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## **CLASH OF TECHNOLOGICAL AND CULTURAL DETERMINANT OF MANAGEMENT AND IMPLICATIONS FOR GOVERNMENT, MANAGERS, AND ACADEMIC RESEARCHERS AND TEACHERS**

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***Abstract:** The paper explores implications of implementation of contemporary market economy and company management in countries with significantly different national cultures comparing to those in which they emerged. In such countries a dilemma occurs: should national culture be adjusted to economic system and management or should just the opposite be done? The consequence in the first option is the process of convergence, while the consequence in the second option is the process of divergence of national cultures. The paper suggests that Serbia should choose and implement the strategy of crossvergence, that is, to simultaneously adjust the system of market economy and management on the one hand, and national culture on the other. The paper also analyses the roles that the Government, company managers and, especially, academic researchers and teachers should play in the process of crossvergence.*

***Keywords:** national culture, management, economic system, academic teachers and researchers*

### **1. Introduction**

For quite some time now, there is an ongoing discussion in both academic and managerial circles about the impact of transition and globalization on national cultures of the third world and ex-socialist countries. This debate is termed *convergence–divergence debate*, according to the names of the two opposite viewpoints on the key debated issue (Georgiadis, 2008; Rowely, Benson, 2002; Guillén, 2000; Neelankavil, Mathur, Zhang, 2000; Ralston et al., 1997; Ralston et al., 1995). This debate is important because it could, hopefully, lead to profiling of a clear strategy on how to settle the differences between the requirements of national cultures of individual undeveloped and transition countries on the one hand (and Serbia is also among them), and modern market economy and management, on the other. The participants in creating of this strategy should be at the level of governments and legislative bodies, as well as at the level of universities and even companies.

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The debate itself revolves around a simple question: will transition of the economies of the ex-socialist and developing countries, supported by the process of globalization, lead to homogenization and approaching (convergence) of national cultures of the said countries, or will the differences between national cultures stay the same as they were before, to say the least, if not even become greater (divergence)? Basically, the debate is about whether organization and business operations of a company are strongly impacted by national culture or by technology. The supporters of convergence assert that technology factor is stronger than cultural factor, and that development of modern technology will also bring about homogenization of national cultures and acceptance of a uniform global cultural pattern. The supporters of divergence assert that cultural determinant is stronger than technological, and that national cultures will remain different as they always had been. Additional question imposed on creators of economic system and economic policy, and in academic circles as well, is the direction which should be acted in, that is, which process should be supported: convergence or divergence?

The aim of this paper is to explain the convergence–divergence debate and to suggest the possible directions of changes that the national cultures of countries in transition (Serbia also, among others) will go through. Also, the aim is to define the position of the researchers and lecturers in higher education regarding this debate, as well as to provide recommendations about the direction in which academic researchers and lecturers should act. In order to accomplish the above-stated goal, the essence of convergence-divergence debate will be explored first, and the specific role of the management researchers and lecturers in solving of this debate will be suggested next.

## **2. Cultural and Technological Determinant of Company Management**

National culture is a set of assumptions, beliefs, and values shared by the members of a national community, that significantly determine their understanding of the world around them and how to behave in it (Janićijević, 2013, pp. 562). National culture's assumptions, values, and norms are mostly subconscious in character. They determine our understanding of reality which surrounds us and our beliefs on how the main issues that each society faces should be solved: what is human nature, what is the relation of people to nature, what is the relation of people to the unknown, etc. (Kluckhohn, Strodtbeck, 1961). People do not notice these assumptions and beliefs because they are surrounded by other people who share the same attitudes, so everybody takes these attitudes *for granted* and applies them in their everyday life without even thinking about it. National culture is a kind of a mental programme that each member of the national community adopts in an early childhood and which then impacts, throughout the member's entire life, the way in which he/she interprets and understands the world that surrounds him/her and the way in which he/she behaves in it (Hofstede, 2001).

According to the classification that dominates today's literature, all national cultures can be differentiated according to four main dimensions (Hofstede, 2001). Dimensions of national culture are the basic assumptions and values that the members of one national community share on the key issues which every society faces. Society solves the problem of social inequality and attitude towards the authority by adopting the assumptions on power distance. The power distance represents the degree in which members of society expect and accept unequal distribution of power as natural and

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desirable state of affairs. The issue of the relation between an individual and a collective is solved by locating national culture at a certain position on a continuum between two extremes: individualism – collectivism. Collectivism implies stronger social structure in which every individual has the right to expect from the community to take care of him/her and his/her immediate family, while he/she will, in return, show his/her unreserved loyalty to the said community. Individualism implies loose social structure in which every individual is fully responsible for his/her own destiny. Social implications of male and female sex find their reflection in the dimension of national culture called masculinity – femininity. Masculinity national cultures are the ones dominated by masculine values, such as aggressiveness, accomplishment, and acquiring of material goods. These are ‘doing’ cultures in which a person’s value is proved by results and material goods acquiring. Femininity national cultures are the ones dominated by feminine values, such as interpersonal relations, quality of life, balance and harmony. These are ‘being’ cultures in which a person’s value is proved by the very existence. Finally, the way people react to uncertainty, changes, differences, and conflicts is determined in society by the degree of uncertainty avoidance as a dimension of national culture. Uncertainty avoidance in a national culture is the extent in which the members of that culture feel threatened in the circumstances of uncertainty, unclearness, and differences.

