgaria are not mentioned so as not to come within the provisions of the Bulgarian or international legislation. Four of the dimensions, namely Power Distance, Collectivism/Individualism, Masculinity/Femininity and Uncertainty Avoidance are discussed in details, as the differences in the national cultures can be found especially there. The last two dimensions, Long Term Orientation and Indulgence show that the four studied countries have similar scores and attitudes. The discussion and conclusions can be extrapolated to other countries as well and the study can be used as an example for further analysis on organizational management in any kind of industry that is based on multicultural workplaces and relations.

## II. POWER DISTANCE

The *Power distance*, represented in numbers by the *Power Distance Index (PDI)*, reflects the extent to which the less powerful members of the organizations accept that power is distributed unequally [9]. Figure 1 represents the PDI for Bulgaria, Italy, Germany and Turkey [10].



**Fig. 1. Power Distance Index for Bulgaria and the main investors in the textile and clothing sector**

Bulgaria and Turkey have similar scores, which show that the two cultures are typical with high power distance. People in their working places have a similar attitude towards the inequalities in society. This explains the fact that the management strategies of the Turkish textile companies are very similar to those of many Bulgarian companies and therefore are seamlessly accepted by the Bulgarian employees. The high PDI of Bulgaria is a sign that the hierarchical organization is taken for granted by workers: they accept that superiors and subordinates are existentially uneven. On the other hand, this attitude induces passivity of the workers and inferior managers in the production hall: they neither actively assist the senior managers, nor offer solutions of current, "visible" problems, as it is supposed that decisions are taken only by the highest levels in the management hierarchy.

The low Power Distance Index of Germany is among the reasons why the German owners of Bulgarian textile companies experience incomprehension in their desire the production tasks and problems to be discussed and decisions to be taken with broad participation of employees. The subordinates in countries with low PDI expect the chief to consult with them, although they accept his right to take the final decision. Bulgarian employees have no such expectations. However, this behavior of the Bulgarian subordinates is erroneously perceived by the German managers as a lack of initiative and inability to take decisions by the side of the Bulgarian (superior and inferior) managers.

One of the important elements in the communication between German managers and Bulgarian employees is the control of the execution of tasks. Being from a culture with low PDI, Germans do not perceive

well the control and supervision of the subordinates, but they are needed when dealing with cultures with a high PDI: the expectations that high productivity and high quality of the produced garments will be obtained only through modern technology, organization of the work and consciousness of employees, create problems. The best way is to develop instructions for each level of management and quality control and to strive for the fulfillment of all requirements by any employee. As a matter of fact, this activity is in good correlation with the high Uncertainty Avoidance Index of Germany, which will help the process.

It has to be mentioned here that Northern and Southern provinces of Germany have a different attitude towards the demonstration of the power. The informal communication with subordinates, quite typical for the northern regions of Germany, could be interpreted in Bulgaria as weakness, lack of sufficient competence of the manager and to reflect on the management even to the extent of not obeying orders by the employees.

Italy has a middle value of PDI. However, it is very important where the headquarters of the company is established: the PDI for Northern Italy is 50, but the southern regions fall more in the group of countries with high PDI [10]. In this sense, the hierarchical structure and management of the production and quality control is well received by Italian managers and Bulgarian officials.

An Italian company, originated from the southern parts of Italy, for example, treats the Bulgarian managers in its clothing production subsidiary as part of their family: the job itself, together with hierarchical privileges (participation in corporate event and a cash bonus at the end of the year) is sufficient arguments for the expected respective behavior. It is anticipated that the Bulgarian managers (the engineering staff) will demonstrate obedience and acceptance of the rules, imposed by the owner. At the same time the company owners do not show a good will to deal with the problems that the engineering staff put forward for discussion, because these problems hinder the production process and the quality of the garments: the overtime work during the work week, work on weekends without additional payment, lack of air conditioning in the production hall, which causes health problems for workers in the summer periods, etc.

The Power Distance has an effect even on the social benefits, to which workers from countries with low PDI have a particularly negative attitude. Special parking places for senior management, separate dining area, even separate toilet rooms are privileges that workers in Bulgaria may not like, but accept as part of the 'extras' that go together with the corresponding position in the company hierarchy. Anyone, who has overcome the lower levels of the hierarchy and reached these privileges, gladly takes advantage of them, forgetting his/her yesterday's disagreement with their existence.

