

Cultural Relativity of Relationships in International Business: The Case of Bulgaria

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Abstract

The role of connections and relationships, that is, of whom one knows, is logical and universally recognized as a success factor in the theory and practice of international business. However, is there a conceptual equivalence in how the nature of relationships is construed, as well as in the ways relationships are built and developed across different cultures? The article defends the thesis of the cultural contextualization of business relationships. Representatives of different national cultures have different perceptions of the essence and role of the process of establishing and developing relationships with business partners. Based on a conceptual synthesis and secondary cultural data analysis, the article examines how national cultural context shapes the understanding and enactment of business relationships. The paper applies a comparative cross-cultural perspective, employing the category of national culture as the main unit of analysis. Specific attention is devoted to the cultural peculiarities of business relationships in Bulgaria. The study foregrounds the intercultural competence of international business actors as a guard against unduly leaning on dispositional attribution (at the expense of the situational attribution) in a cross-cultural context.

Keywords: national culture, informal institutions, embeddedness, international business, Bulgaria.

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Introduction

One of the established contemporary business theories in Western management literature is the business network theory. It places connections among stakeholders at the centre of analysis and essentially views the market as a system of relationships.

Modern companies work less and less on their own and increasingly in collaboration with other companies within various types of partnerships - from building networks of preferred suppliers, where relationships occur mainly at the stage of exchange, through production cooperation, and up to joint research and development activities. The forms of inter-firm cooperation are also diverse - from long-term sale and purchase agreements, through participation in consortia, to the creation of joint ventures. Therefore, the question arises of a company's ability to establish and develop business relationships and, accordingly, to gain access to relevant business networks. The business network theory is applicable both to domestic and international markets, whereby the company and its subsidiaries become participants in various foreign business networks. The analysis of the environment at a country level is complemented by an analysis at the level of foreign business networks, in which the importance of the microenvironment often outweighs that of the macroenvironment (Forsgren, 2008). In addition, foreign subsidiaries of an international company are also influenced by the internal corporate context, that is by companywide policies and control systems. Similar to the market, the firm can likewise be viewed as a network of relationships. Within the international company, each of its subsidiaries develops relationships with the parent company, with the other subsidiaries, and with the participants in the foreign environment in which it operates.

The role of connections, that is, of whom one knows, is logical and universally recognized as a success factor in the theory and practice of international business (Granovetter, 1985; Johanson and Mattsson, 1988; Gesteland, 2003). However, is there a conceptual equivalence in how the nature of relationships is understood, as well as in the ways relationships are built and developed across different cultures? The article defends the thesis of the cultural conditioning of business relationships. Representatives of different national cultures have different perceptions of the essence and role of the process of establishing and developing relationships with business partners. Based on conceptual synthesis and secondary cultural data analysis, the article clarifies cross-cultural differences in the understanding of business relationships. Both traditional groupings of national cultures - broad groupings such as Eastern and Western cultures, and more specific groupings such as cultural clusters - as well as an analysis at the level of a single national culture, are applied. Accordingly, both etic and emic approaches are used in an integrated manner. The etic method offers an objective and neutral account of value differences at a country level, and simultaneously serves as a background for understanding, explaining and acting in the face of real-world emic cultural contingencies. The article adopts national culture as the main unit of analysis. Other levels of culture, as well as intracultural differences, are beyond the scope of the study. The national culture factor is applied in the field of international business.

The paper addresses two research questions:

What is the impact of national culture on the conceptualization and enactment of relationships in the system or international business? AND,

What are the national culture implications for conceptualizing and enacting business relationships in Bulgaria?

The exposition below is structured in four parts. First, the category of national culture is examined and related to the cross-cultural perspective on the cognition of relationships. Second, the cultural relativity of conceptualization and mental processing of relationships is further substantiated. Third, the implications of cultural relativity of relationships in business setting are discussed. Fourth, idiosyncrasies of business relationships in a Bulgarian cultural context are considered. The article concludes that being knowledgeable about cross-cultural differences and nuances in the perception and practice of business relationships is indispensable for the participants in the system of international business.

What is culture?