The way in which employees and managers behave in companies and all other types of organizations is determined, to a large extent, by subconscious assumptions, values, and norms of national culture that they have brought to the company (Hofstede, 2001). Companies and other types of organizations (schools, hospitals, public institutions) in every national community are organized and function according to the rules deeply rooted in national culture of the said community. People in organizations cannot behave differently than their assumptions, values and norms direct them to behave. Cultural determinant of management implies that company organization and management in one national community are subdued to the impact of assumptions and beliefs of the national culture in that community (Audia, Tims, 2002). For example, the degree of company’s organizational structure decentralization will be strongly impacted by the power distance. If managers and employees in the company believe that power must be unequally distributed in society, and thereby in any organization within this society as well, then its structure will necessarily be centralized, and vice versa. Due to this, the companies in Serbia will be more centralized than the companies in Great Britain.

This, however, does not mean that national culture is the only factor of organizing and managing companies in one particular country. Culture is just one of many factors that impacts management and organization of companies. If national culture were the only factor of management, then all companies in one national community would be organized and managed in the same way. National culture determines tendencies rather than it defines state of affairs. For example, organization must be decentralized as it grows in size, which was proven a long time ago (Mintzberg, 1979). But, how and in what extent the organization will be decentralized, it depends on the culture. Companies in Serbia and in Great Britain will equally be subject to the rule that the bigger they get, the more decentralized they become. But the companies in Serbia that are of the same or similar size as the companies in Great Britain will be more centralized than the companies in Britain. National culture may influence the degree of the impact of other factors, but it can hardly completely eliminate their impact.

On the other hand, the long-lasting development of economic activity of human society has resulted in shaping of the market economy model and also a model of governing companies that is compatible with it – management. Despite its numerous disadvantages, the market model proved to be the only effective and successful model of economic activity. The attempts to build alternative models of economic activity failed and cost dearly those who experimented. The planned economy model of the USSR or the workers' self-management model of former Yugoslavia are just some examples of unsuccessful attempts to find a replacement for the market economy model. Since the collapse of socialism, the appetite for seeking new forms of economic activity has decreased, and so the market economy model and the model of contemporary management have become absolutely dominant. The structure and functioning of modern market economy and companies in it are subject to certain rules and principles that are manifested at both micro- and macro-level. At macro-level, the economic system of market economy is shaped by an array of principles transformed into laws, as well as by institutions which implement these principles and laws, such as government, regulatory bodies, the market of money and capital, banks, consulting and auditing companies, etc. At micro-level, that is, at the level of companies, a sort of 'management technology' has been developed as a set of practices, methods, and techniques of organization and business operations that successful companies implement. All these techniques, methods and practices have been well explored and described in the business schools' text-books in the developed European, American and Asian countries. Modern management technology is the result of accumulation of a long experience in rational organization and management of companies, and it is entirely harmonized with the fundamental principles of market economy. In addition, market economy and management are completely in accord with the political system of parliamentary democracy based on private property and the rule of law. Building a market economy in countries in transition and undeveloped countries, therefore, implies the following: (a) economic infrastructure should be built, including the laws and institutions of market economy; (b) management technology should be implemented in companies. Since the model of market economy and management technology is, with mild variations, unique in the whole world, hence the economies and companies wishing to build the said economy model do not have much choice regarding the economic infrastructure as well as organizing and managing the companies in it. This is the very essence of 'technological determinant' in shaping contemporary economies and companies in them. In order to be effective, every economy, as well as the companies within its boundaries, must implement precisely defined model of economy system as well as the way of organizing and managing of companies (management technology).

The development and industrialization of undeveloped countries, as well as the transition of socialist-heritage countries, are possible only through implementing and building the market model of economy and company management. Since there is no other effective and sustainable model of economy in the offing for now, all the countries that have not built the market economy infrastructure and have not implemented the modern management technology in their companies so far will have to do it now. This practically means that economic systems in all countries, as well as the companies in them, will be ever more similar as the development, industrialization and transition expand more and more. Development of modern communication and information technology, which will enable considerably faster and easier flow of ideas and knowledge, will certainly also contribute to this trend. In addition, mostly one-directional flow is implied – from the developed countries towards the undeveloped countries, and also from the West to the East

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and from the North to the South. These information flows transfer knowledge and ideas about an ideal model of organizing and managing of economy and the companies in it.