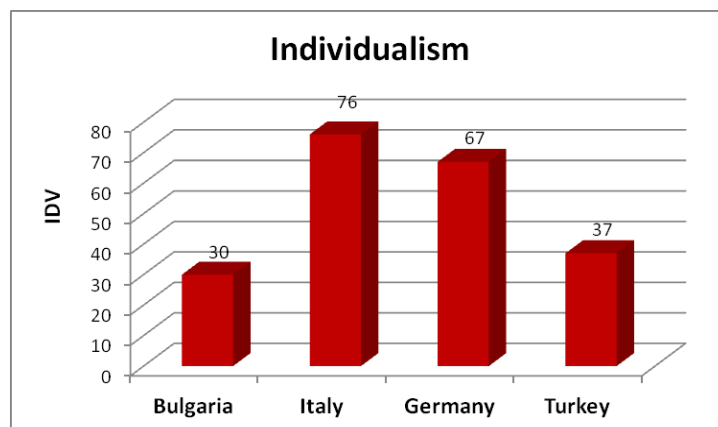
### III. INDIVIDUALISM

The *Individualism* of a particular national culture (versus its opposite, the *Collectivism*) is assessed quantitatively by the *Index of Individualism (IDV)*. It expresses the degree to which individuals are integrated into groups [9]. The term 'collectivism' is not related to political or social processes, which, in particular, can be associated with the former political system in countries from Eastern Europe.

The high IDV shows that people form an individualistic society, where the person looks after her/himself and her/his 'core family' (parents and children only), as well as the personal self-esteem is defined by the 'I' and not 'We'.

Figure 2 illustrates the *Index of Individualism* for Bulgaria and the three countries with investments in the Bulgarian textile and clothing sector [10].

Bulgaria is a collectivistic society, according to the score of 30 in Hofstede. Having in mind the research of Davidkov [21], the country has a score of 49, which seems to be closer to the reality, but for the young generation in big cities.



**Fig. 2. Index of Individualism for Bulgaria and the main investors in the textile and clothing sector**

In the smaller Bulgarian cities the collectivistic approach is very important for the economic survival, because the unemployment and lower living standard are valid for almost all regions of the country except Sofia, the capital. The group (family, friends, and neighbors) in these cases can help in the case of financial problems, can assist to find a job, can take care of children, while parents are at work in other cities or countries, etc. At present all big production textile and clothing companies operate out of the capital and the reasons for this are financial (Sofia is the most expensive city), organizational (the logistic in the whole country has been significantly improved), and related to the human factor (the price of the manpower is much lower in the countryside).

In accordance with the Index of Individualism Turkey is again the closest to Bulgaria culture. In both countries people need time to familiarize with the 'foreigner', the person out of 'we', need time to create a trust and to show confidence. Subsequently, the Bulgarian employees in the Turkish company rely precisely on this trust, however, expecting not to be penalized hard or at all if they violate the order or commands. On the other hand, TV reports in Bulgaria are frequently showing complaints of employees in Turkish textile companies, operating in the southern regions of the country (with high level of unemployment and concentration of Muslims). The complaints are related to irregular working hours, irregular payments, poor occupational hygiene, overtime work for free, etc. In most of the cases, the employers do not stand in front of the cameras, but a possible explanation of their behavior, out of personal intentions for fast enrichment is his behavior as a 'parent' in the collectivistic culture. The employer gives to the workers 'bread and butter' for them and their families and in the absence of an alternative in areas with high unemployment the employer is perceived as a parent to whom children should be grateful for the care. The occupational hygiene, the norms of the relation 'employer – employee' do not matter.

The relationships with the German employers of the textile companies are on the opposite side of the scale. It is obvious, as the German culture is individualistic one, aiming the realization and welfare of the person, of the 'I'. According to the model of Hofstede, Italy belongs to the same group of individualistic societies [10]. The emotions, affections, care for the individuals in the group, typical for the collectivistic countries is displaced by a well-developed sense of duty, responsibility to the company and the requirement for professionalism. The relationships on the working place are based on the contract between the employee and the employer.