“Culture is communication and communication is culture” (Hall, 1959). Respectively, culture is about interaction while specifically in an international setting, it is about interaction between representatives of different nationalities, that is of different cultures at a country level. At an individual level, the culture phenomenon is a multi-layered one, encompassing and entangling various strands of culture in a unique tapestry. Besides national culture, a person carries the luggage of their social class culture, generational culture, ethnic culture, gender culture, occupational culture, organizational culture. In a work context, for instance, occupational culture may have a profound impact on the individual, such that it even may prevail over the influence of their national background. Yet, more often than not national culture is a fixture of one’s psychological and social makeup that is lurking all around.

The ability to understand how one’s business partners perceive and comprehend the world is a success factor for effective intercultural communication. Although a component of people’s collective identity, being competent about partners’ national culture is especially instrumental at early stages of interaction when one does not have observations yet over the personal identity of the other party. Hence, the interactionist perspective on national culture needs to be complemented by the cognitive perspective, conceptualizing national culture as shared meanings, beliefs, motives, experiences. All these are often reduced to two broad components of culture – values and practices, shared among societal members, so that culture can be expressed in the complex interaction of values and practices. However, there is a strong tradition in cultural studies, national cultures to be contemplated on the basis of values. Thus, the essence of culture is described by the desirable in the society (Hofstede et al., 2010), by the broad tendencies to prefer certain states of affairs over others (Hofstede, 2011), by the shared assumptions about the way things ought to be, by the basic mental representations that members of a particular social group share (Thomas, 2018).

In this article national culture is viewed as ongoing patterns of values and practices shared by people of the same country. People's cognition, emotions and behaviour are oriented by their internalized frameworks of national cultural values. National cultural identity is complemented by other strands of collective identity, as well as by personal and humankind identities. In addition, cultural complexity is heightened by variation within the very national culture group. While important, the layers of culture, different from the national culture and also the intracultural variation, are beyond the scope of the paper.

Conceptualized as an imaginary and holistic phenomenon (Hofstede et al., 2010), national culture is operationalized through its decomposition - "unpackaging" (Ibidem.) into its constituent parts. That is, through the identification and measurement of cultural dimensions, allowing for country comparisons. One of the most stable dimensions of national culture deals with the way people perceive and approach relationships with others. Considered to be the central and most significant cultural orientation (Triandis, 2004; Gesteland, 2003), it is present in all the frameworks of cultural dimensions although bearing different designations such as: Individualism/Collectivism (Hofstede et al., 2010), Embeddedness Autonomy (Schwartz, 2006), Institutional collectivism and In-group collectivism (House et al., 2004), Relationship-focused and Deal-focused cultures (Gesteland, 2003), High-context/Low-context cultures (Hall, 1976), Particularism / Universalism (Parsons, 1951; Trompenaars and Hampden-Turner, 1997), Exclusionism / Universalism (Minkov, 2011), Diffuse / Specific cultures (Parsons, 1951; Trompenaars and Hampden-Turner, 1997), Tight/Loose cultures (Triandis and Suh, 2002; Gelfand et al., 2011), Independent self/Interdependent self (Markus and Kitayama, 1991).

Cultural relativity of relationships

Reliable relationships are important everywhere in the business world. At the same time, national cultures show differences in their understanding of the nature, scope, and practices of building and maintaining relationships. According to Gesteland (2003), a key cultural divide is between deal-focused and relationship-focused cultures. The former are predominantly task-oriented, while the latter are people-oriented. The characteristics of this divide correspond to a large extent to the dimension of collectivism and individualism (Hofstede et al., 2010), which Triandis (2004) identifies as the fundamental division of cultures around the world. A key aspect of understanding it is taking into account the role of in-groups in relationships between people. Collectivist societies assign major weight to the in-group phenomenon, whereby members of these cultures make a significant distinction between in-group and out-group members. To highlight the specific and meaningful role of the in-group in collectivist cultures, the GLOBE project (House et al., 2004) even names the corresponding dimension as in-group collectivism. The in-group - the family, circle of friends, or work group - supports its members in exchange for their loyalty. Relationships within the in-group can be both close and distant ones. An individual in collectivist cultures belongs to multiple in-groups whose members form a kind of hierarchy depending on the

