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**RESEARCHING CULTURAL DIFFERENCES AS A FACTOR FOR THE  
INTERNATIONALIZATION OF SMES FROM BULGARIA TO ASIA**

# **ABSTRACT**

of a dissertation paper for the award of the educational and scientific degree Doctor  
of Philosophy in Marketing

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The dissertation paper consists of 299 pages which include the following:

Title page - 1 page

Introduction - 6 pages

Main text of three chapters - 133 pages

Conclusion - 3 pages

Bibliography - 194 references

Tables - 28 numbers

Figures - 8 numbers

Diagrams - 38 numbers

Appendix - 15 numbers

The dissertation paper has been discussed at the department of Marketing in the University of Economics – Varna and it has received a positive evaluation. The author is a full-time doctoral student at the department of Marketing in the University of Economics – Varna. The research and the writing of the paper are carried out at the same university.

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**Title:** Researching cultural differences as a factor for the internationalization of SMEs from Bulgaria to Asia

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## **I. A COMMON CHARACTERISTIC OF THE DISSERTATION PAPER**

### **1. The topicality of the research about the influence of cultural differences in the internationalization of Bulgarian wine producers in Asian markets**

The topicality of this research stems from the current strongly emphasized orientation of some part of the Bulgarian wine producers towards the trade of Bulgarian wines in Asian markets, as these markets are defined as target markets by the National program for assistance in the development of the viticulture and enology sector in Bulgaria for the period of 2019-2023 (IIAJIB). The reported constant decline in the sales of Bulgarian wines in these markets requires to be researched and ascertained the factors that cause it in order to be created and applied an effective marketing program for the Asian markets. As a contextual factor the cultural differences take an important place in the creation of the marketing program which may be subjected to adaptations for different Asian markets. According to some authors the cultural intelligence can exert a positive influence in adapting the elements of the marketing mix to a foreign market. (Magnusson et al.). In other sources it is recommended that the marketing communication methods are adjusted to the cultural differences and perceptions (Bosah, G.).

### **2. The object and subject of the research**

By taking into account the current problematics the author determines the object of the research to be the cultural differences in the process of business internationalization in Asia of small and medium-sized wine producers from the viticulture and enology sector in Bulgaria.

The subject of the research in the dissertation paper is the influence of cultural differences on the attitudes to internationalization of Bulgarian small and medium-sized wine producers.

### **3. The main research thesis**

The research thesis states that the Bulgarian wine producers find the international wine business in the Asian market economically attractive, but there are comparative cultural differences in the Asian countries which affect their attitudes towards internationalization in Asia.

#### **4. The research objective and tasks**

On the basis of a theoretical review of the influence of cultural differences on internationalization and the building of a model for the analysis of cultural attitudes to internationalization in Asia, the objective of the dissertation paper is to examine the correlational dependencies between cultures, attitudes and internationalization and to suggest conclusions and recommendations about the future internationalization of Bulgarian wine producers in the Asian cultural context.

The author defines and fulfils the following research tasks in the dissertation paper:

*The first research task* includes researching, analysing and systematizing the internationalization approaches and models, cultural differences in the Asian context and behavioural models of attitudes.

On the basis of the developed theoretical background *the second research task* involves the development of a research instrument for examining cultural differences and attitudes in internationalization.

The third research task includes conducting a research study among the Bulgarian small and medium-sized wine producers for determining their attitudes to internationalization in Asia in the context of cultural differences, as well as for making conclusions and recommendations for stakeholders.

#### **5. The research methods**

The following methods are used for making the analyses of the received empirical data: descriptive analysis, crosstabulation, Chi-Square test, content analysis, linear regression and multiple regression, Pearson correlation, Cronbach's Alpha, Kolmogorov-Smirnov test, tables and diagrams. The statistical software "SPSS" is used for applying the methods of analysis.

#### **6. The main limitations of the research study**

The conducted research includes the following limitations:

*Firstly*, the research study is based on the national cultures of Bulgaria, China, Japan, Hong Kong, Taiwan, Singapore, Vietnam, Thailand and Malaysia which may deviate from the cultures of organizations in the same countries. Therefore, in this study the personal attitudes of the management of enterprises are evaluated at the level of the national cultural differences among the aforementioned countries, and this may lead to deviations in the final results because of any cultural differences between the national culture and the culture of organizations.

*Secondly*, there are differences in the methodologies and their cultural dimensions used for defining national cultural differences (e.g., Hofstede, G.; House, R.; Trompenaars, F. & Turner, C., as well as other less popular methodologies) and this leads to difficulties in comparing the research results of cultural differences between research studies that are based on different methodologies. In the present research study the author uses Hofstede's methodology as a research framework for comparing and quantifying the national cultural differences between Bulgaria and the selected sample of Asian countries. The differentiated cultural differences of Bulgaria in this way are limited to the validity and reliability of Hofstede's methodology.

*Thirdly*, the internationalization of Bulgarian wine producers is examined as a decision making by the enterprise's manager by considering his or her cultural understanding. It is possible that the cultural understanding may not correspond to scientifically arguable cultural differences between countries. Thus, there is a subjective interference of the manager's cultural understanding of the Asian countries in the evaluation of his or her attitude towards internationalization in Asia. The interference can influence the manager's cultural perspective.

*Fourthly*, in the dissertation paper it is evaluated the manager's attitude towards taking a decision for internationalization in the Asian countries.

*Fifthly*, in the dissertation the export of Bulgarian wines is examined generally without making classifications of wines regarding their categories, sorts and types.

## **7. The sources of information**

The necessary data for fulfilling the research study's objective has been collected by:

- primary data from the author's personal research (online survey and telephone interviews with wine producers)

- secondary data from the research publications of Bulgarian and foreign authors in the fields of internationalization of SMEs, cultural differences, attitudes.

## II. THE STRUCTURE AND CONTENT OF THE DISSERTATION PAPER

The dissertation paper's structure consists of an introduction, three chapters, a conclusion and appendices with a total volume of 299 pages. There are 1 page of a title, 2 pages of a content, 6 pages of an introduction, 133 pages of a body text, 3 pages of a conclusion, 14 pages of sources and 150 pages of appendices. 28 tables, 8 figures and 38 diagrams are included in the dissertation.