One of the characteristics of these relationships is the regular care of the Italian and German employers in Bulgaria to perform trainings (kick-off or regular trainings) for their employees, particularly for the engineering staff and technicians. The reason is that the owners of the companies see good investment in the knowledge and skills of their key-employees. The goal is they to obtain the required knowledge and receive the freedom to operate, but only on condition that their attitude coincides with the objectives of the employer.

The hiring of Bulgarian inferior management and engineering staff by the foreign owners from Italy and Germany positively affects the relationship between employers and employees, because the conflicts, preconditioned by the opposition 'individualist - collectivist society' are turned into pure economic relations: if the company has good results, the foreign owner is satisfied. Otherwise, he replaces the local managers with new ones.

#### **IV. MASCULINITY**

The *Masculinity* (versus its opposite, the *Femininity*) refers to the distribution of roles between the two genders in the society [9]. It is represented by the *Index of Masculinity (MAS)* and has no sexual meaning.

Figure 3 shows the comparison between the studied cultures [10]. Being in the first half of MAS, Bulgaria and Turkey are more feminine cultures, while Italy and Germany stay on the masculine side of the scale. Masculine cultures have a comparative advantage in large-scale productions that require efficiency, quality and speed. Feminine cultures have a comparative advantage in services, communications, transport, agriculture, etc.

One of the management focuses in the feminine cultures, like Bulgaria and Turkey, is the achievement of consensus. Solidarity, equality and the comfort on the working place is important. However, it is difficult to determine that managers in Bulgaria are striving for consensus, having in mind the high PDI and the strong acceptance of the hierarchical level in the organization. The 'feminine' behavior here can be found more in the fact that Bulgarians do not like someone to be 'out from the crowd', which is also related with the collectivistic side of the national culture. There is also very positive attitude towards flexible working hours and free time, which can be used by managers to increase productivity, giving more freedom in organization of personal work. However, in the field of textile and clothing production such a 'freedom' (which can be easily achieved in IT companies, for example) seems to be impossible, due to the specific of the production technology.

The close MAS for Turkey and Bulgaria preconditions better understanding of management approaches and organizational principles. Both cultures profess the rule 'work to live'; they rather accept the equality in the payment as well, i.e. 'according to the needs'.

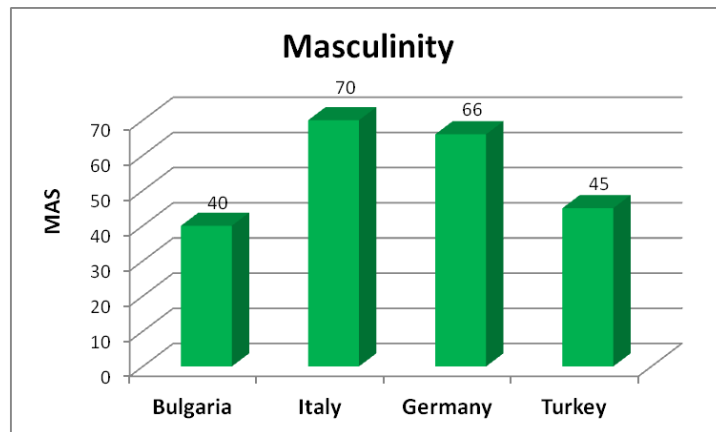


Fig. 3. Index of Masculinity for Bulgaria and the main investors in the textile and clothing sector

Having in mind this cultural dimension, the difference in the conduct and expectation between the employers and owners from Italy and Germany and the Bulgarian employees is greater. Led by the understanding of their own masculine cultures, the German and Italian employers tolerate differentiated payment ('according to work'), but it creates tension among the workers and engineers. The confidentiality is not a working solution because the collectivistic side of the Bulgarian society would not allow to maintain the secrecy of the individual wages for a long time. Stimuli (bonuses, extra payments, etc.) for a well done job are again not accepted well if they are not equal (or at least equal percentage of the salary). Only the differentiated payment of the highest management levels is considered normal, because of the high PDI of the Bulgarian culture. The employers from Italy and Germany should not expect the Bulgarian managers in the textile and clothing companies to be assertive and decisive. They can have the initiative, but the feminine culture will make them wait for a decision 'from above'.

