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Cultural Encounters in the Banking Sector of Serbia: The Case of Raiffeisenbank*

Abstract: This paper aims to examine the existence of cultural shock, differences and conflicts inside Raiffeisenbank, between personnel belonging to two national cultures (Austrian and Serbian), which could, conditionally, be regarded as representatives of "Western" and "Eastern" cultural models. The focus of the research was on elements of organizational culture, such as horizontal and vertical relationships, the type of leadership, the extent of formalization of procedures and work tasks, the types of motivations for different parties, but also on certain elements of work cultures (e.g., the respect of time limits, attitude toward extended working hours, etc.). Specific focus was placed on the role of cultural mediators, whose function was to mediate in the process of adaptation by the representatives of local national culture to novelties in the organizational culture imported from the outside, but also in the process of adaptation by foreigners to the local culture. The case study comprises a short history of Raiffeisenbank, analysis of written documents, and in depth interviews with individuals who could be regarded as "typical" in the examined cultural encounters.

Key words: Organizational culture, national culture, cultural shock, cultural mediators, banking sector, Serbia

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Introduction

Starting from 2000, Serbia has experienced vast structural economical and political changes. One of the major consequences was its opening towards Western economic markets. This situation led to the need to discuss an important issue: are the economic cultures of "East" and "West" compatible? Is transnational economic cooperation possible? Or, in other words, are we functioning according to the same economic principles, values and norms as other economic cultures?

This case study deals with the cultural encounters of Serbian ("Eastern") and Austrian ("Western") employees within Raiffeisenbank, but also with relationships between the bank (organization), as a unique entity, and different parties in the Serbian market environment. Raiffeisenbank was chosen as the main subject of this research since it was the first foreign bank to enter the Serbian market, and consequently, a foreign bank with the most developed banking network and banking operations. We were interested to see how the Austrian banking professionals perceived the business environment and economic culture in Serbia, but also, how their local colleagues and partners observed and interpreted novelties they brought. Our first aim was to establish whether there were large cultural gaps or differences between two distinct business cultures within the organization, but also in other spheres of economic life. The second question to be answered was whether these differences originated exclusively from diverse national cultures or if they had some other sources (for example, a specific economic sector or market characteristics). The third aim was to establish whether these differences could be overcome, and who would fill the role of cultural mediation.

Basic concepts

Organizational culture

There is no easy way to define culture. The number of definitions of culture, specifically economic, business and organizational culture, is almost equal to the number of authors dealing with those concepts. Since the aim of this paper is not to debate on these definitions, we will simply define culture as the set of shared beliefs, values and norms developed in a specific group, with the aim of helping people to solve certain problems and dilemmas. Culture defines patterns of understanding and interpreting the world and strongly shapes the behavior of group members. Since organizations are specific groups, formed with the aim of achieving certain social goals, it is legitimate to talk about organizational culture, which can be defined on the

basis of several key elements. The content of one culture can refer to the ways group members interpret and understand different phenomena in and outside the organization. These interpretations are usually common to all organization members, since they are created on the basis of shared meanings in the process of mutual interaction. The second category included in the content of organizational culture refers to different values, beliefs, assumptions and norms of behavior. The adopted values and norms determine the behavior of group members, while the category of symbols has the function of maintaining established meanings (Janićijević 1997, 40).

Organizational culture is a multidimensional phenomenon, with various layers included in its content. The simplest scheme is one that differentiates two dimensions, cognitive and symbolic (Alvesson 2002, 4). Cognitive elements of organizational structure are those categories that make the members attach the same meaning to the same situations or phenomena. Basic cognitive elements of organizational culture are beliefs, assumptions, values and norms. Symbolic content refers to all material or nonmaterial objects that have certain meaning for organization members. The function of symbols is to maintain shared values, norms, beliefs and assumptions.

Organizational culture, however, cannot be considered as completely integrated and homogenous, but rather as a system of different subcultures. Since the organizational culture reflects different elements of wider social culture, it is influenced by values and norms of different groups that exist in the society. In theory, the most common is the differentiation between three dimensions of organizational subcultures: horizontal, vertical and diagonal. Following the vertical/hierarchical dimension, we can distinguish subcultures of managers and employees, or subcultures of top managers and lower organizational ranks. The main criterion for horizontal differentiation of subcultures is belonging to professional groups within the organization. Diagonal differentiation of subcultures combines several criteria: profession, education, social status, ethnicity, special interests, and so on. In nationally mixed organizations, combinations of nationality and hierarchical position commonly appear as criteria for differentiation (Janićijević 1997, 99-106).¹

Since the main object of this research was an organization with an ethnically mixed structure, our basic assumption was that the prevailing significance in differentiation of subcultures would include the factor of belonging to different national groups, i.e. belonging to the Serbian (Eastern) and Austrian (Western) national cultures. Following the logic of this assumption, we expected to find the situation of constant open or hidden conflicts in the domain of values, norms, beliefs and habits of those two groups.

¹ More on the concept of organizational culture see in Pheysey 1993.

Sources of organizational culture

Organizational culture is largely influenced by at least three key factors: the national culture, the characteristics of the particular economic sector and the specific history of the organization, including the personality of its founder and key leaders in the organization (Janićijević 1997, 203). The influence of national culture on organizational culture is interceded with employees working in organization, since they belong both to national and organizational cultures. Different beliefs, values and norms, originating from their national culture, are modified by other two factors (characteristics of the sector and the specific history of an organization) when influencing the organizational culture. That is why it is possible to distinguish, within the same national culture, companies with very different organizational cultures.

Geert Hofstede has pointed out the significance of national culture in shaping organizational culture and work-related values (Hofstede 1980). He extracted four dimensions, on the basis of which national cultures can be distinguished and classified (*distance of power, avoidance of uncertainty, individualism-collectivism, and masculinity versus femininity*). The first dimension, *distance of power* is related to the extent to which a society accepts the fact that the power is unequally distributed within organizations and institutions. In societies with a high distance of power, those that possess power have to make it visible and convincing, often by disrespecting laws and rules mandatory for other members of society. On the other hand, in societies with a low distance of power, it is presumed that power is equally distributed among members of society. *The avoidance of uncertainty*, as the second dimension, indicates the extent to which members of the society feel threatened by uncertain, unclear or changeable circumstances. In national cultures with a high level of avoidance of uncertainty, risks and changes are undesirable. Therefore, formalization, standardization and hierarchical structure are preferred. The main difference within the third dimension, between *individualism* and *collectivism* is in location of responsibility for one's own destiny. While individualism, as a value orientation, assumes that each individual is responsible for him/herself, collectivism locates this responsibility in different collective entities (family, nation, class, company or the whole society). Finally, as fourth dimension, Hofstede differentiates cultures on the basis of prevalence of *masculine and feminine values*. As masculine values he recognizes achievement, orientation on results and aggression, while feminine characteristics are orientation on social relations and status (Hofstede 1980).

Combining those four dimensions, Hofstede compared and consequently classified 40 national cultures which were the subject of his research. For the purpose of this paper we will compare Hofstede's results for Austria and

Serbia/Yugoslavia (since the organization we observed tends to combine elements from those two national cultures), although it has to be said that research was conducted in the period from 1967 till 1973, meaning that the results are largely outdated for the present socio-economic context. Examining the *distance of power* dimension, Hofstede found that Yugoslav national culture was characterized by an extremely high distance of power, being put together in the group comprising cultures of Far East, Latin America and European Mediterranean countries. On the other hand, Austrian national culture has been put into the group of countries with the lowest distance of power (together with German, Anglo-Saxon and Scandinavian cultures). Since the *distance of power* was highly correlated to the *individualism/collectivism* dimension, it was no wonder that cultures with high distance of power tended to have pronounced orientation on collectivity. Once again, Yugoslav culture was grouped together with the cultures of Latin America and Far East, as cultures orientated towards collectivity. Austrian culture, on the other hand, was grouped together with the cultures orientated towards individualism, although it has to be said that the extent of individualism was rather moderate. Cultures with low scores on the scale of avoidance of uncertainty were Anglo-Saxon and Scandinavian cultures, but some Far East cultures had also joined this group. On this dimension, German cultures were right on the border between cultures with high and low avoidance of uncertainty. However, Austria has fell into the group of countries with slightly emphasized avoidance of uncertainty, while the results for Yugoslav national culture suggested extremely emphasized avoidance of uncertainty. Finally, while in the Austrian national culture the masculine values were cherished, in the Yugoslav culture the clear prevalence of feminine values was present.