degree of cohesiveness of relationships among them – *guanxi* in China, *jinmyaku* in Japan, *wastah* in Arab cultures, *ubuntu* in the African cultural tradition. Meanwhile, one should be careful to avoid the over-generalization trap and to recognize the country-specific nuances in relationship construal. For instance, although China, Japan and South Korea all belong to the Confucian culture cluster and occupy close positions on the relationship-focused – deal-focused culture continuum (respectively, they have similar scores on the corresponding cultural dimensions), the three national cultures exhibit differences in view of the focus on relationships (the individual or the group) and the nature of relationships (instrumental or emotional). Relational (with a focus on the individual) and emotional aspects predominate relationships in the Korean culture, while relational and instrumental – in the Chinese culture, and collective aspect (with a focus on the group) – in Japan (Lee et al., 2010). Besides one should be receptive to grasp various cultural interpretations about the composition of the in-group members. For example, in the worldview of African people, the in-group (*ubuntu*) includes both the living and the ancestors (the living dead) while some of the latest research extends the composition of the in-group to include also AI machines (“making kin with the machines” (Lewis et al., 2018)). In that line of reasoning, Ge et al. (2024) claim that theoretical perspectives to and actual practice of AI development do not pay adequate attention to the role of the national culture factor in shaping “what people want from AI” (Ge et al., 2024). The general patterns of human-AI interaction that their research identifies reveal that representatives of cultures with independent self-see control over AI and prefer AI with low capacities to influence, while people from cultures with interdependent self-see connection with AI and prefer AI with greater capacities to influence.

The in-group and the individual’s obligation in collectivist cultures to maintain relationships within it have a significant influence on the person’s life. Even the way an individual perceives themselves is strongly affected by the extent of in-group collectivism. In collectivist cultures, the individual develops an interdependent self. What other members of the in-group think of the individual plays an important role in the person’s self-concept. Therefore, people from these cultures are especially sensitive to their social image - to the concept of *face*, associated with human dignity. Human dignity is a cultural universal so that preserving it is a value everywhere in the world. However, while in individualist cultures dignity and self-concept stem from a person’s own actions, achievements, and adherence to universal laws and standards applicable to everyone, in collectivist cultures dignity and self-concept result from caring for and prioritizing the interests of the in-group. Cultural norms create expectations of particularism (Parsons, 1951; Trompenaars and Hampden-Turner, 1997), that is, situation-dependent behaviour that attends to the interests of the in-group. Caring for members of the in-group also involves taking care to preserve their *face*. Actions that harm the social image of an individual who is a member of the in-group are socially blameworthy because they directly affect that person’s self-concept. Saving *face*, both one’s own and that of other members of the in-group, is a behavioural imperative in a cultural environment of strong in-group collectivism.

The power of relationships in collectivist cultures transcends various spheres of interaction, for instance work relationships reflect on personal relationships and vice versa. Diffuse relationships are all-encompassing which is another reason for representatives of collectivist cultures are so attentive to nurturing them. In contrast, individualist cultures embrace rather specific relationships, referring exclusively to a distinct realm of interaction, thus separating work and personal relations, for instance. Individualist societies also value and care about relationships but in view of domain-specific merits and considerations.

National culture is a fundamental block underlying the overall context of relationships. Relationship-focused cultures are characterized with high context (Hall, 1976), that is, with an information-rich background. More often than not relationship-focused societies are ancient cultures with huge historical context. For instance, a literate person in China must be well-versed in Chinese history (Hall, 1976). Communication in a Chinese setting is imbued with so much historical context that it may be difficult and even impossible to understand what Chinese interlocutors convey unless their communication partners are able to decipher the historical symbols used in coding messages. Moreover, high-context cultures rely comparatively more on non-verbal and paraverbal communication, *vis-à-vis* low-context cultures, resorting mainly to verbal means. The way words are employed is also culture-specific. Representatives of low-context and high-context cultures follow different priorities in the process of communication. Primordial for low-context cultures is clarity, while for high-context cultures, it is the preservation of harmonious relationships (Gesteland, 2003). People all over the world are careful when utilizing words to construct their messages. However, low-context cultures are cautious because they want to be understood clearly and unambiguously by their interaction partners, while high-context cultures are probably even more mindful in words selection because they are preoccupied with the concern not to spoil the face of their interlocutors, especially those who also happen to be members of the in-groups they themselves belong to.

