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## HUMAN DIMENSION OF STRATEGIC PARTNERSHIPS<sup>1</sup>

**APSTRAKT:** *This paper aims to point to the widespread practice of neglecting behavioral aspects of different forms of fusions and integrations of enterprises that have emerged in the process of privatization through strategic partnerships with foreign companies among Serbian enterprises. The initial hypothesis in this paper is that the process of privatization, restructuring and transformation in Serbian enterprises cannot be completely successful and equally advantageous for all the subjects involved if there is no concern for human dimension of these*

*processes. Without this concern there is a possibility for behavioral problems to arise, and the only way to resolve them is through post festum respecting and introducing elements that should never have been neglected in the first place. This paper refers to the phenomenon of collision of cultures and the ways of resolving it while forming strategic partnerships.*

**KEY WORDS:** *strategic partnerships, human dimension, transition, privatization, national culture*

### INTRODUCTION

This paper aims to point to the widespread practice of neglecting behavioural aspects of different forms of fusions and integrations of enterprises that have emerged in the process of privatization through strategic partnerships with foreign companies among Serbian enterprises. In order to avoid confusion and misunderstanding we would like to stress that this has nothing to do with social programs for the redundant. On the contrary, it refers to those that are to stay in the company once the privatization is over and therefore need to shift from the old way of behavior and beliefs, to learn new rules and adopt new values. Practice

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<sup>1</sup> Ovaj rad je rađen u okviru projekta «Efekti privatizacije u Srbiji: konkurentnost preduzeća, poslovne performanse i korporativno upravljanje», koji finansira Ministarstvo za nauku, tehnologiju i razvoj Republike Srbije

and experience of successful integrations indicate that the process of learning must occur on both sides: employees in domestic firms must learn new norms of behavior and foreign partners must learn how to communicate with them and gain their support and their friendly attitude.

The main reason for writing this paper originates from what has recently happened in the well known company "Sartid" from Smederevo. What happened there proves what eminent theoreticians in OB believe about the importance of organizational fitting for the survival of strategic partnerships in long terms. The present experience, after the very first steps of transition and with very few firms who have created strategic partnerships with the foreign ones casts new light on the importance of human dimension in the process of restructuring, transformation and privatization of enterprises.

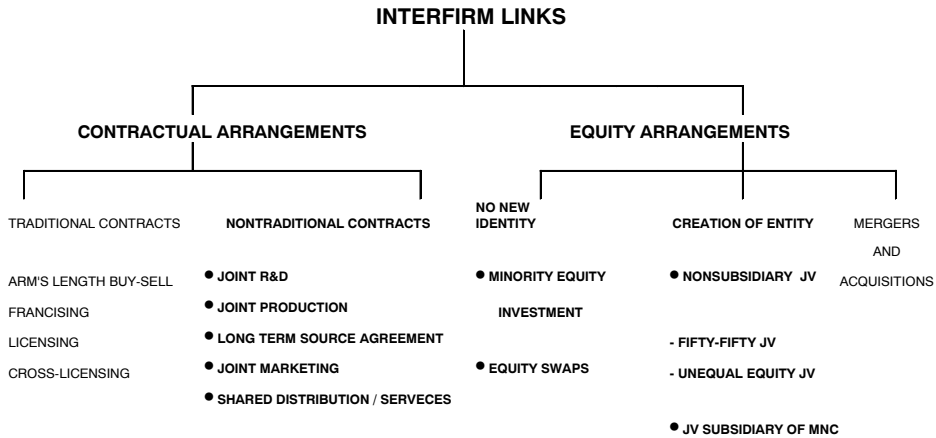
The initial hypothesis in this paper is that the process of privatization, restructuring and transformation in Serbian enterprises cannot be completely successful and equally advantageous for all the subjects involved if there is no concern for human dimension of these processes. Without this concern there is a possibility for behavioral problems to arise, and the only way to resolve them is through *post festum* respecting and introducing elements that should never have been neglected at all. The most powerful example in support to our hypothesis is recently finished strike in the "U.S. Steel Serbia", former "Sartid" from Smederevo.

At the beginning of this paper we will give the definition of strategic partnerships and their specifics that have occurred in transition countries. Secondly, we will point to the characteristics of Serbian national culture and its influence on success of strategic partnerships with foreign companies. The third part of this paper refers to the phenomenon of collision of cultures and the ways of resolving while forming strategic partnerships. Finally, we will point to the possibilities of measuring the success of strategic partnerships and implications for managers.

