

Bridging

business cultures

SURVEY: COOPERATION OF CROATIAN AND SWISS COMPANIES

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In economic cooperation, cultural differences exist and arise at the company level, be that in the regional or national context. In addition to differences in the working culture in individual companies at the local level within the same national context, there are also understandable and often great differences in operations as well as mutual communications between countries.

National economies are becoming increasingly connected at the global level. The export of goods and services to foreign markets, product or service acquisition in markets outside our own borders, transferring production from one country to another - these are the topics and challenges that we all deal with. While twenty years ago this topic was discussed only at the level of multinational companies and corporations, today the topic is also important and needs to be addressed by entrepreneurs running small and mid size companies.

Within the framework of the project "Bridging business cultures", a survey was conducted among Swiss companies working with companies in Croatia. The objective was to collect information on the observations of Swiss participants and to see which differences are apparent in the intercultural context and which areas require greater efforts to move towards increasing the effectiveness in their joint projects.

We restricted the survey to companies closely connected to economic operations in Croatia. Three different kinds of companies were included in our research: enterprises with their own subsidiaries, enterprises working through agents, and one Swiss enterprise that had the Croatian Government and a specialized printing company as cooperation partners.

Survey participants were individuals in key positions who have regular, daily contact with Croatian companies. This was often the Sales Manager for Eastern Europe, also called the Area Manager for Marketing and Sales; for production entities in Croatia, it was the Technical Manager responsible for this region. In a few cases we had meetings with the Head of Corporate Development or with the Executive

HOWEVER, THE SWISS BUSINESSMEN AND WOMEN WHO WORK HERE FOR LONGER TRY SIMPLY TO ADJUST.

Vice President of the Swiss company. The majority of the survey was verbal, with a smaller section answered in written form. Finally, we held 13 interviews over a 4-month period.

The statements of the participants were based on very different experiences, both in long-term and short-term business connections. Generally speaking, the impression obtained by survey participants is that working on the Croatian market is pleasant and professional. The statements were positive at different levels, while statements to the contrary were not mentioned as criticism but as an effort to address the mutual work relations and cooperation as a challenge and to provide the opportunity for the optimization of those relations.

The survey showed that PERSONAL CONNECTIONS and CONTACTS are very important. Judging by the statements from nearly all the participants, personal contacts are one of the main factors for working in companies in Croatia. It is significant that the personal aspect prevails in interaction and communication: "who" is more important than "what".

Partnership, in the sense as we know it in Switzerland and in German-speaking areas, does not exist in Croatia. I am referring to the concept of partnership based on transparent agreements, clean frameworks and common goals.

FLEXIBILITY in work is highly respected. The experience of some of the participants proves that Croatia, in that sense, positively differs from other countries in Eastern Europe. One of the examples mentioned is the readiness of employees to come to work on Saturday if necessary for an important assignment.

On the other hand, in terms of the flexibility of opinions and problem solving methods, the response from many participants is that opinions are often fixated; the readiness to step down from personal opinions is low, and readi-

ness to find alternative solutions inadequate.

It seems that in several companies a strong hierarchy, and in some cases an almost patriarchal MANAGEMENT STYLE still exists. In organizations where one - mainly a charismatic, mature individual - carries the weight of responsibility and makes the decisions, younger colleagues do not dare to make decisions, not even in operational issues and in decisions without strategic significance.

COMMUNICATION SKILLS

IF NECESSARY FOR AN IMPORTANT ASSIGNMENT CROATIAN EMPLOYEES ARE READY TO COME TO WORK ON SATURDAY

One key difference was noted here: in Switzerland, if a mistake, conflict or disagreement is at hand, all the players involved, as well as the culture as a whole, are much more open and direct in communication with one another. To accept and acknowledge a mistake and to look for a constructive solution by way of communication is a characteristic of openness and responsibility.

In Croatia, however, quite often "a person or reason" to blame is sought in a conflict. An open discussion about a conflict or dispute is rare, and sometimes the slowest and most expensive solution for conflicts is sought, even in simple cases: the "court solution".

Also, several participants mentioned the lack of personal accountability. Accountability only goes as far as a crossroads, and then the responsibility is transferred to someone else. Group responsibility is insufficient: for example, what the consequences will be if a project is not completed within the set deadline. Shortcomings in the attitude towards work and in thinking in broader categories can be felt: the perception of responsibility is limited to oneself and one's own segment of work, without a real, dedicated interest for the success of a project or company as a whole. That said, a great deal of superficiality is present: certain things are

done wrong because no one poses the question of whether the work will lead to a solution, or whether the work process itself is heading in the desired direction. "Feedback" is missing: check first, instead of saying "I thought...", when it is already too late.

The need for a more active way of doing business is pronounced. Entrepreneurship is missing particularly at the lower levels. Action instead of reaction, creative cooperation and finding solutions are the demands of change in the economy. In this sense, "we should" and "they should" are typical statements.

Now and then the waiting time for a response is excessive: after several urgings, when the response finally comes, it is accompanied by long explanations as to why it did not come sooner.

However, there are companies which react quickly, respond precisely and conduct business proactively. This is particularly visible in companies whose ownership structure has foreign partners or business subjects.

Customer service also falls short of the market demands: in order to keep your clients you must offer them more than they expect. This relationship, unfortunately, is not evident on the Croatian market. The same applies to conduct towards "internal service users" who must be treated in the same way as "internal consumers".

DECISION MAKING, in some cases, demands a great deal of time. The "boss"

THE "BOSS" (ALMOST LIKE A TRIBAL CHIEF) MUST APPROVE EVEN THE SMALLEST DECISIONS.