The type of national culture strongly influences the type of organizational culture, organizational structure, motivation of employees and type of leadership. High distance of power favors organizational *culture of power*, high level of centralization in decision-making process and authoritarian leadership in organization. Combined with the *avoidance of uncertainty* dimension, the extent of distance of power can influence the level of centralization and formalization of organizational structure. German national cultures are characterized by low distance of power and high avoidance of uncertainty, which produces decentralized, but highly formalized and structured organizational culture. In these cultures organizations tend to adopt a decentralized bureaucratic organizational model, in which most of the work processes are documented, standardized and prescribed. The Yugoslav national culture, on the other hand, comprises high distance of power and a high level of avoidance of uncertainty, which leads to high level of structural centralization and formalization of work processes. While in the first model

authority is delegated to mid- and low management, in the latter model all decisions are in the hands of top management.

The high level of avoidance of uncertainty present in the Yugoslav national culture consequently leads to an organizational *culture of roles*, which standardizes all processes and has a clear hierarchical structure. It also tends to emphasize a highly articulated need to belong, being associated to a high level of orientation on collectivity. On the other hand, in German cultures, with a high level of avoidance of uncertainty, but also with highly articulated individual orientation and the prevalence of masculine values, the fear of risks and changes is eliminated by an orientation towards hard work and good performances. In that way existential needs are being connected with needs for achievement and self-development. Prevalence of feminine values, present in the Yugoslav national culture, tends to lead to strong social structures, in which relations between members of the organization are not used as the means for achieving organizational goals, but rather represent the goal for itself. In these cultures it is not rare to see an organizational *culture of support*, with a lower level of orientation towards achievement and self-realization.

Having in mind the results of Hofstede's research, we assumed that the differences between Serbian and Austrian national cultures would be the source of disparities in envisioning organizational culture. Since Raiffeisenbank is an organization originating from the Austrian national culture, our assumption was that the organizational structure and specific organizational culture would have been transferred to its daughter-bank in Serbia. On the other hand, since most of the employees of the newly formed bank were members of the Serbian national culture, we assumed that the domain of organizational culture would be a field of cultural conflict.

Another assumption was that the bank's organizational culture would encourage orientation towards individual achievement and self-realization of employees, rather than being part of a collectivity. Following that logic, we assumed that leadership in the bank, especially Austrian managers, would create an atmosphere of competition between employees, while domestic staff would be inclined towards an atmosphere of solidarity and support. As for motivation of employees, our hypothesis was that among domestic employees existential and relatedness factors would dominate, while among their Austrian colleagues growth factors would triumph. Also, we presumed that local employees would incline to building strong social networks within the bank and informal relations between colleagues, while the Austrian staff members would prefer rather formal and reserved attitudes towards their colleagues and clients.

Since both cultures were characterized by a high level of fear of risk and change, it was legitimate to assume that a high level of formalization of work

tasks (arising from organizational culture highly influenced by the Austrian national culture) would not be a problem for the Serbian employees, and in this domain we did not expect cultural misunderstandings.

On the other hand, as previously mentioned, national culture is not the only source of organizational culture. A further two sources are the economic sector to which the organization belongs and the specific history of the organization. The economic sector influences organizational culture through several elements: technology, rates of growth and development, characteristics of the market and professional and educational characteristics of employees. In this case, the most interesting is the influence of the rate of growth and characteristics of the market. In the fast growing and developing sectors (such as the banking sector in Serbia in the first half of the 1990s) the number of competitors grew constantly, and this situation led to the need to produce constant innovations and rises in quality. In such conditions an organization develops a culture, which stresses dynamics, openness to environment, flexibility, teamwork and creativity (Janićijević 1997, 265; Schein 2004, 66). The other interesting feature is the professional structure of employees: the organizations that employ a specific professional profile of employees would be largely influenced by values, norms, beliefs and even jargons shared by members of the same professional groups. Since the professional structure of the bank was rather homogenous, we assumed that this would be the field in which cultural conflicts would not be emphasized. While we assumed that the differences in national cultures could produce conflicts and misunderstandings in nationally mixed organization (such as *Raiffeisenbank*), other, above-mentioned factors, could lead to amortization of these conflicts.

Methodology

The survey was conducted in the period from March to December 2005. The main subject of research was Raiffeisenbank Belgrade, as the first foreign bank to enter the Serbian banking market, and therefore the organization with the most developed business network. The starting (ideal) methodological model included two types of analysis: a) Institutional analysis of the bank and its local environment, and b) In-depth interviews with various individuals.

Institutional analysis of the bank included examination of the official and publicly accessible bank documents and brochures on the history of the banking group, its structure, formal procedures, business strategies and results. Most of the documents were available at the company's website. Also, we analyzed publicly accessible documents of the National bank of Serbia, concerning the structure and changes in the Serbian banking sector.

The methodological plan also included examination of several types of relationships: professional relations between employees at the same hierarchical level (horizontal cultural encounters), professional relations between employees on different hierarchical levels (vertical cultural encounters), and professional relations with clients, competitors and state officials. In order to get a clear picture about those relationships in the whole bank, as many of the bank sectors as possible had to be covered by the research, and especially those in which the Austrian and domestic employees and third parties were in direct contact. Since we were interested in the process of cultural adaptation of domestic and foreign individuals to each other and to the organizational culture enforced by the mother-bank, but also to the Serbian market environment, it seemed viable to examine those parties that were involved in the process of founding the bank in Serbia and were witnesses of possible cultural misunderstandings and their overcoming. Since we assumed that the Austrian employees, being on the highest hierarchical levels of the company, had direct contacts exclusively with domestic managers in the same positions and with their direct subordinates, we were interested to see how local low-ranking employees reacted, not only to Austrian staff members, but to the organizational culture they brought. Also, we were interested in the role of domestic mid-level managers, as possible cultural mediators between high-ranking Austrian employees (Western culture) and domestic staff of the bank (Eastern culture). Finally, apart from internal relationships within the bank, we were concerned about relations established between bank employees (both Austrian and domestic) and external parties, clients and competitors (also, both foreign and domestic).

The original methodological model for the fieldwork research in Raiffeisenbank was not fully implemented, due to obstacles that had arisen during fieldwork. Nevertheless, most of the original sampling requirements were fulfilled: our sample included three Austrian staff members (two of them are high-ranking and one is a mid-level manager), three local mid-managers, three local low-positioned employees, two representatives of corporate clients (foreign companies), one individual client, and one representative of a competing bank.

Characteristics of the sample and individual profiles of the respondents

The sample comprises mostly young to middle-aged professionals, of whom nine were employed in *Raiffeisenbank* in various positions (ranging from high managerial to low-ranking positions), three were working in foreign-owned companies of different profiles (marketing research company, transport company and company involved in construction industry), and one was an employee of a foreign competing bank. The sample consisted of three

respondents of Austrian and ten of Serbian origin. Eleven of them fell into younger middle-aged category (from 27 to 33 years), while two of them were belonging to older middle-age category. All of the respondents had university degrees, but within different spheres: law, economics, and philology. Most of the respondents had had earlier job experiences, some within domestic and some within foreign companies.

a) Individual profiles of respondents employed in Raiffeisenbank

"L" (30, female, Serbian) - Head of Department, Regional Branch Belgrade (Corporate Relationship Management Division). Mid-level manager. Employed in the bank for two years. Previous positions in the bank: Account Manager, Senior Account Manager, and Unit Head. Previously employed in one domestic and one foreign bank. Educational background: M.A. degree in economics.

"W" (33, male, Austrian) – Head of Corporate Relationship Management Division. High-level manager. Employed in the bank for two years. Previous position in the bank: Head of Department. Previously employed in three different Austrian banks. Educational background: B.A. degree in law.