## **FORMS OF STRATEGIC PARTNERSHIPS AND IT'S SPECIFICS IN TRANZITION COUNTRIES**

As shown in Figure 1, one of the classifications of strategic partnerships divides them into those that are created on the contractual and those that are created on the ownership basis, with or without forming a new entity. According to this we can make distinction between strategic partnerships and traditional contractual forms, on the one side, and mergers and acquisitions on the other. In the literature regarding this subject we can find other classifications as well, that make a difference between partnerships created by two and those created by

more than two firms. Finally, we come across the classifications on the functional bases that make a difference between marketing, selling, production, R&D etc. strategic partnerships. As far as this paper is concerned, we will be dealing with partnerships created by two companies on the ownership basis.



**Figure 1:** Classification of Strategic Partnerships

**Source:** Adapted from Evans P., Pucik V., Barsoux J.L., *The Global Challenge Frameworks for International Human Resource Management*, McGraw-Hill Irwin, 2002

One of the elements that make strategic partnerships in transition countries different from those forms created in modern market economies is that most companies are in social or state ownership. This fact has two implications: (1) strategic partnerships are formed with government institutions as mediators (Agency for the privatization, trade court or a similar organ) and (2) it is led by financial motives in order to bring into domestic companies fresh capital, management skills and knowledge. Employees that have "survived" must go through the "double loop" learning (Argiris, 1996): in order to radically change their way of behavior and thinking and become an integrative part of a new entity they must abandon the old model of organizational culture and accept a new one.

In transition economies strategic partnerships have proved to be a highly attractive form of privatization, restructuring and revival of economic activities which, unlike mergers and acquisitions have at least three very important distinguishing marks: (1) the speed of changes, (2) the scope of changes (3) high level of ignorance between partners about each others.

The speed of changes depends on depth and size of the crisis in which a company is. The examples of Serbian companies privatized through strategic partnerships with foreign companies clearly indicate that key stakeholders in the process of privatization (management, state and employees) are interested in fast changes, since slow ones would imply the extension of economical and psychological agony. This does not mean that these fast changes will meet their expectations.

The scope of the changes in companies in transition refers to mental revolution in which management and employees learn new rules of behavior and adopt a new system of values. Since Serbian companies haven't been familiar with market economy, transition into it is the very radical step which leads to a turnover in strategy, management style, organizational structure and culture.

High level of ignorance between partners is probably one of the most important issues when creating strategic partnership. Some information partners can easily obtain while others will be kept as secret and are not attained easily.

In order to make strategic partnership successful in long terms it has to be useful for all the partners involved: everyone has to respect needs and wishes of the others and the interests of key stakeholders must be met. Once the process of organizational and ownership transformation is over, the behavior of employees in these organizations has to be loyal and supportive to the new owner. Whether it will be so, depends on the number of circumstances. In the developed market economies, where mergers and acquisitions were intensively used in 80-ies and 90-ies of the XX century, managers had dealt with the problem of dissatisfaction of employees, especially in weaker organizations overtaken by the stronger ones. There is a great number of unsuccessful fusions. Most authors attribute the lack of success to strategic, economic or financial factors, neglecting behavioral aspect and simply forgetting that employees are the driving force of successful or unsuccessful leadership. One of the relevant points that are often neglected refers to cultural characteristics of the host company. These characteristics are of great importance because they create attitudes of the employees and their attitudes conduct their behavior. If employees are not prepared for this cultural transition and are well informed about changes in production, profit or selling that are to happen with a foreign partner coming, mental chaos in their interpretative schemes will inevitably occur and manifest through dissatisfaction, lack of trust and hostile behavior towards the foreign partner and his management.

It seems that neglecting employees begins at the very start of the deal. In most cases, negotiations about the ways of creating partnerships are lead by teams of representatives on both sides. Usually they include top managers from compa-

nies, lawyers, consultants and representatives of ministry, in case of social and State owned companies. During negotiations they dedicate most of their time and energy to legal and financial implications of the partnership and to the way they will organize the whole project in respect to positive law regulations in both countries, searching for the solution that engages as few financial resources as possible. It seems that both sides completely forget the fact that the possibility of projected performances to happen in reality is very small if strategic partnership does not get the employees support in everyday life.

