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## **PROBLEMS WITH GATHERING INFORMATION ABOUT CULTURAL ENVIRONMENT IN INTERNATIONAL BUSINESS**

**Introduction.** A key issue for entrepreneurs who have decided to operate an international business is having a good understanding of the environment in which the product will be positioned. The factors of the cultural macro-environment are of particular importance. They, along with other factors, influence the choice of the specific market and the right strategy for positioning the product. A good knowledge of cultural factors is a prerequisite for making the right management decision for business development in an international perspective. Insufficient attention by entrepreneurs and the ignoring of these factors in marketing analysis, especially in the formation of product and sales policy, is a prerequisite for the realization of huge losses [Belyaev 2010, p. 128].

At the same time, the modern market is characterized by a high degree of complexity, dynamism, strong competition and a tendency towards globalization. In addition, the increase in the internationalization of companies and the increase in international competition reinforce the need to classify products and services into the cultural dimension of marketing [Militaru, Zanfir, 2014, p. 143]. Under these conditions of considerable uncertainty, the success of an entrepreneurial business depends mainly on its ability to explore and analyze the cultural environment. At the same time, an important requirement for this is the availability of complete and credible information. It serves to reduce uncertainty, increase the efficiency of management decisions and improve the financial performance of the company [Karassev, 2016, p. 52].

Obviously, without marketing research, the modern market would not be possible at all [Avdokushin, 2007, p. 63]. The results of the research of the cultural international environment contribute to sound conclusions regarding the proper satisfaction of the needs of

the consumers and the choice of a strategic approach for achieving lasting market positions of the entrepreneurial business. Although the scientific literature has theoretically substantiated the importance of the influence of cultural factors on strategic business initiatives, still few companies carry out marketing studies in this direction [Cui, Griffith, Cavusgil, Dabic, 2006, p. 101]. According to Larsson and Risberg, only a few studies have included national cultural factors in analyzing merger and acquisition processes [Larsson and, Risberg, 1998]. This type of research is insufficiently covered in Bulgarian scientific publications. In this context, the purpose of this article is to highlight the problems of marketing information about the cultural environment factors in international business and to outline the possibilities for overcoming them.

To achieve the objective, a survey was carried out in 303 small, medium and large enterprises from Bulgaria. In the course of collecting information, representatives of their management (owners and managers) were interviewed. The direct inquiry method was used to collect the information, where the respondents themselves fill in the questionnaire. The survey was conducted in the period from October 2016 to March 2017. Statistical methods were used for the processing of the collected information – method of description, group and summary method, method of analysis and synthesis, graphical method. Information processing was performed using SPSS for Windows.

**Problem definition.** The cultural environment has a direct impact on the strategic orientation of the entrepreneurial business. Studying its impact is important for effectively controlling, adapting, and receiving feedback about changes. In addition, identifying the trends and dynamics of changes in this environment enables entrepreneurial businesses to set guidelines for further development. Obviously, ignorance of the cultural environment reduces the chances of this business to succeed [Shubin and Zhukova 2007, p. 74]. In this connection, the question of the need to clarify the essence of the cultural environment is important. It will help to better outline the impact of the factors of this environment on entrepreneurial activity on the international market and the opportunities for business development. There are different views on the cultural environment. For example, Karasev [2016, p. 22] points out that the cultural environment should be perceived as an adherence to tradition and fashion. The position of Cui, Griffith, Cavusgil, Dabic [2006, p. 103] is that the cultural environment refers to the cultures in which the company operates. Another concept defines it as an integrated set of factors and processes that define the worldview of society, its history, culture, ethnic roots and traditions [Sinyaeva, Zemlyak, Sinyaev, 2013, p. 39]. In our view, it should also be seen as a system of cultural values that shapes consumer behavior.

Knowledge of the factors of the cultural environment is important for the effective functioning of the entrepreneurial business, and in particular the provision of the planned results of its marketing activity. Based on the analysis of these factors, the entrepreneurs assess the current state of the enterprise, their possible impact on the business and define the main guidelines for their management. According to R. Farmer and B. Richman, factors related to the cultural environment are seen as determinants of effectiveness in decision-making [Farmer and Richman, 1965].

Due to the existence of different views on culture as a factor of the external to the entrepreneurial business environment, there is still no widely recognized classification of cultural factors. Sarafanova and Yatsuk [2001, p. 78] are of the opinion that the cultural factors shaping both the macro environment and the internal environment of the entrepreneurial business are the established rules adopted in society, the system of social rules, spiritual values, the attitude of people towards nature, labor, and towards each other and themselves. The analysis of literary sources shows that some authors classify the factors of the cultural environment from the point of view of their influence on the behavior of the entrepreneurial business. According to Angelov [1998, p. 71], these factors include bribery, the attitude towards entrepreneurship, the woman (her place in the business), a number of ethnic and religious prejudices, etc. The analysis of literary sources shows that some authors classify the factors of the cultural environment in terms of their influence on the behavior of the entrepreneurial business. On the other hand, cultural values are one of the main factors influencing entrepreneurial behavior. In this connection, Turker and Selcuk [Turker and Selcuk, 2008] point out that cultural values are the essential element to make sense about entrepreneurship. An important emphasis put by Morris and Schindebutte is that the entrepreneurial activity in a given country or region is influenced by the existing major difference in cultural values and the norms across the cultures.

