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Editorial Mission of JEEMS

Objectives
The Journal for East European Management Studies (JEEMS) is designed to promote a dialogue between East and West over issues emerging from management practice, theory and related research in the transforming societies of Central and Eastern Europe.

It is devoted to the promotion of an exchange of ideas between the academic community and management. This will contribute towards the development of management knowledge in Central and East European countries as well as a more sophisticated understanding of new and unique trends, tendencies and problems within these countries. Management issues will be defined in their broadest sense, to include consideration of the steering of the political-economic process, as well as the management of all types of enterprise, including profit-making and non profit-making organisations.

The potential readership comprises academics and practitioners in Central and Eastern Europe, Western Europe and North America, who are involved or interested in the management of change in Central and Eastern Europe.

Editorial Policy
JEEMS is a refereed journal which aims to promote the development, advancement and dissemination of knowledge about management issues in Central and East European countries. Articles are invited in the areas of Strategic Management and Business Policy, the Management of Change (to include cultural change and restructuring), Human Resources Management, Industrial Relations and related fields. All forms of indigenous enterprise within Central and Eastern European will be covered, as well as Western Corporations which are active in this region, through, for example, joint ventures. Reports on the results of empirical research, or theoretical contributions into recent developments in these areas will be welcome.

JEEMS will publish articles and papers for discussion on actual research questions, as well as book reviews, reports on conferences and institutional developments with respect to management questions in East Germany and Eastern Europe. In order to promote a real dialogue, papers from East European contributors will be especially welcome, and all contributions are subject to review by a team of Eastern and Western academics.

JEEMS will aim, independently, to enhance management knowledge. It is anticipated that the dissemination of the journal to Central and Eastern Europe will be aided through sponsoring.
Globalisation and diffusion are two themes which emerge from the many interconnected issues related to “Management across Borders”. Both of them are complex phenomena which can be analysed through different disciplines, at different levels and through different aspects.

The aim of the present JEEMS issue should be seen as a contribution for a better understanding of this complexity, by bringing into the globalisation debate within the field of management study some rather unusual perspectives.

After an introduction by the two guest editors which develops their arguments for more integrative work, Gertraude Mikl-Horke discusses from a sociological perspective the complexity of globalisation by focussing on the transformation processes it involves. Within this framework, the ‘import’ of western management innovations to Central and Eastern European countries is hardly a simple transfer but a complex process involving different cultures in a positive and constructive way as well as different actors located at different positions within a power structure.

From a management perspective, two different aspects of the dynamics at the organisational level are discussed. Wolfgang Mayrhofer, Michael Müller-Camen, Johannes Ledolter, Guido Strunk and Christiane Erten pick up the issue of converging or diverging developments of the use of human resource management tools. They empirically analyse the developments in European organisations during the decade from 1990 to 2000.

One’s culture of origin, its socialising effects and its implications for international teamwork are the focus of the paper of Amanda Dunkel and Sylvia Meierewert. They point towards the difficulties linked with management tools developed in a specific cultural context when they are used beyond that. Empirically, they analyse culture standards reinforcing conflicts in situations of co-operation using a well-known team development model and the culture standard concept as their frame of reference.

Culture may also been seen as a core element of two linguistic contributions. Renate Rathmayr as well as Johanna Petters and Barbara Müller analyse concepts as a unit of the mental representation of our real-world knowledge which can only be identified indirectly, e.g., by the word that is tied to it. They focus on key concepts of the market economy and therefore for the application of Western management tools: ‘profit’ and ‘money’. By analysing these concepts in different East and Central European languages, the authors show how news concepts are not simply transferred from one culture to another, but also melt with old meanings or other pre-existing concepts related to different ideological backgrounds. Although management studies are now familiar with
the analysis of discourses and metaphors, the contribution of language specialists has until now been fairly rare.

All the contributions are the result of an interdisciplinary research collaboration supported by the Vienna University of Economics and Business Administration (WU Wien) as one of their primary fields of research.

*Alexandre Iellatchitch, Wolfgang Mayrhofer (Guest editors)*
Management across borders – A multidisciplinary approach towards globalisation and diffusion processes in Central and Eastern Europe

Alexandre Iellatchitch, Wolfgang Mayrhofer

“Management across borders” relates to many interconnected issues. At the supra-national level it addresses the international distribution of labour, the competition between various countries, associations of countries or continents (e.g., Porter 1990). At the country level, issues like the importance of the nation state for the political and economic processes, the degree of openness of a country for the inflow and the outflow of goods, services, capital and persons or the emergence of economic actors cutting across national boundaries – in particular multinational companies (MNCs) – can be mentioned (e.g., Ohmae 1995; Doz 1986). At the organisational level, specific problems of managing in an international environment in all the classical areas of management – finances, marketing, procurement, or personnel – or the cultural implications of an organisation spanning across cultural borders can be referred to (e.g., Bartlett/Goshal 1991). At the individual level, it includes issues like international careers, the question of expatriates or the consequences of living and working in an environment where the standard language is not one’s own mother tongue (e.g., Linehan/Mayrhofer, in print; Black, Gregersen./Mendenhall 1992). Within this broad spectrum, two broader themes emerge: globalisation and diffusion.

Globalisation is referred to from numerous angles. A vast body of literature is available conceptualising globalisation as driver as well as result. From different disciplinary perspectives, a great variety of aspects at different levels have been addressed (see, e.g., Robertson 1992; Michie 2003; Tsoukis, Agiomirgianakis/Biswas 2004). Especially during the past two decades, the complexity of globalisation has been emphasised. Globalisation also includes contradictory or oppositional forces, e.g. ‘pulling away’ influence from local communities into the global arena, but also creating new pressures for local autonomy or dynamiting the revival of local cultural identities (Giddens 1999).

Diffusion, too, is a major topic. It refers to the dissemination of tangible or intangible units within a certain frame of reference, e.g., an organisation, the economic system, countries etc. Diffusion can relate to very different phenomena like the diffusion of innovation (e.g., Rogers 1983), of products through marketing (e.g., Schuh 2000), of knowledge through expatriation (e.g.,
Mayrhofer/Scullion 2002) or of linguistic concepts in established local languages (e.g., Hoffmann 2000).

Within the discussion about globalisation and diffusion, the question of converging or diverging developments at various levels of analysis and in a great variety of topics like, e.g., productivity (Baumol 1994), work and employment (Cressey/Jones 1995), financial and monetary aspects (Dickinson 2001), industrial societies (Inkeles 1998), social trends (Langlois 1994), economic policy (Unger 1995), organisational forms (Whitley/Kristensen 1996) or human resource management practices (Brewster, Mayrhofer/Morley 2004 [in print]), has received special attention.

To be sure, the idea of convergence is not new. For example, in the middle of the 19th century Gobineau’s racist writings express a fear of a progressive replacement of the ‘colourful’ human racial diversity by uniformity (Gobineau 1854). In the 1960s, sociologists defining modernisation as the process which took place in Europe and North America during the 18th and 19th centuries and then spread alike in the other countries, were theorising about convergence (e.g., Eisenstadt 1963). More recently, the cyber-culture seems to replace industrialisation as main driver for the supporters of convergence (Best/Kellner 1997, Castells 1996).

There is a specific European angle to the debate about globalisation, diffusion and convergence. It has at least three facets. First, the development within the European Union from its roots in the European Coal and Steel Community (ECSC) founded in 1951 by Belgium, West Germany, France, Italy, Luxembourg and the Netherlands via the European Economic Community (EEC) established by the same six founding members through the Treaty of Rome of 1957 and its four enlargements in 1973, 1981, 1986 and 1995 to the 25 members the European Union (EU) will consist of after the latest enlargement on 1 May 2004 is reflecting the issues of globalisation, diffusion and convergence on a small scale. Second, the specific European angle has also to take into account the global struggle about competitiveness between countries, regions and associations world-wide. The competition between Europe, the US and Japan as major pillars of the triad or the trade struggles between Europe and the US are examples for that. Thus, diffusion and convergence processes in Europe also have a global dimension. Third, the specific history of Europe where there was an ideological, political and economical division between Western European countries and countries belonging to the interest sphere of the USSR, most of them belonging to the COMECON, leads to a special situation when dealing with aspects of diffusion and convergence, e.g., the historically different background for the ‘same’ demands of market economy are interpreted differently because of the specific historical background.

Within a European angle, Central and Eastern European (CEE) countries themselves currently face a special situation. On the one hand, these countries...
have to deal with various consequences of joining or trying to join the EU. On the other hand, they seek to maintain their unique cultural, political and economical profile vis-à-vis the EU and its member states. In any case, they have to cope with a constant influx of new regulations, products, concepts, tools, people and thinking patterns.

Insight into the individual and organisation level effects of such influx requires an understanding of at least three major issues:

- the general picture of globalisation and diffusion and the related consequences for various actors at the individual and collective level,
- the dynamics of change processes at the organisational level leading to divergence or convergence
- the significance of core market economy concepts in CEE countries for individual and organisational behaviour.

These issues are the starting point of this special issue. It focuses on a prominent part of globalisation: the field of management. For a number of reasons, this field seems to be particularly sensitive to the issue of diffusion and convergence. Hickson and Pugh claim that “particular management innovations will be inaugurated in cultures in which they are most likely to flourish. But if they are successful, they will be adopted worldwide in some degree, even in less receptive cultures” (Hickson/Pugh 1995: 284). In other words, since management deals with rationality, rational actors supposedly will sooner or later act rationally, i.e. adopt the tools which have already proven their efficiency. As a matter of fact, new management ideas, which have been coined as fashions by critics (e.g. Abrahamson/Fairchild 1999; Jackson 2001), claim almost universal applicability. Moreover, business schools, the consulting industry, professional associations and last but not least managers trained in business administration share and diffuse an increasingly common knowledge as well as a common language, the concepts of management, forming the modern lingua franca (Sahlin-Andersson/Engwall 2002).