(almost like a tribal chief) must approve even the smallest decisions. Independence is lacking, specifically a system of delegating power - and it seems as though modern decision-making techniques are unknown or known too little. A common attitude is "no problem" or "what's the hurry?"

FOXINESS

The existence of long and complicated paths and decision making processes in the organization is made more prevalent by HIERARCHICAL STRUCTURES. A reduction of hierarchical levels, however, would foster efficacy in the decision-making process.

FOXINESS and CUNNINGNESS are a particular trait, mentioned only by a smaller part of the respondents. This refers to attempts to change the already agreed terms of a contract or prices in one's favour when coming to the stage of accepting an order. The reasons put forth for such behaviour in most cases are neither credible nor documented.

Following these first transparent aspects of intercultural competence mentioned in the interviews, there are other concrete technical abilities and knowledge of Croatian partners, as well as specifics of the Croatian economic environment which may at times cause difficulties for foreign companies.

We do not consider the so-called "soft" or "hard" factors to be more important in international trade. However, if we strive to optimize all of them as a whole, then cross-border cooperation between partners from different countries may truly function professionally, smoothly and - with pleasure.

Also, survey participants positively assessed the KNOWLEDGE OF FOREIGN LANGUAGES. Most of our interview partners mentioned that their Croatian colleagues have a good to very good command of English and German. German was particularly highlighted, in contrast to other Central or South Eastern countries; it is often found as a well spoken foreign language in Croatia. Translators are only necessary in work with people employed outside of the economic sector, as well as in smaller companies in more isolated geographical areas. One sales engineer emphasized that there was too little knowledge of project management. His point of view was that if Croatian partners

THE PERSONAL ASPECT PREVAILS IN INTERACTION AND COMMUNICATION: "WHO" IS MORE IMPORTANT THAN "WHAT".

were trained more in how to plan and structure a project, how to establish a professional budget, followed by permanent monitoring of project phases during implementation, cooperation could be professionalized greatly.

Quite often it has been said that time management and punctuality in Croatia and Switzerland are not the same. This is no secret, of course. However, the Swiss businessmen and women who work here for longer try simply to adjust. They get used to waiting a little longer and to the fact that meetings do not end when planned... And we have been told that, in some cases, they even like this.

It was often stated that Croatian partners positively invest their efforts to achieve good economic results. If these results do not meet expectations, this may be due to varying factors. One interview partner expressed that for certain production sequences, the time needed in Croatia is 5-8 times longer than in Switzerland. This is due, in part, to older machines, and partly because of a slower working speed. Therefore, for each segment of production, we have to analyze whether outsourcing or keeping the production at headquarters is the right solution economically.

BUREAUCRACY has been named more than once as one of major problems in the Croatian economy. It was clearly stated that the Croatian Government should do more to eliminate bureaucratic obstacles, to create an attractive environment for investments. One person prompted that the Government should show more courage in consequent reforms.

The opinion of our interview partners was that there is still a lot of potential to introduce client oriented services in the offices of state and local representatives. If these were more present in Croatia, the lives of entrepreneurs would be much easier.

SHOULD I PAY OR SHOULD I NOT...

Not all of the interviewed Swiss companies are confronted with difficulties regarding liquidity. Companies manufacturing in Croatia for the local market quite often see liquidity problems with their buyers. This can not be changed overnight. But, likewise, the participants who mentioned this topic underlined that Croatian firms can contribute to reducing these problems by giving incentives to their own clients for early payments, e.g. 5 or 10% for payment within 30 days; gradually replacing

barter agreements with cash agreements or taking a new loan only if the company can pay it back within a shorter period of time.

PAYMENT MORALE is strongly linked with the liquidity issue. It is important to add that good payment morale of a certain country is a strong pillar for its sustainable economic growth. I am sure that you agree with our interview partners that payment morale in Croatia is an issue which needs to be addressed. First of all, this is an issue of awareness. If I realize that my strong payment morale will benefit myself, my business partners and the whole economy - perhaps then I will make certain changes.

We were pleased to hear that among the Croatian partners, the image of Switzerland is high and expectations are also high. With no doubt we can confirm that all interviewed companies strive to fulfil these expectations. But nonetheless, we would like to invite you to not see only a polished picture of Switzerland. There are also weak points, points where "we", our companies, could do better.

The conclusion from our conversations is that business partners and colleagues in Croatia are considered to be educated, pleasant to communicate with and courteous. Which is why foreigners do not understand when they are asked curious questions of a private nature, which is considered to be somewhat improper in other cultural frameworks.

The results, insights and conclusions drawn from our interviews led us to consider how and in what manner we could assist in optimizing business relations between Croatia and Switzerland.

The majority of the survey participants highlighted their opinion that economic success in a mutual approach to work could on the one hand be achieved with a targeted education of students and young graduates. On the other hand, it is believed that open communication and tolerance is required to attain this goal. With personal development and the attempt to attain efficient work at the management levels, effective results can be achieved through coaching: this system is apt to find and determine a specific problem and, by experience, leads to optimal and long-lasting results. It is successfully implemented in work with individuals and groups.

We hold that the education and training of students is one of most appropriate tools for the exchange of knowledge and experience with the Swiss business environment and its methods.

The next step in our project "Bridging Business Cultures" will consist of interviews with colleagues who offer education in the fields of classical economics, business and various aspects of management. Our aim is to explore, together with these institutions, the forms and methods of knowledge transfer and the application of Swiss experiences in Croatia. In this way, we feel we could strengthen the capabilities of Croatian entrepreneurs in international business cooperation. ■■

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