"C" (30, male, Austrian) – Head of Department, Austrian and Multinational Customers (Corporate Relationship Management Division). Mid-level manager. Employed in the bank for three months. Previously employed in three Austrian banks, members of Raiffeisen banking group. Educational background: B.A. degree in economics.

"A" (44, male, Austrian) – Head of Risk Management Division. High-level manager. Employed in the bank for three years. Previously worked for 15 years in several banks, members of Raiffeisen Group (Vienna, Sofia, Moscow), but also as Assistant Teacher at University of Vienna. Educational background: Ph.D. in law.

"T" (30, female, Serbian) – Assistant Account Manager, Regional Branch Belgrade (Corporate Relationship Management Division). Low ranked employee. Previously worked in state owned export-import company and two companies (one foreign and one domestic) involved in education in finances. Educational background: B.A. degree in philology (Spanish language).

"B" (32, female, Serbian) – Deputy Head of Regional Branch Belgrade (Corporate Relationship Management Division). Mid-level manager. Employed in the bank for one year. Previous position in the bank: Senior Account Manager. Previously employed in domestic company as Financial Director. Educational background: B.A. degree in economics.

"G" (33, female, Serbian) – Deputy Head of Corporate Relationship Management Division and Head of Corporate Relationship Management Department, Domestic and Eastern Markets Clients. Mid-level manager. Employed in the bank for 4 years. Previous positions in the bank: Account Manager, Deputy Head of Department, and Head of Department. Previously employed in domestic bank. Educational background: B.A. degree in economics.

"V" (27, female, Serbian) – Account Manager (Corporate Relationship Management Division, Austrian and Multinational Customers). Low ranked

employee. Employed in the bank for 3 years. Previous position in the bank: Assistant of Management Board. No previous employments. Educational background: B.A. in philology (German language).

"K" (27, male, Serbian) – Assistant of Consumer Business Department (Retail Product Division). Low ranked employee. Employed in the bank for 6 months. No previous positions in the bank. No previous employments. Educational background: B. A. degree in economics.

b) Individual profiles of respondents representing clients of the bank

"M" (54, female, Serbian, corporate client) – Financial Director in Serbian representative office of Austrian-Bulgarian transport company. High-level manager. Employed in the company for one year. Previously employed as Financial Officer in different domestic and foreign companies, mostly in the field of international trade. Educational background: B.A. in philology (German language).

"S" (33, female, Serbian, individual client) – Financial Director in Serbian branch of Austrian marketing research company. High-level manager. Employed in the company for 4 years. Previously employed in two domestic marketing research companies, as Field Manager. Educational background: B.A. degree in economics.

"J" (28, female, Serbian, corporate client) – Office Manager in Serbian representative office of Austrian company involved in construction industry. Mid-level manager. Employed in the company for 1½ year. Previously employed in small domestic enterprise. Educational background: B.A. in philology (German language).

c) Individual profile of respondent representing competing bank

"H" (32, female, Serbian) – Head of Division in competing Austrian bank. High-level manager. Employed in the bank for 8 months. Previous position in the bank: Relationship Manager. Previously employed as an Account Manager in domestic bank. Educational background: B.A. in economics.

Short history and structure of the Bank

Raiffeisenbank was founded in the 1860's in Austria, as one of the first rural cooperative banks which supported agricultural production.² By the year 2005, Raiffeisenbank stood for the third largest banking group in Austria, being one

² The emblem of the Raiffeisen Group is two crossed horse heads, which symbolize the Gable Cross, common decoration of the roofs of traditional European village houses. It is believed that the Cross protects the house inhabitants against all outside dangers. The Raiffeisen organization has adopted this symbol of protection as its trademark, because the members protect one another from economic dangers by collaborating in the form of cooperation (<http://www.raiffeisen.ru/rBank/about/bankgroup?get-lang&lang=en>).

of the country's leading commercial and investment banks.³ The bank was present in more than 25 countries of the world, with representative offices in Europe, America and Asia, having one of the most developed subsidiary networks in Central and Eastern Europe. After the breakdown of socialism in Central and Eastern Europe, and the opening of new potential markets, the bank started its rapid expansion, considering this region as its "natural" zone of interests. The bank's strong involvement in Central and Eastern Europe have made it one of the top players in the region, operating, via Raiffeisen International, a network of 16 subsidiary banks with roughly 2,400 banking outlets, 40,000 employees and two representative offices.⁴ The key to the bank's success in the Central and Eastern European markets was its strategy: "Enter new markets early and ahead of competition and then expand locally in line with business growth and customer demands. Thereby, healthy organic growth was achieved both regionally and locally at manageable risk, without overstretching available capital, manpower and organizational structure."⁵ In the first phase (late 1980's, 1990's, regional expansion was pursued organically, exclusively by founding banks and transferring the network's infrastructure and organization to the newly founded banks.⁶ The strategy of founding its own daughter banks had its advantages compared to the strategy of acquisition of already established domestic banks, since there were no risks of inheriting a bank's bad image, low level of trust, or unfavorable workforce structure. According to the bank's principle of being very close to customers, almost without exception local employees and board members were hired, while experienced managers from RZB supervised the foundation of the banks and their work. In the second phase of expansion (starting from the year 2000), in order to develop the network at a faster pace regionally and locally, and to facilitate the entry into new product segments, the banking group had to

³ Today, the bank has the largest retail-banking network in Austria and holds approximately the quarter of all domestic business (source: <http://www.raiffeisen.ru/rBank/about/bankgroup?get-lang&lang=en>).

⁴ Data on the number of branches, offices, outlets and employees were credible for the year 2005, at the time the research was conducted.

⁵ Source: official web-site of Raiffeisen International (http://www.ri.co.at/eBusiness/rzb_template1/0,6589,184404838712238398-186035374803330367_186035710884521486-186035710884521486-NA-3-EN,00.html)

⁶ The first member of the Raiffeisen Group on CEE markets was Raiffeisenbank Hungary, founded in 1987. During the 1990s the group expanded its network on Slovakia (1991), Poland (1991), Czech Republic (1993), Bulgaria (1994), Croatia (1995), Russia (1997), Ukraine (1998) and Romania (1998). After the year 2000, the group entered the new markets: Bosnia and Herzegovina (2000), Serbia and Montenegro (2001), Slovenia (2002), Belarus (2003) and Albania (2004). More on that theme, see in Barisitz, 2005.

step aside from its original strategy, expanding its network by acquisition of leading local banks (in Bosnia and Herzegovina, Romania, Slovenia, Kosovo, Belarus, Albania, and in Ukraine).

The bank's expansion on Serbia and Montenegro's market started soon after the change of political regime: the bank was founded in the year 2000, as the first domestic bank of 100% foreign ownership, and in July 2001 got a license to work, providing at first only corporate banking services, but soon after also retail, SME (small and medium enterprises), treasury and finally leasing and investment services.

The project of founding Raiffeisenbank in Serbia and Montenegro was led by O. R., an Austrian banking expert with similar experiences in Russia, Bulgaria and Ukraine. According to the bank's principle of hiring domestic personnel and maintaining the image of being a bank close to its customers, a domestic banking expert, B.K., was appointed for the position of the Chairman of the Management Board. There were two main reasons for establishing the principle of hiring domestic personnel for top managerial positions: the first was a consequence of objective circumstances while the second belonged to the sphere of psychology. As Raiffeisenbank was the first foreign bank to enter Serbia and Montenegro market, there had been no previous experience concerning the nature of the market and the characteristics of local business culture. Local professionals in the banking sector were crucial figures in the process of transferring knowledge about the new market and its business, structural and cultural particularities. The other reason was, as it was said, more of psychological nature. At the time of entering the Serbian market, Raiffeisen was perceived as a foreign bank, even though it was registered as a domestic one, all this in a situation when several major domestic banks had been shut down. Under such conditions it was very easy to create a public atmosphere in which foreign companies were accused of buying not only parts of Serbian market, but also the Serbian national identity itself. Local management had the role of alleviating this initial shock.