Referring to the field of management, the three major issues outlined above are addressed from a multidisciplinary perspective, the latter being essential for an adequate analysis of the former. We have invited authors from three disciplines – management, sociology, linguistics – to deal with important facets.

Overall, the papers tend to show that the international diffusion of management tools as well as managerial ideology seem to exist. However, cultures taken as receptors are not neutral. Therefore, one might be tempted to supplement the concept of diffusion in lieu of translation (Latour 1988) or even creolisation of management knowledge. Clearly, this finding is a first step rather than a final one – more and increasingly integrative work is, as so often, needed.
References


Globalization, transformation and the diffusion of management innovations*

Gertraude Mikl-Horke**

This paper suggests a shift from the discourse on transfer and transition with regard to CEE societies towards one focusing on transformation processes that come with globalization. Since globalization can be interpreted as the spread of ideas, informations, practices, goods and techniques, the perspective of the diffusion of management innovations is introduced and enlarged by including power relations, the interests of actors and cultural aspects of change. The argument of culture as barrier for the adoption of innovation is challenged in favor of one that sees it as a chance for contributing to innovation and globalization.


Key Words: Globalization / Diffusion / Management Theories / Transition Economies / Intercultural Transfer

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1. The Changing Nature of the Enterprise

Our era is characterized by profound changes in the ways we are guided to think about work, working life, firms, markets and states, and they spread across national borders, across societies and cultures in the wake of the process called „globalization“. In this process the Central and Eastern European (CEE) countries and the enterprises within these have very specific conditions because of their recent histories as compared with their Western counterparts. They have undergone a process of transformation from a socialist to a market system and almost simultaneously have had to cope with the globalization impact as well.

1.1. Transfer, diffusion and institutional change

The influence of Western principles and ideas on the transition process in CEE countries has been very strong especially on the enterprise level as Martin (1999: 150) remarks: „Western companies are a major influence on the development of CEE enterprises. They represent the major source of innovation. New technologies, new methods of production, and new products are transferred to the region by multinational corporations, both by internal transfer and through their influence on suppliers and customers in the region.“ Because of the EU membership aspirations especially Western European firms have functioned as models for the transition economies. But due to investment activities US influences have had great importance too. Commentators pointed also to the applicability of East Asian, especially Japanese models to the transition of CEE economies (Dickie 1991; Ross 1996). The discussion has been led under the heading of „knowledge transfer“ and has resulted in a vast literature on the subject (e.g. Ardichvili, Cardozo/Gasparishvili 1998; Björkman/Ehrnrooth 1999; Cyr/Schneider 1996; Gatian/Gilbert 1996; Lyles/Salk 1996).

The transition to a market economy in Eastern Europe has involved such a process of transference of management ideas, practices and techniques to a great extent. And the studies reflect this while at the same time pointing out the difficulties encountered due to cultural barriers as will be seen below. The studies on the transfer of management principles were mostly case studies centering on joint ventures and problems encountered by foreign firms. The extent and speed of the diffusion of management innovations and business knowledge among the firms in the transition societies, however, have attracted very little attention.

At present we must acknowledge that transition as a transitory stage in the processes of change must be considered to have come to an end for most of the CEE countries by now. Moreover, the concept of „transition“ implies a unidirectional change from one system into another which seems inadequate to describe the real processes even in the first stages of change, but which at this time must be supplanted by a conception of an open-ended transformation as
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Child/Czegledy (1996) have already demanded years ago. What happens now is a change process which is driven on by the pressures of moulding into a globalized world of business and to which enterprises all over the world have to react. The diffusion of management innovations plays an important role in this process in which also the conceptions of the enterprise as a social institution is transformed continuously. The aim of this paper is to point out that it is time to abandon the logic of transfer in favour of a focus on the spreading of new ideas making use of diffusion research albeit in a form that is appropriate for the object and the conditions in question.

Ideas as to what an enterprise is, what its goals are and how it functions, have come up in particular sociopolitical and cultural contexts, but are in their turn powerful elements shaping economic culture and the culture of society as such. This is nowhere more obvious than in the societies that have undergone the profound transition from a centrally planned economy to a system in one way or the other based on the principles of the market and of private enterprise. The change processes involved not only privatization laws, market-oriented economic policy measures and so on, but also a deep change in the way relations between people are seen, in the attitudes towards work and business transactions, in consumer behaviour, life-styles and value orientations. As Zygmunt Bauman (1993) has emphasized, the economic transition proved to cause a profound social and cultural change as well.

In the following we will look at the transition and globalization effects on enterprises in CEE countries before turning to a discussion of the diffusion of management knowledge and on the chances for innovative management and enterprise conceptions in the societies of Central and Eastern Europe.

1.2. CEE enterprises in the transition process

Conceptions of the enterprise have been connected closely with the ideological and political systems of regulating the economy. While economic organizations have been mere instruments to fulfill the centrally set plans of production in the socialist era of the CEE countries, with the removal of the central planning and the decisions to transform the economic system more or less along Western principles the nature of the organizations and the meaning of management had to change considerably. But this proved no smooth and direct path into a market economy as envisioned by neoclassically inspired transition theory; instead all sorts of problems came up and in consequence even humanly disastrous situations occurred (King 2001).

The literature referring to the transition to market principles in the CEE countries is vast and cannot be commented upon in this paper. A few hints must suffice to set the stage. The CEE countries concentrated at first on transforming macro-economic structures and on privatization policies. In contrast to China which has chosen a gradual change CEE economies – with the exception of
Hungary and Romania - have ventured on a radical form of transformation, even a sort of „shock therapy“ (Lavigne 1999: 122-3) or as Gerber/Hart (1998) put it: „More shock than therapy“. Demonopolization, liberalization of prices and privatization plunged enterprises into a completely new situation.

Enterprises in the sense of market institutions had to be created rapidly and the previously existing structures and principles had to be delegitimized while at the same time the legal and institutional framework that constitutes the basis for the market transactions was not yet fully developed. The „nature“ of enterprises has changed in ways for which the incumbent management was not prepared. Thus, the quest for management development and learning as well as for appropriate institutions and the attraction of strong shareholders (McDonald 1993) was raised.

In the meantime economic activities made headway without adequate and consistent institutional backings and policies as to regulating the restructuring and the interrelations between the organizations. This meant that enterprises had to act in a context of institutional and political uncertainty. Srubar (1994) described the anomic effects of the precipitate transition process resulting in social exclusion, disintegration and particularization. Burawoy/Krotov (1992) characterized the process not as one leading to a market economy, but to a sort of „merchant capitalism“ they saw as hindering development rather than promoting it. In a similar way Müller (1995) expressed doubts that the transition can be seen as a positive modernization of these societies, and Morawski (1998) raised demands for a realistic evaluation including also social values like solidarity and social justice.

With regard to CEE enterprises it is difficult to conceive of any one dominant „conception of control“ (Fligstein 1990) since there were several ways in which firms came into being: Some have been former state-owned enterprises which were turned into market-oriented organizations through restitution, spontaneous privatization by managers or employees, or through vouchers and sales (Martin 1999; Lavigne 1999), in which process they were in most cases split up in fragmentary units which in many cases are heavily dependent on the local sociopolitical connections (Clark 2001). Some firms have been founded anew by entrepreneurs, some have been set up as affiliates of or with the aide of foreign corporations. Foreign engagements have taken various forms from licensing and franchising over joint ventures to wholly owned subsidiaries. Thus, there exists a mixture of state-owned enterprises, privatized and reformed organizations, start-ups and foreign companies with specific features in each of the CEE countries. The actions of restructuring of the enterprises were inspired by different interests and by diverse ideas among which Western models and powerful interests of foreign investors play a great role (Shama 1995; Lyles, Carter/Baird 1996; Lyles/Salk 1996).
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Company reorganizing involved the production organization, the forms of financial control as well as the introduction of marketing functions (Marinov, Marinova/Watts 1998). The motives of managers, the interests of stakeholders and the role of organizational legacies from socialist times determined structural choices (e.g. Clark 1998) and the propensity to change (Spenner et al. 1998; Suhomlinova 1999).

Whether transition has come to an end is a controversial question and cannot be answered for all CEE countries equally in one sense or the other. While actual reforms as well as the levels of economic achievement have remained below expectations during the first years after 1989, there has occurred a great upsurge of activities and performances since the mid-90’s. At the same time, however, also the process of globalization was stepped up in all advanced countries inducing major changes. Transformation, thus, is not a process restricted to „transition societies“, but is a constant challenge for all countries and enterprises anywhere in the world that try to keep up with globalization.

1.3. The transformatory effect of globalization on enterprises and cultural change

The discourse on globalization acquired a new relevance and meaning in the 90’s following the dissolution of the Soviet Union and the transformations of the socialist economies of Eastern Europe along the lines of market principles adding political legitimation to these. However, in the common understanding of globalization economic forces are dominant and firms and businesses are in the center of the process. Even in societies that have not experienced such a radical break in continuity as the CEE countries, the change in the nature of the enterprise over the last two or three decades is so profound that it comes close to a reinvention of this social institution. The CEE societies were thrust into this new globalized and flexible world of markets and enterprises without the intermediate processes that Western countries had been undergoing.

On the level of enterprises globalization means exposure to rapid international capital flows exerting pressure to respond flexibly to shareholder interests, global investments and activities of multinational corporations and the greatly increased necessity to take in and respond swiftly to new ideas, informations and technologies. Institutional differences in the form of external rules or internalized attitudes account for the readiness and swiftness in which a firm or a society takes up new developments and is capable to get ahead in a fast changing world (Strang/Meyer 1993). The extent to which certain beliefs, values and norms favouring achievement and efficiency are internalized by managers is important for their attitude towards changes. Regulations concerning work as well as institutions of education and professionalization play a great role, but also institutional characteristics of firms can be promoting or hindering the acceptance of innovations. Institutions can act as „barriers to
imitation“ (Lehrer 2001: 363) and, as Hollingsworth/Boyer (1997: 455) noted with regard to production systems, countries decline when they lack the capacity to mimic the most competitive institutional arrangements.