A special understanding of the manifestation of cultural factors is the one of Belyaev. He views it in a multifaceted way as a historically defined level of community development, ways of individual behavior, the spiritual values of society, and the social fabrication of society [Belyaev, 2010, p. 127]. Belyaev believes that the cultural factors influencing consumer behavior in the market which businesses should take into account when motivating their marketing decisions, are: religion, customs and rituals, ethical rules / norms and values, education and literacy, the political structure of society and its aesthetic aura (folklore, music, art, literature), language, and proverbs [Belyaev, 2010, p. 127]. Similarly, Militaru and Zanfir argue that the social organization, language, customs and traditions, education, religion, or the

system of fundamental values of society have a strong influence on entrepreneurial business, defining the nature and peculiarities of potential users [Militaru and Zafir, 2014, p. 144]. Griffin and Pustay pay special attention to cultural factors from the point of view of the structure of national culture. The view of these researchers is that social structure, language, communication, religion, values and attitudes form the culture of a place to which international business should adapt [Griffin and Pustay, 1999]. At the same time, some authors believe that factors such as traditions, lifestyle, culture, the religion of the local population will have a significant impact on the entrepreneurial business decision on future orders with regard to what prices to sell and the total volume of sales [Shubin and Zhukova, 2005, p. 74].

The successful presence of entrepreneurial business on the international economic scene is largely determined by the manifestation of cultural factors. At the same time, they influence both the decisions of entrepreneurs to develop international business and the expected results. In this regard, some authors [Hayton, George, Zahra, 2002] believe that the influence of these factors on entrepreneurship can be viewed from different aspects, namely:

- the impact of national culture on aggregate entrepreneurship measures such as national innovation output or new businesses created;
- the link between national culture and the characteristics of individual entrepreneurs;
- the impact of national culture on corporate entrepreneurship.

The issue of cultural differences is also important for the understanding of the impact of cultural factors on opportunities for international business. The effectiveness of managing this business is determined to a large extent by the knowledge of cultural differences. Their in-depth analysis helps to identify consumer behavior and develop a proper marketing policy. In support of this thesis is also the view of some authors that cultural differences are essential for the realization of international business [Kania, 2010, p. 16], affect the post-acquisition capability of transfer due to social integration, potential absorption capacity, and capability complementarity [Björkman, Stahl, Vaara, 2007] or audit quality [Braşoveanu, Dobre and Brad 2014, p. 88].

To effectively organize businesses in the international environment, entrepreneurs need to conduct research and analysis of the impact of its factors. For this purpose they can apply different methods and means.

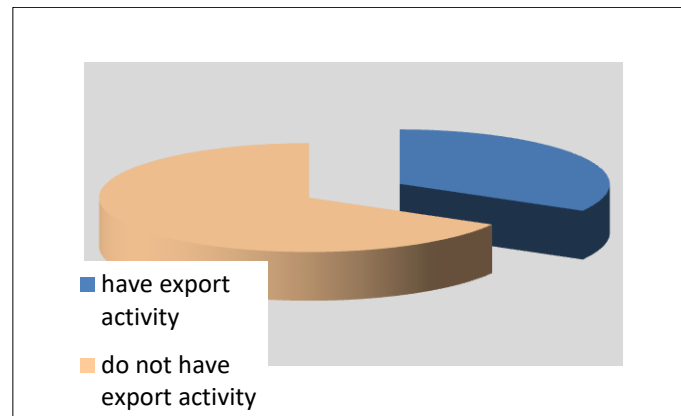
**Methods of gathering information about the cultural environment.** In the field of science and practice, different methods of studying the environmental factors and their

influence are known –desk studies, related with the analysis of various officially published sources, and field studies, in which information on the research subject is collected and evaluated of on-site through observations, interviews, surveys or experiments. Their knowledge gives entrepreneurs certain advantages. Their knowledge gives entrepreneurs certain advantages. Their joint application helps entrepreneurs to obtain a more complete picture of the state of the cultural environment. The use of desk methods allows tracking the main trends of the market, and obtaining data the company cannot collect [Pehlivanov, Kyurova, 2013, p. 95]. Research with them is fast, does not require large financial resources, but the information gathered through them has some drawbacks because it is secondary. Therefore, the effect of surveys will be greater if these methods are combined with field studies. However, it is necessary to take into account the fact that such studies in the international environment face different difficulties related to their financing and the organization of their implementation. It is often necessary to use country-specific agencies to carry out such studies. For this reason, entrepreneurs do not always know the environment in which they will do business. This is a serious barrier to their intentions.