Since Raiffeisenbank was the first foreign bank to enter Serbia and Montenegro, it was very easy, due to its image as a stable and secure bank, to gain one of the leading positions in the banking market. There were several other reasons that led to this situation: a) as it was said, several major domestic banks had been shut down, leaving a vast gap on the banking market terrain; b) at the time Raiffeisen was entering the market, the National bank of Yugoslavia was in the process of converting the German mark and other European currencies into Euro, wherein Raiffeisenbank was privileged in the provision of a uniform European currency; c) the new Government invested a great effort in reforming the banking sector and making economic and political conditions more stable, in order to attract foreign investors into the

country. As the consequence of these measures, and according Government intentions, other foreign and domestic banks saw their chance in the newly opened and reformed Serbian banking market. Apart from *Raiffeisenbank*, by the year 2005, several major foreign banks had entered the market, either by opening daughter banks or by purchasing domestic banks. Apart from Komercijalna banka and Poštanska štedionica, almost all the large banks were or had become foreign owned⁷.

When first founded, the bank employed about eighty local employees and one Austrian staff member. As the network expanded and new services were being introduced, the number of employees was increasing, so that by the year 2005, it had reached 1,055. The growing needs for expansion were followed by the consecutive introduction of three new Austrian staff members, each with previous banking experiences in the region and the central bank. All the Austrian staff members occupied key positions in the bank: Chairman of the Management Board, Head of Corporate Management Division, Head of Risk Management Division, Head of Corporate Management Department – Austrian and Multinational Customers.

While the development of a horizontal network corresponded to the bank's territorial expansion, and aimed to increase the offer of already established services and products, the vertical network development followed the introduction of new services and products and the corresponding need for further division of labour, connecting functions and processes, division of authority and establishing efficient control. Since it was established as a daughter firm of a larger banking group, in organizational terms, *Raiffeisenbank* in Serbia and Montenegro transferred the patterns of organization already set up in the central bank and other subsidiaries. This pattern combines two criteria, functional and divisional, making a *hybrid organizational model*. The functions, which were of strategic importance for the company, were concentrated on the level of the company, as strategic functional units, while all other organizational units used their services. Separate divisions, as strategic business units, were formed, based on the combination of two criteria: the type of customers and the type of products/services. Divisions were further divided on several departments, again combining the criteria of type of customers and type of products/services. Organizational units did not follow the horizontal (territorial) principle, meaning that divisions were not formed according to the criteria of managing all activities in a specific geographic area. As some products and services were too specific for this organizational model, the bank

⁷ The major scandal occurred when Nacionalna štedionica, the bank founded by the Government after the closure of four major domestic banks, was purchased by EFG Eurobank, in 2005.

went further in expanding its network, by founding a new daughter company, Raiffeisen Leasing, again following the pattern established in the mother-bank.

Surprises, changes and adaptations

Expectations and surprises

The first task in this study was to determine the existence and degree of cultural shock or surprise experienced by Austrian respondents in their contacts with the Serbian business environment, but also to establish whether Serbian respondents had similar experiences in contact with the norms, values and business habits brought by the Austrians. Since Raiffeisenbank was founded as a daughter-company of a large banking group, we presumed that some basic organizational, structural and cultural elements of the mother-bank were transferred to the newly established subsidiary. That is why we were interested not only in cultural encounters between individuals representing the East and the West, but also in the way Serbian employees got along with organizational norms established in the bank. Also, we were interested to know if Austrian respondents had any preliminary expectations about business culture in Serbia, and whether these expectations were fulfilled or not. As for the Serbian employees of Raiffeisenbank, our goal was to explore what they had expected from working in a foreign bank, but also what the expectations of other parties were (clients and a representative of a competing bank).

Findings of the research suggest that the Austrian respondents did not experience cultural shock, but rather a positive surprise, since they were either already informed of what to expect by their colleagues, who had already had experiences with Eastern European countries, or they personally had had such experiences:

"A": "I came to Serbia with an open mind. (...) I worked previously in Bulgaria, but I was very careful not to draw any parallels between those two countries. (...), I expected a very dynamic, fast growing and challenging environment. (...) Everything in Serbia and Montenegro was challenging, but that was what I had expected."

"W": "(...) I expected a very professional business environment, at least in this bank. In terms of business culture in general, I expected more commitment than in Austria, due to the economic environment in this country. (...) I did not experience cultural shock. What I experienced is that the employees are very positive, well-educated, very committed (...) so if there was a surprise, it was a positive surprise."

"C": "Due to the fact that I had been working two years before in the Head Office and had traveled to Serbia a few times (...) I would say I am more surprised, in the positive way. (...), and the motivation of the people is huge, and everyone is trying to

go step forward and they are not afraid of new things, which I think is very positive. (...) There is a will to improve the whole country. When I first came from Vienna to Serbia, I was very surprised with Belgrade as a city. In terms of economy, I think it still needs a lot of structure, but it's increasingly improving."

The above-mentioned experiences reveal that the level of professional knowledge and the willingness of local employees to learn and to commit themselves to work positively surprised the Austrian respondents. These findings suggest, although it was not explicitly said, that the Austrians had certain prejudices about Serbia, probably due to its bad image as an ex-communist country, but also due to the common Western perception of the Balkan cultures as oriental.⁸

Serbian respondents, on the other hand, had various expectations from their engagement in the foreign bank. These expectations can be classified in at least two categories:

1. The expectations related to work conditions (different types of motivators): good salary, benefits that bank offers to its employees (low rate mortgage loans), professional self-development, and a good working atmosphere.

2. The expectations concerning organizational culture: challenging environment, clear procedures, work discipline, clear division of tasks and responsibilities, hard work, responsible approach towards work.

Almost all of them expected differences in the environments of foreign and domestic companies. Thus, it was no wonder that, when their expectations were fulfilled, cultural shock was absent. Some of the respondents described these differences, resting on their own experiences in both domestic and foreign companies:

"B": "I expected that in Raiffeisenbank one should work harder and give a better performance than in a domestic bank". She explained: "It means that I expected the bank to function as a system, that it has precise procedures, that it is obvious what is whose responsibility. (...) I expected that it would be different than in a domestic bank, and thus, I was not surprised."

"T": "Since this is a foreign company, I expected that there was going to be some order here; that one has to work. I had previously been working in a state-owned company, and I know that there was a tendency to have a much more relaxed attitude towards

⁸ Commonly used stereotypes in describing characteristics of Oriental and/or Balkan cultures are: passivity, unreliability, misogyny, tendency to plot, inefficiency, opportunism, laziness, lethargy, dishonesty, opportunism, incapable bureaucracy, etc. (Todorova 2006, 241). Similarly, Edward Said wrote about orientalism, common stereotypical description of the "Eastern" cultures as barbaric, backwarded, indifferent, servile, retarded or uncivilized (Said 2008, 269-301).

work. But also, I have worked in another foreign company, and I got used to the fact that an employee is expected to fulfill his/her duties and obligations. So, when I came here, this situation was quite normal for me. I did not feel a difference in comparison to my previous job. (...) There was absolutely no experience of cultural shock."

Summing up the views of Serbian respondents, it is noticeable that either they did not have experiences of cultural shock, due to their earlier professional and personal experiences, or if they experienced a shock, it had a positive connotation. The experience of cultural shock was largely determined by respondent's expectations. Most of them had some ideas about the characteristics of organizational culture of foreign banks, and while they managed to confirm their beliefs, the experience of shock was not present. For those that had prejudices that were not confirmed, the experience of cultural shock was inevitable. Another interesting issue is the respondents' ideas and beliefs related to organizational culture of an Austrian bank. As we can see from their answers, they usually perceived the Austrian banks as structured, formalized organizations, with standardized procedures, precise division of labour and responsibilities, and strict hierarchy of roles. Interestingly enough, all of them consider these characteristics as positive, which might indicate that some of Hofstede's results were still valid: a high level of avoidance of risk was still present in the Serbian culture. On the other hand, while Hofstede's results would suggest that in the Serbian national culture fear of risk-taking is compensated by the need to belong to a collectivity, our Serbian respondents showed an orientation towards hard work and good performances, as compensating mechanisms, which was more in tune with the supposed characteristic of the Austrian (Western) national culture.