Comparative studies mostly stress the lasting differences between economic cultures (Berger/Huntington 2002) and between business systems (Whitley 1994), and highlight the embeddedness of economic processes in institutional structures (Hollingsworth/Boyer 1997; Orrù, Biggart/Hamilton 1997; Hall/Soskice 2001; Whitley 2000). According to these studies the impact of globalization does not alter domestic business systems in the direction of global unification.

However, while there still prevail unique systems of interactions between the state and the largest firms in the advanced countries, Fligstein (2001) had to admit that globalization and the shareholder-value conception of control have acquired the status of an ideology with a worldwide appeal through creating a universalized discourse that redirects ways of thinking and acting towards change inspite of persisting institutional differences. This shows the increased importance of the diffusion of ideas through discourse and rhetoric in the globalization process.

Since business operations had to be undertaken under conditions of considerable uncertainty in CEE countries, outward influences regarding business behavior and management practices are especially strong there because of the combined effects of transformation and globalization. The impact of foreign investments on the restructuring of enterprises, the adaptation to competitive markets and the internationalization strategies is great (Marinov/Marinova 1998). The motives of foreign investors determine the strategic priorities of firms (Marinov/Marinova 1999) and the types and levels of risks perceived influence the market-entry strategies of international firms (Shama 1995).

The actual transformation process in the former socialist countries took several turns and produced diverse forms of enterprises. Since at the same time also Western economies and enterprises underwent major changes in their structures and strategies, a lineal transition to any particular model of a market economy cannot be envisaged by the CEE countries, but they have to join the general transformation processes. Attention must, therefore, be diverted to the processes and forces of globalization working on the level of enterprises, and among these the diffusion of management innovations requires special notice.

2. The Diffusion of Management Innovations

Both transition and globalization involve the transfer and the spreading of ideas and goods, techniques and practices among firms and within and across populations. In the following we discuss briefly the perspective offered by a
focus on diffusion in order to better understand the multifarious and dynamic processes of change. Since there is a body of literature on the diffusion of management theories and practices we will draw on these in order to gain insights into the specific concerns of diffusion studies in the field of enterprise-related problems.

2.1. Diffusion research and management innovations

Modern diffusion of innovation theory invariably refers to the work of the French sociologist Gabriel Tarde who stressed imitation as the driving factor of cultural change and development (Tarde 1890). Tarde observed that inventions usually diffuse from a centre like waves and that this process is caused by social forces. Diffusion studies were then given a communication-theoretical underpinning (Katz 1960). Everett Rogers (1995) defines diffusion as the process by which an innovation is communicated through certain channels over time among the members of a social system. The spread starts with the early adopters and when more and more people take to the innovation the rate of adoption rises progressively among the population until it reaches a culminating point where the rate of new adoptions begins to decrease again. This is seen as a self-generated tendency in the social system unleashing a diffusion effect when a critical mass of adoptions becomes a threshold for further spread (Granovetter 1978). In many recent diffusion studies which have been developed mainly in rural sociology, geography, developmental economics and mass communication studies these behavioural assumptions are connected with the use of network analysis.

Diffusion of innovation research has been applied also to organizational structures, production system changes and management theories. Studies dealing with management innovations like strategic planning units, job enrichment, T-groups, matrix structures, quality circles, joint ventures, etc. have shown that there exist pressures like bandwagon effects when firms feel forced to adopt a certain innovation in order not to fall behind competitors. Local proximity or existing communication or cooperation between firms may further adoption. In many cases firms with a high reputation in the field are imitated by those with a lower one.

Firms within a field observe and imitate one another which can result in a contagious process, a “fad” Abrahamson (1991). In the case of fashions organizations imitate models promoted by fashion-sets, which are successful firms from outside the field. The „success stories“ as, for example, presented in the famous bestseller by Peters and Waterman of 1982 „In Search of Excellence“, induce imitative behaviour. Thus, when successful organizations decide on an innovation, also technically inefficient practices will tend to diffuse and old technically efficient ones will be rejected when they are abandoned by fashion-sets. According to Strang/Macy (2001) also the
overattention to the bottom line can generate waves of innovations of which many may be worthless. The anxiety to succeed and the dread of failure causes risk-aversity and hence the tendency to „adaptive emulation“, that is, of imitating the most successful peers. Since successes are reported, failures usually not, this creates a bias which contributes to generate faddish cycles. Tolbert / Zucker (1983) argued with regard to civil service reforms that once a threshold of adoptions is reached, this lends a sort of legitimacy of its own to the innovation leading to further diffusion. They noticed also that early adopters modify practices or techniques according to their needs, whereas later on conformity to standardized practices prevails.

In the last decades the speed with which new management theories and techniques have appeared and disappeared has accelerated a good deal and many conceptions of management have diffused on a large scale to companies all over the world. Many of the innovations were replaced soon by new practices causing disruptive effects on the organization or on business proceedings. Since this behaviour towards innovations has been observed in many cases, diffusion studies came to the conclusion that adoption decisions in management are based to a considerable degree on contagious processes and not on rational decision-making. Managers priding themselves on their rationality, thus, turn into docile followers of creeds or as Strang / Meyer (1993: 506) put it: „The modern actors whose uniqueness and autonomy are most celebrated are precisely those most subject to the homogenizing effects of diffusion“.

2.2. Some problems of the diffusion of management innovations in CEE societies

In CEE societies managers and firms experienced direct influences from foreign partners or the actions of multinationals. This has been reported in particular case studies of individual firms (e.g. Lyles / Salk 1996), but there are few hints as to the wider spreading of innovations. Foreign companies or partners in joint ventures have certainly played an important role also as models or as fashion-setters, and most probably there were also faddish elements in the process of reorganization.

However, with regard to the question of rationality, it can be assumed that Western firms’ strategies and decisions have followed efficiency criteria according to the predominant neoliberal conceptions or have been determined by strategic guidelines put forward by their headquarters. In these decisions, it is true, there may be also irrational elements exactly because of the preoccupation with performance. Observations of others and imitation of success stories can be assumed to play a special role in newly established transplants in different local contexts. The lack of understanding of the local conditions by foreign managers (Edwards / Lee 1999) may contribute to this since uncertainty is great and the pressure to succeed high, so that managers
look for models promising good results. For indigenous managers, on the other hand, imitating Western models is often the only way open for them, at least, before sufficient experiences have been made to make more discriminating decisions. Thus, imitation may be considered at least a formally rational strategy under these conditions of uncertainty. Even if a technique or principle does not look promising in the way of improving performance, adopting it may nonetheless have positive effects, since signalling innovativeness can boost performance indirectly by improving the motivation of workers and the evaluation of customers, thus, producing symbolical or emotional efficiency. The wish to appear innovative and modern is very often a cause leading to imitative behaviour and is especially pronounced where seemingly more advanced models exist elsewhere, which is the case in CEE societies. Cole challenges the notion that fads are just „ritualistic copying“ (Cole 1999: 13) on the basis of understanding imitation as a creative learning process through trial and error. He views fads not as capricious behaviour but as „building blocks“ (235) with the potential for developing a new orientation on a larger scale. This is a perspective which seems to hold much relevance for management in the process of transformation at a fast pace.

Management innovations can be many things, they may be principles, practices, organizational designs, theories of leadership, even quasi-philosophical conceptions like the recent „Six Sigma“ principle. Taking over the rhetoric of a new managerial philosophy is something quite different from the “entrenchment” of a practice or a structural design in the organization. For the adoption of the rhetoric a faddish process may be responsible, but the implementation of the innovation involves quite different aspects of institutional and cultural dimensions. Of course, it must be noted that already the use of a certain rhetoric can create a new situation by gradually redirecting the ways of thinking and the behaviour of people, a process which applies especially to the ubiquitous discourse on „globalization“ that induces a certain perception of reality followed by respective actions, and thus results in constructing a new reality of facts.

There are very few studies on diffusion with regard to CEE enterprises, one being by Malone/Kirk (2000) who investigated the adoption of lean production, total quality management and benchmarking in Polish manufacturing companies, and another one by Warhurst (2000) on the diffusion of soft technologies from multinationals to indigenous firms. The reason why diffusion studies on the adoptive spread of managerial innovations in CEE societies are rare, may be their emphasis on fads and fashions which seems somewhat frivolous in these cases. The more important fact is, however, that actually there has been transfer, but little spread. Diffusion of management principles seems to be restricted to mostly foreign companies or joint ventures. There are barriers to the spreading of knowledge because of competitive reasons and there are probably also hindrances deriving from cultural and psychological
facts. Diffusion of knowledge can be impeded by raising resentments when, for example, foreign managers show a low estimation of their local partners (Lenke/Goronwy 1996). Especially in cooperative ventures with foreign partners the way power and control is shared between the partners is essential for motivation and hence for learning (Cyr 1997).

Diffusion happens not only through intentional acts of transfer, but also in the course of business transactions as such; in this sense Bennett (1996) saw doing business as the best way of management development in CEE countries. But innovations spread not only through communication, power relations, informal networks and economic interests play a great role in diffusion. In CEE societies foreign investors and business partners are transmitters and promoters of management innovations and wield considerable power. The emphasis of diffusion research on contagious processes means that questions of power and legitimacy and the interests and strategies of actors are given too little attention.