It is clear that behavioral aspects of strategic partnership can be put aside during its planning phase, but they will certainly arise during implementation. Leading authors in organizational behavior have identified this as collision of cultures: differences in philosophy behind doing business because of different basic assumptions about the mission, strategy and aims of organization, which manifest as differences in systems of values and attitudes of managers and employees and consequently cause differences in behavior. A research that has been made (Cartwright, Cooper: 1994) has shown that more than a half of 200 unsuccessful fusions in the 80s and 90s were due to organizational behaviour problems. Leading European managers have concluded that 'potentials of organization to fuse successfully are more important than the price which is paid

### **THE CHARACTERISTICS OF SERBIAN NATIONAL CULTURE AND THE POTENTIAL COLISSION WITH OTHER CULTURES**

An opinion widespread among the authors who plead for globalization is that eventually national cultural differences are going to disappear and become less important. The experience indicates that national culture differences are not going to fade, but on the contrary to stay and become one of the most influential factors of successful management in the future, for all and especially for internationally oriented companies. Organizational culture is a key dimension of an organization's fitting into successful strategic partnership. Since organizational culture is a reflection of national culture, it is clear that national culture influences the success of strategic partnership.

Contrary to common practice, international business practice shows that national culture should be taken very seriously into consideration when discussing factors that influence the existence and development of partnership, since national culture determines organizational variables and the behavior of employees in organizations that operate within a country. After all, the managers' attitudes, beliefs and values are basically an expression of national cultural values and are influenced by them.

National culture is a set of assumptions, beliefs, values and norms of behavior which members of one national community share. National culture determines the way people percept the world and therefore influences their behavior. Assumptions, values and beliefs as an element of national culture are mostly unconscious, so members of a national culture behave by code often not being aware of it (Hofstede, 2001). It is well known that the most voluminous research of national culture characteristics and their influence on organization and management was undertaken by the Dutch author *Geert Hofstede* with a group of his collaborators. Research itself lasted for six years (from 1967. to 1973.) and included about 116.000 interviewees, the employees in the multinational company IBM. Primarily, the research included 64 countries, while the results and the conclusions were based on the data from 40 selected countries with comparable results by any of the dimensions. There are a number of reasons why we have decided to rely on the *Hofstedes* typology of national cultures, one of them being the fact that former Yugoslavia is among the countries where comparable data can be recognized.

National culture serves as a frame for the development of specific organizational cultures of the organizations that work in a particular country. Its influence is not direct but indirect, through the employees who, as members of certain national culture, bring into organization assumptions, beliefs, values and norms that have adapted from the time they were children. These assumptions, believes and values are then built into organizational culture and form its basis. This does not necessarily mean that organizational cultures of all the organizations that work within borders of one country will be the same. National culture represents a frame for independent evolution of organizational cultures of enterprises. It is highly expected that in one national culture those types of organizational culture that are more compatible with its cultural dimensions will be more dominant. National culture is what differs people, organizations and institutions that are otherwise very similar, but do belong to different countries. On the other hand, organizational culture is what distinguishes and makes specific organizations within a country.

According to what has been said hypothesis H1a can be postulated: *National culture represents one of the factors of successful strategic partnerships to which managers must dedicate due attention.*

*Hofstede* provided us with a typology of national cultures and created a cultural map of the world, by grouping countries on the basis of similarities between their cultures. Yugoslavia and the states that have been formed after its disintegration have been placed in the same group together with Latin-American countries (Columbia, Venezuela, Brazil, Argentina etc.), Spain and Italy.

Characteristics of these countries are the following: high power distance, high uncertainty avoidance, collectivism and domination of *feminine* values

The term power distance indicates the degree up to which members of one national culture expect the power in society and organizations to be unequally distributed and the degree up to which they consider it normal to have people who are very powerful and those that are completely powerless. *Hofstede* quotes *Orvel* when explaining the basis of this dimension suggesting that: "anyone who has any international experience is aware of the fact that inequality exists in all societies but that some societies are more unequal than others. (Hofstede, 2001: 82). High power distance in society implies permanency of one's status: one's place and role in society are determined by his birth and family social inheritance. Unlike high power distance, low power distance in societies implies social mobility between different layers of society. Speaking in terms of organizations within high PDI countries, unequal distribution of power shows to be basic mechanism for controlling behavior of members and subordinate relationships between people are likely to occur.