### **3. Dilemma: Cultural Convergence or Divergence?**

Thus far, nothing has been stated here that was not already, more or less, known. Now, however, new moments will be brought into the discussion. It is a less known fact that regularities and principles of market economy and management technology compatible with it are built on particular cultural assumptions and values regarding human nature, human relation to nature, nature of relations between people, and nature of time and space (Hofstede, 2002; Guillén, 2000; Kluckhohn, Strodtbeck, 1961). Some authors even call these assumptions and values 'economic' or 'managerial' ideology (Ralston et al., 1995). The assumptions and values based on which market economy and management have been built could only have come from the national culture of the communities that have indeed shaped the market economy and management as they are today. These are the assumptions and values of national cultures of Western Europe and the USA. To be precise, it should be stated that national cultures of the developed market economy countries significantly differ. German, British or French national cultures are very different from one another, and the differences between them and the American culture are more than obvious. But, these differences are still smaller than the differences between the cultures of the Western countries and the cultures of Asian, African or South-East Europe countries (especially the ones that have had no contact with the Western cultures throughout their history). The role of the USA's cultural assumptions is particularly important, since this country has the biggest impact on modern economy and management. It is a notorious fact that the American education system and their literature have the greatest impact on the modern management and market economy development. Hence, it is no wonder that the assumptions and values of American national culture have been built into them. Therefore, modern market economy and management technology are not 'culturally neutral' or 'culturally universal', but they are precisely based on particular assumptions and values of the Western, and first of all the American, national cultures.

According to Hofstede (2001), most national cultures of the European and American developed countries have low power distance, low uncertainty avoidance, and individualistic and masculine values. Contrary to that, a significant number of transition countries, as well as undeveloped countries, among which is Serbia, have high power distance, high uncertainty avoidance, and collectivistic and feminine values (Hofstede, 2002). Can then a country such as Serbia build an effective market economy and effectively implement the methods, techniques and practices of contemporary management in its companies if we know that the said economy and management have been built on the assumptions and values contradictory to those shared by employees in Serbian companies? Can strategic management, business planning, horizontal structures, pay for performance, and performance appraisal be effectively implemented in Serbian companies if we know that all these techniques are based on cultural assumptions about human nature and personal relations that contradict the ones that dominate in Serbian national culture? Will Serbia and countries like it have to change their national cultures if they want to build a modern market economy and company management model compatible with it or not?

Thus, the following dilemma emerges: does building a market economy and management technology necessarily also imply accepting both economic and management ideology based on which they are built, and does this accepting imply changing the national culture of the country which is building the said market economy? There are two opposing viewpoints on this issue: convergence and divergence. Convergence implies that building of market economy implies inevitable acceptance of the corresponding economic and managerial ideology, and that this acceptance inevitably leads to changing of the national culture of the country which is building the market economy. Divergence hypothesis asserts that building of market economy and management does not necessarily imply acceptance (at least not entirely) of economic and managerial ideology, and also that it does not require changing of the national culture of the country which is building the market economy. Let us elaborate some more on both hypotheses.

Convergence hypothesis asserts that building of a modern market economy and companies in it will lead not only to changes in the economy system, organization and company management, but also to changes in national culture of the country building the said system (Guillén, 2000). Implementation of market economy model as well as modern management technology also implies accepting the assumptions, values and norms on which they were built. An effective market economy and company management in it cannot truly be built if the basic assumptions supporting them are not accepted. Market economy cannot exist without entrepreneurship, and entrepreneurship cannot be developed if changes, risk, and inequality of people in distribution of goods are not accepted. Avoidance of changes and rejection of risk, as well as egalitarianism inherent to Serbian national culture, are in direct opposition to the assumptions of market economy, and this must be changed if we wish to build a market economy and successful companies in it. Market economy includes individualism in the sense that everyone is individually responsible for their own destiny and that no one has the right to expect the community to take care of them in the times of hardship. This in turn implies that the companies that find themselves in crisis will, in fact, undergo a process of liquidation and terminate the employment of their workers. A market economy cannot be built if this rule is not accepted, and this requires accepting the assumption of individualism. Collectivism present in Serbian culture, however, implies that people have the right to expect the community to take care of them if they face life difficulties.

