

EAST-WEST BUSINESS ENCOUNTERS IN SERBIA AND MONTENEGRO: HOW SERBIAN REPATRIATES FROM THE WEST EXPERIENCE THEIR PRESENT BUSINESS ENVIRONMENT – A CASE STUDY

Poslovni dodiri Istoka i Zapada u SCG: Kako srpski povratnici sa Zapada doživljavaju svoj sadašnji poslovni ambijent – studija slučaja

APSTRAKT Ova studija bavi se iskustvima srpskih stručnjaka sa obrazovanjem i/ili radnim iskustvom stečenim na Zapadu koji su se vratili u domovinu u periodu nakon političkih promena u oktobru 2000. godine, i zaposlili u međunarodnim ili domaćim poslovnim organizacijama u Beogradu. Cilj istraživanja je analiza stepena i sadržaja "kulturnog šoka" koji je ova grupa doživela, njihovog mišljenja o tome šta lokalni i strani poslovni akteri mogu da nauče jedni od drugih u cilju poboljšanja poslovnih aktivnosti, kao i njihove procene prednosti i nedostataka sopstvene bikulturalne pozicije.

KLJUČNE REČI kulturni šok, poslovna kultura, poslovna etika, lokalno znanje, Beograd, Srbija i Crna Gora

ABSTRACT This study deals with the experiences of Serbian professionals with education and/or working experience acquired in the West who returned since the political changes in October 2000 to work in foreign or domestic business organizations in Belgrade. The aim is to analyze the degree and contents of "culture shock" this group has experienced, their opinions as to what the local and Western business actors should learn from each other in order to facilitate business operations in the future, and their assessment of the advantages and disadvantages of their own bicultural background.

KEY WORDS cultural shock, business culture, business ethics, local knowledge, Belgrade, Serbia and Montenegro

I Aim and Basic Concepts of the Study

This case study deals with encounters of Serbian repatriates with the present-day business environment of Serbia and Montenegro. It considers the experiences of

ten professionals with education and/or working experience in the West who returned since the political changes in October 2000 to work in foreign or domestic companies in Belgrade. Repatriates were chosen as a target group because of their position of being: (a) specific business actors playing the role of double “insiders,” (b) observers of foreign and domestic business encounters in Serbia and Montenegro, and (c) possible advisors for the most optimal modes of business cohabitation in the future. The aim of the study is to analyze the degree and contents of “culture shock” this group has experienced, their opinions as to what local and Western business actors should learn from each other in order to facilitate business operations in the future, and their assessment of the advantages and disadvantages of their own bicultural background.

Being an anthropologist, I first looked at the concept of **culture shock**, the crucial concept of the project, treating it dynamically, as one phase in the accommodation of an individual to a new socio-cultural environment.¹ Secondly, I wanted to focus the investigation to only one aspect of “shock,” which is the **culture shock in the business sphere**. Further, I was intrigued by the possibility of investigating this concept among **Serbian repatriates**² in Belgrade. Originating from Serbia and/or feeling Serbian, and yet having lived and/or worked in the West, this population embodies the mixture of local and foreign (“Western”) cultural norms, values and practices. Lastly, I wanted to investigate the **emic (inner) perspective** of culture shock, the one repatriate respondents would determine themselves.

Another important concept of the project was that of **socio-economic culture**, which initially assumed all those norms, attitudes, phenomena, practices, and mentality traits that belonged to the sphere that was not “pure business”, but is “at the edge between business and culture”. This is why the concept of socio-economic culture was not explicated in the questionnaire itself, and the more concrete concept of **business culture** was used in one case only.

¹ In his book *Cultures and Organizations*, Geert Hofstede (1997: 224, 260) assumes that culture shock is “a state of stress following the transfer of a person to an unfamiliar cultural environment.” The same author sees the situation of migrants who have returned to the country as a “reverse culture shock”. This case study is conceived with the intention to show that the situation with the repatriate population is not so simple.

² Their “repatriate” status is situational, i.e., judged from the present point of view. The possibility of the whole group or certain individuals becoming expatriates again still remains. The correlation between the entrepreneurial inclinations in Serbia and the emigrational tendencies to the West in the early 1990s was studied by Silvano Bolčić. See S. Bolčić 2002: 100-101.

II Methodological Notes

The questionnaire consisted of 9 open-ended questions and was to be implemented through personal interviews with the answers tape-recorded in the whole. The interviews were planned to be conducted in English, as all interviewees presumably had a high level of English proficiency, and their answers would not need to be translated afterwards for the purpose of the international project realisation. Nevertheless, only the first and the two last interviews were conducted in English, while all the rest were done in Serbian. The switch from English to Serbian was introduced after the first interview since it seemed that the respondent would have reacted better and would have been more open if a conversation was held in his/her native language. Even so, the interviewees were given freedom to use both languages, which they did by inserting certain English terms and phrases for the purpose of expressing themselves more precisely. The last two interviewees, however, chose to answer questions in English, feeling more comfortable that way.

The place of conducting interviews was not predetermined. It was decided by the interviewees, and ended up being one of the following: the investigator's office or the interviewee's office. The time for interviewing was also determined by the interviewees, and was mostly in the after-work hours. However, it ranged from after-work to work and weekend time. The length of interviews varied somewhat, but on average they lasted about 1 $\frac{3}{4}$ hour. The minimal time was a bit less than an hour, and the maximal time was 2 $\frac{1}{2}$ hours.

All respondents were interested in telling their own experiences upon returning to Serbia and Montenegro, and none of the potential candidates refused to participate in the study. Interactive interviews were conducted. As time went by, I (as an interviewer) got more relaxed and thus I got involved in some parts of the conversations, bringing about some of my own opinions and experiences. This approach had a positive effect because it made the respondents more relaxed about mentioning situations that they had initially thought of being sensitive. The question about the "culture shock" was to open up the discussion about this concept explicitly and on purpose, not hiding it behind other terms such as "surprise", "misunderstanding", etc. These other terms were used in more specific, situational questions by the interviewer and by the respondents themselves when they were trying to be precise about the degree of surprise they experienced in certain business situations.