Interpretation of power distance index in terms of Serbian national culture (*Power Distance Index PDI* 77 on scale from 1 to 100) leads us toward conclusion that members of our national culture consider it completely normal and natural for power to be unequally distributed among members of society, creating a pool of people with absolute power and a climate of inequality between the powerful and the powerless. Hierarchy exists in order to make each member of the society and organization aware of his place, role and power and to make him behave in accordance with this. People in Serbian culture see dethroning those who have power as a basic method of carrying out the changes in any segment of society (politics, economics, law etc.)

For the managers that come to Serbia from the countries that have high PDI keeping distance in their relationships with the employees should not be a problem, since they themselves, in accordance with their own mental programming, have a tendency to autocratic leadership style. On the other hand, strategic partnerships among companies that have different PDI background may suffer from ineffective management of partnership, due to differences in assumptions, values and beliefs between foreign managers and domestic managers and employees.

Talking about strategic partnerships on ownership basis, when a foreign partner becomes a major or the only owner, it is expected from the top management team to be composed predominantly or completely of foreign managers. There are two potential problems in a situation like this: (1) problems in communication between foreign and domestic managers and (2) problems in communication between foreign managers and domestic employees. Both of the

named groups of problems arise due to differences in attitudes that partners have towards what an appropriate behavior is. A partner who comes from a country with low PDI may show preferences for democratic or participative leadership style which can be interpreted as incapability and powerlessness for effective leadership among the members of Serbian national culture. Contrary to hierarchy that high PDI implies, a foreign partner can promote trust, interdependence and mutual understanding which, no matter how useful it can appear, can turn into a barrier for necessary organizational transformation.

All this leads us to hypothesis H1b: *High power distance as the characteristic of Serbian national culture implicates that employees in Serbian companies expect management to demonstrate authority of a position and capability for high performances. In return, employees will accept the role of good soldiers.*

Uncertainty avoidance as a second dimension of national cultures indicates degrees to which members of organizations feel threatened in vague and ambiguous situations and therefore intend to avoid them by establishing and believing in dogmatic truths. In societies with high uncertainty avoidance, people try to avoid risky and confusing situations by establishing secure jobs and stability of position in an organization as well as in society on the whole and by accepting formal procedures and rules of behavior when doing business. Changes are seen as something that is undesirable and unwanted, as a state that removes organization from its routine order and therefore as a threat. In these societies, and Serbia is one of them, people tend to establish and obey written formal rules and those who question their usefulness and correctness are marked as danger ones for the survival of the entire system. In societies with low uncertainty avoidance index changes are seen as an opportunity to progress, formal rules and written procedures represent barriers for free thought and creative actions and conflicts and differences in opinion are supported, since they can be very constructive for problem solving.

Uncertainty avoidance index in the context of Serbian national culture is rather high (UAI 90 on the scale from 1 to 100). It implies that the Serbs do not like radical changes and uncertainty. They feel uncomfortable in ambiguous situations and do not tend to be tolerant of differences in opinions and attitudes. The sense of belonging to a group helps people in Serbia to reduce uncertainty to some degree. Besides, it is recognized that in Serbian national culture high uncertainty avoidance is accompanied by high power distance resulting in possibility to put an equal mark between authority of a position with an authority of a person that is on a position in hierarchy and has the power to bring and break these rules. In regard to high UAI characteristic of Serbian national culture we may expect that the behavior of employees in Serbian enterprises will vary signif-



icantly in the situation when domestic partner stays with the majority of ownership or at least an equal part, from the situation when majority of ownership goes into the hands of a foreign partner. The first situation leaves the possibility for keeping one's own management style so the employees can expect incremental changes in organization and work process. If a foreign partner is a firm from some of the countries with low UAI, he can show the willingness to accept this concept, due to his own national cultural code. If we consider the case of partnership with a firm with high UAI which comes to politically and economically unstable country and that is how unfortunately most of foreign countries still percept Serbia, it is expected from that partner to show pretensions to completely overtake a domestic firm and therefore gain an opportunity to introduce his own rules of behavior (Also in Erramilli, 1996)

From what has been said previous follows hypothesis H1c: *High degree of uncertainty avoidance which is an attribute of Serbian national culture implies that of employees expect new management to define clear rules of behavior and to create organizational culture that will promote job security and a stable compensation system.*

**Individualism vs. collectivism** • According to Hofstede's research of national culture differences between collectivistic and individualistic cultures are basically those taking responsibility for one's own life and destiny. In individualistic cultures people believe that everyone is a tailor of his own destiny, free will, personality and individual choice. On the contrary, collectivistic cultures accentuate collectiveness: a group to which an individual belongs (family, enterprise or society) is responsible for his/her life. Most people believe in the correctness of collective attitude towards what is right or wrong, good or evil.