Changes and adaptations within the organization

Since Raiffeisenbank introduced some novelties at organizational and professional levels, we were interested to see how our respondents perceived these novelties and adapted to them. Interestingly enough, although almost all the respondents stated that they did not experience cultural shock or surprise, when going deeper into the matter it seemed that after all they had been surprised. Having in mind their experiences, or at least some ideas about business behavior and organizational culture in domestic companies, they were able to perceive what the changes brought by the bank's organizational pattern were. We can sum up these changes into several categories. They would be: 1. Non-authoritarian relationships between supervisors and subordinates, 2. Polite manner of communication, 3. Evaluation system of employees based on work performance, 4. Solidarity, 5. Strict rules and procedures, 6. Team work, and 7. Written official communication.

Changes and adaptations outside the organization

Another interesting issue concerns novelties that the bank brought to the banking sector in general, especially novelties in its relationship with clients. Raiffeisenbank entered this market when Serbia had just come out from international isolation. A large part of economic activities were blocked, and the banking sector was practically ruined. Due to their insolvency, the big domestic banks were closed, and the banking sector underwent a painful process of transformation. Financial legislature went through a process of rapid change, and both banks and their clients had to adapt to these changes.

Since Raiffeisenbank was founded as a completely new organization, without an already established infrastructure, it had to go through this process of changes as well. These changes related to building the bank from scratch, establishing procedures and rules, and developing both vertically and horizontally. At that time, the bank was formulating its policy towards clients, trying to live up to the principle of a 'client oriented bank' established by the Raiffeisen banking group. As the process of building the bank was advancing, the attitude of the clients towards the bank was also changing. "G", who was employed in the bank from its foundation, explained:

"At the beginning of the work of the bank (...), there were some segments in which there were no established procedures, so we had to make them. (...) We decided that it would be better to start to work with large companies (...) they were accusing us of being an arrogant bank. (...) When the bank started to work there was a lot of resistance towards its procedures, especially towards procedures related to credits and loans. (...) Also, there was resistance towards us as a foreign bank. People used to accuse us of coming here in order to rip this country off. (...) We told them from the start what to expect from us; we tell them that we ask for a lot of documents which have to be in accord with some standards. (...) It was a long-lasting, hard process in which the bank has had to educate a lot of its clients."

Also, the bank introduced a lot of new banking products and services, which were unknown to domestic clients at the time. As these innovations were brought in, the bank managed to gain trust from its present and potential clients. One of the reasons for this were the novelties the bank established in its relationship with the clients regarding its policy towards the use of foreign languages. Namely, all staff working with corporate clients had to know English, and in addition to that, employees working with Austrian clients had to speak German. This kind of approach was new, not only in comparison to domestic banks, but also to other foreign banks.

Horizontal and vertical relationships between the employees

The types of relationships between employees at the same and/or different hierarchical levels are important indicators of the type of organizational culture present. The level of formalization of relationships, the type of authority, the level of centralization in the decision-making process, the type of leadership, the existence of strict hierarchy, solidarity or competition between employees, all these characteristics could indicate the form of organizational culture established in this organization.⁹

Vertical relationships

Vertical dimension refers to the relations between members of the organization on different hierarchical levels. Since these relationships are always based on some kind of authority, we were interested to see whether this authority is derived from the professional knowledge, hierarchical position, or from national background of the supervisors. Also, we were intrigued whether there are differences between domestic and foreign employees in terms of interpretation of the nature of authority in the organization, but also in terms of putting authority into practice.

⁹ There are several ways to classify types of organizational culture. The most influential classification is the one formulated by Harrison, and developed by Handy (Handy 1985), which distinguishes four types of organizational cultures: (1) *The culture of power*: leader oriented; organization is considered as a tool for achieving personal goals of the leader; paternal or/and dictatorship system of authority; the source of the power of a leader is the control over resources or personal charisma; lack of formal procedures and rules. It refers to Weber's type of charismatic power. (2) *The culture of roles*: bureaucratic culture; domination of formal rules and procedures; depersonalized roles; the source of power is hierarchical rank and/or expert knowledge. It refers to Weber's type of bureaucratic power. (3) *The culture of tasks*: the main values are success and achievement; the aim of organization is to complete the tasks; the source of power is competence in resolving problems, but sometimes also personal charisma. It refers to Weber's type of rational power. (4) *The culture of support*: organizational aim is to provide to all its members to achieve their goals; the focus is on individual; the aims of organization are neglected; the power is widely distributed; the lack of formal rules and procedures. More on organizational behavior see also in Luthans 1989.

Austrian point of view

Since all of our Austrian respondents were at mid or high managerial positions, we were primarily interested to see how they perceived the relation of domestic employees towards authority, but also how they would describe the nature of authority in the organization. Some of them were even able to compare the relations of employees towards authority in Serbia and other countries they worked in. All of our respondents described an ideal relationship towards authority as open, fearless, straight and direct. However, their experiences with domestic employees were different:

"A", who is more experienced in working with local employees, said: "(...) there is a certain fear of authority. I am trying to take that away and to train those colleagues who have such fear of authority to respect only performance." On the other hand, his younger Austrian colleagues had different experiences: "Within the company we have a very straight approach (...) but in general, the approach is, compared to Austria, straighter and more direct. What I like a lot is that people tell you what they mean. They are open, of course, nobody is fully open, but compared to Austria, they are more direct, and have more courage to say what they think" ("W"). "C" speaks along the same line: "(...) I think that in other countries of Central-Eastern Europe this problem is much bigger. Also I don't think that in our organization there is fear of authority. People here are open; they come to me and say what their problems are."

Serbian point of view

Almost all of the Serbian respondents, except for one, indicated that they were surprised with the attitude of supervisors towards their subordinates. They were mostly surprised with the fact that they had got the possibility to speak their mind openly, to agree or disagree with their supervisors. "V" explained: "(...) I felt free to express my opinion, to ask questions, or to demand something. (...) My current supervisors are younger people, and it is more convenient to cooperate with them if our relations are informal." On the other hand, "K" was working in the sector of the bank in which Austrians were not direct supervisors. He had different experiences with the domestic supervisors: "At first glance, there is no formal authority. But, when I tried to express my own opinion, I had problems with my supervisor. She has told me once: 'Your duty is to work and not to think'." Such opposite experiences reveal, as one of our respondents noticed, that Austrians brought with them certain values and norms of professional behavior, but the implementation of these norms and values was not the same in all sectors of the organization. In those sectors in which Austrians were direct supervisors, these norms were accepted by domestic employees, but in sectors in which they were not

present, implementation of these norms was not consistent, while vertical relations strongly resembled those that were usually perceived as characteristic for the domestic companies. "G" explained the difference in relationship towards authority between the domestic bank she had previously worked for and Raiffeisenbank: "I respect my directors because of their professional competence, their experience and knowledge, and not only because they are on the higher hierarchical level. That is something different from the situation in a domestic bank." In the same manner, "T" described the general attitude of people in Serbia: "People often have a fear of expressing freely their opinion, because often one's position depends on that. (...) Most probably people do not want to give their opinion, even if they are not under pressure, following the logic: 'It's good to have a job at all'."

As we can see from the previous experiences, the Serbian respondents were used to having fear of authority, avoiding speaking openly with their supervisors, which is consistent with the results Hofstede had obtained several decades earlier. The absence of readiness to express disagreement with supervisors indicates a high level of power distance. This conclusion can be supported by the fact that almost all of the other researchers conducted in Serbia with the local population indicated a high level of authoritarian orientation.¹⁰ It was no wonder that our respondents were surprised when somebody had encouraged them to speak openly and express disagreement if necessary. On the other hand, although foreigners brought with them different forms of organizational culture and business behavior, in which authority was established on the base of competence, the full implementation of these values and norms was still visible only in those sectors in which their influence was direct. This conclusion can be underlined with experiences of "H", a representative of the competing Austrian bank: "Our domestic managers are more authoritarian, they still cherish 'the Serbian manner of leadership'; they only know how to give orders. (...) The authority of domestic managers is established on the basis of their position, and not on the basis of their knowledge."