The sample was constructed through personal connections and recommendations. According to the first question group answers about the most important points in the respondents' CVs, some general characteristics of the target group and individual profiles of the respondents are summarised.

Generalized Characteristics of the Sample

The sample comprises young professionals who work in different institutional and business environments in Belgrade, starting from the national financial institutions, across the representative, regional and affiliate offices of large multinational companies and international organizations, to the representative offices of small foreign companies and small local privately owned companies set up by the repatriates themselves.

The companies in which the interviewees work belong to different industries: financial services (investment banking, auditing), information technology, advertising, and consumer products.

The interviewees participate in business environment taking up different positions, ranging from department head or advisor in a large national bank, to partner, market development manager, business partner operations representative, new business manager, or associate banker in offices of large multinational companies/institutions, to positions such as managing director, director for development, and project manager in small foreign or local firms.

They are all of Serbian origin and upbringing, born mostly in Belgrade, except two (born in Sarajevo and Montreal). They have all been educated in the West (undergraduate/graduate education) and all except one have had some working experience there before returning to the country. Their educational background is within the following spheres: business and accounting, law, electrical engineering, computer science, economics, art history and archaeology, and chemical engineering.

They all fit into the younger middle-aged category, their age ranging from 27 to 35. Marital status differs – some are married (5), some are not (4 are single and 1 is divorced). Of those married, all except one have children. One is married to a foreigner, and four are married to a Serb. The length of their staying abroad averages to about 12 years, and varies from 1½ to 28 years. All came back to Serbia in the last few years, thus living in Belgrade from 3 months to 3½ years. They became part of the Serbia's business environment in different ways, coming on specific professional assignments or setting up private businesses of their own, but with a clear hope to stay for a longer period if the Serbia's business environment allows it. Their opinions have not changed much in the meantime.

Individual Profiles of the Respondents

“F” (32, male) - Project manager in a representative firm of a small foreign IT company. Information technologies industry. Lived abroad 9 years (Canada).

“G” (35, male) – Manager in a representative office of a multinational corporation. Consumer products industry. Lived abroad 15 years (US).

“A” (34, male) – Department head in a large national bank. Financial services industry. Lived abroad 20 years (Austria, France, England).

“LJ” (27, female) – Business partner operations representative in a representative office of a multinational IT firm. Information technologies industries. Lived abroad 1½ years (US).

“D” (32, female) – Associate banker in a regional office of a multinational investment bank. Financial services industry. Lived abroad 7 years (Hungary, Great Britain, US).

“L” (33, male) – Partner in a partnership office of a multinational financial services firm. Financial services industry. Lived abroad 11 years (US, Greece).

“T” (31, female) – New business manager in an affiliate office of a large international chain of advertising agencies. Advertising industry. Lived abroad 28 years (Austria, Canada, US, France, Italy, Great Britain).

“S” (31, male) – Advisor in the large national bank. Financial services industry. Lived abroad 7 years (US, Great Britain).

“V” (28, male) – Director of development and partner in a small private IT development company. Information technologies industries. Lived abroad 11 years (Qatar, Great Britain).

“B” (34, male) – Managing director of a representative office of a venture capital cooperative. Information technologies industry. Lived abroad 8 years (US, Russia, Switzerland).

III The Degree of Culture Shock

The degree and character of culture shock experienced by the interviewees was determined from the analysis of the answers acquired from asking the following question of the second question group: Can you say that upon returning to Serbia you experienced some kind of a “culture shock” in the business sphere? If yes, how can you describe this period? What was “shocking”? How long did this period last? If you could not call it a culture shock, how else could you call it?

The answers about experiencing a culture shock were ordered according to how the subjects qualified them. Most of them differentiated between a “culture shock” and a “culture shock in a business sphere,” but only a few explicated this difference. In some cases business culture shock was experienced to a lesser extent and thus called “a surprise,” “a different type of business culture”, or “massive discrepancy between the social and the private sector.” In the classification presented here the respondents were divided into two main categories, i.e., those who did not experience a culture shock, and those who experienced a culture shock.

Beside this insufficiently refined classification, all answers were arranged according to the degree of "shock" that was experienced, from the least to the most intense.

A. *SUBJECTS WHO SAID THEY DID NOT EXPERIENCE A CULTURE SHOCK*

No culture shock, but awareness of differences

Lj. responded: "As a student I've been travelling to international seminars through AIESEC. In this period of my studies we had a very bad image abroad, but the people there accepted me very nicely, as if trying to say 'you Serbs are normal people after all'. **Somehow, maybe through this travel I absorbed those culture shocks within myself, so that later on I did not experience them in a true sense of a word.**" Talking about her present business environment, she further explained: "Because of the specificity of the market and business culture in Serbia, my firm has business partners who deal with the local market and know exactly how to approach the customer here. Of course, at the same time, it seeks to impose some strict procedures that are standardized worldwide. I myself did not experience a shock because I was aware of it before, but the variability of it I have definitely seen. Doing business in Austria is definitely different from doing business in Serbia and Montenegro." (Lj. has been back for 2 ½ years after 1 ½ years abroad. She works in Belgrade but she also has an office in Vienna.)

Not a culture shock, but a surprise

F. said: "**I did not experience it as a culture shock** because on one hand **I expected that it's a bit chaotic here and yet I was a bit surprised too**, but after all 'culture shock' might be too strong a term. I was definitely surprised and **even today I do experience a nervous breakdown** whenever I have to finish something outside my company." (F. has been back for 1 ½ years after 9 years abroad.)

Not a shock, but a positive surprise

G. explained: "I think 'culture shock' might be too strong a term because of my background and because I have international experience, because of my training, because of the fact that I am a Serb 50% genetically, and I grew up here. Looking from a business standpoint **I wouldn't call it a shock because I thought nothing was functioning.** Sometimes I think it's not as bad as I expected it to be. And when you think about it, we were bombed, we were excluded from all kinds of international dealings and encounters culturally, economically, etc., so **I thought I was kind of surprised when I saw things functioning, happening in a normal way.** When you meet with someone, when they are professional, when the things work out, when you sign an agreement, when they stick to the agreement, that

surprises me more than seeing the opposite, when the things aren't happening.“ (G. has been back for 1 year after 15 years abroad.)