In the main collectivism frequently occurs in combination with relatively high degree of culture tightness whereas individualism - with culture looseness. Gelfand et al. (2011) describe tight cultures as having many strong norms and a low tolerance of deviant behaviour, respectively, loose cultures as having weak social norms and a high tolerance for deviant behaviour, whereupon Gelfand and colleagues demonstrate strong correlations between tightness – looseness with collectivism – individualism, respectively. Earlier Triandis and Suh (2002) identified tightness – looseness as an independent cultural dimension but interacting with individualism – collectivism.

Cultural relativity of business networks

Nurturing relationships in a professional context institutionalizes distinct business networks which are rarely culture-free and frequently embedded in culturally coded social relations. The embeddedness argument primes the entangling of business relationships with social ones (Kolev, 2017). It makes the point for integrating embeddedness analysis

– about the nature and degree of “social overlay in economic transactions across firms” (Granovetter, 1985, p. 495) – in a comprehensive environmental analysis of a focal foreign market, and hence, for acknowledging the sociological view on economic action as a category of social action. Furthermore, the embeddedness argument foregrounds the significance of personal relationships in cultivating trust and constraining malfeasance in the context of weak formal institutions on concrete external markets. In a similar line of reasoning, institutional scholars substantiate their claim for institutional analysis not to overlook the role of informal rules besides that of formal ones. It is often the case that ineffective formal institutions in a country, i.e., formal rules that are not potently applied in practice, provoke the emergence of competing and/or substantive informal institutions such as corruption and gentleman’s agreements, respectively (Helmke and Levitsky, 2004). In the absence of a formal centre, responsible for the enactment and alteration of informal rules, they preserve validity for relatively long periods of time (Lauth in Helmke and Levitsky, 2004).

Cultural differences in perceiving and working out relationships appear through all the phases of the business exchange. The non-task sounding stage (Graham and Sano, 1989) of the negotiation process is especially illustrative of the cross-cultural perspective on business networks. Representatives of relationship-focused and deal-focused cultures pursue different goals in this early part of the business interaction, respectively they conceptualize it differently – both, content-wise and duration-wise. During this initial phase representatives of collectivist cultures try to measure up the other party – to figure out how much trust they can grant on the focal potential partner. This is the time for nurturing a climate of mutual understanding and interdependency and not for introducing business issues yet. From a collectivist and diffuse culture point of view, relationships are not just business-wise but they also contain a significant personal component. Relationship-oriented people want to be sure that their business partners are also their personal friends. Business is taking place not just between companies, but also between concrete people, engaging themselves in reciprocal favours. In technical terms, the milestone to be reached in this negotiation period is for foreign partner to be subtly allowed to cross the line between out-group and in-group. This one is an elusive border and the time it takes to traverse it is individually-specific. The intercultural competence and emotional intelligence of the particular business actor play the lead role. Once the foreigner is a member of their relationship-oriented partner’s in-group, the actual information exchange and business discussions may begin. Establishing relationships is a phase on its own and introducing business issues into the negotiation process follows sequentially. While relationships are valued all over the business world, in a deal-focused cultural context people need a relatively shorter time for engaging in small talk and then they immediately start tackling work matters. Representatives of individualist cultures build relationships in parallel with ongoing business talks while the work component of relationships prevails in the interaction.

Cultural interpretations of the role of relationships in doing business reflect underlying institutional differences at a country level. Deal-focused cultures rely on the power of formal institutions such as laws and written contracts. Business transactions in low-

context cultures are contract-based so that parties resort to contractual provisions to regulate their business relationships. Relationship-focused and high-context cultures depend on the established personal relationships with their business partners to balance the implementation of the transaction. Informal institutions such as cultural values and practices are of prime importance. That is why relationship-focused counterparts are so attentive and require relatively longer time for establishing mutual trust.

In that sense, high-context cultures are relatively more selective when structuring their networks. Lines between out-groups and in-groups are more difficult to be passed by outsiders while relationships within in-groups are mutually binding and long-term. The opposite is true about low-context cultures – there is no sharp divide between out-group and in-group members and relationships are relatively loosely-knit and shorter-term. Respectively, high-context cultures establish smaller and longer-term networks of relationships, while low-context cultures engage more easily in social contacts and thus create larger but sparsely-connected networks. Transactional nature predominates the relationships in deal-focused cultures.