Horizontal relationships

Horizontal relationships indicate the level of solidarity or competition between employees on the same hierarchical level. We were interested to see whether the employees of the bank were oriented towards individual achievements or towards cooperation based on solidarity and support. At the same time, another intriguing question was whether there was some kind of

¹⁰ See: Rot and Havelka 1973, and Kuzmanović 1995.

official or unofficial policy of the bank concerning the type of cooperation among employees.

The common point of view of several respondents was that relations among colleagues are rather informal, and, as we expected, based on mutual cooperation and support. Another interesting finding is that professional relationships intertwine with personal relationships. "T" described this: "The relationships between colleagues are more informal than formal. In this department we help and support each other. (...) Of course, relations with supervisors are always more formal than with colleagues in the office."

On the other hand, "B" reveals that a certain level of competition among employees is also present: "I think that a certain level of positive competition within this department is present. Also, there is competition between departments, but it is a negative thing. (...) The fact is that everybody wants to get promoted." "T" recognizes the Austrian staff members of the bank as the main 'culprits' for creating an atmosphere of competition among employees: "The foreign staff members create an atmosphere of pressure. They make an atmosphere of competition ... following the logic 'divide and rule'. (...) There is competition inside other departments, and especially among departments. I am not sure if it has to do with the fact that they are foreigners, or with the fact that they are at the top and are the most influential here."

Relationships between domestic and Austrian employees

Apart from vertical and horizontal relationships within the organization, we were interested to see whether national background could be held as a significant factor that influenced the configuration of relations between employees of the bank. We wanted to see how the Austrians and Serbs perceived each other in the organizational context, and whether there were possible conflict situations.

As for relations between domestic and foreign employees of the bank, the perspectives and opinions of our respondents were somewhat different. While the Austrian respondents reported undoubted positive experiences, the points of view of their Serbian colleagues were diverse, depending on their position in the company and the presence or absence of direct contacts with the Austrian management. "T" felt that the Austrian managers were creating an atmosphere of pressure, describing their presence with the following words: "(...) They do not believe in the fact that we can do our tasks and work with each other in a nice and polite manner. Maybe they are afraid of the fact that something is not under their control. (...) We can feel the difference between an Austrian and a domestic manager. Austrians are more under some kind of tension, but also they are people with the highest responsibilities, so it is

logical that they are not relaxed. (...) Domestic managers are maybe more flexible because they can feel some things (...) and have better judgment of the situation, and foreigners do things more mechanically because they do not know our mentality, so they have to rely on rules." However, "T's" direct supervisor and mid-level manager, "B", had different experiences: "The difference between the Austrians and us are not cultural, but rather differences based on hierarchy, differences in the relation supervisor-subordinate. Actually, I haven't noticed any cultural differences between us. I have the same relationship with the domestic and local supervisor." Furthermore, "V", whose direct supervisors were Austrians, had even more positive experiences: "I can notice that the Austrians are more constructive than the Serbian managers. That is why I am glad to have Austrians as bosses. (...) They tell us all the facts, locate the problem, and then resolve it. Domestic managers tend to make long speeches, to complicate things, to fight for their personal rights and interests; they like to speak widely and not touch the core of the problem."

Such diverse experiences of domestic employees can be explained, as we had already mentioned, by the impact of at least two factors: hierarchical position of the respondent within the company and the degree of presence of the Austrian staff members within a particular department. The respondents that did not have close professional contacts with the Austrian managers, perceived them not only as foreigners but also as supervisors, which created a dual effect of mistrust and fear. In that way, they have been recognized as external elements that could jeopardize the accomplished harmony within smaller working units. On the other hand, those respondents that had been closely cooperating with the Austrians had the opportunity to create informal relations with them, as well as professional, and to lessen the effects of either hierarchical position or ethnical background.

Procedures and control

The existence of strict procedures in conducting work tasks testifies about the level of bureaucratization of one organization. Furthermore, formalization of work processes and strict hierarchy can indicate the level of avoidance of risk within a specific organizational culture. For the purpose of this research we can distinguish the attitudes towards procedures in conducting work tasks and the procedures in decision-making process. Also, attitudes towards the level of control of employees from their supervisors can give us an insight into the level of trust of supervisors towards their employees, and consequently into the type of leadership present in the organization.

Procedures

Almost all respondents reported the existence of rather strict procedural rules, as well as formalized work processes and tasks. However, although work processes and procedures were formalized, there was still a perception of the openness towards improvisations. "C" explained: "Procedures are strict, but they are also flexible, in a way that if we have a situation where it is necessary to depart from them, we do that. (...) Procedures are not too bureaucratized, so that you can work according to strict procedure, and also in a flexible way, if there is a need. (...) In a growing company, such as this, it's important that not too many things are standardized, because you need flexibility."

A similar conclusion can be drawn when it comes to division of labour within the organization: respondents perceived competences as strictly divided, with open possibilities to introduce improvisations when necessary. However, it seemed that the level of strictness of the division of labour was not unique across organizational units. Experiences of our respondents were rather different:

- a) Division of labour was perceived not as strict; the work was redistributed depending on current obligations; confusion and misunderstanding over competences were not rare.
- b) In order to avoid misunderstandings, the division of labour and competences in some departments was strict and therefore efficient.
- c) The division of labour was perceived as very strict, beyond the limits of rational behavior, leaving no space for improvisation, even at the expense of efficiency.

The last experiences, which testified to the lack of space for improvisation and flexibility in conducting work tasks and division of responsibilities, are in tune with Hofstede's results that implied the presence of the relative high level of risk avoidance in Serbian and a moderate level in Austrian national cultures. If a certain level of improvisation was allowed in conducting work tasks, the respect of hierarchy and procedures was almost always strict. While day to day problems could have been resolved on the mid managerial level of hierarchy, important strategic decisions almost exclusively had to be delegated to the highest managerial level. In the process of delegating problems and decisions, hierarchy had to be respected, while written communication was obligatory. Such strict rules of communication inside the organization testify to the relatively high level of bureaucratization of the organization, in which most of the work tasks are documented, standardized and prescribed. At the same time, the concentration of decision-making processes at the highest points of the organization's hierarchical structure, bring us to a conclusion about the existence of relatively high levels of centralization.

Control

The type of control of the employees by their supervisors could be an indicator of the level of trust present between parties in different hierarchical positions.¹¹ Almost all respondents had similar experiences: a certain level of control was present, but the type of control differed depending on their hierarchical position within organization. The respondents holding lower hierarchical positions reported being exposed to control by their supervisors on an everyday basis. However, middle managers seemed to have somewhat different treatment in terms of trust and confidence: annual goals and tasks were expected to be fulfilled, while in day to day organization of work they were left certain freedom.

An Austrian respondent, holding one of the highest positions within the bank, explained: "There is always such a need, simply because it's prescribed by the law, by the insurance company that insures our bank, and by common sense. With one thousand employees it is a statistical certainty that you have hired one or two people that you probably should not have hired." Another Austrian manager gave somewhat different argumentation: "I think there is control, but in a way that is very acceptable to everyone, which is according to Western standards. There is control, but everyone is also responsible, so there is no need to give daily reports. In my department everyone has responsibilities, and they have to handle the problem by themselves."

Judging from the experiences of our respondents, there are differences in the type of control implemented at different hierarchical levels. On lower hierarchical ranks, junior staff are controlled and supervised by on an everyday basis, while at mid managerial positions the type of control involves rather standardization of results than standardization of work tasks. Such diverse experiences suggested that a certain level of mistrust was present between supervisor and subordinates. However, having in mind that control was not always strict, we could conclude that the type of leadership implemented in the company was participative: the managers had essential but not complete confidence in their employees; strategic decisions are made at the top of the organization, but it is possible for employees (especially mid managers) to take part in making some specific decisions; communication goes up and down the hierarchy; and the organization of work within departments and divisions is delegated to mid managers.