2.3. Diffusion through power relations and informal networks

In the spread of management innovations networks and the loose contacts between individuals belonging to different groups or cliques which have been found of special importance to the spreading of informations (Granovetter 1973) play a great role. The greater the number of networks in which an organization is involved, the greater the likelihood of gaining access to innovations. But networks can also work to inhibit the spread of innovations. Traditional patterns of interfirm relations, established conceptions of management and professional outlooks can influence the diffusion process which was shown in a comparison between the UK and Sweden (Swan, Newell/Robertson 1999) but applies as well to CEE countries (Frege/Taplin 1999; Morawski 1998). The transition process has not uniformly resulted in the disappearance of old connections which have persisted inspite of the changes in organizations (Grabher/Stark 1997).

The network relations that have survived from socialist times, are mostly informal relations as Whitley et al. (1996) showed with regard to interfirm relations between ten large enterprises in Hungary or Clarke (1995) for Russia. They run across companies, authorities and political circles. Informal personalized contacts play a great role in the CEE countries partly because of the persistence of socialist cultural elements, partly because of the weakness of institutional and relational structures of the new system. These informal network relations have to be considered in the transformation process as well as with regard to introducing and spreading innovations. Although Ledeneva (1997) pointed out that the socialist tradition of „blat“, the use of informal contacts and networks for obtaining privileges and scarce goods, has changed since then, there still exist strong traditions of network relations and personalized contacts that have an impact on the way enterprises function and
innovations are taken up. In most cases these social remnants of socialist times are seen as hindering innovations. Jankowicz (2001) argues that the informal relations and networks which exist since socialist times should not be seen as a mark for the inadequacies of the pre-1989 management practices, because they reflect the ability for adaptive adjustment to the then existing conditions. Very often the informal relations between the people involved are more important for the diffusion of innovations than the formal contractual ones. They should instead be seen as skills which can be used also for effective performance in the new market situations. Moreover, ignorance of these capacities often leads to misunderstandings by foreign partners and hence to ineffective change interventions.

Social structural aspects play a great role in the diffusion of management innovations, and they involve power and authority relations, dependency and inequality. This is especially the case when firms are tied to one another by directorships, strategic alliances and financial links or are connected through customer/supplier relations. Enterprise groups related through financial, personal or functional ties are, of course, also networks in which informations circulate, however, in many cases not through cohesive communication, but through power relations. Intercorporate relations and interlocking directorates function as channels in the diffusion process.

The opening up of the CEE economies for foreign contacts, investments and activities has added further and quite different kinds of network relations based on financial links, venture connections and relations between foreign and local firms with intercultural aspects within firms and across firms. Often supply chains function as media for the diffusion of „soft technologies“ like management principles and techniques from multinational corporations to indigenous firms (Warhurst 2000: 30-31).

The networks that play a role in the diffusion of management innovations encompass also consulting firms, business schools and business media. Ginsberg/Abrahamson (1991) have called them „fashion-setting networks“ dedicated to the creation and dissemination of management innovations. Each of these actors plays a different role, but they all have an interest in the transmission and popularization of ideas on management and business. The state or the national governments must be taken into consideration, too, especially in transition societies because of the tradition of state planning and intervention and, hence, the widespread reliance on the authorities to promote or enable transformation and because of the traditional intermingling of economic and political relations. Martin remarks on the lingering specificity of the transition societies in Central Eastern Europe: „Three specific features distinguish post-socialist CEE from competitive capitalism: the frequent absence of „real owners“ of capital; the ubiquity of networks; and the continuing role of the state.“ (1999: 175)
The various groupings of actors form structures of interrelated networks. Abrahamson/Fombrun (1992) distinguish four overlapping sectors: the network of mass-media organizations, the network of educational organizations, the network of governmental organizations and the network of business organizations. In their study they investigated the effects of the relations that run across these networks, i.e. of the interorganizational networks, on the production of macro-culture even without the actors following outright strategic goals. But of course interests in the diffusion of ideas and technologies must not be disregarded, since the interfaces between the interorganizational networks can be used effectively in order to launch strategies benefitting some actors.

2.4. Interests and actors in the market for diffusion of management innovations

Diffusion theory has unilaterally looked at the adoption side, but actually the side of promotion must be taken into the picture as well. Diffusion is a two-sided process with the promoters or „suppliers“ on one side, and the „consumers“ of business innovations on the other side. Using this market perspective, however, does not mean that markets are understood in the sense of neoclassical economic theory. They are defined as social structures and political processes between actors that have diverging interests. This makes use of the view of Granovetter (1985) who insisted that economic interactions are centered in social relations and hence, that markets are embedded in network relations. Similarly, Fligstein (1996) has suggested a view of „markets as politics“ to indicate that the social structures of markets come into existence, produce stable situations and are transformed again, and they do this with the backing of the modern state that created the institutional conditions for markets, that is, property rights, governance structures, conceptions of control and rules of exchange. The market process is seen as a struggle of powerful actors conducted within firms in order to control organizations and across them in order to control markets.

On the level of management innovations the state usually does not play a direct role, but other actors with profit interests in the diffusion process as such have come up in a big way over the last decades: the consulting industry, the business media, business schools, and other suppliers or transmitters of management knowledge which have been termed „management-knowledge industry“ (Kipping/Engwall 2002). This industry works closely together with academic circles, so-called management gurus, with mass media and the educational system as such (Micklethwait/Wooldridge 1997: 50). Their „products“ are ideas, principles and techniques of how a firm or a work organization should be run. The actors in the knowledge industry constantly look for new „management fashion niches“ (Kipping/Engwall 2002: 712) to be exploited and the industry has grown considerably as a consequence. Kieser (2002) perceives an explosion of consulting markets and stresses the creation of
demand by launching fashions and manipulating adopters. This involves the commodification of management concepts, that is, problems and solutions are transformed and packaged into standardized recipes that can become a marketable product.

The CEE societies with their great demand for management knowledge and business education are an important area of expansion of this industry and a large market for the diffusion of innovations in business and management. The products offered by the knowledge entrepreneurs in CEE countries encompasses consulting on change management, management development and education, cross-cultural training as well as with regard to specific tools and techniques (Walger 1997; Holden 2000; Villinger 1996).

The development of management has been seen to be of great importance for the catching up of CEE economies (Gatian/Gilbert 1996; Vlachoutsicos/Lawrence 1996). This demand, however, is not met yet by the official curricula of the state schools (Bennett 1996), and learning by doing, that is, through the cooperation with a foreign partner or the employment in an international firm (Soulsby/Clark 1996) cannot prove sufficient. Therefore, management formation has become one of the booming industries in CEE countries (Edwards/Lee 1999). Universities offer management courses as a side track and private business schools have been set up by copying the curricula of Western business studies. There are also cooperations with educational institutions in Western Europe or in America in the field of management studies (Tóth 1995; Burke/Peterson 1997), and international agencies promoted business and management education for both ideological and practical reasons (Lupton/Jansen 1998).

3. Global Transformation and Cultural Change

The zeal with which Western ideas have been diffused in Eastern Europe may - at least from the viewpoint of East European commentators - disclose a missionary quality. Some commentators have seen a veritable „management crusade“ to bring Western economic culture to Eastern Europe (Jankowicz 1994; Kostera 1996). Not only interests, but also ideologies and their value bases have been involved on behalf of Western knowledge providers and investors especially in the first phase of transition.

One could assume that this zeal would find a receptive field of diffusion where former conceptions of organizing and behaving are delegitimized. But certain value orientations and attitudes that were shaped in the times of the socialist system have persisted on the side of managers and workers especially in the privatized former socialist establishments, but also among consumers. As Robinson/Stepien state, „it would be simplistic to underestimate the strength and pervasiveness of the socialist culture“ (Robinson/Stepien 2000: 133).
3.1. Culture and performance

Studies of management and business in CEE countries show a strong performance-orientation and changes are evaluated with regard to their results in terms of performance improvement and efficiency gains. Most of the studies take the perspective of the foreign investor and ask for the causes of poor performance and efficiency inspite of the introduction of Western styles of management and organizational structures (e.g. Nasierowski 1996; Riff 1994). Especially the cases of obstacles to good performance in joint ventures have received wide attention. In many studies it has been shown that the introduction of reward systems based on performance or other managerial devices which prove effective in Western contexts encounter difficulties in Eastern Europe (Mueller/Clark 1998; Fey, Nordahl/Zatterstrom 1999). A particular concern is the introduction of human resource management in the case of foreign acquisitions and joint ventures (Cyr/Schneider 1996; Meschi/Roger 1994). Many studies have commented upon the attitudes of managers and workers towards changes in the enterprise and the work organization (Svejnar 1996; Ilieva 1999). A study in a former state-owned enterprise in Poland which had been bought by a multinational firm has shown that organizational restructuring making use of change agents and the redeployment of key persons had to be complemented by the dissemination of new cultural values and norms as well (Robinson 1999).

Among the former state-owned enterprises the diffusion of modern organizational structures and management practices seems to be still limited even in the fast developing CEE societies, especially, where ownership lies in the hands of insiders or the state. There changes have not been conspicuous even when formal restructuring had been introduced (Lizal, Singer/Svejnar 1994). Still hierarchical relations and top-down lines of communication persist and make the integration of the creativity and responsibility of the lower levels of organizations difficult (Lorentzen 1998). Whitley/Czaban (1998) by investigating 27 Hungarian enterprises in the early 1990s came to the conclusion that even ownership changes have not always led to major shifts in control. Private owners implemented no sharply different policies from state managers before. Other studies report that real changes happened only in start up firms or in those companies who cooperated with an international partner (Savitt 1998). Even in cases of partnerships with foreign firms, however, it has been shown that techniques and practices were taken over, whereas strategies did not change in a similarly rapid way (Konecki 1997; Lyles, Carter/Baird 1996).