Not a culture shock, but a different type of business culture

D. said: “I did not experience a culture shock, it would be too strong a term. I would say **it is a different type of business culture here than in the West**. But, it wasn't a shock.” What is obviously very different is smoking during the business meetings, familiar way of dealing with the clients, irresponsibility in written correspondence, absence of financial and audit reports and a lack of need for longer term financial planning. (D. has been back for 2 years after 7 years abroad.)

No culture shock, just a massive discrepancy between the social and the private sector

T. told me: “I wouldn't say it was a culture shock because I had an opportunity to come here relatively often in the last 10 years. **It wasn't a culture shock; it was just a massive discrepancy between the social and the private sector.**“ She went on explaining: “It wasn't a culture shock, it was a problem ;for instance, when we were working for IFC and trying to find somebody in the social sector, i.e., in the government institutions, in the companies that were socially owned. So, even then it was quite obvious that neither international companies nor privately owned local companies working hours and working methods had similarities to those characteristic of the West-like and only the general working organization was much more similar to that in the West.“ (T. has been back for 2 ½ years after 28 years abroad.)

B. SUBJECTS WHO SAID THEY EXPERIENCED A CULTURE SHOCK

Slight and segmented business culture shock

S. first explained: “Culture shock is a wide concept. I did not experience a ‘culture shock’ because I lived in Yugoslavia long enough before that, and I had a sufficiently good idea of what's awaiting me, while I did not have any idea of what the business environment was like because I never worked in it before.” Then, he went on: “**My experience may be divided in two general groups:** first, the **communication with people from the National bank of Serbia and from IFIs** (international financial institutions), and second, the **encounters with directors and managers of local state owned firms**. The first group had a similar business profile and similar business mentality to that I knew from New York or London. Those were foreigners or younger people who, like myself, came back to the country after studies or working abroad, or young people who were that “top tree” of our students and ambitious people whose business culture was similar to that of any foreigner.

The other group was more of a 'business culture shock'. That wasn't a dramatic shock either. But, among the directors of state companies, I've noticed a larger difference in approach to business than with people in similar positions in private banks. That difference was in the following: they experienced their job as their own 'pass time'. They all seemed as if they actually had something else to do, and working in the firm was a sideline activity. Someone even told me once, 'Well, this is for my retirement.' I was in a shock. And that was not something I sensed with our younger people in the banks. Those guys didn't have the kind of motivation and initiative with which I myself and other people around me approached problems, but it was as if they were saying, 'There are problems, we'll have to see how to solve them, but do we have to do it today?'" (S. has been back for 1 ½ years after 7 years abroad.)

Delayed culture shock: no shock at the beginning, it comes later

B. said: **"At the beginning I haven't experienced any culture shock. The shock comes later. It comes when you immerse yourself in business, especially if that business is information technology development, and thus needs to span over four, five or ten years. (...)** So, at the first moment there was no shock, on the contrary, the experiences with people were very positive because we were focused on entrepreneurs, people with good ideas, ready to work, dynamic, enthusiastic. **However, with time, this excitement begins to whither away because you see that the system, the conditions, the possibilities that are given to you are actually limited. Then the frustration grows.** So there isn't a problem of cultural shock in that that people are not business oriented or that they are lazy, **it is rather a matter of environment that is insufficiently adapted for dynamic development and normal work.** This in turn affects the people, and also the attitude toward the business." (B. has been back for 3 ½ years after 8 years abroad.)

Yes, a culture shock, but it is a series of continual smaller shocks.

"Something called 'culture shock' does exist", V. replied. **"It is not felt at once.** It is not a classic medical shock. **It is a series of smaller shocks that appear when a person faces some absolutely illogical things that prevail in this system,** and I've experienced that continuously ever since I seriously started to deal with this firm. The firm exists informally since January of this year, and we succeeded to register it only in July, which itself is a shock. Thus, some basic things that take you 10-15 minutes to finish in the West, last forever here. It is these series of shocks; something unexpected and counter logic that is awaiting you at every corner." (V. has been back for 8 months after 11 years abroad.)

Yes, a great culture shock

L. responded: “**I really did experience a culture shock upon coming to Belgrade.** I suppose this shock would have been much smaller if I had come straight to the company I am now with. Since I came to the other first, this shock had been considerable. **My first grey hairs, here at the side, I got in those three months after I transferred to Belgrade.** Even though, before and after that I had stressful situations, it was never the same kind of stress as then and there. (...) My culture shock lasted the whole time I was there, but most intensely during the first month and a half, when I decided I have to leave the place. **Actually, it lasted for quite a short time, but I was in a state of total stress.** When I changed jobs it was such a dramatic shift to better that this shock was absorbed to a large extent. Then very quickly, I became involved in a few big and interesting projects, which were much closer to my mind frame. On the other hand, I am Serbian so I did not need two years to adapt. So, when I think back, I can say that in all ups and downs that I had, this ‘up’ essentially wiped out the **everyday shocks** I continued to experience. Some **shocks and surprises remained**, especially when talking with **directors of local firms** who are our clients or acquisition targets.” (L. has been back for 2 years after 11 years abroad.)

Yes, the shock exists, and I am experiencing it every day

A. said: “**In business sphere, yes, I experienced a culture shock.**” Are you still in the state of shock? “**Yes, every day.** It would be interesting to see how long this shock will last. **I think for a long time.** Do you agree with the term ‘culture shock’? “**Yes, definitely.**” What is so shocking? “**Conflict of interests that different people have and how they make business decisions** – they make them in ways that do not belong to that sphere. Also, people get very personal very quickly for things that are really none of their business, not only in the business sphere, but also in the personal sphere. People spend time thinking about things for which they have no reason to think about.” (A. has been back for 3 months after 20 years abroad.)

As seen from the above, in the first case, the subject was aware of the differences of working in the Western and the local environment, but wasn’t shocked by them. The next two subjects experienced surprise (negative or positive), and their cases could be fitted into weak shocks, together with the next three cases in which the subjects reacted to differences in business culture or in the functioning of the state and private sectors. Lastly, all those that stated that they have experienced culture shock, stressed its different aspects, i.e., the intensity, the time span within which it lasted, or the rhythm in which it occurred.