As the quality of Serbian national culture, high level of collectivism (Index 26 on the scale from 1-collectivism to 100-individualism) implies that people in our country believe that social system to which they belong is responsible for their life and future. A group is obliged to take care of its member who will in return be completely loyal and devoted to it. High collectivism combined with high power distance results in dependent relationships between an individual and the central authority of the collective: a member of a group gives up personal identity in return for the place in a group.

The context of high collectivism present in Serbian national culture and its implications on business practice, the degree of acceptance of partnership between domestic and foreign companies can be increased by an active participation of the government, agency for privatization or corresponding administrative officials, at least in the implementation phases of partnership. Incorporation of domestic administrative officials satisfies the needs for safety and security

among the employees in Serbian culture while the State and society send a message to the public that they do take care of its members.

H1d: *High degree of collectivism that is obvious in Serbian national culture implies that more possibilities for successes have strategic partnerships in which State and syndicate are involved in a phase of negotiations, which occurs as a guarantee for the employees that collective takes care about them.*

**Masculinity vs. femininity** is the fourth dimension Hofstede's research pointed to. Masculine values represent high competitiveness and assertiveness whereas feminine values represent modesty and carrying for each other. In societies and organizations with dominant masculine values, people are respected in accordance with their capability of earning and achieving high tasks, recognized mostly through financial effects. Masculine cultures are egoistic and egocentric, oriented towards an individual and fulfilling his needs. In feminine cultures, and Serbian is one of it (index 22), people are valued in accordance with their social status and respect they have among other members of the society. Entire life quality is far more important than financial status which means that people are not respected for their material potentials but for their social status and position as well as their relationships with other members in social structure.

H1e: *High level of feminine values in Serbian national culture implies that strategic partnerships in which management pays attention to regular and adequate informing the employees and develops open channels of communication and participation of staff in the social life of the partnership have more possibility for successes.*

The mentioned characteristics of Serbian culture certainly have significant influence on tendencies toward specific types of organizational culture in Serbian firms. When asked to give a metaphor that would describe their organization best, most people compared their firm to their family. The metaphor of family is compatible with the existence of high power distance accompanied by strong collectivism and femininity. A leader in such an organization has a power that is much alike that a father has in the family: a leader does not stop to be leader if he does not succeed in task accomplishment, as well as father does not stop to be a father if he does not carry out all of his family duties (Also in Trompenaars F., 1993:140). Most of the employees in our country consider it normal for a leader of an organization to have an infinite power.

National culture profiled as previously indicates that we are dealing with the social structure where people are brought up and learned in a manner that respects unequal distribution of power, that avoids uncertainty and promotes generosity, humanity and solidarity, where people expect a certain degree of equality in the distribution of earnings but rate nonmaterial compensations higher than material ones (social needs and needs for being respected by other

members of the society are more important than needs for earning money and collecting material rewards).

The previously analyzed dimensions of Serbian national culture and the expected implications of it on strategic partnerships of Serbian companies with foreign ones should not be taken for granted since Serbian enterprises and economy in general have had hard times during the last several years. The leading problem in our economy is the lack of capital and market for the most of our firms. The new generation of young people that is becoming leading workforce is taught on the basis of western economy principles and therefore brings into organizations where employed quite different value systems from those that their parents used to have or still do. They generate differences that will influence some changes in Serbian national culture. Foreign partners should be aware of this generation gap and reconcile their recruiting and compensation systems with these new trends recognized as changes in Serbian national culture.