### Contents

<b>Introduction.....</b>	<b>7</b>
<b>Chapter I. Conceptual bases in the fields of internationalization of SMEs, cultures and attitudes.....</b>	<b>14</b>
<b>1. Theoretical aspects for the internationalization of SMEs.....</b>	<b>14</b>
1.1 The economic approach.....	16
1.2 The stage approach.....	21
1.3 The network approach and born globals.....	24
<b>2. Cultural differences in the process of internationalization of firms.....</b>	<b>32</b>
2.1 The Hofstede's 6-D model of national culture.....	32
2.2 The GLOBE project.....	36
2.3 The internationalization of international SMEs in Asia.....	39
<b>3. Research into attitudes.....</b>	<b>45</b>
3.1 The three-component theory of attitudes' formation.....	45
3.2 The classic behavioral model of Fishbein.....	47
3.3 The classic behavioral models of Ajzen and Fishbein and Ajzen.....	48
<b>Chapter II. A cultural context and methodological prerequisites for examining the influence of cultural differences on attitudes.....</b>	<b>58</b>
<b>1. A comparative cultural analysis between Bulgaria and Asian countries.....</b>	<b>59</b>
1.1 Cultural differences of Bulgaria.....	59
1.2 Cultural differences between Bulgaria and Asian countries.....	60
<b>2. The conceptual and operational models for the examination of cultural attitudes.....</b>	<b>67</b>
2.1 The conceptual model and research hypotheses of the study.....	67

2.2 The operational model and operational variables of the study.....	72
<b>3. The sample, research methods and instruments for the collection of data, testing of hypotheses.....</b>	<b>84</b>
3.1 The sample's type, methods and instruments for collecting data.....	84
3.2 The testing of hypotheses with the Chi-Square test and linear regression.....	87
<b>Chapter III. Analysis and interpretation of the results of the influence of cultural differences on attitudes.....</b>	<b>98</b>
<b>1. The analysis and interpretation of the survey's research results.....</b>	<b>98</b>
1.1 Descriptive statistics of general results of the international activities of Bulgarian wine producers.....	98
1.2 Descriptive statistics of the results from the conceptual model's fields.....	100
1.3 The performed statistical tests on variables from the operational model.....	114
<b>2. The analysis and interpretation of the results from the interviews with Bulgarian wine producers.....</b>	<b>120</b>
2.1 The commercial perspectives and influence of the Asian cultural differences.....	121
2.2 Limiting and facilitating factors for entering Asian markets.....	123
2.3 Dependencies between code variables from the interviews.....	125
<b>3. Conclusions and recommendations from the research study of the influence of cultural differences on attitudes.....</b>	<b>127</b>
3.1 Conclusions for the internationalization of Bulgarian wine producers in Asian markets.....	127
3.2 Recommendations to the Bulgarian wine producers and Bulgarian state institutions.....	130
<b>Conclusion.....</b>	<b>132</b>
<b>Reference sources.....</b>	<b>135</b>
<b>Appendices.....</b>	<b>150</b>
Appendix 1 Survey.....	150
Appendix 2 Questions for the telephone interviews.....	156
Appendix 3 Testing of hypotheses for dependencies with the Chi-Square test.....	157
Appendix 4 Testing of hypotheses for dependencies with the linear regression.....	167
Appendix 5 Diagrams of the results of the survey research.....	179
Appendix 6 Test of Kolmogorov-Smirnov for the normality of the variables' distribution.....	190
Appendix 7 Test of convergent validity of the scales.....	191
Appendix 8 Test of discriminant validity of the scales.....	195
Appendix 9 Crosstabulations with two-variable frequency distributions.....	201
Appendix 10 Multiple regression analysis.....	210



Appendix 11 Interviews' transcripts.....	214
Appendix 12 List of codes.....	259
Appendix 13 Coded segments.....	262
Appendix 14 Matrix of codes.....	295
Appendix 15 Matrix of relationships between code variables.....	298

### III. THE MAIN CONTENTS OF THE DISSERTATION PAPER

#### 1. Introduction

In the introduction it is exposed the topicality of the research topic and the main problematic that is related to the examination of cultural differences in the internationalization of the small and medium-sized Bulgarian wine producers in the Asian markets. In this part the research study's object, subject, objective, tasks, thesis, as well as the accepted limitations are described.

#### 2. First Chapter

The first chapter includes **three paragraphs** in which the following aspects are presented and analysed: (1) theoretical aspects of the internationalization of SMEs; (2) cultural differences in the process of internationalization of firms; (3) research into attitudes.

**In the first paragraph** the main theoretical approaches of the internationalization of small and medium-sized enterprises are examined - the economic approach, stage approach, business network approach and the entrepreneurial approach of "globally established firms". An attempt of Ruzzier, M., Hisrich, R. & Antoncic, B. to link these approaches in a theoretical integrative conceptual model is presented.

**In the first item of the first paragraph** it is examined one of the earliest approaches in explaining the internationalization of the firm which has been built upon previous economic research and makes an important empirical and theoretical contribution to the field, i.e. the economic approach. In this approach the theoretical settings of the resource-based theory (that is based on the firm resources and competencies) (Wernerfelt, B. & Barney, J.), the internalization theory (Buckley, P. & Casson, M.), the transaction cost theory (Williamson, O.) and the eclectic paradigm (Dunning, J.) are highlighted.

The stage approach is presented **in the second item of the first paragraph**. It advocates that the firm's international involvement reaches its highest point through a sequential market expansion that is characterized by an increasing firm commitment. The approach gives an explanation of why a firm's initial involvement may begin with indirect or direct exports before smoothly transitioning to a stage that involves high resources and risk (Kahiya, E.). Some of the most popular models that fall under the stage approach are the Uppsala model (Johanson, J. & Vahlne, J.) and the I-Model (Bilkey, W. & Tesar, G.; Cavusgil, S., Reid, S.; Czinkota, M.). Fundamental to the imposition of the "Uppsala" model (Johanson, J. & Wiedersheim-Paul, F.) are the empirical evidences of the internationalization process of the Swedish companies "Sandvik", "Atlas Copco", "Facit" and "Volvo" in the 1970s. "Uppsala" is a classic example of the gradual and successful growth of relatively small enterprises that overcome the obstacles of a lack of knowledge and resources through the incremental learning and decision-making about foreign markets and activities (Johanson, J. & Wiedersheim-Paul, F.).