Cultural factors have been held responsible for these „limits of knowledge transfer“ (Jankowicz 2001). It was argued repeatedly that the “old” cultural mind frames cause a cultural lag which inhibits the change of structures and behaviour (Kostera/Wicha 1996; Pribova/Savitt 1995) and causes inefficient
management practices to persist (Vamosi 2001). Also the cultural factors cause differences in structure and performance beyond the effects of the diversity of policy measures and of concrete situations in the individual societies and firms (e.g. Luthans, Patrick/Luthans 1995; Mense-Petermann 1997).

Some commentators have perceived even a clash of corporate cultures hindering management development and actual performance (Thomas 1999; Roney 1997). Mentality differences have been seen responsible for the communicative difficulties encountered by Western managers (Tóth 1995), but also the ethnocentric approach on behalf of foreign executives disregarding the vulnerability of social identities of indigenous managers by colonialist attitudes and the exertion of power and control have been observed (Lenke/Goronwy 1996). Therefore, the importance of understanding the views and situations of the indigenous managers, employees and consumers as well as that of the representatives of the state on behalf of foreign executives and managers is recognized (Gatian/Gilbert 1996).

But still most studies point to the persistence of attitudes and ideas from socialist times and their interplay with management decisions (Frege/Taplin 1999). These are found in the field of managing and working as well as with regard to consumer behaviour so that the relevance of the introduction of marketing expertise rooted in the Western capitalism for the transition economies has been challenged (Thomas 1994). Neither the attitudes of workers nor the behaviour of consumers seemed then to foster the development of market orientation. It has been noted (Bauman 1993) that the image of Western economies as affluent consumer societies had led to paradoxical and detrimental aspirations and reactions in the first phase of transformation. Lovell, Ledeneva/Rogachevskii (2000) in their interdisciplinary study have shown the deep-seated and long-lasting tradition of bribery and „blat“, the informal exchange of favours, in Russia which must not be underestimated as peripheric phenomena but as deeply entrenched facets of social relations.

Sztompka (1993) even perceived a „civilizational incompetence“ in post-communist societies caused by the deep cultural legacy inherited both from the pre-modern past and the fake modernity of real socialism and resulting in deficiencies in entrepreneurial culture, political culture, discourse culture and everyday culture. He argues also that these societies lack trust as a vital resource necessary especially for the transition to a market economy, instead he finds a culture of distrust pervading all levels of social life (Sztompka 1995: 254).

3.2. Culture as an asset in global transformation

Ideas shape the view people have about reality and their diffusion involves an interpretative and cultural sense-constructing process (Alvarez 1998) which in
the case of enterprises means the way how managers perceive their firm, their work, the organization and their own roles (Kostera 1995). Management theories are developed within certain cultural contexts and they acquire a culturally differentiated importance in countries into which they are introduced (Hofstede 1994).

In our globalized world of today ideas of work, management, business and markets are influenced on one side by the spread of the business ideology of global neoliberalism and on the other side by the social and cultural traditions in the local context (Ralston et al. 1995). These contradictory influences cause problems in enterprises when innovations are to be implemented involving reorganizing labor processes and social relations in the workplace (Kovach 1994/5; Ardichvili, Cardozo/Gasparishvili 1998; Björkman/Ehrnrooth 1999). In a case study in Romania Heintz (2002) found that the cultural background of employees can render management innovations useless when they are not taken into consideration.

The process of implementation involves the change of deeper-seated aspects of breaking routines, changing value conceptions and attitudes and, hence, effects the existing relations and social structures profoundly. Implementing a new technique or practice means connecting it with the cultural and institutional structures and traditions which have produced the attitudes and perceptions of people. For entrenchment a practice must fit into all aspects of the organization as well as into the wider context, there are connections with cognitive structures and deeply held values to be considered, as well as attitudes and behavioural patterns (Zeitz, Mittal/McAulay 1999). This means, however, that by implementing it we are changing the innovation itself, too, because we make use of the tacit knowledge of people and the conditions provided by the local situation.

Culture is the values and attitudes of people, but encompasses also the reservoir of knowledge, the traditions and knowhows existing in a society which can serve as the basis for creating something new. The potential contributions of the local managers and employees in furthering transformation and producing innovations, therefore, is an important resource which must be recognized. This implies a shift from the preoccupation with catching up in terms of efficiency and performance indicators towards a perspective directed at producing innovations (Makó 2001). For this shift the CEE societies must turn to a certain extent to their own traditions and interpret them anew as to the valuable elements contained in them that should not be shed undiscriminately. The practical knowledge guiding everyday actions is embedded in the forms of living and ways of thinking, is incorporated in routines and tacit knowledge. It must be recognized that the transition societies also possess a reservoir of experiences that must not only be judged as barriers to modernization, but can in their turn contribute positively to economic culture by knowledge sharing for
reciprocal enrichment. Especially, when it comes to entrenchment, the diffusion of innovations turns into a process of adaptive learning involving specific development paths.

The argument of culture as barrier to change and diffusion of innovation, therefore, should not be overrated. The reasons for poor economic performance lie in many cases elsewhere and the cultural argument serves as excuse. Although cultural aspects are of a pervasive and profound importance in all aspects of life, they are not stable substances, but change with our situations and actions continuously. The discourse on culture, however, tends to treat it as if culture were a stable entity and thus, supports the perception of culturally differentiated worlds of understanding and acting. But culture is constantly produced through acting in everyday life as well as through the ideas and informations that are diffused. At present ideas originating in the sphere of business and the economy like the concept of “globalization” itself have a great impact on our perception of the world, mixing with our acquired ways of thinking and acting to produce diverse meanings.

Globalization is a process of diffusion on a worldwide basis, but it can also be seen as the innovation that is spreading in its own right. The enterprises of the world can be divided, therefore, according to their swiftness to take to globalization as a strategy, that is, into early and late globalizers (Mathews 2002). The CEE firms are relative newcomers, also because they have concentrated so far on the transforming and restructuring of their organizations and conceptions of management in order to achieve efficiency levels that can compare with their Western counterparts. The changes in the CEE countries are instances of the transformations going on in the process of globalization in general.

Transformation due to globalization is going on in all countries today by which new forms, structures and meanings are created. In this process networks, interests and strategies of actors as well as attitudes and perceptions play a role, all of them shaping and being shaped by culture. Culture involves power aspects and questions of legitimacy. Cultures and societies all over the world are influenced by the global activities of the multinational corporations and by transnational networks, the movements of global capital and the spread of ideas through worldwide nets of telecommunication, in the field of enterprises also by the management knowledge industry. But on the other hand the ideas change in the course of their spreading and the techniques are transformed in the process of implementation in the local contexts. Also the CEE societies, therefore, are not just recipients of the transfer of knowledge, but hold a potential for contributing from their side to the furthering of knowledge. In this sense the time has come to recognize the diversity between the CEE societies in a positive way, that is, as different paths of transformation, not to a uniform market
society, but as ongoing open-ended processes of specific developments (Luthans, Patrick/Luthans 1995; Mense-Petermann 1997).

4. Conclusion

The discourses on knowledge transfer and transition to market economy gradually become outdated at least with regard to some of the CEE societies. These societies transform as they get integrated more and more in the globalized world. Innovations are taken up in this process leading to changes of rhetoric and/or restructuring and reorientations of enterprises. We have put forward a view of diffusion as a process not restricted to a faddish conception of adoption behaviour nor to a unilateral transfer perspective, but as a realistic consideration of the forces leading to development of knowledge and enterprise performance. In this process power and influence, network relations and social structural aspects play a role, but diffusion as a two-sided affair implies also the intermingling of old and new, of outside influences and inside perspectives. Old and new informal networks between managers and with other actors in the political and social context, the power and motives of investors, the structure and strategies of multinationals and the policies of the state must be taken into consideration as well as the attitudes and the tacit knowledge of managers, workers and consumers. Thus, diffusion must be seen as a complex process of spreading and implementing, in the course of which the innovation itself undergoes changes. Culture, which has been viewed mainly as a barrier to the transfer of knowledge and the performance from the viewpoint of foreign investors, holds a potential for innovation and a chance for reciprocal enrichment.

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Globalization, transformation and the diffusion of management innovations


Devolving responsibilities for human resources to line management? An empirical study about convergence in Europe

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The lively debate about converging or diverging management practices is not yet decided. Human resource management (HRM) is no exception. Using the widely discussed issue of HR specialists handing over HR tasks to line management as an example, the article analyses whether European companies in the last decade have adopted similar HR practices and whether successful European companies are similar to each other in this respect. The results show that there is no trend towards convergence in Europe. Furthermore, various configurations of HR practices characterise successful organisations. Both results have important consequences for HR academics and practitioners, especially in the Central and Eastern European countries.

Key Words: Empirical research / Human resource management / Organisational performance, Europe / International comparative studies

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1. Introduction

The lively debate about converging or diverging management practices is not yet decided. Advocates of convergence argue that due to factors like globalisation, technological developments or economic rationality one can see an increasing similarity between organisational forms and management practices (Kerr et al. 1960; Engwall 2000). Counter arguments claim that different institutional frameworks, e.g., legal systems, systems of corporate governance, or educational systems, lead to diverse local forms of management (Whitley 1994). In Europe, this debate has an internal as well as an external point of reference. The internal perspective covers the development in different European countries. Through the European Union (EU), its affiliates and the prospective members, the issue of common standards has been raised in various areas and become important. The external perspective puts its emphasis on the comparison between Europe and other important economic and political actors, especially the United States and Japan. Some researchers even see a distinct European model evolving (e.g., Brewster 1994a) question the tendency towards an increasing identity of North-American and European management practices (Sparrow/Hiltrop 1997; Müller 1999).
The convergence-divergence debate as a part of the more general phenomenon of diffusion of concepts, tools, ideas etc. is fuelled not only by theoretical controversy, but also by a number of practical ‘real life’ factors. Among the most important are the globalisation of business over the past decades, the creation of large institutions like the EU, or North American Free Trade Agreement (NAFTA) and an increasing competitive pressure companies face.