H1f: *We can clearly recognize that changes are going to happen in the Serbian national culture and that young people are recognized as leaders of these changes.*

## **CULTURAL FIT – KEY INTEGRATIVE COMPONENT IN STRATEGIC PARTNERSHIPS**

Privatization of Serbian enterprises based on the ownership strategic partnerships should be taken as a highly complex set of actions that includes at least two sophisticated managerial activities: (1) introducing a decision to create strategic partnership with a foreign firm and (2) implementation of a new decision and introduction of a new way of work. The former should result in satisfying strategic interests and is considered to be accomplished when partners agree about their strategy, vision and mission of partnership. The latter is related to organizational fitting between the two companies, which means establishment of harmony in organizational structure, culture, staff composition and leadership styles. This phase is all about human, or better to say soft, dimensions of partnership which, if not respected, can become the key drawback to successful partnership. Whereas a decision of privatization through strategic partnership can be "a one-minute action", its implementation is a process that requires great deal of time and resource involvement.

The responsibilities for these two aspects of privatization are in most cases shared between two different groups. As witnessed by privatization of Serbian enterprises during the last years, the first activity was the responsibility of the Agency for privatization and the corresponding ministry, who were also responsible for the first steps in privatization. The second activity was responsibility of

the managers from both sides, people in key positions in domestic and foreign company.

In this phase problems occurred because one group was obliged to implement decisions that another one brought, which often led to misunderstandings, errors and confusions. For corporate leaders, as representatives a first of managerial group, the whole project of creating the strategic partnership starts earlier than for the employees and public. Together with the representatives of the ministry, top managers are mostly involved in negotiation and planning phase which are often kept as secret. By the time partners are ready and willing to announce cooperation and this becomes big news in business circles, for the top managers it is an old news. Therefore, we should not be surprised when corporate leaders get tired of the partnership at the beginning of its public life and dedicate less attention to the implementation of what has previously been agreed. Consequently, ineffective management of a strategic partnership can become the cause of its failure. What is often recommended in order to exceed these problems is to introduce separate position: *manager of the partnership or partnership manager*. Person on this position should be involved in the process of creating strategic partnership from its beginnings and should continue to take care for the process of implementation of arranged strategy. He would take care that behavioral aspects are not neglected and underestimated and that "we - they" relationship between managers and employees and employees themselves does not occur. If not so, the strategic partnership could come to a situation when partners perceive each other as enemies which can be highly dangerous for the success of the entire project.

From the previous we may derive H2a: *In order to increase possibilities for the success of a strategic partnership it is useful to establish a position of the partnership manager who should take linkage role and harmonize attitudes of both partners.*

The problem of organizational misfit is not immanent only to the companies from transition economies. On the contrary, this problem is noticed during the twentieth century in the practice of mergers, acquisitions and fusions between companies from the developed market economies as well. Results of researches in relation to fusions and factors that influence its potentials that have been undertaken (Hall, Narburn: 1987) indicate that:

- Financial potential of partnership are influenced by cultural compatibilities of organizations
- If there is no for cultural compatibility success of a partnership depends on a degree of autonomy that partners preserve.

H2b: *Success of a strategic partnership depends on a compatibility of organizational cultures of companies that are creating it. Partnership has more chances to be*

*successful if their cultures are compatible and managers willing to pay attention to bypassing differences during implementation phase.*

According to the hypothesis H2b we may conclude that success of a strategic partnership depends greatly on capabilities of organizations to carry out acculturation process. Acculturation is a phenomenon that originates from the anthropology and indicates "changes induced in (two cultural) systems as a result of the diffusion of cultural elements in both directions (Berry, 1980). Although acculturation is considered to be balanced two-way flow, members of one culture often attempt to dominate members of the other (Nahavandi, A., Malekzadeh, Ali R., 1988). In most cases organization that is in better financial conditions, more experienced and well known in business circles will take a role of a more dominant partner.

Speaking of Serbian companies that might create strategic partnership with a foreign ones', in most cases we may expect from foreign partners to take a role of a dominant partner, but we must emphasize that he shouldn't ignore or reject good business methods or traditionally approved values that domestic partner has.