IV Types of Culture Shocks and Surprises

Answers referring to “surprising” or “shocking” situations were classified into three major categories that were determined in the initial questionnaire, and those were: (1) business behaviour within the firm/institution, (2) business behaviour of other business actors, and (3) business behaviour of state institutions as regulatory bodies. Here it is important to note that business behaviour within the firm is actually described in two ways. The first category of answers was given by the interviewees who work in firms that primarily employ local staff, and thus their view may be treated as the view of the firm “from the inside”. The “outside view” of the business behaviour in local firms was given by the interviewees that work in firms with international staff (both Serbian and foreign) and who in most cases did not experience surprises in their own working environment, but in interaction with the local partner firms and clients. Business behaviour of other business actors (2) can be divided into two subcategories, which are: (a) behaviour of business partners and of clients with whom our subjects have established closer business ties which resemble the ties they have with business partners, and (b) behaviour of other business actors with whom subjects have stayed at distance, such as potential clients, missed clients and competitors. Business behaviour of state institutions (3) is also viewed in two ways, i.e., in respect to state acting as (a) regulatory body and service to businesses, or (b) a client (customer) to large international IT or financial companies/institutions.

Answers about experiences with employees, business actors and the state were analyzed according to the qualitative criteria, and thus different typologies of “shocking” or “surprising” situations appeared.

A. BUSINESS BEHAVIOR WITHIN FIRMS/INSTITUTIONS

Most shocks and surprises in business behaviour within the **firms/institutions** mentioned by the interviewees could be classified as different aspects of **business culture**, which assume **attitudes to time, professional relationships, work attitudes, procedures and control**.

Attitudes to time and **specific uses of time**³ have different manifestations in business culture. Everyday work time as well as holiday time become problematic categories. Work time problems appear in relation to regular working hours, overtime work, and weekend work. Holiday time problem appears at summer time when lengthier periods are expected for vacation and rest. Time is also a problem

³ In his classic work, *The Silent Language*, Edward Hall describes the same type of misunderstanding between North American and Latin American (or Middle East) businessmen and officials. The cause of misunderstanding is a different cultural conception of time. Hall 1959: Chapter 1.

when it comes to planning and adhering to deadlines. Another significant “time thing” is the use of office time as time for socializing.

a. Attitudes to time

Working hours:

- bragging about extended working hours (work days and weekends) and asking for overtime salary in return (F)
- disrespect for deadlines and overtime work; giving priority to traditional family celebrations [e.g. St Patron’s Day (Slava)] over weekend work with tight deadlines (L)
- fear of deadlines and of being late with a particular task (F)
- being teased for not participating in the morning ritual of coffee drinking and chatting in the office: socializing rituals at the start of the workday (S)

Holiday time:

- asking for the extension of holidays (from one to two weeks) after being employed for three months (being rejected by the project manager going as far as asking directly the company owner for that leave) (F)
- a new employee potentially sacrificing a well paid job for a week of summer holidays (V)
- asking for a month long summer holiday after being employed in a firm for two months only (B)

b. Professional relationships

- dual relationship to authority and skipping hierarchy (F)
- personal relationships intertwining with professional relationships (L)
- problems with some female colleagues (they see me as a threat because of my higher position or their perception of my greater use to the company) (T)
- employees not willing to express disagreement with the boss⁴ (S)
- a case of the Serbian director who wanted to run a 12 international staff office with the same iron fist and mentality as he ran a 300 person part of a construction company (T)
- another case of the most wonderful Serbian manager who is open-minded, manages people well and with ease, gives them responsibility and trusts them completely (T)

c. Work attitudes, procedures and control

⁴ Absence of readiness to express disagreement with the boss is a constitutive element of Hofstede's concept of power distance, measured by the power distance index (PDI). Hofstede 1997: 23-48.

- absence of motivation and inability to see the potentials of a foreign start up firm (by the local employees) (F)
- constant need for overwatching and checking every step in the work process (by the project manager) (F)
- department head making a mistake when not checking the final version of the agreement to be signed (F)
- new local employee being in the state of shock, feeling restrained by the company rules (experienced procedural, information and communication shock) (Lj)

B. BUSINESS BEHAVIOUR OF DIFFERENT BUSINESS ACTORS

Business behaviour of **different business actors** will be analyzed through the behaviour of business partners, clients, and competitors. References to **business partners** are made within the context of time, professional relationships and business attitudes; references to **clients** with respect to general characteristics of their business and corporate culture as well as to specific features of the state and private sector (attitudes, motivation, ethics, skills); and references to **competitors** in relation to their anomalous business behaviour.

1. Behaviour of business partners

a. Time

Time of business meetings:

- late start of business meetings (G, T, S)
- disregard for notifying about being late for meetings⁵ (S)
- business meetings are endless and without focus⁶ (F)

Respect for timelines in common projects and campaigns:

- delayed launching of a new product campaign (G)
- disregard for deadlines and timely notifying about the delays in delivery (S)

Uses of time during and around business meetings:

⁵ See E. Hall 1959: Chapter 1.

⁶ Hofstede describes misunderstandings in business negotiations between Swedish and Saudi Arabian businessmen; while the Swedes thought that ephemeral things were being discussed and that the negotiations will fall through, the Saudi negotiators were in fact getting personally acquainted with the Swedish negotiator. Only after he as a person won their trust the negotiations were positively concluded, and above all, they demanded that the same man remains the corporation's representative throughout the whole business implementation period. At the root of the difference between these cultures, according to Hofstede, is a fundamental issue in human societies: the role of the individual versus the role of the group. G. Hofstede 1997: 49-50.