The notion and practice of business relationships may look different depending on the cultural context. At the deal-focused and low-context end, relationships are rather exchange-based while at the opposite relationship-focused and high-context end – they are organic and full-fledged. However, real business world is seldom an either-or story – the truth is frequently in-between the extremes. Even in cultures with the strongest deal-orientation, the practice reveals that catering for relationships is instrumental for business success: “We spend lots of time and effort to negotiate business contracts, but once we sign them, we put them in the drawer. After that, what matters is our relationship with the other side and we are negotiating that constantly” (cited in Salacuse, 2010). The process of negotiating relationships leads to partners co-creating a common culture (Kincaid, 1987), also known as a third culture (Casmir in Hopson et al., 2012) and transactional culture (Bell, 1992). This process is ongoing, organic, reciprocal, proactive, and dialogic; thus, guarding participating parties against committing the fundamental attribution error (Thompson et al., 2004) which results from people’s tendencies to explain others’ behaviour through their personal characteristics while own behaviour – through situational factors. People fall prey to the attribution error because of the lack of sufficient understanding about counterparts’ situation. Hence, it is up to actual business actors to stay with all their senses wide open to capture the various signals the real-world context emits and to appropriately adjust their behaviour.

Cultural peculiarities of business relationships in Bulgaria

Bulgaria is a moderately relationship-focused culture but with Western individualist influences (Gesteland, 2003; Bobina and Sabotnova, 2022). The country’s scores on in-group collectivism, both in terms of values (should be) and practices (as is), are comparatively higher within European Union countries and moderately high on a world basis; while

Bulgaria’s institutional collectivism in view of practices scores relatively low on a global scale (Table 1). Yet, much in line with the individualist perspective, the difference between the value (4.65) and the practice (3.67) scores on institutional collectivism suggests that Bulgarians believe societal institutional practices should encourage and reward nationwide (as opposed to in-group versus out-group divide) distribution of resources more strongly. Based on the index developed by Uz (2014), Bulgaria is a moderately loose culture, leaning toward the middle of the global scale. With a score of 60.4, the country occupies a place slightly above the mathematical midpoint of the scale. While it is tighter and more traditional than highly individualist Western cultures, it exhibits a higher spread of differing views than profoundly collectivist cultures. Even so, group embeddedness is a distinct feature of the Bulgarian cultural tradition (Garvanova, 2017), underlying the importance of establishing and maintaining reliable relationships as a prerequisite for entering into business transactions.

Table 1. Selected relationship-oriented cultural patterns for Bulgaria according to established cross-cultural research

Source	Dimension of national culture	Data for Bulgaria			
Hofstede et al. (2010)	Individualism vs Collectivism (indices range from 0 to 100; 0 – low, 100 – high)	Index of Individualism = 30. Bulgaria ranks the 48 th -50 th out of 76 countries.			
Schwartz (2008)	Embeddedness vs Autonomy (9-point asymmetrical scale; (-1) - opposed to my values, 7 – of supreme importance)	Cultural orientation	Score	Mean value for 80 countries	Bulgaria’s rank out of 80 counties
		Embeddedness	3.87	3.79	34
		Affective Autonomy	3.47	3.48	41-42
		Intellectual Autonomy	4.29	4.33	43-44
Minkov (2011)	Exclusionism vs Universalism (indices range from 0 to 1000; 0 – low, 1000 – high)	Exclusionism index for Bulgaria = 507			
Bobina and Sabotinova (2022) based on the GLOBE methodology	Institutional Collectivism Group Collectivism Assertiveness (7-point Likert scale; 1 – low, 7 – high)	Cultural orientation	Practice score	Value score	
		Institutional Collectivism	3.67	4.65	
		Group Collectivism	5.46	6.03	
		Assertiveness	3.67	4.40	
Uz (2014)	Tightness – Looseness (most tight = 0)	Cultural Tightness Looseness Combined index for Bulgaria = 60.4			

Source: derived by the author from the sources cited in the table

As Table 2 shows identification of Bulgarians with their in-groups occupies the third place among the most important identities for self-definition, immediately after the country and locality identification (Nakova, 2025). However, unlike the family and friend in-groups, wherein relational and emotional aspects of interactions predominate, the nature of relationships in work in-groups is instrumental and still with a focus on the individual rather than on the group. While the personal component of relationships is existing, the business context foregrounds the utilitarian character of professional connections. Bulgarian businesspeople preserve atomized decision making but simultaneously stick to socially influenced rules for decisions. They are typically open to provide a foreign counterpart with a personal favour without necessarily expecting reciprocation, especially in a short- and mid-term perspective. In such an interpersonal environment, face-saving behaviour is both the practice and the norm. Cultural legitimacy is achieved through relatively high-context rather than assertive and straightforward communication style. In line with the comparatively stronger diffuseness of Bulgarian national culture vis-à-vis Western countries, Bulgarians are rather averse to criticism in a work setting. Even though the performance of work tasks is to be criticized, Bulgarians perceive it as a personal insult and may fall into emotional overreaction (Chavdarova, 2004).