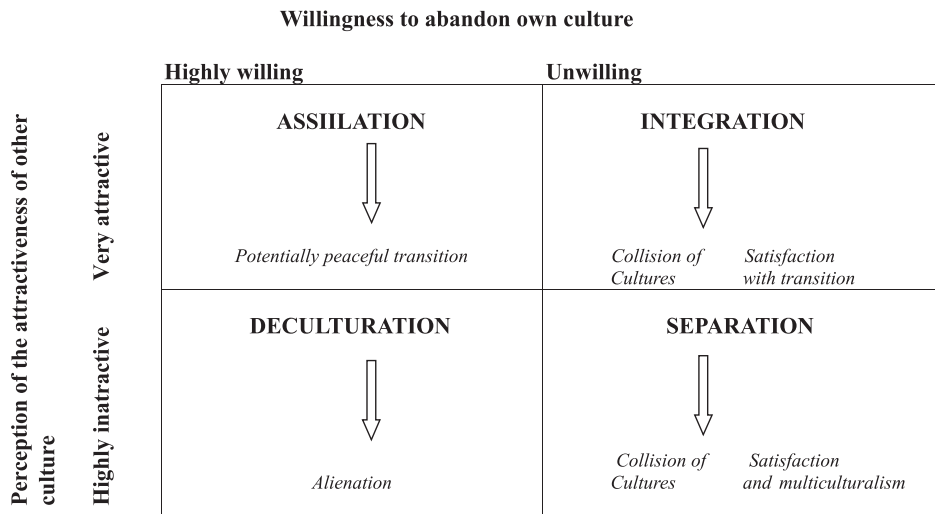
Perception of foreign partner's culture as attractive or unattractive will influence willingness of employees to shift from their own culture to a new one. By combining willingness to leave their own culture with their perception of a new one we can come to potential models of acculturation.

Assimilation and integration as models of acculturation are likely to occur when employees as well as managers want to create strategic partnership with foreign partner. The factor that will determine model of acculturation in this situation refers to degree of willingness to abandon old culture and acquire new one. When employees value contact with foreign partner and are willing to abandon old culture, leave behind their cultural norms and accept new ones, assimilation is likely to occur. When domestic employees see another culture as very attractive but are not willing to abandon their old culture, integration is likely to occur. In this process both partners are willing to accept elements of the partner's organizational culture along with preserving own autonomy and personal identity by maintaining basic assumptions, values and organizational practice. Successful integration means that both partners are willing to accept autonomy and independency of another one.

Deculturation or separation are likely to occur when employees in partnership companies find an idea of creating it as an unattractive one and therefore are not interested in it, but for some reasons must accept it. Deculturation and separation often arise when employees are not well informed about what is going on in a company and when establishing of strategic partnership is under control of small group of top managers.

Separation as a model of acculturation involves attempting to preserve one's own culture and practices by remaining separate and independent from the dominant group (Berry, 1993). We may name several reasons for which separation has sense to occur, among which preserving one's core competences is a leading one. Domestic partner in this case may represent an independent subculture within a partnership and has to be somehow protected from the pressure to accept a culture of a dominant partner.

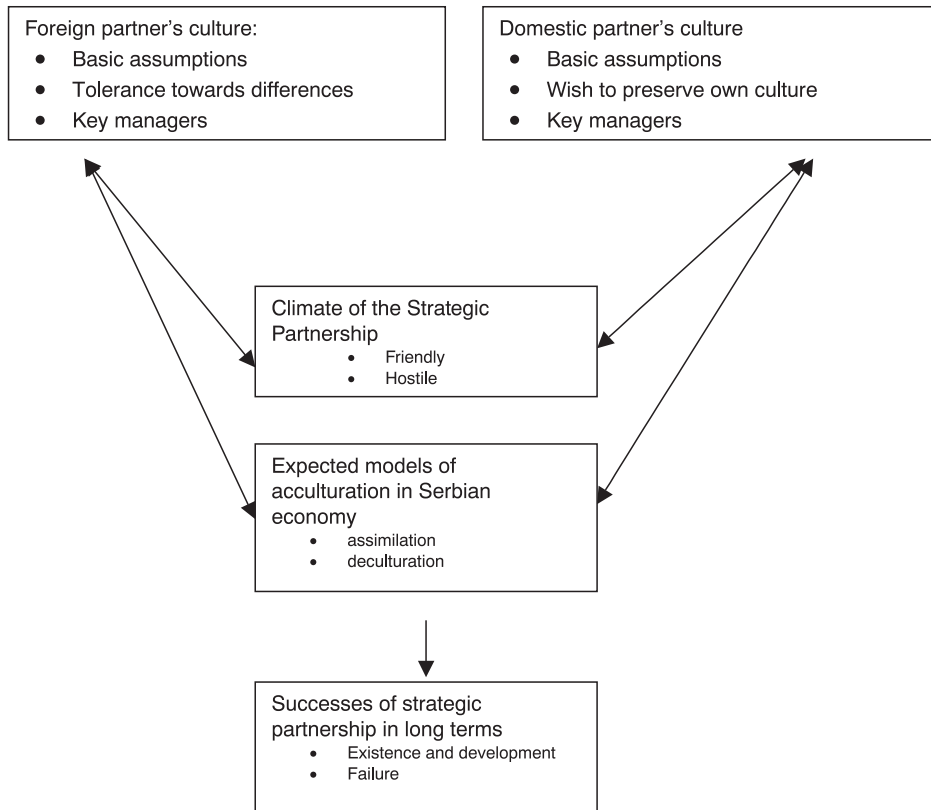
Deculturation as a model of acculturation is likely to occur when employees in domestic organization are not willing to preserve their own culture and system of work. In most cases they feel confused with their present situation and do not have any orientation for the future. Strategic partnership with this model of acculturation has little chances to survive.