#### V. UNCERTAINTY AVOIDANCE

The *Uncertainty Avoidance*, represented by the *Uncertainty Avoidance Index (UAI)*, shows the society's tolerance for uncertainty and ambiguity [9]. The high UAI values demonstrate that people in the culture feel uncomfortable in different from usual situations (novel, surprising, unknown).

The four compared cultures demonstrate high UAI values [10] – Figure 4. This means that similar characteristics in the management of companies in the textile and clothing sector are observed, regardless the national culture of the owner. The management system and the occupational organization in the four countries tolerate the existence and elaboration of numerous policies that control the rights of workers and employers. Along with them the particular foreign owner imposes its own, internal company rules for behavior. Some of them reach absurd: a timetable when the workers could visit the toilet is developed in a Turkish company and its breach is actively discouraged.

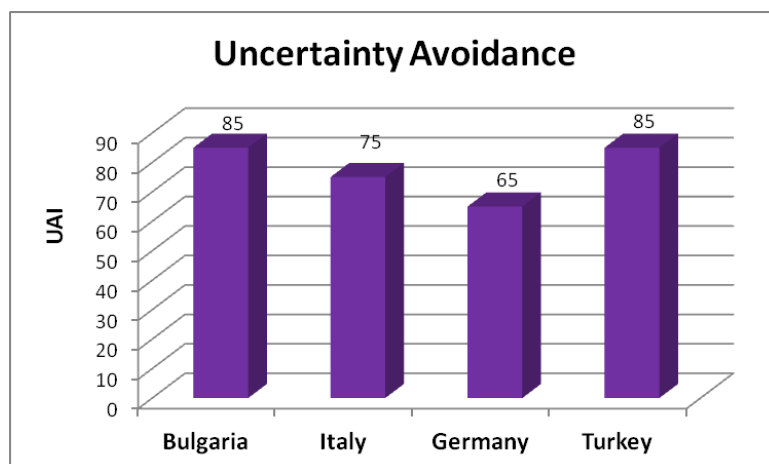


Fig. 4. Uncertainty Avoidance Index for Bulgaria and the main investors in the textile and clothing sector

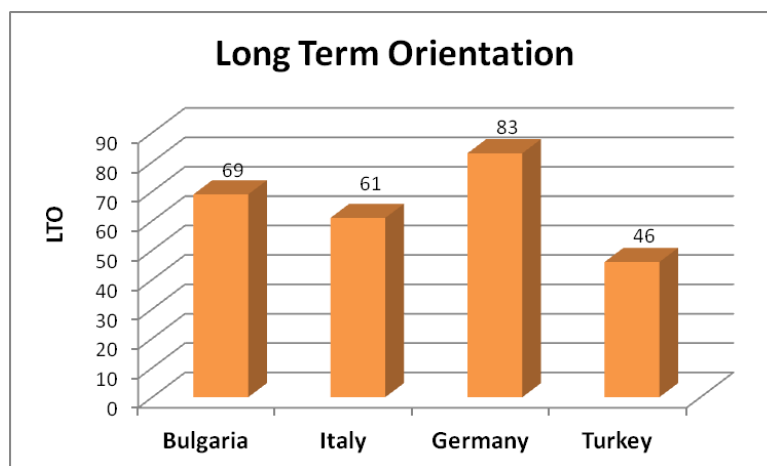
The high degree of uncertainty requires avoiding organization in which a worker has two direct superiors. This can happen in the apparel industry, where workers are controlled by a foreman, and the chief of the workshop (department). In this case, there must be a clear prescription about the responsibilities of the two superiors and their tasks have not to be mixed. In general, the complexity of the tasks performed by the superiors and subordinates requires the development and observation of job descriptions (job characteristics). Due to the high UAI both the Bulgarian employees and foreign owners or managers from Italy, Germany or Turkey accept well the job descriptions.

A particular effect of the high UAI is that the Bulgarian employees are not happy with innovations, even at the working place. Therefore time is needed for the workers to accept any new rule or change in the organizational management of the company. The emotional need for rules is not related by all means with the observation of these rules.

The emotions play important role in Bulgaria and Italian and Turkish managers, coming from similar emotional cultures, have to rely on the high PDI of Bulgaria, to avoid emotional conflicts and misunderstandings. Germans are less emotional and they prefer to compensate their high UAI by the expertise of engineers and workers; therefore they are ready to invest time and money on their specialization.