Table 2. The most important identities for Bulgarians' self-definition*

Identity	Share of references in %
I am a Bulgarian citizen	84.7%
I feel connected to my locality	52.5%
I feel connected to my circle of friends	39.2%

*The results sum respondents' first, second, and third choice of identity out of 9 proposed identities

Note: The data is derived from a nationally representative study, employing semi-standardized face-to-face interviews, conducted in 2021 by the Institute of Ethnology and Folklore Studies with Ethnographic Museum of the Bulgarian Academy of Sciences

Source: Abridged from Nakova (2025)

Albeit and precisely because the work group yields in importance to family and personal friend in-groups in the hierarchy of the Bulgarian value system, the network approach to entering the Bulgarian market remains culturally sound and practically feasible. 'Who you know' is a success factor everywhere in the business world, but especially so in a country with low trust in formal institutions (Paunov, 2020). As Table 2 reveals, the largest share of Bulgarian identity nowadays is represented by national culture (84.7%) among the other identity dimensions such as supranational, ethnic, and local identity. However, it deserves attention that identification with formal state institutions, including the rule of law, is giving way to informal institutions as embodied by national cultural values, history, and language (Nakova, 2025) (see Table 3).

Table 3, Indicators of national identity

Indicator	Share of references in %
Bulgarian language	65.7%
National cultural traditions and customs	65.2%
Historical past and collective memory	59.2%
Orthodox religion	29.7%
State symbols (flag, anthem)	27.9%
State institutions and the rule of law	8.4%

Note: The data is derived from a nationally representative study, employing semi-standardized face-to-face interviews, conducted in 2021 by the Institute of Ethnology and Folklore Studies with Ethnographic Museum of the Bulgarian Academy of Sciences

Source: Abridged from Nakova (2025)

Despite its already 18-year membership in the European Union, Bulgaria stays infamous for systemic public sector corruption issues. Between 2012 and 2024, the country's Corruption Perception Index score fluctuates between 41 and 45 points never crossing the 50-point threshold (on a scale from 0 – highly corrupt, to 100 – very clean) (Transparency International, 2024). Thus, special relationships are not ruled out for a business to succeed. The process of a firm's institutionalization in the Bulgarian socio-cultural-political environment may prove to be somehow more important than the rational means-oriented process of business administration and the ability of the firm to develop and offer effective and efficient solutions to real-world market needs. In addition, by investing time and resources in relationship building, Bulgarian businesses seek somewhat relative stability in the context of political volatility. Under such precarious business environment, Bulgarian companies resort to culturally sanctioned business practice of nurturing utilitarian relationships for entering and operating in aspired markets, thus relying not only on their own firm-specific advantages but on a combination of competences and connections, possessed by various business and institutional actors.

Conclusion

Business is not just about business. Foreign markets are not just about crossing country borders and encountering different legal, political, administrative, and economic systems. International business is often initiated by and further based on reliable networks of business relationships. The article elaborates on diverse national-culture-specific conceptions of the relationship phenomenon. International business participants should be forewarned and literate about the cross-cultural perspective on business relationships. Intercultural competence of international business actors guards them against unduly leaning on dispositional attribution (at the expense of the situational attribution) when trying to understand the behaviour of their foreign counterparts. Sometimes entering

new geographic markets actually means entering established culturally-rooted business networks. This requires cultural sensitivity to the socially-sanctioned manner of building and sustaining business relationships. Furthermore, the paper draws attention to the utilitarian nature of business relationships in the relatively group-oriented cultural context in Bulgaria. Strong business connections and networks serve to counterbalance the low level of trust in the country's formal institutions. Hence, the network approach to internationalization within the Bulgarian market maintains its cultural alignment and operational viability.

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