- socializing time integrated into business time (socializing with the general manager of a partner firm by: sitting down and having coffee, or sharing a three-hour six course meal and listening to words of wisdom in his jokes) (G)

- use of time for power games; showing who is the boss (general manager calling in his local managers at the time when the meeting with foreign partners should take place) (G)

b. Professional relationships

- buddy system in business, but without solid legal and financial base (G)

- need for patience in building partner relationships and getting results from them (G)

- nepotism in business netting (one brother recommending the other as the business partner to the third party) (G)

- pleasure of dealing with local private firms as business partners and building informal partnership networks (V)

c. Business attitudes

- advising on an introduction of a personal credit program interpreted (by private bankers) as a personal interest in credit (S)

- private bankers not expressing their opinion in public at the meeting with the National Bank and IFIs (but personalizing them in informal situations afterwards) (S)

- lack of entrepreneurial spirit in information technology sector (B)

2. Behaviour of clients can generally be classified according to the sector to which they belong (state vs. private) and according to characteristics of their behaviour (business culture vs. corporate culture)

a. General characteristics of business and corporate culture

- lack of business culture: smoking during business meetings, familiar way of dealing with clients and investors (switching quickly to 'per tu'), carelessness in written correspondence, not understanding the need for financial reports and "due diligence," no vision and plan for the future. (D)

- lack of corporate culture (no 'share holders agreement,' no business plans, no indicators or methods for monitoring implementation of the business plan) (D)

- lack of a clear picture of how one financial project is supposed to look like, i.e., there are no well-defined investment plans (D)

- lack of evaluation (of performance and interpersonal skills) (D)

- lack of legal protection against harassment (sexual, ethnic, etc.) (D)

- absence of competitive relationship between the clients (illustrated by the fact that five major customers were taken to a trip together with no problem) (G)

b. Specific characteristics of a state sector (attitudes and motivation)

- general apathy, lack of incentive, lack of eagerness to cooperate for their own good (T)
- private short-term interests vs. general long-term interests (private interests hidden within the interests of a firm/institution). (V, L)
- “power trip” of a successful director of a large state company situated in a provincial town as an important factor in decision-making on privatization and restructuring (L)
- doctors in state hospitals and clinics classified as powerful, supportive and corrupted clients (V)
- initiative of a public medical center to introduce modern IT without building in personal (financial) interests – a positive surprise (V)

c. Specific characteristics of a private sector (motivation, ethics, and professional skills)

- private firms know what their interest is and doing business with them is much more honest and clear-cut than doing business with the state firms (where you can't always identify what the primary interests of the general manager are - the interests of the firm or his personal interests) (L, V)
- employees possessing Western ethics and time references (T)
- employees in private banks (both foreign and local) are much more similar to the employees in Western firms than to those in Serbian state firms (S)
- employees and management in companies that matured and were successful during the Milošević's times possess high professional qualities (B)
- private medical clinics are still an undeveloped sector for application of information technology (V)

3. Behaviour of competitors is mentioned in the context of anomalous professional attitudes and ethics, such as:

- underpricing, disloyal competition and operation with losses without any serious tradeoffs exhibited by the Belgrade partnership office of an international financial services firm (L)
- managing partner of the local office of the US financial services firm in Belgrade is simultaneously the main partner in the representative office of a large German firm in the same city (double roles played) (L)
- large foreign firms overpricing the state hospitals for IT equipment as a consequence of corruption; moreover, they behave unprofessionally with repairs of this equipment thanks to inadequate sales agreements and lack of real competition (V)

*C. BEHAVIOUR OF STATE INSTITUTIONS AS REGULATORY BODIES
AND SERVICES FOR BUSINESS*

Business behaviour in **state institutions** was viewed in the context of responses of varied governmental levels and institutions to the specific demands of the business sector. Answers refer to the ways state is functioning down from the local city bureaus up to republic and federal government with its ministries and agencies, and top political figures. In this order the following experiences were noted:

- statistical data on Internet use is not available in statistical bureaus (F)
- firm registration procedures are lengthy and complicated owing to inadequate legislation and inefficient operation of state administration (both on local and upper levels) (F)
- people closest to ministers for finance and privatization, i.e., cabinets and their close associates, work like you work in New York or London (T)
- the director of an IT firm was frustrated with the lengthy procedure imposed by the Ministry of Finance when asking to be freed from taxation in the process of joining an international consortium when applying for European Commission's Sixth Framework Program ("Ministry of Finance asked of me to prove things that are obvious and made me enter a lengthy procedure of being freed from service sales tax"). (V)
- an IT development firm is not happy with the state agencies and ministries that should be its "business environment"; for example, they have no contact with the Agency for Small and Medium Enterprises because they cannot manage to set up an appointment with the director; they get frustrated every time they have to deal with the Agency for Privatization because instead of offering adequate services to clients such as they are, they expect gratitude for each piece of information they give out; while with the Serbian Ministry of Science and Technology they have good "diplomatic communication" but no concrete support (i.e. no projects with public-private partnership have been established); and finally the only fully positive experience is with the Serbian Chamber of Commerce that is very active in promoting IT firms. (B)
- the new establishment is even better versed in using the system for their own advantages, for example, through introduction of new fiscal laws (V)
- in conducting business here I still do not understand how much conflict of interest there is in Serbia (specifically between monetary and fiscal institutions) (A)
- the state doesn't have the capital, but even worse, it doesn't have the system nor the capability to make a system (L)

- there is a problem of things being promised at the highest level and then when it comes down to implementation, the focus is lost – this is because there are no capable operatives in the chain of implementation (L)

- politicians, instead of dealing with things essential to the life of a state, are engaged in high politics; they give speeches and promises instead of doing something concrete (L)

- there is no “bigger picture” in politics (L)

Trying to make sense of the answers and to organize them according to the categories given in the questionnaire means taking out the experiences out of their individual and institutional context as well as simplifying the complex relationships that exist in-between different business actors. However, if all experiences are viewed in relation to the referential business subject (interviewee), they can be classified into two categories; those are experiences that describe: (1) confined business environment – business behaviour within a firm and with its closest business actors, and (2) wider business environment – the behaviour of other, more distanced business actors, including business partners, clients, competitors and the state institutions of Serbia and Montenegro.

V Spheres Within Which Local and Foreign Businessmen Can Learn From Each Other

The third question group dealt with spheres within which local and foreign businessmen can learn from each other.