**Analysis and discussions.** In connection with a more complete and accurate disclosure of the problem, we consider it necessary to analyze the profile of the enterprises that participated in the survey. The survey results show that, according to the size of the surveyed enterprises, the share of small enterprises (66.7%), followed by medium enterprises (28.5%) predominates. Relatively low is the share of large enterprises – 4.8%.

Regarding the distribution of the enterprises surveyed by the sphere of economic activity, they are found to operate in different sectors of the material and non-material production, the largest share being in trade and services. At the same time, medium and large enterprises are mainly oriented towards commerce and furniture, clothing and food industries.

As presented in Figure 1, 1/3 of the surveyed enterprises carry out export activity. This shows that these companies have good contacts and established positions in foreign markets and are aware of the opportunities they provide. In this respect, it is interesting to establish the intentions of the respondents to expand the market positions gained. A significant proportion of respondents (25.3%) carrying out export business are planning to enter the markets in another country in the future, including in countries with a fundamentally different culture. This in turn raises the question of knowledge of the environment in which they will offer their products.

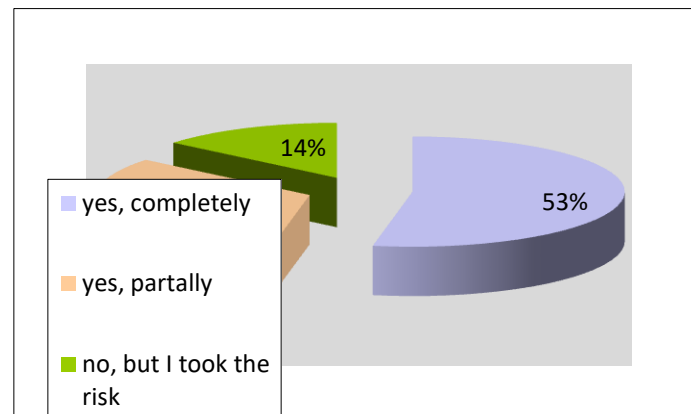
**Figure 1.** Distribution of enterprises according to their export activity

Source: own research and author's calculations

As has been pointed out, the organization of international business and its effectiveness depend on the degree of influence of the cultural environment and its factors. Considering the degree of influence of the environment by entrepreneurs is essential for the adoption of appropriate strategies for entering the foreign market. The opinions of the surveyed owners and managers give reason to believe that they, for the most part, in their actions on the international markets take into account the influence of the factors of the cultural environment and therefore seek to inform about it, to study and know it. The survey results show that 63.2% of respondents rated the impact as strong; 26% identify it as average and 7.8% consider the impact of the cultural environment weak. The share of respondents who claim it has no influence on their business internationally – 3% is insignificant.

Having in mind that knowledge of the peculiarities of the environment increases the opportunities for success in the foreign market, 86% of the owners and managers of the surveyed enterprises carry out a study of the cultural environment. More than half of them say they know the environment completely. The share of those who do not study the cultural environment for international business and therefore do not have any information about it when deciding to enter the foreign market is relatively small – only 14% (Figure 2). At the same time, it was found out that these respondents are mainly the representatives of small businesses. The main reasons they highlight are the lack of sufficient financial resources, a lack of a marketing department or a highly qualified marketing specialist.

**Figure 2.** Distribution of respondents according to the degree of awareness of the cultural environment



Source: own research and author's calculations

It should be noted that many respondents (67.8%) rely on their own capacity for organizing and conducting the study of the cultural environment. Only 18.2% of them state that for this purpose they use the services of consulting or marketing companies.

The answers to a question related to the identification of the methods applied by the respondents for collecting information about the cultural environment show that a considerable part of them use only desk methods (78.7%). Relatively low is the share of respondents (19.8%) who rely only on field methods (surveys and interviews). Only 1.5% apply both desk and field methods.

The analysis of the ways of collecting information about the cultural environment shows that the main ways that the respondents apply to this objective are:

- own marketing studies (19.8%);
- use of statistical and other analytical data for the trends in the respective markets (41.3%);
- Information through mass media (87.6%);
- Information from specialized sources such as catalogs, analytical reports of different institutions (36.7%);
- Information from informal sources – friends, other companies and others. (86.1%);
- Fairs, exhibitions, exchanges (34.8%);
- From consultants (17.3%);
- Information days organized by institutions and organizations, business centers, business incubators, etc. (21.5%);

- meetings with foreign companies (12.7%);
- Information from the administration and NGOs, incl. BCCI, BIA and others (15.5%).