The globalisation of business is closely linked with the rise of internationally or globally operating companies. Not only the obvious examples of well known global players like ABB, IBM, Volkswagen or Coca Cola, but to an increasing extent also smaller firms make their business in markets that by far transcend national and regional borders. One of the classic issues within these companies is the tension between standardisation and localisation. While standardisation supports economies of scale and scope or flatter learning curves, localisation tailors processes and products to the context in which the business units are located. Standardised processes promote converging developments, whereas localisation is a force towards greater divergence of developments.

The large evolving institutions like EU or NAFTA only can exist if a core of joint procedures and regulations exist. For example, the existing legal regulations within the EU relating to the contract award process, the social regulations or the recruitment of personnel are just a few examples for a tendency towards a more unified legal codex in the member states. In turn, such regulations exert a strong influence towards at least partly similar processes in the companies.

Increasing competitive pressure at the national and the international level comes from a number of sources (e.g., Czinkota et al. 1994). The emergence of large trading blocks like the ones mentioned above increase the market size dramatically. In turn, this may lead to a lower degree of monopoly because a larger market will increase the number of companies competing with each other. In addition, less productive economies are challenged by such developments. Market transparency for customers has greatly increased. For example, the Euro enables customers to compare prices within the Euro zone across a number of different national states with great ease. Likewise, the existence of the internet and the increasing accessibility of the internet throughout the world contribute to the transparency of the markets. It is comparatively easy and cheap for customers to get essential information within a short time. Thus, companies know that they can no longer reckon with uninformed customers that have no choice. Last, but not least the volatility of international capital seeking to gain a maximum return keeps companies on their feet. Companies know that they have to deliver good financial results in order to keep their shareholders. Thus, overall organisational performance becomes increasingly crucial.

Among the different areas of management, analysing the diffusion of human resource management (HRM) concepts and their convergence/divergence as
well as their link to organisational performance is especially interesting. On the one hand, people seem to be one of those organisational resources that are less prone to standardisation because of differentiating factors like personality or national culture. On the other hand, human resources are regarded as one of the crucial organisational success factors. As such, HR processes should be no exception when it comes to standardisation. Given this spectrum, HRM seems to be a good example for discussing the question of diffusion of management concepts since the incentive for companies to ‘streamline’ processes in these areas is great, yet there are certain barriers that restrict such efforts.

The current paper builds upon these considerations and focuses on the area of the diffusion of HRM concepts in Europe. More specifically, it empirically analyses converging or diverging developments in HR and its relation to performance. Using the widely discussed issue of HR specialists handing over HR tasks to line management as an example, it deals with two questions:

1. Have European companies in the last decade adopted more similar ways of sharing the responsibility between HR specialists and line management?

2. Do successful European companies have a common way of sharing the responsibility between HR specialists and line management?

2. Conceptual background

In spite of the growing debate at the European and global level about the existence of converging or diverging tendencies in society and its subsystems, it is by no means clear what is meant by convergence/divergence and which theoretical considerations constitute the basis for such developments. Organisational theory is no exception. This section will explore theoretical positions and their empirical operationalisation.

2.1. Convergence and divergence

2.1.1. Theoretical positions

Convergence

Proponents of convergence theory argue that the logic and constraints of market economy and technology of production is the main force that does not allow organisations to deviate from ‘good’, ‘accepted’ management practices (Kidger 1991). Thus, differences due to historical, geographical or cultural reasons will disappear. There will be absolute uniformity. However, once differences in terms of sector, strategy or resources available for the organisations are taken into account, a tendency towards similar solutions for similar problems will emerge.
The often tacit assumption behind most of convergence thinking is the existence of ‘invisible hands’ that guide organisational processes and behaviour. Most often, these ‘invisible hands’ serve the purpose of economic rationality and efficiency.

Historically, a number of prominent advocates implicitly or explicitly have taken this point of view, among them, for example, Max Weber, Henry Fayol or Frederick W. Taylor (see Weber 1980; Weber 1988 [Orig. 1917]; Fayol 1916; Fayol 1985; Taylor 1919).

In more recent times, a number of arguments have emerged that also point towards convergence. Some focus on managers and their role as specific type of organisational member leading to more unified organisational practices (for an overview see Frech et al. 1996). Transaction cost theory (Williamson 1975) argues that firms with similar or identical transaction costs develop similar organisational forms (Hollingsworth/Boyer 1997: 34). Likewise, the ‘structure follows strategy’ position points towards unifying forces of similar environments (see, e.g., Chandler Jr. 1962; Chandler Jr. 1977). In addition, some argue that the United States can be regarded as a long-time leader in the area of technological development and economic prosperity, thus serving as a ‘role model’ for other countries (Kerr et al. 1960; Locke et al. 1995).

- **Divergence**

In direct contrast, the divergence thesis emphasises the factors that lead to different developments in organisations and countries. For example, from an institutionalist perspective variables like the institutional framework, e.g., legal regulations, powerful ‘local’ actors, or specific societal norms constrain organisational or managerial freedom of action, thus producing different solutions for the same organisational problems (Meyer/Rowan 1977; DiMaggio/Powell 1983). Divergence theoreticians would argue that it is not primarily the economic rationality detached from the concrete context an organisation is operating in but rather the societal context – including elements like social norms and values, law system, or demographic composition of the work force – that determine how organisations act (Whitley 1994). Only if these variables are similar, converging developments are to be expected. From an institutional perspective, the main focus is on the importance of the national institutional context and its consequences for the behaviour of organisations. Some recent studies have shown this influence (e.g., Goodeham et al. 1999; Kostova/Roth 2002).

- **Hybridisation**

The situation within the European Union is very specific. In some areas this institution has been given the power to create a more unified context within which organisations have to operate (Brewster 1994a; Brewster 1994b). Nevertheless, national institutions and individual countries still have room to
Devolving responsibilities for human resources to line management?

manoeuvre. Therefore, within the common framework different solutions will occur at the national and/or organisational level. In this way, a European hybrid model emerges. It is based on the assumption that there are forces from the market, technology and institutional context that promote convergent developments. At the same time, the cultural and institutional context at the national level promotes a more differentiated European picture in the area of management practices. Findings for convergent as well as divergent tendencies of management practices in Europe might be interpreted as two sides of the same coin (for a similar view of convergence and divergence occurring simultaneously see, e.g., Fombrun 1986: 414). This thinking suggests that simultaneously management practices in Europe become more alike in certain areas (‘convergence’) and stay or become different in other areas (‘divergence’).

2.1.2. Empirical conceptualisation

The question of operationalisation arises when we turn to empirical investigation: What is meant empirically when we talk about converging or diverging development in various countries? We propose that one can differentiate between at least two different forms of convergence: directional convergence (type I) and final convergence (type II).\(^1\)

Table 0. Directional convergence (type I) – illustration of basic mechanism

\[^1\text{Obviously, } \textit{mutatis mutandis} \text{ the same is true for divergence. For a third type of convergence, majority convergence, see Mayrhofer et al. 2002.}\]
• Type 1 – directional convergence
When comparing the developments between various countries one can speak of directional convergence if the development tendency goes into the same direction. Regardless of a starting level in each country the variable analysed changes in the same direction in each country. Table 1 shows the basic idea using an example to illustrate the idea.

As one can see from the table, in both countries A and B the development over time of, e.g., the frequency of use of a certain instrument, points into the same direction: the instrument is increasingly being used. Nevertheless, in absolute terms the frequency of use in the two countries is at a different level. Thus, the direction of the development is the same, yet the countries differ in absolute values.

• Type 2 – final convergence
Final convergence (type 2) emerges if the development of a variable in different countries points towards a common end point. In other words, the differences between countries decrease. This development is independent of directional convergence (type 1) as different developments in terms of, for example, frequency of use of a certain management tool, still can result in final convergence. Table 2 shows three country pairs as examples for different cases of final convergence.

Table 2. Final convergence (type 2) – illustration of basic mechanism

<table>
<thead>
<tr>
<th>Development over time</th>
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<tbody>
<tr>
<td>%</td>
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<tr>
<td>0</td>
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<tr>
<td>t</td>
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</table>

The two trend lines in the upper half (countries A and B) show a first case where the development at time t starts at a different absolute level. After the start, it continually moves in the same direction (increase, thus directional convergence) and towards a common endpoint where there is less difference in absolute terms. Hence, final convergence occurs. The two trend lines in the
middle (countries C and D) illustrate a different case. Again, the starting point is different in absolute terms. However, the direction of development – a decrease in country C and an increase in country D – is different. In other words, there is no directional convergence. Nevertheless, final convergence emerges: the development in both countries point towards a common endpoint, again reducing the difference between the two countries in absolute numbers. The third illustration with countries E and F is similar to the first one, only this time there is a common decrease in frequency. Nevertheless, directional (both developments point in the same direction) and final (the development runs towards a common endpoint) convergence occurs.

2.2. Decentralisation of human resource activities

A common theme in much of the management literature and practitioner rhetoric is the replacement of centralised, bureaucratic and hierarchical structures by more flexible, decentral, project oriented forms where information networks and ‘the culture glue’ are more important than formal rules and regulations (Zenger/Hesterly 1997). Various aspects are linked with this. First, companies retain only the core competencies within the firm while outsourcing most low value-added activities. Second, front-line managers are provided with greater autonomy. They are allowed "to design their own jobs, fix their own processes, and do whatever it takes to satisfy a customer" (Hamel/Prahalad 1994: 290). Hence, these new organisational forms question the degree to which responsibility between line and staff functions is shared (Mayrhofer 1999). Third, there is much less emphasis on hierarchies which generally become much flatter. Hierarchies that have become too expensive and impeded information flows are partly substituted by more flexible, project-based forms of organisation (Whittington et al. 1999). Fourth, formal and informal information networks bind the autonomous units together (Chakravarthy/Gargiulo 1998: 438).