According to convergence hypothesis, the assumptions and values contained in market economy and modern management will gradually change the assumptions and values contained in national cultures of developing and transition countries. Since these changes will move in the direction of accepting the assumptions and values on which market economy and management are built, this means that all national cultures of the said countries will be forced to accept the uniform pattern of assumptions and values of the cultures of Western Europe and the USA countries. This furthermore means that all cultures in the world will converge towards a uniform cultural model which will in the greatest extent reflect the assumptions and values of the national cultures of Western Europe countries and the USA. One research has shown, for example, that there is no significant difference between how Indian and American sales-people react to the leadership style of their superiors (Agarwal, DeCarlo, Vyas, 1999). The explanation for this is that sales-people in every country are largely exposed to trainings of similar content and that, in their case, a strong feeling of belonging to the profession overcomes the impact of national culture. Another research has shown that with the enhancement and internationalization of

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business operations, Korean companies become more and more similar to Japanese companies in terms of management style (Lee, Roehl, Choe, 2000).

This process is significantly facilitated by the process of globalization, and telecommunication and information technology development. Both of these processes incite and facilitate the transfer of knowledge and information across the borders, between countries, regions and continents. The precondition for convergence is to make the management models from the countries with developed market economy available to managers from the undeveloped and transition countries. It is clear that globalization (which makes the borders between countries more flexible and porous), as well as modern information-communication technology development (which enables easy and effective transfer of knowledge) will make the models of economy and company organization and management more generally accessible to all the people in the world.

In conclusion: the convergence hypothesis implies that technological determinant of the employees and managers' behaviour in a company will be stronger than cultural determinant. Everywhere in the world management is management, and if a company implements some management technique or method (divisional structure, strategic or business planning, budget control, employees performance appraisal), it will inevitably lead to accepting the assumptions and values which support the chosen technique or method. According to this hypothesis, in order to have an effective market economy and effective company management, we must change our own consciousness. In order to implement pay for performance system we must accept individualism, decrease uncertainty avoidance and eliminate egalitarianism in national culture. In order to implement modern forms of company organization, we must decrease the level of power distance, because all modern structures are, without exception, decentralized.

The implication of convergence hypothesis implementation is that, in Serbia and similar countries, action should be taken at two tracks simultaneously: market economy model should be built into all the known institutions and, at the same time, the national culture should be change according to the model of Western countries. These two directions of changes support one another, since the institutions and market economy mechanisms will enable the rules and principle supporting them to be implemented in practice and to prove their effectiveness. On the other hand, weakening of certain attitudes and beliefs incompatible with market economy and modern management will only facilitate their implementation in practice. In order for this to be possible, it is necessary to have as intensive knowledge and ideas transfer from the developed market economies as possible, whether directly through investments by the companies from the said countries or indirectly through knowledge transfer by means of consulting, education, etc.

Divergence hypothesis starts with the attitude that cultural determinant is stronger in shaping of usual, everyday behaviour of employees and managers in companies (Ralston, et al., 1997). Companies are not totalitarian organizations, such as sects, so they do not control every aspect of the employees and managers' behaviour: they should perform their work in the way they are required to, but outside workplace they may practice the behaviour which is completely compliant with their national culture. In other words, the bond between assumptions and beliefs, on the one hand, and behaviour in companies, on the other, is not so strong that employees and managers would be prevented to manifest the behaviour similar to the behaviour of their colleagues in developed countries while at the

same time keeping the beliefs and norms of their national culture. It has been proved, for example, that productivity of workers in Mexico is the greatest if managers apply authoritarian-benevolent leadership style, while in comparable American companies the greatest level of productivity is achieved when democratic-participative leadership style is applied (Schuler et. al., 2001; Morris, Pavett, 1992).

The divergence advocates point out that market economy and management model can, in fact, be implemented in different cultural contexts. The connection between management and national culture is not so strictly and deterministically defined to exclude the possibility of effective implementation of management methods and techniques in different cultural contexts. In addition, they add that there is no single, unique market economy and management model. The Japanese variation of management is certainly as successful as the American one, and French and German management also somewhat differ from the model dominating the literature. In other words, it is possible to modify the basic model of market economy and management so that it becomes more consistent with the assumptions and beliefs of local culture. There is no single successful and effective way of planning, controlling or organizing a company. From a repertoire of different management systems, structures, policies, and techniques, it is quite possible to select the ones that are significantly more compliant to national culture. It is even possible to create new management methods and techniques that would reflect the assumptions and values of national culture, and thus enrich the world's management treasury. The example of Japanese methods depicts it best. The advocates of culture divergence emphasize the data which prove that cultures not only have not condensed and blended in the last several decades, but that just the opposite trend has occurred – the cultural differences have become even greater (Guillen, 2000). Globalization and easier exchange of information has only made many managers from the undeveloped parts of the world and Eastern Europe aware of their cultural heritage, and thereby enabled them to keep it. If exposure of people to information from around the world and from different cultures has increased, this does not mean that their competence to process the information has also increased, and it means even less that people's desire to adopt the information and change their cultural values has increased as well. Therefore, globalization will not lead to changing of national cultures, but it will lead to modifications and spreading of management technology diversity.