Different assessment of the needs and possibilities of learning between the two parties has been noted even though all interviewees made specific points about what should be learned by each party. Half of them did not evaluate the direction and intensity of exchange that should take place. Those that did, differentiated between those who: (a) accentuated the need for mutual benefit and communication, (b) saw it as a one way exchange in which the local business community needs to learn from the Western business community, and (c) doubted whether it is possible that the foreign businessmen learn from local businessmen, either because of different genetic traits or a different system of work.

As an example of the first approach, G. said: “I think a lot of these multinational companies are here to stay, they are not here to exploit the local force and get the hell out of here. They are here, I mean most of them are here to grow business, to establish strong business, to employ local people, and yes, certainly work for profit, but pay local taxes.” Lj. stated the same thing but in another way: “The business interest and communication go both ways, and this is the basis on which the foreign and local businessmen can learn from each other. With our local

business partners we have mutual interests and we learn from each other. It is not that someone is better or cleverer than the other; it is simply that one cannot function without the other.”

Contrary to that, T. states: “I sort of see this more as a one way street in that that it’s not necessarily as if I am all for capitalism and so on, but I think that our business community has more to learn from the foreign business community, and this is all about these little points about business ethics.”

Doubting whether it is possible that the foreign businessmen learn from the local one, V. said, “It is very hard to say what they can learn from us. We have some genetic characteristics, which they don’t have, such as inclination to improvise. This means that, once you run into a problem you’ve never faced before, you have an ability to improvise and overcome it. Many foreigners do not handle such situations successfully. Once they come to a wall, they stop and do not move forward. This they can learn from us.” In the context of discussing strict temporal rules in international organizations, D. said, “I do not know whether it is possible to apply our business approach in a Western firm, I actually think it isn’t. Why? Because in the local institutions it seems that there is no hurry to finish everything the same day because it can be done tomorrow or the day after. In our bank, something that has to be done today needs to be done within the next hour because the whole system is dependent on you, you are not alone.”

A. SPHERES WITHIN WHICH LOCAL BUSINESSMEN CAN LEARN FROM THE FOREIGNERS

1. Knowledge of positioning oneself on the market

- learn how to position themselves on the market as important business actors, all what is happening on the international market, and what are the economic trends that will surely reach us with a slight delay (Lj)

- learn how to distribute their products more efficiently (by using better market research) (D)

- learn how to become competitive, how to compete with other (even foreign) companies, from the same industry (D)

- learn how to make themselves visible (stand out) in the mass according to some specificity of the product or its marketing (D)

2. Approach to business

a. Wider strategic perspective on business

- we have to be able to build up a strategy based on long-term interest (V)

- take a more long-term view of their business, to see how profitable it should be at what point in time, and what growing a business means in terms of long-term stable growth (A)

- from them we have to learn the approach to business – ethics, professionalism, need for “self growth,” - that you have to grow with that job, to learn, to develop yourself, to be aware that you will not get anything for granted. (L)

- the way of thinking in business is of crucial importance; this means that you have to “know your audience”, and consider not only your own stance but also the stance and the interest of your business partner, client, or whoever. (L)

b. Creation of business culture

- it is the “business culture” which still isn’t developed here, wherein you need to invest more into it, I am talking about motivation and concentration (S)

- need to learn responsibility at work, professionalism, commitment, and of course, long-term thinking (V)

- local communities and local business people need to use the advantage of having multinational global corporations organize local training of people (G)

3. Good business practices

- Business people have to learn to apply the eighty-twenty rule; another words, to acquire 80% of results with 20% of effort. This means to start from the draft that gives the global picture, and only then get into details. (L)

- We need procedures, business argumentation, business writing skills. (B)

- In our business mentality we should try to correct the inclination to leave the job unfinished. This means, we get 95% of work done and then the whole job falls on those 5% that we haven’t done. (V)

- Disregard for time and deadlines are a standard here and this should be corrected. The west has this system of controlling time wherein the deadlines are strictly respected. (V)

- We need to learn all these little points about business ethics, from just the most elementary, like showing up at meetings on time. (T)

B. SPHERES WITHIN WHICH THE FOREIGN BUSINESS ACTORS CAN LEARN FROM THE LOCAL ENVIRONMENT

1. Local knowledge in the cultural and social sense

- they should think about what they are trying to achieve and what the environment is where they are trying to achieve it (A)

- it's mostly understanding what the country has been through, being in tune with the local environment, being sensitive to local issues, etc., and creating sustained, long-term value for these communities. (G)

2. Professional local knowledge

a. Knowledge of the local market

- get a more long-term view of things, and where the market is today and where the market can be tomorrow, and what is the best way to develop it (A)

- because every market has its own specificities; the foreign companies that come here should try to discern all specificities of the local market – what is the best way to approach the customer, who has the important contacts, connections, how to behave, how to communicate (Lj)

b. Intermediaries' knowledge

- local business partners as intermediaries in the transfer of international and local business culture (Lj)

- foreign investor should hire a Serbian consultant who could worry about all the headaches like tax legislation, legal legislation, learning about the mentality here, about how business is done (T)

- SIEPA, the Serbian Investment and Export Promotion Agency, which is the extension of the Ministry of International Economic Affairs, is an excellent place for foreign investors to go there as to the information top shop, which helps investors with all sorts of obstacles they could have. (T)

c. More flexible approach to business

- develop the ability to improvise in unforeseen situations (V)

- one should become less serious and rigid, and more flexible at work (V, B)

- learn to understand that some things can be learned along the way (B)

- take a more casual approach to business (time-wise) (D)

VI Advantages and Disadvantages of Bicultural Background

The fourth question group was concerned with the specificity of bicultural background in the eyes of repatriates while conducting business in Serbia and Montenegro. The first question was: What are the advantages and disadvantages of your bicultural background in the present working environment? The question that followed was: Can you describe a situation in which your bicultural background served as the basis for better understanding between Serbian and foreign business parties?

Answers to the first question were ordered on the list of disadvantages and advantages, and then further classified according to the most logical qualitative categories. Then, the situations in which bicultural position proved to be advantageous were listed and arranged in reference to specific business actors, which created them.