Such a change requires, among others, new ways of co-ordination and control in order to support the integrative element in a ‘fluid’ and diverse organisation (Drumm 1996). Linked with this is the devolvement of responsibilities for decision making and the devolvement of operative action from central, specialised units with expert knowledge to line management or even the employee ‘down the line’. Some even argue that decisions about the allocation of all resources should be assigned to front-line managers (Hamel/Prahalad 1994).

HRM is not left untouched by these developments (see, e.g., Brewster et al. 2000, Scholz 1995). The move towards assigning more decision making power to line management has its HR facet: the HR department has to think about new ways of supplying the necessary services, performing its functions and equipping line managers with the necessary skills and competencies to handle
the new HR tasks that they are confronted with. For quite some time this issue has been discussed in the literature (see e.g. Walker 1989, Brewster et al. 1997).

It is argued that line managers play a key role within major areas of HRM like recruitment and selection, retention, development, compensation and lay off. Due to the closeness of line managers to the employees and their first hand insight responsibility should not left solely to human resources specialists. HR specialists are moving into a role of co-ordinator and catalyst for HR related activities of line managers – "management team player[s] working (jointly) with the line manager solving people-related business issues" (Schuler 1990: 51).

The rationale for this development seems to be quite convincing. First, there is some logic to the argument that there should be a unity of responsibility for and decision about resources. Those who have immediate access to resources, insight into the daily needs and make the decisions accordingly should also have the primary responsibility. Human resources are no exception here. Second, for many organisations personnel costs are a large part of their operating costs. Increasing cost pressure leads to a tendency of reduction of indirect, not directly 'productive' employees, often located in central specialist units. Therefore, the pressure to include more of the management of human resources into line management responsibilities with the intended side-effect of reducing HR staff increases. Third, the assignment of HR activities to the line managers’ task portfolio increases their effectiveness. Given that line managers have the most immediate and up to date information about the employees' competence and represent the company to the employees, providing them with authority and responsibility to cover all or at least many crucial aspects of HR work gives them a greater impact on the employees' behaviour. Therefore, modern HRM has two components: To "... the strategic business policy decision-making activity designed to ensure a coherent and integrated approach to the overall management of the organization ... the generic responsibility of line or general managers for the day-to-day 'people-management' activities" (Kennoy, 1990: 7) is added. Both of these elements should contribute to increasing organisational performance.

3. Hypotheses

The remainder of the paper empirically analyses whether an increased decentralisation of HR activities, i.e., a devolvement of responsibilities from HR specialists to line management, can be observed and if this is positively linked with organisational performance. Specifically, we will test for directional (type 1) and final (type 2) convergence for the devolvement of responsibility away from central HR specialists towards line management and analyse whether such a devolvement is positively related to overall organisational performance. Our analysis will be guided by three hypotheses.

- Directional convergence
In line with a general decentralisation of HRM one can expect that parts of the responsibility as well as operative tasks will no longer be assigned to technical specialists in the HR department. Instead, line management will increasingly take over these tasks. Therefore, the following hypothesis can be formulated:

**Hypothesis 1**
The percentage of European companies devolving HRM responsibility away from specialists towards line management has increased over the past decade.

- **Final convergence**

In addition, we propose that companies in European countries not only use line managers to an increasing extent for HR tasks, but also that differences between countries decrease. Thus, a common model of European HRM starts to evolve. This leads to the following hypothesis:

**Hypothesis 2**
The differences between countries in the degree of devolving HRM responsibility away from specialists towards line management are smaller at the end of the analysed time span than at the beginning.

- **Devolvement of responsibility and organisational performance**

Relating to organisational performances, we argue that the devolvement of HR responsibility to line management – a recommendation in HR often equated with successful HR management – is used by successful organisations. This results in the following hypothesis:

**Hypothesis 3**
A greater devolvement of HRM responsibility from specialists towards line management is positively linked with good organisational performance.

### 4. Methodology

#### 4.1. Database

The data used for our analysis has been generated by the Cranfield Network on European Human Resource Management (Cranet-E), a research network dedicated to analysing developments in HRM in public and private organisations with more than 200 employees in a national, cross-national and quasi-longitudinal way since 1989 (see Brewster/Hegewisch 1994, Brewster et al. 2000, Brewster et al. 2004 [in print]). The database used for the analysis includes 18 European countries\(^2\) where at least two measurement points in time

\(^2\)For historical and analytical reasons, Germany East and West are treated separately.
during the five major European survey rounds between 1990 and 1999 are available (see table 3).

Furthermore, the analysis is restricted to private sector for-profit organisations with more than 200 employees. Thus, overall 20,688 companies are included in this analysis.

4.2. Devolvement of HR responsibility

In the Cranet-E survey respondents are asked to identify HR practices of their own organisation in five areas: pay and benefits, recruitment and selection, training and development, industrial relations, and workforce expansion or reduction. In each case respondents rate their organisations whether primary responsibility for major policy decisions rests with line management, line management with personnel or HR function support, the personnel or HR function with line management support, or with the personnel or HR department alone. An index is calculated ranging from 5 points, meaning that the HR department alone decided in all five areas, to 20 points, indicating that in all five areas solely the line managers are the decision makers.

Table 3. Countries included and year of survey

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<td>Turkey</td>
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<tr>
<td>Belgium</td>
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</table>

4.3. Measures of convergence

The analyses of directional (type 1) and final convergence (type 2) for the devolvement of responsibility away from central HR specialists towards line management is based on logistic regression models. Time is the primary explanatory variable in these regression models as our basic assumption refers to yearly changes in the response variables. Our regression models also control
Devolving responsibilities for human resources to line management?

for possible differences in the size of the firm, the sector the company operates in, and foreign ownership. Firms are divided into large (more than 1000 employees), medium (between 501 and 1000 employees), and small (between 201 and 500 employees) companies. Firms are assigned to the primary, secondary or tertiary sectors, depending on their response to one of the survey questions. Finally, a distinction is made between indigenous companies and companies that are under foreign ownership assuming that this makes a crucial difference for the usage of HR concepts and tools.

For directional convergence (type 1), a regression model for each of the countries included is estimated for the response variables. Estimates of the yearly changes in the response variable are obtained, and their significance is assessed by calculating their t-ratios.

For final convergence (type 2), the regression models for each country constitute the basis of the analysis. The regression equation for each country leads to an assumed value for each quarter of a year between 1990 and 1999. This results in individual country values for 40 points in time. For each of these 40 points in time the mean and the standard deviation of all the countries included are calculated. In this way, we are able to determine the ‘band-width’ of country values for each of these points in time. This ‘band-width’ is constituted at the upper end by the mean value of all countries plus one standard deviation and at the lower end by the mean value of all countries minus one standard deviation for each point in time. The point of maximum convergence is calculated by determining the point in time with the minimal difference between the mean value of all countries plus one standard deviation and the mean value of all countries minus one standard deviation.

4.4. Measures of organisational performance

The relationship between organisational performance and the devolvement of HR responsibility is analysed by using a logistic regression model. In the survey, respondents are asked to estimate organisational performance by comparing their company’s gross revenues and costs. In our analysis, a dichotomous variable differentiates between companies with gross revenues ‘well in excess of costs’ (one item in the questionnaire) and those who rate their performance less good. Since organisational performance is not only influenced by management measures, but also varies due to time based factors like economic growth or decline and country and sector specific factors, we take into account these influences. Hence, for each year logistic regression analyses are conducted separately. Country, sector, size and status as part of a multinational company or not is introduced as controlling variable and are not accountable for differences in organisational performance.

In an additional step, we are also looking more closely at interaction effects that are not covered by logistic regression analysis. CHAID (CHi-square Automatic
Interaction Analysis) is a statistical tool segmenting samples along specific criteria having a high or low value. These segments differ statistically significant from each other. In our analysis, CHAID identifies segments which contain statistically significant different portions of successful companies. Beyond the devolvement variable other HR practices often mentioned as relevant for organisational performance are included as segmentation variables: decentralisation of HR policy decisions towards 'lower' organisational levels; outsourcing of HR tasks; size of HR department; investment in training and development; information of employees; performance related compensation; use of flexible work practices. In addition, country, size, sector and foreign ownership are included.

5. Results and discussion

5.1. Convergence

- Directional convergence (type 1)

The first hypothesis refers to the increasing allocation of HR responsibilities to line managers in the sense of directional convergence (see table 4).

The analysed aspect – the distribution of responsibility between members of the HR department and line management – is measured by a composite measure ranging from 5 to 20 (high centralisation vs. high decentralisation). The figures for each country indicate the average yearly change of this composite measure. A positive prefix indicates a development in the same direction as hypothesised, i.e., a movement towards greater responsibility of line management or, in other words, a higher value of the composite measure. For example, in Ireland the positive value of 0.13* indicates that there is a statistically significant shift in HR responsibility towards line management of 0.13 composite measure points per year or 1.3 points over the ten year period which is in line with the hypothesis. On the other hand, the value -0.015 for Denmark indicates a statistically not significant development towards increased centralisation, i.e. responsibility for HR management, of 0.015 per year or 0.151 composite measurement points over ten years.

Overall, the countries split half in terms of the direction of the development: 50 per cent move into the expected direction and 50 per cent do not. Only three countries, however, show statistically significant changes, all of them in the direction expected. Over all countries a slight shift towards an increased responsibility of HR departments in the issues analysed can be observed. The mean value of all countries together does not support our hypothesis assuming a decentralisation tendency. On the contrary, we can see a statistically not significant ‘back swing’ of 0.015 composite measure points per year or 0.15 over a ten year period towards a greater centralisation.
Devolving responsibilities for human resources to line management?