**In the third item of the first paragraph** the network approach and the born-global approach are examined.

After 2009, the business network approach began to affirm as one of the dominant approaches. A key assumption in the network model is that a single firm is dependent on resources controlled by other firms. The firm gains access to these external resources through its network positions (Johanson, J. & Mattsson, L.). Because the creation of network positions takes time and efforts, and because the current firm's positions identify opportunities and constraints for the future strategic development of the firm, Johanson, J. & Mattsson, L. consider the firm's positions in the network of firms as partially controlled intangible market assets. The market assets generate revenues for the firm and serve as an access to the internal assets of other firms. Due to the interdependences between firms, the use of the asset of a firm becomes dependent on the uses of the assets of other firms. Therefore, the investment processes and the consequences from them are interdependent in the business network (Johanson, J. & Mattsson, L.).

Lately the aim in research has been towards born globals. The conceptualization of Cavusgil, S. & Knight, G. for born globals underlines new companies which draw a significant part of their income from international sales (a high portion of export). These companies show a high level of international entrepreneurial orientation. Despite being relatively small in scale and

limited by material resources, usually the born globals are gifted with remarkable non-material resources and capabilities. It turns out that these companies are especially skilled in the distribution of their recourses under the conditions of deficiency in assets.

**In the second paragraph of the first chapter** the cultural differences in the methodologies of Hofstede, G. and House, R. are examined in the context of Asia, as well as the theoretical settings for the internationalization of small and medium-sized firms in Asian markets are presented.

**In the first item of the second paragraph,** the six-dimensional (6-D) model of national culture of Hofstede, G. is outlined. This model is acknowledged by most scientists as a universal frame for examining the cultural differences between the countries. The six dimensions (individualism/collectivism, power distance, avoidance of uncertainty, masculinity/femininity, long-term/short-term orientation, and indulgence versus restraint) are considered in detail and the results between them are compared between Asian and western cultures.

**In the second item of the second paragraph** another widely popular methodology for a classification of the cultural differences around the world is presented, i.e. the GLOBE project (House, R.) with nine cultural dimensions (performance orientation, assertiveness, future orientation, humane orientation, institutional collectivism, in-group collectivism, gender egalitarianism, power distance and uncertainty avoidance). In GLOBE the countries are divided into different clusters according to their location and their results as per the abovementioned cultural dimensions. The two clusters, into which Asia is divided, are analyzed, i.e. Confucian Asia and Southern Asia.

**In the third item of the second paragraph** exemplary theoretical settings for the internationalization of international small and medium-sized firms in some Asian countries are presented. The cultural differences are considered as a contextual factor in the theoretical settings. In most theoretical settings the cultural influence has been confirmed.

**In the third paragraph of the first chapter** the attitudes, which have yet become an object of study and research at the end of the 40s of the XX century, are considered. The research in this field gradually increase and in the beginning of the 60s regular publications are issued. Among them the three-component theory for the development of the attitudes (Hawkins, D. &

Mothersbaugh, D.) and some behavioral models, whereby attitudes play a central role, have established as dominant. The behavioral models (Fishbein, M.; Ajzen, I. & Fishbein, M.; Ajzen, I.) reflect some of the scientific developments for modelling the attitudes of an individual's behavior which have caused the most long-term impact. These models, based on their qualities (contents, scope, degree of influence, etc.) can be distinguished as classical.

**The first item of the third paragraph** presents the three-component theory of attitudes (Hawkins, D. & Mothersbaugh, D.) in which attitudes are viewed as composed of three components: cognitive (convictions/beliefs), affective (feelings) and behavioral (tendencies for an answer). The cognitive component of attitudes consists of individuals' convictions/beliefs about an object. The emotional component affects the attitudes and behavior of individuals through generated emotions or feelings (hedonic aspects). The behavioral component represents a person's tendency to respond in a certain way to an object or activity. The actual behaviors are the reflections of these intentions as they are modified by the situation when the behavior occurs. The three-component theory of attitudes is fundamental in considering the subsequent classical models of behavior (Fishbein, M.; Ajzen, I. & Fishbein, M.; Ajzen, I.) because it represents a dominant structure for an attitude's formation.

**In item two of the third paragraph**, the multi-attribute model of the formation of individuals' attitudes proposed by Fishbein, M. is discussed. The theory of Fishbein, M. can be summarized in essence as following: 1) a person has many convictions (beliefs) about any given object, i.e. many different characteristics, attributes, values and objects are positively or negatively associated with an object; 2) each of these beliefs about a given object is associated with an intermediary evaluation response, i.e. an attitude; 3) these evaluative responses are summed; 4) as a result of the mediation process, the aggregated evaluation response is associated with the attitude's object, and it follows that 5) in future cases, the attitude's object will induce this aggregated evaluation response, i.e. this attitude.

**In the third item of the third paragraph**, the theory of reasoned action (Ajzen, I. & Fishbein, M.) and the theory of planned behavior (Ajzen, I.) are presented.

The main components of the model of Ajzen, I. and Fishbein, M. are the following: intention, behavior, determinants of intentions and their relative weight. Ajzen, I. & Fishbein, M.

assume that most actions of social significance are under a voluntary control, and in accordance with this assumption, their theory considers the person's intention to perform (or not perform) a certain behavior as the direct determinant of the action. The person's intention is a function of two main determinants, i.e. the attitude towards the behavior and the subjective norm (social pressure). Therefore, Ajzen, I. and Fishbein, M. find that in general, individuals intend to perform a certain behavior when they have a positive attitude to it and when they believe that important referents for them are of the opinion that they should perform the behavior.

Ajzen, I. further develops the theory of reasoned action into the theory of planned behavior, by adding the following elements to the model: perceived behavioral control; beliefs that explain why individuals have certain attitudes; subjective norms; perceptions of behavioral control; and general factors (personal, social and informational) that are potentially related to or influence these beliefs.