A. DISADVANTAGES OF BICULTURAL BACKGROUND

- no disadvantages perceived (A, Lj, L)
- specific attitude of the local business actors towards the repatriate or local vis-à-vis the foreigner wherein they “look up to foreigners quite a bit in a lot of ways” (G)
- expectations of the local business actors that you will show compassion in business due to the fact that you are “one of their own” (D)
- unrealistic personal expectations of the local business environment (T)
- insufficient local knowledge due to having lost track of local things (B)
- insufficient adaptation to the local institutional and business environment (S, V, B)
- insufficient adaptation to the overall cultural environment (including the business environment): “I feel completely lost, I do not know where I want to be right now.” (F)

B. ADVANTAGES OF BICULTURAL BACKGROUND

1. Personal gains for business operations within the company

- more equalized relationship with employees (F)
- understanding what the (Western) company sets forth for you to achieve (G)
- proficiency in 5 languages and international exposure have been an asset for acquiring this job and all the previous jobs (T)
- one can fully represent the company with any client or at any event because of the possibility to approach the foreign companies directly, and speak to their representatives in their own language (T)
- possession of organizational skills learned abroad (T)
- knowing what it means to finish a job from the beginning to the end (V)
- being exposed to a lot of environments; by going in-and-out of the country became quite experienced in making contacts with people of different backgrounds, profiles and levels (V)

- not being afraid of foreigners, on the contrary, having a desire to outdo them and prove that you are better than they are (V)

2. Gains in communication with business actors

a. Gains in understanding the locals

- understanding local business people and their reactions (F)
 - Serbian people appreciate the fact that I am Serbian (A)
 - language proficiency (esp. the possibility to use the mother tongue) (D)
 - knowing the local milieu (the way of behaviour and practices of people, esp. at work) (D)

- having personal connections (knowing concrete people) (D)

b. Gains in understanding the foreigners (Westerners)

- knowing what questions are inappropriate to ask the Westerners (the taboo questions, like about the salary, apartment rent, personal horoscope sign, etc.) (F)

- foreign people appreciate the fact that I can relate to them, that I lived in their country, that I speak their language fluently (A)

- Western businessmen and myself understand each other mentally, and are thus comfortable with each other (L)

- understanding their limitations (respect of hierarchy, need for clearances and double-checking, special concerns such as public relations) (L)

- understanding the Westerners' way of thinking (S)

- understanding Western culture (G)

c. Gains in facilitating communication between foreigners and locals

- possibility to mediate in business meetings through translation and intervening

- understanding better both sides, and thus being a bridge between them (L)

- understanding differences between entrepreneurial⁷ (local) and corporative (Western) way of doing business (L)

- local clients feel comfortable with me since I am Serbian and they can use me as a channel to informally communicate with the foreign side (L)

- understanding both mentalities, both cultures, both economies to be able to better mediate and explain (T)

- understanding "language barriers" and mental misunderstandings (S)

⁷ At home, Silvano Bolčić in his intriguing book, *The 'Arduous Transition' to Entrepreneurial Society*, analyzes the specificities of domestic entrepreneurship as the economic base for the future Serbian "posttransitional" global society. See S. Bolčić 1994.

3. Generalized gains

- being able to relate to where the people are coming from – what their priorities are and how they function (A)
- quickness in adapting to different situations (B)
- international experiences used for building up a uniform personal behavioural model acceptable in both the local and the foreign environment (Lj)

C. TYPES OF SITUATIONS IN WHICH BICULTURAL BACKGROUND WAS ADVANTAGEOUS

1. In communication within the firm

- explaining small stuff on daily basis to (foreign) colleagues not ready to immerse into local culture (G)
- teaching the partners (within the firm) to be more self-confident in dealings with the foreign businessmen (V)

2. In communication with the state

- on operative level, communicating with people in the ministries in order to speed up the procedures (e.g., for getting a state guarantee for public loans) (D)

3. In facilitating communication between foreigners and locals

- translating, intervening and focusing discussion during the business meetings (F)
- bringing the business negotiations between foreign and local partners back on the right track (B)
- mediating at meetings between IFIs and local bankers - linguistically, but even more so conceptually (S)
- mediating and explaining the two cultures, two mentalities, two economies, i.e., explaining local standards of double book keeping, business operations and general operations to the Westerners, and explaining to the locals why audit is necessary (T)
- bringing three parties to common understanding in negotiations about the formation of a joint venture (Serbian, French, IFC), esp. concerning the timelines for investment (T)
- mediating between a highly structured capitalist and a specific local environment (i.e., multinational company and local business partners) (Lj)
- it's not an event, it's a process (L)

Analyzed answers to the questions dealing with the assessment of the advantages and disadvantages of repatriates' bicultural background suggest that: (1) the perceived advantages outnumbered disadvantages; (2) advantages could be

divided into different categories, such as: (a) personal gains for business operations within the company, (b) gains in communication with business actors (local, foreign, between the two parties), and (c) generalized gains. Situations in which the bicultural position proved advantageous appeared: (1) in communication within the firm, (2) in communication with the state, and (3) in facilitating communication between foreigners and locals.

VII Discussion

The most intriguing concept that was problematized in this study was the concept of “**culture shock**.” In the course of examining its meanings from the emic perspective, a few important conclusions were reached. First, most repatriate respondents differentiated (more or less explicitly) between “culture shock” in general and “culture shock in the business sphere,” or as some of them have called it, “business culture shock.” In fact, all respondents have said that they felt familiar with the general cultural environment in Serbia, but completely unfamiliar with its business environment. S. explained this situation very precisely by saying: “I did not experience a ‘culture shock’ because I lived in Yugoslavia long enough before that, and I had a sufficiently good idea of what’s awaiting me, while I did not have any idea of what the ‘business environment’ is like because I never worked in it before.”