As witnessed by privatization of Serbian companies we may conclude that there are few companies for which foreign strategic partners could be interested in such a way that creates initiative for strategic partnership to come from their side. In comparison with foreign companies, most Serbian companies are in inferior position which implies that assimilation or deculturation is likely to occur. Models of acculturation can serve as a way to control success of a strategic partnership: assimilation indicates successful transformation whereas deculturation means failure and continuing of agony for employees, managers and the rest of society. (Figure 2)

H2c: *Integration or separation is likely to occur within strategic partnerships of financially stable and renowned Serbian companies with foreign partners.*

H2d: *Most Serbian companies need radical organizational transformation and seek for a partner that will help them to carry this process out through assimilation. If not so, deculturation is likely to occur.*



**Figure 2:** Acculturation models in strategic partnerships of Serbian companies  
**Source:** Adapted from Navahandi, A., Malekzadeh, A.R., The Role of Acculturation in the Implementation of Mergers, Academy of Management Proceedings; 1986, p140

**CONCLUSIONS AND IMPLICATIONS FOR MANAGERS**

Not depending on an organizational or institutional form through which strategic partnership is accomplished, its success is traditionally measured in two ways: objectively or subjectively.

Objective indicators are mostly based on the quantitative, financial criteria whereas subjective indicators are mostly based on the qualitative, behavioral characteristics. According to our analysis we suggest that behavioral aspects are becoming dominant when measuring performances of a strategic partnership and that managers should dedicate them due attention. One of the methods that leading theoreticians suggest as a way of measuring success of a strategic partnership is "a behavior index". Behavior index measures success of new organizational constellation on the behavior of employees, represented by job satisfaction, loyalty, fluctuation of employees, stress and other emotional reactions of employees. What managers should always have in mind is that behavior of employees in organizations has direct and strong influence on financial results of a company and that financial position can be improved by respecting and adequately managing human resources. When discussing a period in which results of a strategic partnership should be measured, eminent theoreticians agree that two years period is an optimal period for an organization to consolidate and that strategic partnership can show its success or failure by that time.

Managers of strategic partnership must know whether employees support the idea of creating it and whether they trust corporate leaders. If employees believe that management is going to take care of their needs and wishes and that win-win result is likely to occur they will be willing to support a project. In order to obtain employees' support leaders should look at the strategic partnership from the employees' point of view and resolve their dilemmas regarding future and their chances to stay within new organization.

For the managers that come into Serbian companies it is very important to bear in mind characteristics of the Serbian national culture and its implications on management style and possible models of organizational design. It is not recommended simply to overtake models and solutions that showed to be successful in other cultural backgrounds since they can occur as complete failure in our cultural context. The experience we have in transition and privatization of Serbian companies so far indicates that more chances for success have partnerships created between partners that have compatible organizational and national cultures. If there is no cultural compatibility, managers on both sides, together with partnership manager (if created) should devote their time and energy to prepare employees for a cultural transition that is to occur. In terms of acculturation model in the Serbian national culture two possibilities are likely to happen: (1) when domestic partner is renowned and successful company, integration as well as separation is likely to happen, (2) when domestic partner is a company in financial and management problems assimilation as well as acculturation are possible.



Transition of Serbian economy is on its beginnings and macro economical preconditions that are necessary for real radical transformations are not created completely. Cooperation with foreign partners is a good way for Serbian companies to learn new behavior, carry out turnover in business strategy and redesign organizational structure and culture.

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