### **3. Second Chapter**

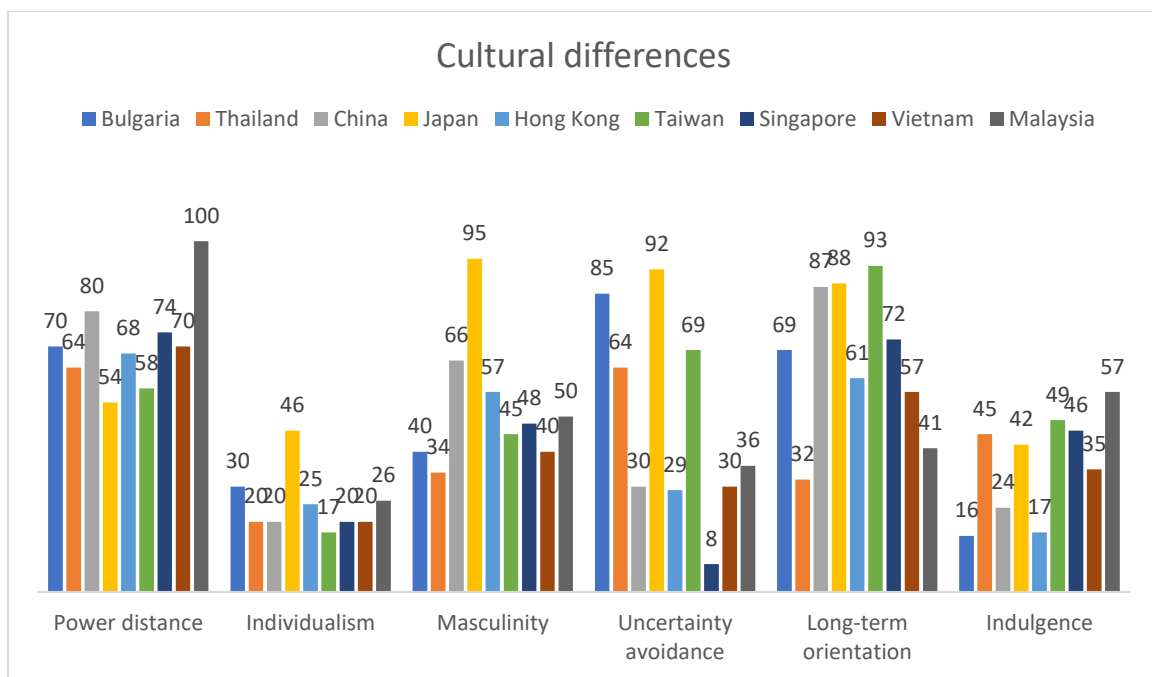
The second chapter is divided into **three paragraphs** which examine the following: (1) the comparative cultural analysis of Bulgaria and the Asian countries; (2) the conceptual and operational models of the study of cultural attitudes and (3) the sampling, research methods and tools for data collection, hypothesis testing.

**In the first paragraph of the second chapter**, by referring to the methodology of Hofstede, G. the author narrows down and compares the cultural differences of the studied countries (Bulgaria, Thailand, China, Japan, Hong Kong, Taiwan, Singapore, Vietnam, Malaysia).

**In the first item of the first paragraph**, the Bulgarian national culture is characterized by the methodologies of Hofstede, G. and House, R. (GLOBE) with the research studies' results by Hofstede, G.; Davidkov, Ts.; Bobina, M. & Sabotnova, D. According to Hofstede's methodology, the Bulgarian national culture is characterized by a large power distance, a relatively strong desire to avoid uncertainty, a collectivism and a femininity (Davidkov, Ts.). Compared to the findings by Hofstede, G. and Davidkov, Ts. who find substantial similarities between Bulgarians and Asians in terms of cultural indicators, based on House's methodology Bobina, M. and Sabotnova, D. make a strong distance between Bulgaria and the Asian cluster.

Bobina, M. and Sabotinova, D. outline the weak characteristics of the Bulgarian management's cultural behavioral profile based on the dimensions of an uncertainty avoidance, an attitude to achievements and an attitude to the future, and highlight the values of characteristics such as a collectivism and a high gender equality.

**In the second item of the first paragraph**, in the background of the cultural differences of the Asian countries (Thailand, China, Japan, Hong Kong, Taiwan, Singapore, Vietnam, Malaysia), the author compares and distinguishes the cultural differences of Bulgaria. Diagram 1 presents the common cultural frame of the countries in the study on which the cultural differences and similarities between them become visible. For a more comprehensive comparison of Bulgaria with the Asian countries, in the dissertation the indicators for Bulgaria (power distance, individualism, masculinity, uncertainty avoidance, long-term orientation, indulgence) are compared with the same indicators for the Asian countries.



**Diagram 1 Cultural differences between the countries in the research (based on Hofstede's methodology)**

Source: Hofstede, G.

Table 1 systematizes and summarizes the cultural differences between Bulgaria and the Asian countries in the study.

**Table 1 Comparative results for cultural differences between Bulgaria and Asian countries**

<b>A summary of Bulgaria’s cultural differences</b>						
<b>Indicator</b>	Power distance	Individualism	Masculinity	Uncertainty avoidance	Long-term orientation	Indulgence
<b>Bulgaria</b>	Moderate	Very strong*	Very weak**	Very strong***	Moderate	Weakest

\*An exception is Japan, 46 > Bulgaria, 30  
 \*\*The index of 40 is comparatively interpreted as very weak in the context of the target comparison with Asian countries; an exception is Thailand, 34 < Bulgaria, 40  
 \*\*\*An exception is Japan, 92 > Bulgaria, 85

Source: Prepared by the author from the data of Hofstede, G.

**In the second paragraph of the second chapter**, the conceptual and operational models of the study of cultural attitudes are considered.