Second, a variability of culture shock experiences has been determined. Describing what they experienced upon returning to Serbia and Montenegro, the repatriates called it: negative surprise, positive surprise, different type of business culture, discrepancy (between the social and the private sector), business culture shock, positive experiences and excitement followed by frustration, series of smaller shocks, considerable shock (total stress), culture shock in the business sphere (occurring daily). Moreover, similar experiences were sometimes called by different names, and different experiences were called by the same names. The factors that determined such answers were mainly: individual backgrounds and attitudes of the interviewed repatriates as well as concrete situations these people faced upon arrival, especially the institutional environment and the personality of their bosses. The time spent abroad as well as the time that passed since the return to Serbia do have a certain degree of correlation with the intensity of experiencing a culture shock. It is definitely true that the least “shock” was experienced by the subject who has spent the least time abroad, and that the strongest (and still lasting) shock was experienced by the subject who has lived abroad the longest and has come to Serbia the latest. It is also true that all the subjects who experienced a high intensity shock were abroad for quite a long time, but a shock of smaller intensity was also experienced by subjects who lived abroad for lengthy periods of time.

Third, analysis of “surprising” or “shocking” experiences with different business actors points to the complexity of business relationships established between referential actors (our interviewees and their firms/institutions) and other business actors that make the business environment in Serbia and Montenegro. Thus, it is not possible to treat different business and state actors within strict categories because these categories are relative, overlapping and changeable. For example, a firm that is in a role of a business partner to the firm of our interviewee might at the same time be a client (customer) of a second firm, or even a competitor to the third firm. Thus, interviewees will shed a different light on this same firm, depending on the nature of the relationship they have established with it meanwhile. Also, in the category of so-called “clients” there is a difference between “established clients,” “to be clients” or “missed clients”. A client with whom the referential firm has already established a business relationship in actuality becomes its partner, and thus its relationship with it will be quite different than the relationship of the same firm to a potential client with whom negotiations are ongoing or with the firm with which the negotiations have failed. Also, a state institution, such as the Ministry of Finances may appear in two roles, first as a client to a multinational IT company, but also as a regulatory fiscal body for the whole business environment in Serbia.

Fourth, this investigation has shown that the individual professional background of the business actor (interviewee), his/her current professional position in the company/institution, the specific organizational profile of the company/institution and the industry to which it belongs, all influence the relationships, experiences, and attitudes of the referential business actor. The methodological implication stemming out of this fact is that further research on the topic of business culture shock should be focused on individual stories and specific business contexts.

Another important concept investigated in this study was the concept of **socio-economic culture**. As noted in the Introduction, this concept was not explicitly used with the interviewees (due to its vagueness and complexity), but was substituted in one case by the more specific concept of business culture. On the other hand, this vaguely outlined conceptual “vessel” was made available to the respondents in order to be filled with all those attitudes, practices and mentality traits that our interviewees thought belonged to the sphere that is “at the edge between business and culture.” This investigation revealed three categories that overlaid (superimposed) the initial concept of socio-economic culture and those are: corporate culture, business culture and business environment.⁸

Corporate culture refers to the set up of institutional relations within a firm. D., who works in an international investment bank, brought this concept forward by

⁸ About specificities of national culture and their influence on styles of management see: D. Mojić 2003: 71-76.

stressing that one of the problems of the local business environment is the lack of corporate culture. She then proceeds to explain: "This problem stems out of the fact that private ownership is not sufficiently developed and diversified here. Only in developed private ownership environment the shareholders can establish what is called "corporate culture". Establishing "corporate culture" means institutionalization of a firm through well-defined rules, such as clearly determined "shareholders agreement". If there is more than one partner, and they are shareholders in a firm, which has been established through a buddy system, they still have to determine how the decisions will be made and unpredictable situations dealt with. Then, after the basis of corporate culture is set up, the firm has to establish the principle of making an annual business plan and to monitor its implementation. Some firms here make such plans, but from my experience, it is all done pro forma. They do not, in fact, establish indicators according to which the business achievements are to be evaluated. The way our Bank helps in the building of the "corporate culture" is by sitting at the governing board as a minority share holder and influencing the decisions made there."

Business culture refers to the complex of individual attitudes and behaviours, which become visible in interaction between local and foreign business subjects. Answers to all questions, but especially to the one about "surprises" with the employees, business actors and the state, reveal a wide variety of business culture elements that can be classified into the following categories: attitudes to time and work, professional relationships, professional ethics and professional skills.⁹

Business environment refers to the behaviour of the whole range of business actors, from the closest to the more distant one, including business partners, clients (actual and potential), competitors and state institutions in Serbia and Montenegro. We can differentiate between the narrow business environment which comprises the closest business associates within the office and business partners with whom business cooperation has been established, and wider business environment which comprises more distanced business actors, including potential business partners, clients, competitors and the state institutions in Serbia and Montenegro.

Not dealt with initially, the concept of **local knowledge** has appeared as an important one in the course of investigating the spheres in which the local and Western business parties can learn from each other as well as the advantages and disadvantages of bicultural background. Local knowledge was something the foreign businessmen often lacked, and local knowledge was yet the asset the repatriates treasured. Because they possessed local knowledge of the Serbian and the Western

⁹ The mentioned values of the Western type of entrepreneurship and individuality, according to our interviewees, are not sufficiently developed in the local (Serbian) business culture. Detailed analysis of these values is given by D. McClelland 1967. Also, see G. Hofstede 1997: 124, 138, 153.

(business) cultures, our interviewees were able to understand and bridge the differences between them. They used this asset (advantage) in different intercultural business negotiations whereby a lot of communicating, explaining, teaching, translating, intervening, bringing to common understanding and mediating “between the two cultures, two mentalities, two economies” had to take place.

Probably the best explanation of the importance of the concept of local knowledge was given by one of the interviewees, and his words may remain as a motto of this study:

“What I’ve noticed with the foreigners is that they lessened the importance of ‘local knowledge’. The concept of local knowledge is twofold, there is professional local knowledge and there is local knowledge in the cultural and social sense, and sensitivity to both is needed. I was in situations where I worked with some foreign advisors who came here on assignment for one of the IFIs who consistently and stubbornly tried to implement a Western practice and even theory that evidently wasn’t suitable over here. And this wasn’t the question of competency or intelligence; it was simply that their approach to problems wasn’t broad enough. They knew how they solved problems in London or New York and they were confident that copying the same solution would resolve the local problems as well. Most often this wasn’t the case. Consultants that were more successful were those who first succeeded to grasp the specificity of the local situation, and second, to apply the knowledge they brought from the West to that local situation. This is how good foreign advisors stand out from bad foreign advisors.”

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