The implication of divergence hypothesis implementation at companies' micro- and macro-level would be that one's own specific cultural characteristics should be carefully guarded, while at the same time modification of market model of economy and management technology should be worked on in order to adjust them as much as possible to national culture. If this hypothesis is true, Serbia could modify the existing, or even create new management methods, techniques, and practices, as well as economic policy measures which would all help building of effective market economy and effective company management within it. Instead of to blindly and unquestioningly copy the mainstream pattern of economy and company organization and operating, we can create our own specific form of market economy and management, just as Japanese have done. To paraphrase a trivial phrase from the previous socialist period about building 'socialism in Yugoslavian colours', now we should build 'capitalism in Serbian colours'. Instead of adjusting our culture to modern economy and management, we can adjust the economic system and management to fit our culture.



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Still, we should be careful here so no one would think that it is possible to ‘teach the fish to swim’ and to create a new economic system and economic organizations management system such as the system of workers’ self-management was. Here, we are talking about modifications within the framework of a clearly defined system of market economy and management. This strategy is, unlike the previous one, executable in a short time period, but it can bring about negative consequences and falling behind of the country in the long-run. Restricting and modifying of an effective market economy and management model can be costly for a country, and the price could manifest itself in the form of slower development and lagging behind the countries that have implemented the convergence strategy.

As always, when two extremely opposite attitudes appear, a third one also emerges to represent a balance between them. This time it is the hypothesis of crossvergence. And as it usually happens, it turns out that the third, balanced viewpoint is the closest to truth. Crossvergence hypothesis starts from the assumption that technological and cultural determinant impact the behaviour of employees and managers at the same time and in about the same degree. This is why building of market economy and development of management technology will cause two simultaneous processes to emerge in the countries whose cultures are different from the cultures of the developed market countries – market economy and management technology modification, on the one hand, and changing of national culture, on the other. Some values and beliefs of national culture that are fundamentally incompatible with market economy will have to be modified. These changes needn’t be radical. What we are talking about here is a continuum, and not choosing between the extremes. So, a collectivist culture does not have to transform over night into an individualistic one, nor is this at all possible. But the degree of collectivism can decrease, so its impact is not felt in the extent as it did before and at such a wide area as it used to. On the other hand, management technology will also inevitably be adjusted to local conditions. Again, these changes will not be so radical to be mistaken for departing from the fundamental postulates of market economy. It will lead to the appearance of local techniques and methods of management which will take the critical principle of market economy into account, but which will at the same time manifest the local cultural specificities. One research has proven that Chinese managers in Hong Kong respect traditional Chinese cultural values considerably less than their colleagues in China, but also considerably more than the American managers in Hong Kong (Vertinsky et al., 1990). Exposure to the Western system of values, as well as using of Western management practices, has impacted the change of some of their values, but they are still considerably different from the ones that American managers hold.

The implication of crossvergence hypothesis implementation would be that people in Serbia should actively work on research and adjusting of classic methods, techniques, and practices of management, as well as of institutions and system of market economy to our national culture, but we should also work on changing of some traditional cultural assumptions and values. This means that we will not blindly and unquestioningly implement the performance appraisal system in our companies and it also means that we will not invent some completely new system of employees’ performance appraisal, but that we will adjust the performance appraisal system which exists everywhere in the world to our cultural specificities while at the same time we will actively be working on changing of the awareness of our employees so they would be able to accept it.

#### 4. Implications for the Government and Managers

The described convergence–divergence debate is important because the conclusions it may lead to will have far-reaching implications on the development of Serbia and similar developing and transition countries. In our view, convergence–divergence debate shows that crossvergence is actually the best solution and that it presents the most empiric evidence showing its validity. Therefore, a question arises: what should be done in order for crossvergence process to be implemented in Serbia and other transition countries as well? There is an additional question: who should undertake these activities, that is, who will have a role in crossvergence implementation?

From the previous debate it is clear that crossvergence implementation implicates undertaking activities at two planes: adjusting the elements of economic system and management to cultural context, on the one hand, and adjusting cultural assumptions and values to market economy and contemporary management, on the other. In other words, it is necessary to critically re-examine and modify the elements of economic system and company management, but also to actively work on changing people's assumptions and values guiding their behaviour inside and outside companies. In each domain of economic system and company management, it is necessary to thoroughly consider and identify the basic assumptions and values which they are based on, and also to compare them with the ones present in our national culture. Thus, a cultural gap that exists between certain assumptions and values on which the economic system and management technology are based, on the one hand, and our national culture, on the other hand, will be determined. The next step is defining the strategy to close this gap. It can be closed by adjusting management technology to national culture, or by adjusting national culture to management technology, but also through both processes simultaneously. The crossvergence strategy that we support implies mutual adjusting of economic system and management technology, on the one hand, and adjusting of national culture, on the other. A significant role in it belongs to the Government and managers, but also to academic researchers and teachers.