¹¹ More on the concepts of control and management, see in Đuričin and Janošević 2005.

Work culture

Work culture refers to work habits that are associated to specific societies, groups or organizations. Therefore, we were interested to see whether we could find differences in work habits between the local and Austrian employees concerning work habit indicators such as extended working hours, time and respect of timeline, career orientation and motivation for work, as well as commitment to their jobs. Moreover, one of our goals was to establish whether these differences, if there were any, were producing conflicts and misunderstandings within the organization.

Extended working hours

The official workday in Raiffeisenbank lasted for eight hours, with flexible work time: either from 8 a.m. to 5 p.m. or from 9 a.m. to 6 p.m. However, most of the respondents testified that in reality the workday lasted longer than was officially prescribed. Furthermore, additional time spent at the workplace was not rewarded with overtime bonuses. Having in mind that these were the new "rules of the game" in Serbian business culture, we were interested to see how local employees adapted to those changes.

Although the Austrian management was aware of the prolonged workday, commitment to the job and readiness of the employees to work longer than prescribed, were highly valued. "A" explained: "The Level of commitment of employees is extremely high. There is very little time left for the private life of the people working in this bank. There is not much time for longer summer holidays. Usually, our average employee works about ten hours a day; if one is the Department Head then it is twelve hours, and the Division Heads work even at weekends or whenever necessary. (...) The overtime work is not paid, but people stay over official working hours because they like to work, because it is interesting." On the other hand, they find that employees have managed to adapt to that situation. "C" was able to compare work habits of employees in Serbia and Vienna: "I think that commitment of the employees here is bigger than in Austria. In Austria everything is regulated. They know that the workday is from 8 till 4 o'clock, but here we have high commitment, which in Austria is not present in such an organization and on such a high level."

The experiences of domestic respondents were slightly different. Although most of them stated that extended working hours is a usual practice, there were differences in the way they coped with such situations. "T" explained that she does not feel that she works more than she can cope with, but on the other hand, she was conscious that employees in other departments were much more overburdened with work. Two respondents talked about their difficulties in coping with extended working hours. "V" explained: "Here, there is the rule that

the job has to be done. If there is something urgent to be done, we have to stay at work after official work time, and nobody comments about that. Sometimes, there are exaggerations. (...) Sometimes we cannot hold this, and we feel that it is not justifiable." Speaking along the same line, "G" pointed out that domestic employees had resistance towards extended work time.

Some of our Serbian respondents were asked to draw parallels between the Austrian and domestic staff members, in terms of their work habits. All of them stated that these differences did not originate from different national cultures, but from different hierarchical positions: "Position in the bank determines differences in work ethic, and not national culture. If someone is at the higher position, it is logical that he is more committed to his job; that he is more responsible, that he does not complain. The lower the hierarchical position of the person, the harder each additional effort is if there are no prospects for promotion. If I compare the Austrian and local employees at similar positions, I would not say that their work habits are different." ("G")

On the other hand, "J" finds that there are some substantial differences in the work ethic of members of those two cultures: "Our people often work in order to earn their salary, not trying to do something for the benefit of the company they work for. Austrians put much more energy and nerve into their job, in order to do things correctly. It is their work ethic. They are also doing it for the benefit of their town, their street, neighborhood, while we do things only for our personal benefit."

Another interesting point brought by "L" is the habit of local people of working hard when they are forced to: "As time passes, I can say that our people are very hard working, but we need someone to control us." "M" speaks along the same lines: "There is no foreign company in which you do not have to work a lot in order to earn your salary. One cannot count on the fact that official working time is 8 hours. Sometimes the job requires that you have to work overtime or even at weekends. I cannot complain, because there is nobody else to do the job for me. ... The mentality of our people is to expect to work less, and to earn more. And this is not realistic. Although, I notice that the younger generations accept more and more of this Western work ethic."

Respect of time limits

The respect of time limits is one of the characteristics of rational, modern organizations. As Giddens pointed out, modern rational organizations are not slow or static; on the contrary, they are dynamic entities, in which punctuality and observance of deadlines are crucial for adequate planning (Giddens, 1998). Having that in mind, another question that had to be answered was whether there are cultural differences between representatives of "Western" and

"Eastern" cultures in terms of respecting deadlines and the time of official working hours. Furthermore, we were interested to know whether there is any kind of control of employees concerning the time they come to work.

As for our Austrian respondents, they did not notice any kind of differences in terms of respecting deadlines between the Serbian employees and employees in other countries they worked in. "Deadlines are always short, but this is not a problem specific for Serbia, it is a problem that exists everywhere," stated "C".

The Serbian respondents, on the other hand, were able to compare the established practices in the state and privately owned companies. From their experiences, in state owned companies and public institutions, disrespect of deadlines and coming late to work were practices that were not properly sanctioned, and therefore had become a sort of everyday habit. In privately owned companies, on the other hand, these practices and habits were sanctioned, leading to changes in established habits. However, these changes were not easy. Speaking about getting to work on time, "J" said: "The local people still cannot adapt to the rule that one should not be late for work. Take me for example: I am always at least five to ten minutes late for work." "G" has noticed the same: "Coming late to work is something that really annoys me. In that respect I would be very strict with my employees."

Although most of the respondents testified that the practice of getting to work late was not an established habit in Raiffeisenbank, some of them pointed out that credits for that should be attributed not only to the changes of values, but to the system of control: "When coming in and going out from work we have to check in, so the supervisors can take evidence about that. The Human Resources department is in charge of controlling who is getting to work late. Also, the Department Head has to take evidence if the employees are present in the office or not." ("T")

Motivation

Another important issue is the motivation of employees. Organizational culture can largely influence the motivation of its members, being a very strong motivator which mobilizes the energy of employees and leads to their better performances. Experience of our respondent "G", involved in the process of building up the bank, is paradigmatic in that respect: "For us who were in the bank from its beginning, it was a great feeling to see the bank growing. This enthusiasm made us work hard." "H" speaks along the same lines: "People, who are in the bank from the beginning, from its foundation, have the feeling that the bank is their own project. They feel emotionally attached to the bank."

Strong organizational culture can lead to identification of employees with the organization, but only if the organization can satisfy their needs. One of the needs that can be a strong motivator is the possibility of promotion. Most

of the respondents at the higher hierarchical levels pointed out that the bank offered a lot of possibilities for quick promotion, giving their individual careers as examples. However, they also emphasized that as the bank had already built up its structure, these possibilities were significantly decreasing. "G" explained us what the difficulties are:

"The bank has been expanding very fast, and people that now come to work in it, can see how their young colleagues have been promoted very quickly. But while the bank was growing, there were a lot of possibilities for promotion. In someother, already structured bank, it is normal for a person to wait five years in order to climb one step higher. And now, it is a challenge for new employees: how to balance their desire for promotion with the restricted possibilities of the bank to make it possible."

As for the criteria for getting promoted, the experiences of our respondents were different. Managers point out that the main criteria were commitment to work, professional experience, and knowledge, while some of the low ranking employees disagree with that: "The main criteria is the employee's personal relationship with the supervisor, regardless of the level of education, commitment to work or personal characteristics," stated "K".

Another important motivation factor, the need for self-development, proved to be crucial for respondents at the mid-managerial levels. Most of them emphasized that their prime motivation for working in the bank was the knowledge they already had gained or which they expected to gain. "G" pointed out: "I had previously worked in Jugobanka (...) in this bank there wasn't much work to be done, so I had a lot of free time, which I used for learning. (...) I was always choosing to learn. (...) I think that the most important motivator of the people in this bank is the wide knowledge that they can gain here."

The Austrian respondents confirmed that the domestic employees surprised them with their readiness to learn. "A" was able to make comparison between employees in Bulgaria and Serbia: "People here, in comparison to Bulgaria, have more initiative, and it is easier to motivate them. Bulgarians are excellent, I have trained some of them, and one of them now holds a very responsible position in the Head Office in Vienna; but here there are probably five people that could be sent to Vienna immediately, and in Bulgaria there was only one."