It is interesting to determine the cases in which the cultural environment is studied. A substantial result of the data analysis is that the proportion of respondents who do research before deciding to enter the foreign market prevails (see Table 1).

**Table 1.** Distribution of respondents according to the cases of study of the cultural environment

<b>Cases of study of the cultural environment</b>	<b>Respondents, %</b>
Before entering the foreign market	86.0
On launching a new product	43.5
To identify market trends	39.3
To identify changes in consumer preferences	38.7

Source: own research and author's calculations

Concerning the frequency of cultural studies, it is observed that almost all respondents conduct one-off studies. One, albeit insignificant, part of respondents surveyed the environment every two years (9.1%). This shows that they still do not realize that periodic study of the environment is a prerequisite both for good knowledge of the changes on the international market and for determining the possibilities for adaptation to them.

Of particular importance for the proper positioning on the international market is the consumer survey on product characteristics. The survey results show that 68.7% of respondents conducted such surveys mainly when introducing a new product or entering a new market in order to identify potential consumers and meet their wishes and preferences as fully as possible, while 31.3% said they had not established such practice.

The analysis of the results of the survey conducted by us shows that there are a number of problems in the process of carrying out research on the cultural environment. The main issues faced by respondents are:

- lack of sufficient public information about the cultural specificities of the countries where they carry out international business and lack of targeted information in this area – 78.9%;
- difficulties in organizing surveys abroad (88.4%);
- difficulty in conducting own studies due to language barrier (83.6%);



- ignorance of the methods by which cultural studies can be carried out (72.0%);
- lack of orientation on the sources that can be used in cultural studies (56.8%);
- difficult orientation in foreign internet sources for collecting the necessary information (85.3%);
- shortage of funds for studies of the international cultural environment (63.6%);
- lack of access to specialized information for studies conducted by marketing companies (95.0%).

As it can be seen from the results presented, the entrepreneurial business is facing a number of problems for which there is no unambiguous solution. The lack of knowledge of the cultural environment and the impossibility of analyzing and assessing the impact of its factors is a barrier to the development of international business. The question rests on knowing the cultural peculiarities that prove decisive in business relations. In this regard, Shubin points out that in order to succeed it is imperative for the entrepreneurial business to know in depth the generally accepted rules and norms of international communication [Shubin and Zhukova, 2005, p. 76]. The author adds that knowing a country's cultural traditions, preferences and bans can serve as a reference for the possible behavior of the partners [Shubin and Zhukova, 2005, p. 77].

A possible solution to the problem, according to Moiseeva, is to take the following actions: to identify the possible barriers (traditions, prohibitions, etc.) that will affect the business; identifying the barriers that businesses can eliminate or change, and those to which they need to adapt; development and approbation of the proposal in a real cultural environment; seeking local guarantors for the new offer; to mobilize the best local specialists in the planning of long-term marketing communications in order to ensure that the communicative process is compatible with the local culture [Moiseeva, 2015, pp. 69-70].

One of the beneficial measures is the application of various forms of international integration that enable more successful use of global markets. Moreover, expanding the forms of co-operation with foreign partners facilitates easier access to foreign markets, familiarization with the trade requirements, culture, customs and traditions of the countries concerned.

**Conclusion.** The study of the cultural international environment should be seen as a prerequisite for the development and implementation of an effective marketing policy by the entrepreneurial business. Its knowledge allows for the fullest satisfaction of consumer preferences. Through its research and analysis, the question of what strategic business initiatives would be successful is answered. In this sense, gathering information about the

cultural environment is an irrevocable tool for taking the right business decisions from the business, reducing the risk of doing its international business and providing a competitive advantage. The analyses of the results of our studies prove that the entrepreneurial business in Bulgaria is not well aware of the international cultural environment. There are serious difficulties in gathering information about it mainly because of financial reasons, difficult access to reliable sources of information and lack of sufficient capacity to study it. The use of certain forms of international integration is important for solving this problem. It is necessary to pay close attention to the possibility of using professional assistance of foreign agencies for the study of the cultural environment.

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**Abstract.** *One of the most significant problems in international marketing is the lack of good knowledge of the environment in which the product will be positioned. The factors of the cultural macroeconomic environment, along with other factors, have a particular importance because they influence the choice of the specific market and the right strategy for positioning the product.*

*The purpose of this article is to raise the problems in managing the process of collecting information about cultural environment factors in international business and outlining ways to overcome them.*

*In order to achieve the goal, the cultural environment factors have been considered and the results of a survey about the ways how the information about them is collected have been analyzed, and also the sources of information and emerging issues in process management.*

*The research is based on the results of a questionnaire survey of managers and business owners. Statistical methods and methods of analysis and synthesis were used to research the problem.*

**Keywords:** *cultural environment, recruitment, problems, marketing information, international business*