Government and its regulatory bodies should act at two levels: micro- and macro-economic level. At macro-economic level, they should enable that all the necessary components of contemporary market economy are established as soon as possible. In that process, the Government should follow the main principles of crossvergence stated here while selecting its policies. This means that the Government should build all the key elements of market economy into our economic system, but some of these elements should certainly be modified to comply with our national culture and tradition. In addition, while creating the new economic system, we should learn from those developed countries that are culturally most similar to our country (such as France, Italy or Germany, and by no means USA or Great Britain). However, in order for crossvergence to be complete, it is necessary for our Government to actively work on changing the cultural assumptions and vales that represent a barrier to implementation of elements of market economy system and modern management. Changing people's awareness is the hardest task, but it is not impossible. This task is performed through long-lasting, but persistent communication, education and indoctrination of people. All of that, however, requires a clear plan of action which will specify the participants in that process, their tasks, dead-lines, as well as the resources at their disposal. At micro-level, the Government should incite and support the processes of adjusting management technologies to the national culture of our country. This can be

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achieved by financing empiric research on the subject, supporting education efforts of domestic and foreign subjects, and sponsoring scientific conferences.

The role of the managers of companies in Serbia in the process of crossvergence strategy implementation is also very important. The process of transforming of Serbian companies, initiated by privatization processes, as well as the process of transition of the entire economic and political system, requires radical organizational changes. Through the process of organizational transformation, Serbian companies must adopt many of the standard management techniques from the West that they have not been practicing so far: from business and strategic planning, to different models of organizational structuring, to human resources management systems. In addition, if they accept crossvergence as their strategy, our companies should examine every management practice, method, technique or model, and also modify it in the extent in which it will provide its consistency with our national culture, but at the same time the main point and effects of the said management practice, method, technique or model must be preserved. Our companies must also actively work on changing the organizational culture so it would not become a barrier to a successful implementation of the said management methods and techniques.

The position of managers of multinational and global companies doing business in Serbia and similar countries is especially interesting. These companies must resolve one significant issue: how will they handle cultural differences between their units in different countries? They must find a way to reconcile two opposing demands. On the one hand, multinational companies should preserve the unity of their corporate culture, that is, their system of values, beliefs and norms of behaviour shared by all the employees and managers. Strong culture is, according to all the research, one of the key factors of company's success. Also, multinational companies must provide implementation of uniform strategies, policies, and procedures in the entire system. On the other hand, it is clear that a certain difference must be made between business units in different countries. People in Georgia, USA, and people in Belgrade, Serbia, cannot be managed in the same way. The reason for this is not only cultural difference, but also differences in economic environment and legal systems. Therefore, there is a clear need to implement different values and norms as well as different policies, systems, structures, and procedures in different multinational company units. Accepting crossvergence hypothesis implies that a multinational company will keep the unity of its key systems, structures and mechanisms of management, but it will also let its local units adjust these systems, procedures and structures to their specificities in the degree in which it will not jeopardize the unity of the entire system. The entire sensitivity of this issue lies in achieving a fine balance between universalism and particularism.

### **5. Implication for Academic Researchers and Teachers**

The role of academic researchers and teachers in the process of solving the conflict between technological and cultural determinants of management is especially interesting. In every country, academic researchers and teachers have a significant impact on economic policy and practice, at both macro-economic and company level. Although it may seem at the first glance that academic researchers and teachers impact the economy and management primarily through their works in which they publish the results of their

researches, the impact they achieve through the teaching process at universities should not be by any means neglected. It is a notorious fact that, when they teach, teachers not only convey their knowledge about particular economic constructs to their students, who are possibly the future prime ministers, ministers and company CEOs, but they also convey their attitudes, beliefs, values and assumptions. They significantly shape the awareness of both categories of people who we previously stated to have the role in implementation of crossvergence process as a way of solving the conflict between cultural and technological determinant of modern management and economy: the creators of economic policies and managers. This is why the role, but also the responsibility, of academic researchers and teachers cannot be neglected when considering the possibility of crossvergence strategy implementation.

The role of academic researchers and teachers in crossvergence strategy implementation would be to monitor, undertake, and also critically consider and modify the newest knowledge in the field of economy and management. They would have the task to examine all the knowledge that is mostly coming from the so-called Western world and also to, by means of empiric researches, investigate in what extent this knowledge can be implemented in our cultural, but also in every other context. Academic researchers and teachers would have to determine, primarily through empiric research and critical thinking, in what degree and in what way some of the economic system and economic policy elements, as well as modern management methods and techniques, can and should be implemented in Serbia. Also, they should reveal and communicate to managers in what way can these methods and techniques be adjusted to comply with our cultural context in order for them to be effective. Finally, they must also point out the elements in which our national culture, and even organizational culture of our companies, must change in order to become a suitable context for implementation of effective economic measures and management technology.