On the other hand, lower ranking employees were mostly motivated by existential factors. Almost all of them stated that their prime expectation from work in a foreign bank was a higher salary than in domestic companies. Also, the bank offered to its employees very propitious mortgage loans (so that "(...) most of our employees have managed to buy apartments"), which also figured as an important motivator.

Conclusions

In order to draw conclusions, we should go back to our prime research concept. As it was said, we were interested to see whether there are large differences between the Western and Eastern business cultures, viewed in the context of cultural encounters in the banking sector, or more precisely within and outside the organization, represented by Raiffeisenbank. For that reason, we partook of the concepts of organizational and national culture. When following the dimensions of national culture given by Hofstede, we could draw only provisory conclusions:

1. Judging from the pronounced need to belong to the collectivity, constant attempts to build up a net of social contacts, but also from domination of the principle of solidarity in conducting work tasks, we can conclude that the Serbian business culture is still characterized by the prevalence of feminine values and collectivist orientation. On the other hand, among those closely cooperating with representatives of the Western culture, there are visible changes towards adopting some of the values characteristic for the Western cultural model, such as the orientation towards individual achievement and self-realization.

2. Widespread use and acceptance of personal contacts indicate the importance of social capital as one of the principle mechanism of survival and success in the business affairs¹². Interestingly enough, this mechanism is accepted by both domestic and foreign business parties. Impersonal trust, characteristic for modern, Western societies, still does not play a key role in the Serbian institutional system. The lack of trust in state institutions underlines this conclusion.

3. The fear of authority, on one hand, and the pronounced need for demonstration of power, on the other, was traditionally present in the organizational cultures that rose from the Serbian national culture and socialist societal system. Experiences of our respondents with interpersonal relations in domestic companies, characterized with high power distance and traditional authoritarianism, underlines this conclusion. However, the organizational pattern which cherishes orientation towards equality in interpersonal relationships, brought by the Austrians, in collision with the authoritarian orientation of local people, led to the process of mutual adaptations. In the initial phase of intercultural encounters, both parties were confused: the Serbian respondents by encouragements to discuss things freely and openly with their managers and the Austrians by the attitude of subordination by local employees. Nevertheless, the initial confusion was overcome by the attempts of both parties to adapt to each other's expectations.

¹² More on the concept of social capital see in Bourdieu 1986.

These adaptations and changes were mostly visible in those sectors of the organization in which the influence of the Austrian staff members was direct, while in other sectors authoritarian type of leadership was still present.

4. Formalization of work processes, strong respect of the principle of hierarchy in the decision-making process, and the lack of initiative suggest a high level of avoidance of uncertainty. Since these characteristics were interceded by the organizational culture transferred from the Austrian cultural model, but also by the type and size of the organization, it was hard to conclude whether they could be ascribed to the Serbian, Austrian or maybe both business cultures, or to general characteristics of a bureaucratic organization. However, presumed homology of two cultural models in that respect, made adaptation of its representatives much easier.

5. Differences related to specific work habits (extended work day, respect of deadlines) cannot be ascribed to characteristics of the specific national cultures, but rather to different hierarchical positions. The higher the hierarchical rank of the person, the more seriously responsibilities are taken. The same goes for motivation of employees. The hierarchical position is crucial for demarking two different types of motivators: existential and those of self-development.

Our task of establishing easily recognizable lines of demarcation between the two cultural models, proved to be neither easy nor simple. As stated, the differences derived from diverse national cultures are interceded by the joint organizational culture, but also by the specific characteristics of the sector of economy. Some of the above mentioned cultural differences tend to be amortized by the organizational culture adopted by representatives of different national cultures, since in the process of transference of organizational structure and knowledge, consciously or unconsciously, willingly or unwillingly, norms, values, beliefs, and interpretative schemes are also the object of devolution and exchange. In this process of exchange and adaptation, cultural mediators have a crucial role, and, in this case, they are young, highly educated, Serbian mid-level managers, socialized into the Western cultural model, but aware of their national cultural heritage. Looking from their perspective, the cultural differences do not arise along the lines of Easterners – Westerners opposition, but rather along the lines of the Westernized Easterners – Easterners. Being highly critical of their own national culture, but also highly conformable with what they perceive as the Western culture, they tend to distance themselves from what is interpreted as a typical Serbian behavior.

Representatives of the Austrian (Western) cultural model also have the role of cultural mediators. Since having experienced cultural encounters between East and West European societies, they are using their accumulated knowledge, by influencing the mid-managers, in order to facilitate the process

of cultural exchange and adaptation. Looking from their perspective, the cultural differences do not emerge along the relations between Easterners and Westerners, but rather along other opposing dimensions, such as: younger–older generations, educated–uneducated, modern–traditional.

Finally, when talking about cultural encounters in the Serbian banking sector, their dynamic dimension has to be pointed out. Changes and adaptations are visible in the sphere of inter-organizational relations, wherein differences and/or similarities in national cultures are interceded by the specific organizational culture. At least two dimensions of cultural adaptation of different parties can be distinguished: one is related to the sphere of business behavior (local parties are adapting to the Western business culture) and the other to the sphere of informal interpersonal relations (e.g. the Austrians are adapting to the local lifestyle of leisure).

On the other hand, changes and adaptations are also visible in relations between the organization as an entity and different business parties (clients, competitors, state administration). At the initial stages of its work, the organization's strict procedures and image of the foreign bank led to resistance and mistrust by the clients. In the process of mutual learning, both the bank and the clients had to adapt to each other: the clients to the bank's policy (rules and procedures), and the bank to the specific demands of its clients (including the process of education of the clients). Interestingly enough, the bank underwent the same process both with domestic and foreign clients.

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Јелена Пешић

Културни додир у банкарском сектору Србије:
пример Рајфајзен банке

Основни циљ студије је испитивање културног шока, разлика и сукоба који настају у оквиру Рајфајзен банке између актера који припадају различитим националним културама, аустријској и српској, а који се, условно, третирају као представници два модела карактеристична за "Западна", односно "Источна" друштва. Фокус истраживања је био на елементима организационе културе, а пре свега на односима који се успостављају на хоризонталној и вертикалној равни, типу вођства, степену формализације процедура и радних задатака, али и на неким од елемената културе рада, карактеристичним за два друштва. Посебно је испитивана улога културних медијатора, чија се функција огледа у посредовању прилагођавању представника локалне националне културе на новине које доноси организациона култура "увезена" споља, али и при адаптацији странаца на карактеристике локалне културе. Студија случаја обухвата кратак историјат рада Рајфајзен банке у Србији, анализу писаних докумената, те дубинске интервјуе с актерима који се сматрају типичним за испитиване облике културних контаката.

Кључне речи: Организациона култура, национална култура, културни шок, културни медијатори, банкарски сектор, Србија

Jelena Pešić

Contacts culturels dans le secteur bancaire de la Serbie :
l'exemple de la Raiffeisenbank

Le principal objectif de cette étude est l'examen du choc culturel, des différences et des conflits qui naissent au sein de Raiffeisenbank entre des acteurs appartenant à deux différentes cultures nationales, l'autrichienne et la serbe; ces acteurs sont traités, de manière hypothétique, comme des représentants de deux modèles caractéristiques des sociétés "occidentales", ou "orientales". L'étude est focalisée sur les éléments de culture organisationnelle, et notamment sur les rapports s'établissant sur les plans horizontal et vertical, sur le type de direction, le degré de formalisation des procédures et des tâches de travail, mais aussi sur certains des éléments de la culture du travail caractéristiques des deux sociétés. Plus particulièrement a été examiné le rôle des médiateurs culturels, dont la fonction réside dans la médiation lors de l'adaptation des représentants de la culture nationale locale aux nouveautés apportées par la culture organisationnelle "importée" du dehors, mais aussi lors de l'adaptation des étrangers aux caractéristiques de la culture locale. L'étude englobe le bref historique de Raiffeisenbank en Serbie, l'analyse des documents écrits, puis des interviews détaillées avec des acteurs considérés comme typiques des formes examinées de contacts culturels.

Mots clés: culture organisationnelle, culture nationale, choc culturel, médiateurs culturels, secteur bancaire, Serbie

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