**In the first item of the second paragraph**, the conceptual model and the research hypotheses are presented.

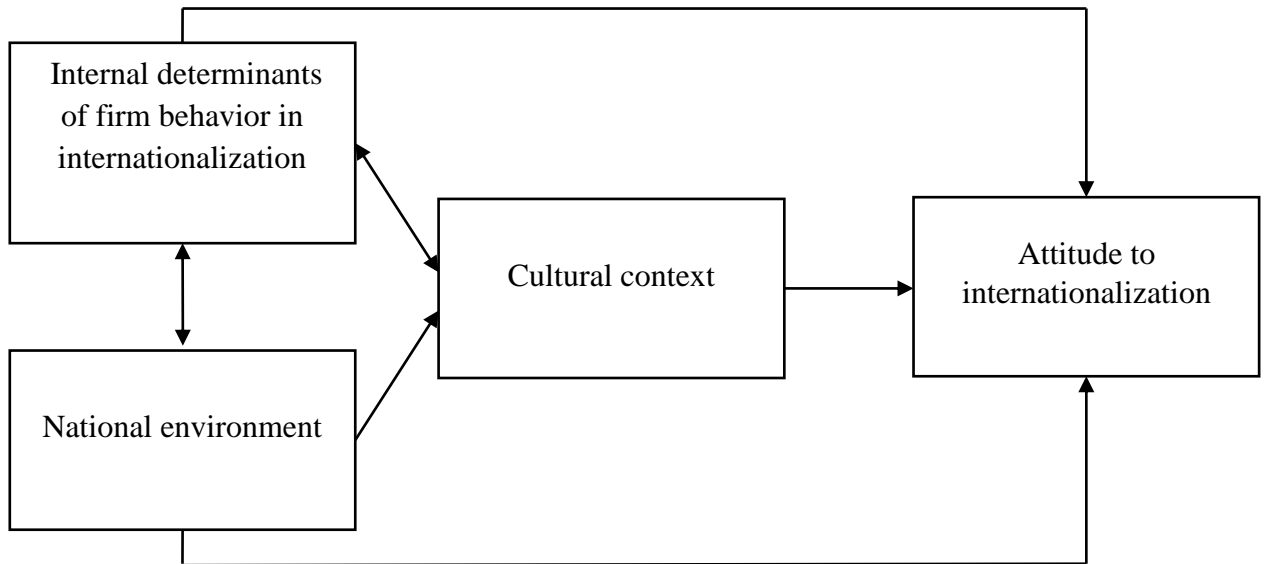
In the conceptual model (Fig. 1) for the attitudes of the Bulgarian wine producers to internationalization, the international business environment is divided into domestic, national and international factors which are related to the manager's attitude to internationalization in the Asian markets.

Among the internal factors (the so-called internal determinants of firm behavior in internationalization), the characteristics of the manager are of particular importance since the internationalization is considered from a cognitive point of view.

The external national environment consists of perceived opportunities/limitations at the national and supranational levels that may facilitate or hinder the internationalization of winemakers. They are likely to affect their attitudes directly if cultural differences are of minor importance.

The cultural context in which the Bulgarian and Asian cultures intersect is the “environment” in which companies internationalize. The cultural differences that vary between Bulgaria and every Asian country are parts of this environment and the variables in it. The level

of cultural differences is likely to affect the perceived international market limitations and opportunities, including the attitude itself. A key point in the model is that the future internationalization of winemakers is not subjective to an observation and therefore, the attitude as a hypothetical construct in the manager's behavior is used to predict his future behavior (Gripsrud, G.).



**Fig. 1** A conceptual model for the attitudes of Bulgarian wine producers towards internationalization

Source: Adapted from the conceptual model of exporters' attitudes toward future exports by Gripsrud, G.

After identifying the above correlations between the variables in the conceptual model, the author formulates the following **hypotheses**:

**H1:** There is a statistically significant relationship between the manager's cultural beliefs and the attitude towards internationalization.

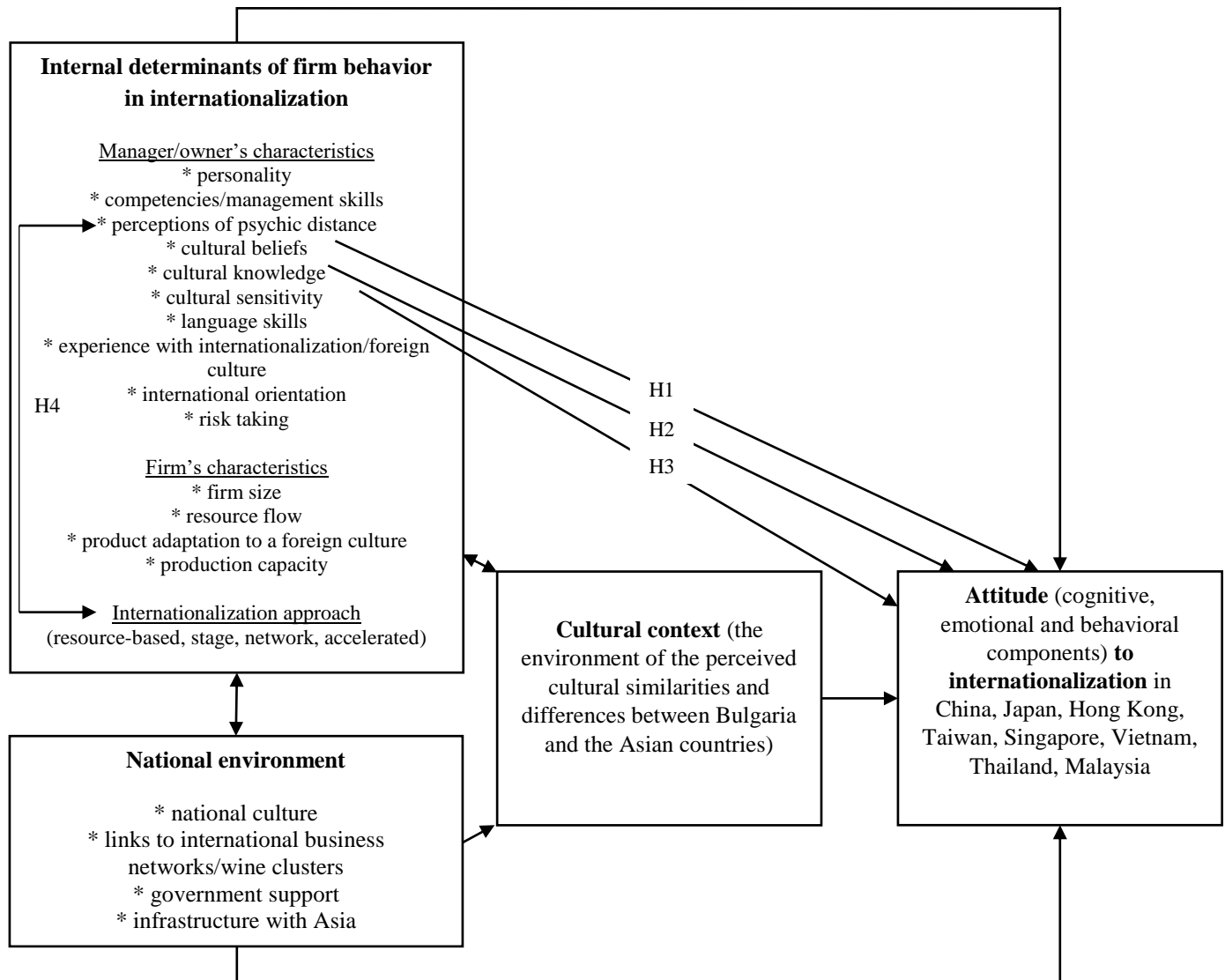
**H2:** There is a statistically significant relationship between the manager's cultural knowledge and the attitude towards internationalization.