Unfortunately, for now, the great majority of academic researchers and teachers do not perform their role, which means that a lot of things must change in the sphere of science and academic education, or at least in the field of economics and business. The main problem is that researchers and teachers at universities and institutes consider that their mission is to merely convey the main concepts and theories for the West, without the slightest critical examining of cultural and other limitations of the said concepts and theories. Even today, the rule applies that a textbook or a course-book is better if it contains more contemporary quotes from the American literature. Instead of performing researches on the management concepts, such as motivation, leadership, or organization, here in Serbia, the practice is to take over (not to say copy) the results of the research from American books and articles, the latest ones if possible. To put it in the terms of business vocabulary, the *added value* of many papers in our literature on management (and the author does not exclude here his own works as well) only slightly exceeds the value of mere translations of foreign books and articles. Somewhat more valuable works include certain degree of integration of opinions on a specific subject, and many not even that – they just list and correctly retell what different authors (from the West) have to say about a certain subject. Empiric researches are rarely conducted, and they are the fundamental way of examining the values of many management concepts and theories. This is an impermissibly small contribution by those who should create knowledge in this country.

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The academic researchers and teachers who act in the described way forget one simple fact: not only are the management techniques and methods culturally determined, but the very theories of management are under the influence of national cultures of those who have constructed them (Jaeger, 1986; Hofstede, 1980). National culture impacts not only managers in companies and other types of organizations, but it also impacts the management researchers. For a long time, management researchers held the unsubstantiated assumption of a universal validity of management theories. It was considered that scientific truths are universal and that when something was proven once, in some part of the world, then it applied always and everywhere else as well. It was thought that knowledge is free of context and independent from it. Thus, it was possible to *export* and *import* scientific theories from one country to another. Since the USA is the biggest *producer* and *exporter* of management and business theories, hence the American theories of strategic management, marketing, finances and organization have taken over the world. All the countries in the world, and especially the undeveloped and transition countries, have been *importers* of these theories. The transition countries thought that, if they applied business theories from the US they would also have business similar to the one in the US. However, one notorious fact has been overlooked: the researchers are also only human, and in every research they start from some assumptions, values, and beliefs on the research subject, as well as from the suitable research methods (Jaeger, 1986; Hofstede, 1980). We all perceive the world as we have been taught to perceive it, and researchers are no exception. Since the view of the world is culturally conditioned, researches are also significantly under the influence of cultural assumptions and beliefs. The choice of a research subject and issue, the way they are explored and, finally, the results of the research in the form of scientific theory are under a great impact of starting assumptions, values and beliefs of the researcher (Xu, 2008). It is only natural that assumptions, values and beliefs that guide researchers in their research come, in a large part, from the national culture of the researchers themselves. Therefore, it becomes clear that not only management is under the impact of national culture, but management theories as well. These theories are not context-free, but they are dependent on and limited by the national culture (culturally bounded). So, what we are talking about here is cultural relativism of management theories (Xu, 2008; Jaeger, 1986; Hofstede, 1980). It is clear that, for example, motivation theories are culturally conditioned, because scientist who explore and create motivation theories always start from their own understanding of human nature which is, naturally, conditioned by national culture (Hofstede, 1980). Thus, we can understand the overemphasizing of the importance of needs and motives for accomplishment, self-actualization, or development in motivation theories originating in the American culture of high individualism, masculine values and low uncertainty avoidance. However, needs and motives certainly do not have the same significance and nature in all Serbian companies where collectivism, feminine values and high uncertainty avoidance prevail. If this is true, then it is clear that management theories cannot directly and uncritically be accepted and implemented in the cultures that are different from the ones in which the theories emerged. This in turn means that management theories must be subjected to critical analysis and their cultural limitations must be clearly identified. The next step would be to modify culturally bounded theories so they would fit the needs of their implementation in the cultures different from the culture of their origin.

An example of the role that academic researchers and teachers should have in crossvergence implementation is the implementation of *Management By Objectives* (MBO) model (Tainio, Santalainen, 1984). This model was created in the USA by Peter Drucker

(1954), one of the *gurus* of modern management, and it implies that the manager negotiates with his/her subordinates and they agree on the goals they should achieve in the following period. Achieving of goals is then monitored, and based on the degree in which the agreed on goals have been fulfilled, a subordinate is evaluated and his/her reward as well as his/her promotion is, thereby, also determined. The MBO model is built on the assumption of moderate power distance, which implies that employees negotiate with their manager from a relatively equal position. Also, this model also implies low uncertainty avoidance, since both the manager and the employee take risk in negotiations because they oblige to do something in the time to come. The MBO is also based on high presence of *masculine* values, since the negotiated performance are at the centre of this model. Finally, the MBO also implies individualism, since the negotiations are always done on an individual, and not on team bases.