## VI. LONG TERM ORIENTATION AND INDULGENCE

The Long Term Orientation, represented in figures by the *Long Term Orientation Index (LTO)*, shows the attitude of the particular culture towards the present and future challenges, having as a background its past and traditions [9]. Figure 5 shows the values of the LTO index for the compared countries. Bulgaria, Italy and Germany are on the side of the pragmatic cultures [10]. This means that the reactions of people depend quite much on the context and the situation. In the working environment of a particular company it can be found that the adaptation potential of employees is high, aiming to achieve their final goals.

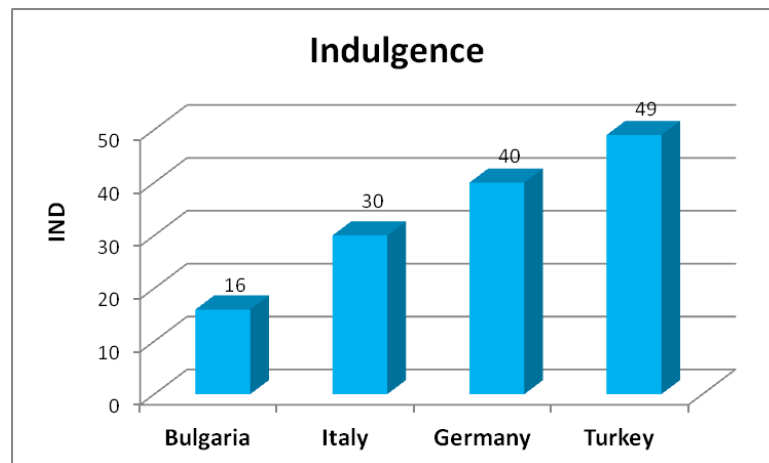


**Fig. 5. Long Term Orientation Index for Bulgaria and the main investors in the textile and clothing sector**

On the contrary, Turkey is on the side of the normative cultures, though very close to the middle value of 50. Having in mind the high PDI of Turkey it can be easily explained why the Turkish owners and managers preserve the traditions of their country, while working in a different culture: the lower LTO index shows that they belong to a culture, which prefers to preserve its traditions, looking suspiciously to any need of changes.

The sixth Hofstede's dimension, the Indulgence, deals with the ability of people to control themselves, their impulses and desires [10]. The high *Indulgence Index (IND)* shows that people belong to an indulgent culture, with a weak control on wishes and desires, while the low Indulgence index describes restraint cultures with high control on their desires.

The Hofstede's values of the Indulgence of the four investigated countries, compared in Figure 6 [10], show that Bulgaria is the most restraint culture, which can explain somehow the pessimism of people in the country. The other three countries, though having increased values of IND, are also on the restraint side of the scale. This, together with the similar LTO index, shows that the three countries, namely Italy, Germany and Turkey, would not have important or considerable problems with the management of Bulgarian employees, having in mind the last two Hofstede's dimensions.



**Fig. 6. Indulgence Index for Bulgaria and the main investors in the textile and clothing sector**

## VII. CONCLUSIONS

This study has discussed both advantages and problems in the management of companies in the textile and clothing sector in Bulgaria, owned by companies from Italy, Germany and Turkey. The national cultures of the three countries have been compared with the Bulgarian culture, using the 6D model of Hofstede. It was found that four of Hofstede's dimensions dominate the cross-cultural communication and the international management of the multicultural textiles and clothing companies in Bulgaria: the Power Distance, Individualism / Collectivism, Masculinity / Femininity and Uncertainty Avoidance Index. The last two Hofstede's dimensions: Long Term Orientation and Indulgence show that the compared cultures are quite similar to expect serious contradiction in the cross-cultural communication.

A serious obstacle to such cross-cultural study is the lack of willingness from the side of the foreign employers to enable the local employees to be interviewed for a more realistic assessment of their attitude towards the relationships 'employer – employee'. At the same time, Bulgarian employees are reluctant to participate in such a survey, because of their fear of losing anonymity (if they show sincerity in their answers), confidence of the employer or even the workplace. This again is a sign of the importance of the high Uncertainty Avoidance Index and Power Distance Index of Bulgarian culture.

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