**H3:** There is a statistically significant relationship between the manager's cultural sensitivity and the attitude towards internationalization.

**H4:** There is a statistically significant relationship between the internationalization approach and the manager's perceptions of a psychic distance.



In the second item of the second paragraph, the operational model and the operational variables are presented (Fig. 2).



**Fig. 2 An operational model for the attitudes of Bulgarian wine producers to internationalization**

Source: Adapted from Gripsrud, G.

The operational variables are divided into main categories (internal determinants of firm behavior, national environment, cultural context, attitude) and subcategories (manager/owner's characteristics, firm characteristics, internationalization approach).

The manager/owner's characteristics include the following variables: personality, competencies/management skills, perceptions of psychic distance, cultural beliefs, cultural knowledge, cultural sensitivity, language skills, experience with internationalization/foreign culture, international orientation and risk taking. The firm's characteristics include firm size, resource flow, product adaptation to a foreign culture and production capacity. The choice of an internationalization approach covers the following approaches: resource-based approach, stage approach, network approach, accelerated approach. The national environment contains the following variables: national culture, links to international business networks/wine clusters, government support and infrastructure with Asia. The variables described above are related to the cultural context which represents the environment of the perceived cultural similarities and differences between Bulgaria and the Asian countries. The attitude to internationalization (in China, Japan, Hong Kong, Taiwan, Singapore, Vietnam, Thailand, Malaysia) consists of cognitive, emotional and behavioral components.

**The third paragraph of chapter two** focuses on the sample type, data collection methods and tools and hypothesis testing.

**The first item of the third paragraph** introduces the used sample type, data collection methods and instruments. In accordance with the type and objectives of the research study, the author decides that the convenience sampling of the non-probability sampling methods is appropriate. The basis of the sample is the list of small and medium-sized wine producers in Bulgaria provided by the Executive agency for the vine and wine in Bulgaria. From the target population consisting of 340 wine producers as of 28<sup>th</sup> April 2022, 103 wine producers responded to the survey. The methods used for the primary data collection include an online survey and telephone interviews. In the questionnaire a linear Likert-type scale is used to evaluate the asked questions. The answers obtained from the telephone interviews with the representatives of the wine producers located in different wine-growing regions in Bulgaria have been audio recorded and transcribed into written texts.

**The second item of the third paragraph** shows the testing of the formulated hypotheses with the Chi-Square analysis and linear regression with the SPSS. The Chi-Square test's results only partially support the hypotheses 1, 2, 3 and reject the hypothesis 4. The Chi-Square hypotheses testing results are duplicated with the testing of hypotheses with the linear regression.

The linear regression analysis only partially supports the hypotheses 1, 2, 4 and rejects the hypothesis 3.

#### **4. Third Chapter**

**The third chapter** is divided into **three paragraphs**, respectively: (1) analysis and interpretation of the results of the survey, (2) analysis and interpretation of the results of the conducted interviews with wine producers and (3) conclusions and recommendations from the research study of the influence of cultural differences on attitudes.

**In the first item of the first paragraph**, the descriptive statistics of the general results for the international activities of the wine producers are presented. These statistical results make up the general picture of the results. In this background the more specific results following the conceptual model's fields are given. It has been found that the small and medium-sized wine producers have insufficient knowledge and experience for the Asian countries' markets. Approximately a half of the wine producers (50.5%) makes sales only in the Bulgarian market and has not entered foreign markets. Another approximately one-third of the wine producers (28.2%) makes low international sales (between 5-10%). At the same time the majority of the winemakers (68%) does research on foreign markets which shows their interest in an international development. Among the surveyed Asian wine export countries, China (55.3%), Japan (24.3%), Vietnam (7.8%) and Hong Kong (6.8%) rank with the highest priority for the Bulgarian wine producers. The Asian countries are still little known to the winemakers. This is evident from the made amount of sales in Asia except for some winemakers (13.2%) which already have some exports.

**The second item of the first paragraph** continues with the descriptive statistics of the conceptual model's fields. Some of the most significant results include the following:

- The cultural differences have a moderating effect on the attitudes of the Bulgarian wine producers to internationalization in Asia as a moderate influence of the Asian cultural differences has been noted.
- Among the studied approaches for internationalization in Asia, the network approach of internationalization, in which the Bulgarian wine producers unite with each other in

a partnership in order to enter the markets in Asia unitedly, finds the strongest support. Also, the network approach of internationalization in Asia, in which the Bulgarian wine producers unite cooperatively with regional wine producers in a wine cluster, is supported by the Bulgarian wine producers to a comparatively high degree. In contrast to the network approach, the accelerated approach of internationalization in Asia (in the context of comparative cultural differences) is moderately supported by the winemakers. The stage approach of a gradual entry in Asia finds the fewest supporters among the Bulgarian winemakers. The psychic distance has a moderate effect on the winemakers.