The MBO implementation in countries with national cultures different from the American culture is highly debatable (Hofstede, 2001; Tainio, Santalainen, 1984). In cultures with high power distance, such as French, but also Serbian culture, the barrier to MBO implementation is certainly the process of negotiating goals which requires relatively equal status of both negotiators: the manager and the employee. In cultures with low power distance, such as German and Scandinavian cultures, the MBO has fewer barriers, but it is usually also modified so it would be conducted through a far more equal process of negotiating than it is the case in the USA. In cultures with high uncertainty avoidance, such as Serbian and also German culture, the barrier to MBO implementation is precisely the fact that this model includes a process with uncertain consequences. Once the process of debating and negotiating the goals of subordinates begins, no one really knows for sure where it would end. In Germany this problem is solved by replacing the manager's arbitrary authority with a formal contract. Finally, the cultures with *feminine* values, such as Scandinavian and also Serbian cultures, are not suitable ground for MBO, because it is focused on performance which is most important. Contrary to this, in these cultures interpersonal relations and harmony are more important. Due to this, this concept is modified in Scandinavian countries, so the subject of negotiations is not only the target level of performance that an employee should reach, but also the interpersonal relations in the workers' collective.

Serbian national culture has dimensions that are contrary to those implied by MBO implementation. Therefore, it is not surprising that this model, extremely popular in the USA, has not been applied in Serbia for a very long time. This situation has somewhat changed with the arrival of multinational companies which have brought this management practice from their headquarters, but the number of companies in Serbia that implement the MBO is still very small. The academic researchers and teachers who study the field of human resources management should conduct empiric researches about the possibilities and ways of implementing the MBO in Serbia, instead of just rephrasing the basic MBO concept. The values of national culture should be compared with the basic assumptions on which the MBO model is built, and then modifications of this model that would enable its effective implementation should be suggested. Also, it should be pointed out which necessary changes in cultural values and beliefs should be conducted in Serbian companies in order to enable the MBO implementation.

The author, of course, does not propose here to dismiss the results of the researches conducted in the USA and other developed countries, or to 'teach the fish to

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swim' by developing one's own model in some field. It is necessary to be just a little bit more critical in evaluating and implementing the modern theories of management and organization that come from culturally distant countries, such as the USA. Many topics covered in these theories are universal and concern all the people in the world, independently of their culture. But, we have shown that one portion of these theories is very much culturally bounded. Such theories should be studied, but also the extent in which they are applicable in Serbia should be evaluated. What is even more important is to determine, by means of research, the form or the way in which these theories and models could be implemented. We have seen that MBO is implemented in Germany in one way, and that it is implemented in Sweden in a different way. Instead of to just teach or advise the MBO implementation as it is applied in the USA, it is necessary to explore what kind of modifications should be done in MBO model that would enable us to take the basis of this useful model and make it culturally acceptable for our managers and employees. Also, it is necessary to conduct a lot more authentic scientific research in the field of management and organization, because in that way we would be sure that the findings we have reached are applicable in Serbian companies.

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## **SUKOB TEHNOLOŠKE I KULTURNE DETERMINANTE MENADŽMENTA I NJEGOVE IMPLIKACIJE ZA VLADU, MENADŽERE I AKADEMSKE ISTRAŽIVAČE I NASTAVNIKE**

**Rezime:** U radu se istražuju mogućnosti i implikacije primene elemenata savremene tržišne privrede i menadžmenta preduzeća u zemljama sa bitno drugačijom nacionalnom kulturom u odnosu na one u kojima su oni nastali. U takvim zemljama pojavljuje se dilema: da li nacionalnu kulturu prilagođavati ekonomskom sistemu i menadžmentu ili raditi obratno. U prvom slučaju posledica je proces konvergencije dok je u drugom slučaju posledica proces divergencije nacionalnih kultura. U radu se predlaže da Srbija izabere i sprovede strategiju krosvergencije odnosno istovremenog međusobnog prilagođavanja privrednog sistema tržišne privrede i menadžmenta, sa jedne i nacionalne kulture, sa druge strane. U radu se analiziraju i uloge koje u procesu krosvergencije treba da imaju Vlada, menadžeri preduzeća i posebno, akademski istraživači i nastavnici.

**Ključne reči:** nacionalna kultura, privredni sistem, menadžment, akademski istraživači i nastavnici