- The Bulgarian wine producers do not have the necessary capital to expand their trade in the Asian countries, but their views are moderate that they can acquire it through their unification. The financial resources moderately restrain the winemakers from an international expansion in Asia. As an additional difficulty in the trade in Asia, the economic interconnection between Bulgaria and the Asian countries needs to be improved.
- The small and medium-sized wine producer's production capacity is not large enough to meet the market demand in the Asian markets. The wine producers' low production capacity and the insufficient government support for a unification of the Bulgarian wine producers (a unification of the industry) are the main factors that restrain the Bulgarian wine producers from entering Asia.

**In the third item of the first paragraph,** the results of statistical tests on selected operational variables are presented and analyzed:

- The normality of the distribution has been tested with the Kolmogorov-Smirnov test which shows that the distribution of the studied variables is not normal.
- The reliability of the scales has been checked with the Cronbach's Alpha criterion. According to this criterion, the results testify for the reliability of the construct's scale *manager's characteristics*. The rest of the scales are not reliable.

- The validity of the scales has been checked with a correlation analysis (Pearson Correlation). This examination shows a weak validity of the scales of the constructs *characteristics of the firm, approach to internationalization, national environment and attitude*. The scale validity of the construct *manager's characteristics* is approximately average.
- Two-dimensional tables of the distributions of selected variables have been made with a cross tabulation. Their results show that the interest of the wine producers is mostly directed towards entering the Chinese, Japanese and Vietnamese markets. In addition, the cultural differences are not important enough when considered as a factor for trading in these markets. The winemakers perceive a moderate risk of cultural differences when exporting to Asian markets.
- The linear regression analysis has been supplemented with a multiple regression analysis in which the simultaneous impact of the following independent variables has been tested: *perceptions of psychic distance, cultural beliefs, cultural knowledge, cultural sensitivity* on the outcome variable, i.e. the *attitude* towards internationalization. It has been confirmed that only the factor cultural knowledge influences the cognitive component of the attitude.

The application of the statistical tests (Kolmogorov-Smirnov, Cronbach's Alpha, Pearson Correlation, cross-tabulation, multiple regression analysis) with SPSS (IBM Corp.) contributes to the support in a greater depth of the conclusions and recommendations of the research study.

**The second paragraph of the third chapter** focuses on the analysis and interpretation of the results of the conducted interviews with the wine producers. The 18 telephone interviews conducted by the author with the managers/owners of small and medium-sized Bulgarian wineries have been analyzed with a content analysis. For this purpose the interview transcripts have been coded with MAXQDA (VERBI Software).

**The first item of the second paragraph** presents the commercial perspectives in Asia and the impact of the Asian cultural differences. The wine producers in Bulgaria look positively at the perspectives for trade in Asia and express their readiness to enter the Asian countries. The

cultural differences can moderately hinder the trade in Asia but can be overcome by creating wines that meet the Asian taste preferences, by wine marketing applications and by undergoing training on Asian cultural differences.

**In the second item of the second paragraph**, the limiting and facilitating factors for entering the Asian markets are discussed.

The limiting factors for winemakers to enter Asia, ranked in an ascending order of importance, are insufficient government support for the industry's unification, low production capacity of small and medium-sized winemakers, business contacts, finances, high transport costs, Covid-19, risk, price policy, insufficient information about Asian markets, access to Asian markets, logistics, administrative and trade requirements, competition, specific requirements, European Union, image of Bulgarian wines, non-participation in wine exhibitions, language barriers and inflation.

It has been found out that the facilitating factors for the wine producers to enter Asia, ranked in an ascending order of importance, are the high quality of Bulgarian wines, commercial intermediaries, popularity of Bulgaria (a country of origin of healthy products, tourism), pure Bulgarian nature (organic wine), government support programs, establishment of a trade organization in China, flexibility of Bulgarian small wine producers, offering of boutique wines and a package of goods with the wine.

**The third item of the second paragraph** continues with a presentation of the established relationships between selected variables from the interviews. The author has used the statistical software MAXQDA (VERBI Software) to establish relationships between individual words, phrases and paragraphs in the transcribed interviews with the wine producers. The coded variables (words, phrases, paragraphs) are called code variables in the text. The software has found relationships between these code variables.

Relationships between some code variables have been established in the context of the Asian cultural differences based on the intersection of codes within a segment. The systematized relationships in Table 2 are analyzed and summarized in the dissertation.

**Table 2 Relationships between code variables**

Relationships between two code variables	Code segments
wine marketing – wine customization	3
general cultural knowledge – strong cultural influences	2
general cultural knowledge – lower alcohol consumption	2
weak cultural influences – commercial intermediary	2
strong cultural influences – wine customization	1
weak cultural influences – cultural differences are not an obstacle	1
cultural differences can be overcome – wine customization	1
cultural differences can be overcome – wine marketing	1
cultural differences can be overcome – quality Bulgarian wines	1
strong cultural influences – low production capacity	1
strong cultural influences – government support	1
cultural differences are not an obstacle – negative perspectives	1

Source: Created by the author with MAXQDA

**The third paragraph of the third chapter** contains the conclusions and recommendations from the study of the influence of cultural differences on attitudes.

**From the first item of the third paragraph**, the following most significant conclusions can be summarized:

- The economic interests of the Bulgarian wine producers are mainly toward the Chinese and Japanese markets.
- The cultural differences are perceived by the winemakers from Bulgaria as a factor that is not important enough for their internationalization in Asia.
- Regarding their export to the Asian markets, the cultural differences have a moderate influence on the attitudes of the Bulgarian wine producers.
- Marketing research of the Asian markets can help in the overcoming of cultural differences.

- The taste characteristics of Bulgarian wines can be adapted to the cultural peculiarities in each Asian market.
- The production capacity of the Bulgarian small and medium wine producer is not enough to meet the market demand in the Asian markets.
- It is useful to apply the network approach between Bulgarian wine producers for internationalization in the Asian countries.
- The low production capacity of the small and medium-sized wine producers and the insufficient government support for a united entry in the Asian markets limit the Bulgarian wine producers the most.
- Business contacts and finances limit the Bulgarian wine producers to a moderate extent.
- The high quality of Bulgarian wines, commercial intermediaries, and the popularity of Bulgaria as a country of origin of nature-friendly products help wine producers enter Asia.

**In the second item of the third paragraph**, recommendations are made to the wine producers and the Bulgarian state authorities. These recommendations can be summarized as following:

- The Bulgarian wine producers should expand their knowledge of the Asian cultures before doing an international business in the Asian countries in order to successfully adapt their product and business to the cultural peculiarities of these countries.
- A government policy that encourages and supports the unification of the Bulgarian small and medium-sized wine producers, e.g., a consortium of wine producers, should be introduced and developed so that the wine producers can enter the Asian markets unitedly. The Government Fund Agriculture should stimulate the unification of small and medium-sized wine producers by creating programs for this purpose.
- It is recommended to unite wine producers by wine-growing regions with the aim of creating varietal wines with Bulgarian wine varieties such as Mavrud, Broadleaved vine



of Melnik, Shevka, Red Misket, Keratsuda, etc. In this way, the creation of regional and national wine brands by wine-growing regions with the same batch characteristics can be achieved.

- Business partnerships with international wine producers in wine clusters can be helpful for Bulgarian wine producers for achieving a united entry in the Asian markets. It is recommendable to create blended wines with the inclusion of Bulgarian wine varieties and popular foreign wine varieties (Merlot, Cabernet, Syrah, Sauvignon Blanc, Muscat, etc.).
- The foreign trade relations between Bulgaria and the Asian countries should be planned and intensified with the purpose of exporting Bulgarian wines and promoting Bulgaria in these countries with the mediation of our commercial representatives at our embassies in the Asian countries.
- Government support by the national institutions (the Ministry of agriculture, the Executive agency for the vine and wine, the Executive agency for the promotion of small and medium-sized enterprises) should be provided to the wine producers. It should include information of the Asian markets (market access, cultural differences, administrative requirements of trade) and financing opportunities for the wine producers which aim to enter Asia through a unification.
- A branch institution for wine certification should be created in Bulgaria with the best oenologists, winetasters and sommeliers in order to standardize the wines' quality of the small and medium-sized enterprises.
- The scientific units (Academy of agriculture, National center for agricultural sciences, Institute of vine-growing and winemaking, University of food technologies, National agricultural advisory office) should be engaged in the development of technologies for the creation of new low-alcohol wine products and dessert wines for the Asian markets.

- The Bulgarian wines should be offered in non-traditional packaging designs (can, 200-250 ml PVC) with the purpose of promoting the wines among the young adults in the Asian countries.

## **5. Conclusion**

In the dissertation's conclusion the fulfilled goals and tasks of the dissertation paper are synthesized. Through the conducted research it has been found that there is a moderate impact of the cultural differences on the Bulgarian wine producers' attitudes to entering the Asian markets. Despite the found impact of the cultural differences, they are perceived by the wine producers as a not enough important factor for entering Asia. At the same time some highly significant factors, hindering the internationalization of the Bulgarian wine producers in the Asian countries, have been identified, i.e., the low production capacity of small and medium-sized wine producers and the insufficient government support for a consolidated entry in the Asian markets.

Based on these and other essential conclusions from the dissertation paper, recommendations have been made to the wine producers and the state authorities that are mainly directed towards the consolidation of the industry by wine-growing regions; the development of financing programs for the wine producers that intend to enter Asia unitedly; the development of technologies by the Bulgarian scientific units in order to be created new low-alcohol wine products and dessert wines for the Asian markets. The improvement of the wine producers' cultural competence is emphasized as a necessary condition for the successful marketing of the Bulgarian wines in the Asian markets with cultural specifics. The attention is drawn to the development of future research studies related to the currently outlined issues.

## **IV. A REFERENCE OF THE CONTRIBUTIONS IN THE DISSERTATION PAPER**

**1. Theoretical contribution:** The author has made a systematization, an adaptation and a critical analysis of theoretical settings in the field of internationalization of small and medium-sized enterprises, cultural differences and behavioral models. This can be used for future research in the field of internationalization in markets with prominent cultural differences.

**2. Practical methodological contribution:** A conceptual model for the internationalization of the Bulgarian small and medium-sized wine producers in the Asian markets has been proposed and tested.

**3. Practical contribution:** Recommendations have been made for overcoming the identified difficulties in the internationalization of the Bulgarian wine producers in the Asian markets.

The recommendations to the wine producers are related to the following: the creation of regional and national wine brands with equal batch characteristics for the Asian markets; the development of programs to stimulate the unification of the Bulgarian small and medium-sized wine producers; the creation of a branch body for the certification of the small and medium-sized wine producers' wines; working in the direction of increasing the Bulgarian wine producers' cultural competence in order to adapt their business and products to the Asian cultural specifics; the development of new low-alcohol wine products corresponding to the Asian consumers' taste preferences.

## **V. PUBLICATIONS OF THE DISSERTATION PAPER**

### **Scientific research papers**

Minchev, A., Zhechev, V. 2022, "Methodological guidelines for examining the internationalization of Bulgarian winemakers to Asia", *International scientific conference "Remarketing the reality"*, University of Economics – Varna, Varna, 17 June.

Minchev, A. 2021, "Cultural attitudes in internationalization of SMEs from Bulgaria in Asia", *National student and PhD conference "Economic challenges in front of Bulgaria for years 2021-2023 – sustainability and risks"*, Higher school of insurance and finance (VUZF), Sofia, 23 April.

Minchev, A. 2021, "Theoretical approaches to internationalization of SMEs", *Trakia Journal of Sciences*, vol. 19, suppl. 1, pp. 300-304.

### **Scientific articles**

Minchev, A. 2022, "Cultural differences in the internationalization processes of small and medium-sized Asian enterprises", *Research Papers of UNWE*, no.2, pp.131-140.

Minchev, A. 2021, "An examination of attitudes in some widespread models of consumer behaviour", *Economic Thought*, vol.66, no.6, pp.61-73.

Minchev, A. 2021, "Cultural differences in internationalization of SMEs in Asia", *Dialogue*, no.4, pp.48-56.

## **VI. DECLARATION FOR ORIGINALITY**

I hereby declare that I own the copyright of the present dissertation paper and that in its creation no other publications and works have been used in a violation of their copyright.