**Table 4. Distribution of responsibility between HR department and line management – yearly change (directional convergence)**

<table>
<thead>
<tr>
<th>Analysed aspect</th>
<th>Distribution of responsibility between HR department and line management</th>
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<tbody>
<tr>
<td><strong>Range and explanation of scales</strong></td>
<td><strong>Scale range: 5-20</strong></td>
</tr>
<tr>
<td></td>
<td>5: HR department is primarily responsible for crucial decisions in all five major HR areas</td>
</tr>
<tr>
<td></td>
<td>20: Line management is primarily responsible for crucial decisions in all five major HR areas</td>
</tr>
<tr>
<td><strong>Average value, all countries and points in time</strong></td>
<td>Scale value: 12.6</td>
</tr>
<tr>
<td><strong>Developments between 1990 and 1999 (values indicate average yearly change)</strong></td>
<td><strong>HR responsibility shifts from HR departments to line management</strong></td>
</tr>
<tr>
<td>Hypotheses about developments</td>
<td>Austria (2)^+</td>
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<tr>
<td></td>
<td>Belgium (2)</td>
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<td></td>
<td>Czech Republic (2)</td>
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<td>Denmark (4)</td>
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<td>Switzerland (3)</td>
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<td></td>
<td>Turkey (3)</td>
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<tr>
<td><strong>Average of developments, all countries</strong></td>
<td>-0.015</td>
</tr>
<tr>
<td><strong>Proportion of countries with developments according to hypotheses</strong></td>
<td>50%</td>
</tr>
</tbody>
</table>

^ The values in brackets indicate the number of measurement points in time

* significant regression coefficient at the .05 level, one-tailed test of hypotheses
Final convergence (type 2)

Confirming the second hypotheses dealing with final convergence hypothesis – countries become more similar over time – would require a movement towards a common end point. By the operationalisation we chose, this would be indicated by a decreasing ‘band width’ of the mean country values plus/minus one standard deviation for each point in time. The results are presented in table 5.

The upper part of the table provides the overall view of the development across all 18 countries over time. The solid line in the middle of the grey band indicates the average absolute value of the composite measure for all countries for a given time and the direction of change over time. It starts with 12.9 composite measure points. At the end of time span analysed, this value has gone down to 12.79 which is necessarily in line with the findings of the discussion about directional convergence.

The grey band itself shows the development of the heterogeneity of the country values over time. The ‘waist’ of the grey band where there is the least bandwidth indicates the point of maximum convergence. Contrary to our hypothesis regarding the relative share of responsibility between personnel and line managers, European firms show the least divergence between 1991 and 1992 where the ‘waist’ of the band is smallest. Thus, despite continuing recommendations and prescriptions for a devolvement of HR responsibility to line management during the 1990s, developments across European countries diverged during the 1990s.

The lower part of the table uses the overall view as the background for illustrating the developments in the various countries. The developments for all the 18 countries included are illustrated by regression lines for each country. Again, absolute level and direction of developments can be seen for each country. In addition, it illustrates the great variety of developments in the various countries where increases, relatively stable situations as well as decreases in the value of the composite measure can be seen.

5.2. Devolvement of HR responsibilities and success

The third hypotheses deals with the link between the devolvement of HR responsibilities and organisational performance. The results of a logistic regression analysis can be found in table 6.

In 1995 and 1999, there is no statistically significant correlation between devolvement of HR responsibility and success. In 1992, the only year where a significant correlation exists, the correlation is not in the expected direction. The odds-ratio of 0.81 indicates that a change of responsibility towards line management of 1 index point reduces rather than, as expected in the hypothesis, increases the odds of organisational success by 19 per cent. Thus, successful companies have given less responsibility to line management over time. Thus,
the empirical results do not follow our hypothesis that a greater devolvement of HR responsibilities away from HR specialist departments towards line management is positively related to organisational performance. In the years analysed, the relationship either is statistically not significant or in a direction contrary to our expectations.

The results of the CHAID analysis basically confirm these results. No significant effects regarding the link between devolvement of HR responsibility to line management and organisational performance can be detected.

However, CHAID analysis points towards another important aspect of the link between HR practices and organisational performance: quite different HR configurations, i.e. specific combinations of HR practices, are positively related to organisational performance. All the segments printed in bold contain such specific configurations which are linked with organisational success (see table 7).

Table 5. Country differences in the distribution of responsibility between HR department and line management (final convergence) – overall and country specific picture
Devolvement of responsibility from HR specialists to line management
18 Countries
1990 to 2005

<table>
<thead>
<tr>
<th></th>
<th>1992</th>
<th>1995</th>
<th>1999</th>
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<tbody>
<tr>
<td><strong>Controlling variables</strong></td>
<td></td>
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</tr>
<tr>
<td>Country</td>
<td>X¹</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Sector</td>
<td>X</td>
<td>X</td>
<td></td>
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<tr>
<td>Size</td>
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<td></td>
<td>X</td>
</tr>
<tr>
<td>Link to Multinational Company</td>
<td>X</td>
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<tr>
<td><strong>Regression variables</strong></td>
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</tr>
<tr>
<td>Distribution of responsibility between HR specialists and line management</td>
<td>0.82</td>
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</table>

¹ For controlling variables (country, sector, size, linked to multinational company) only the existence of a significant effect is indicated.

The table shows that – in decreasing absolute numbers and traceable by following the ‘tree’ along the bold printed alternatives at each of the ‘crossroads’ – three basic HR configurations exist that ‘contain’ a significantly greater portion of successful companies:
• Companies with performance related incentive schemes and more than 500 employees

• Companies with no or few performance related incentive schemes and highly centralised policy determination, i.e., all policies are determined by the (international) headquarter. In this case, the existence of performance related incentive schemes or – if not available – a high importance of innovation for organisational success in addition make a crucial difference

• Companies with few or many performance related incentive schemes and a more decentralised way of policy determination – if quality is strategically important for organisational success, HR functions are outsourced and where service is not so critical

While a detailed analysis of these goes beyond the scope of this paper, they make one thing clear: There is no clear and stable link between organisational performance and devolvement of HR responsibilities. Likewise, there is no ‘magic tool’ or ‘one best way’ of using different HR practices. Very different configurations of HR tools and concepts are linked with high organisational performance.

6. Discussion

Slight tendencies towards ‘recentralisation’ and increasing divergence go against our hypotheses but confirm latest trends in HR as reflected, e.g., in oral reports of head-hunters and HR-consultants. The growing importance of human resources and training and development, the introduction of standardised and sometimes complicated HR related tools like, e.g., performance related pay systems strengthen the position of central HR. They demand a good amount of knowledge and time often not to be found in line management. In the past, many companies did not place so much importance to the HR function. Smaller companies very often did not even have something like a formal personnel department. Rapidly growing companies of the new economy often had no time to deal with questions of formal organised HR functions. Instead, line managers with the day-to-day contact with employees were trying to solve the HR problems. As these companies reach a certain size or phase of differentiation, HR becomes more complicated. Thus, specialists dealing in depth with these kind of problems are needed. Again, this strengthens the existing HR departments or fosters the establishments of central personnel functions.

Further explanations are possible at the country level. Ireland, Norway and Sweden seem to be continually on the way to decentralisation. Approximately half of the other countries, however, show – though statistically not significant – the reverse trend.
From a cultural point of view we can identify a Northern European cluster, showing a tendency to a decentralisation of HRM activities to line managers. This goes in line with Brewster and Larsen (2000a: 29) who identify Ireland, the UK, the Netherlands, Sweden, Denmark, and Finland as countries of Northern Europe where „the commonalities between the approaches to HRM are, in comparison to other parts of Europe and the world, greater than the differences.” There is survey evidence (cf. Brewster/Söderström 1994; Brewster et al. 1997; Brewster/Larsen 2000b) confirming a leading position in the decentralisation of HRM activities of the Northern European countries at different points of time. There is one exception, Denmark, holding an even more leading position within the Northern European cluster of other studies whereas in our study Denmark does not show such a development. But as the Danish result in our study is statistically not significant, there may be other influences being responsible for this outcome. Furthermore it is important to note that the different countries are not starting from the same position.

Nevertheless, the question remains why Northern Europe seems to be more on a track to decentralisation. Spyropoulos (1996) contrasts the Northern European countries, where freedom of association and collective bargaining rights are effectively ensured by legislation, with several Southern European countries, where such rights are absent or less effectively protected. This goes in line with a significant legislative involvement in employment matters and the importance of equal opportunities (see also Brewster/Larsen 2000a). Considering the five issues examined in our study (pay and benefits, recruitment and selection, training and development, industrial relations, and expansion and reduction of the workforce) we can see that in some way they are all subject to one of these regulations. This means that there is less freedom within the companies. We therefore assume that such a clearly defined framework in personnel matters may be favourable to allocate personnel responsibilities to e.g. line managers because it will be easier for them to handle these matters which so far have not been their daily business.

Likewise, Northern European countries seem to be quite similar when looked at through a cultural lens. According Hofstede’s well known culture study Northern European countries are very high in femininity (Hofstede 1980). He also stresses lower power distance positions of the Northern countries which indicate a more democratic way of thinking and acting within organisations. Other characteristic features of the Northern European cluster are a substantial state-owned sector, the central role of the government in setting standards for wages and working conditions, rather high levels with trade union membership, and strong educational backgrounds.
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Table 7. Devolvement of HR responsibilities from specialists to line management and organisational performance – CHAID analysis

In terms of organisational performance, a number of reasons possibly contribute to the absence of a clear and continuous link with the devolvement of responsibility. First, as outlined above, there seems to be a ‘back swing’ towards recentralisation emerging. It may well be the case that especially leading edge and economically successful companies are a substantial part of that development. Second, as the CHAID analysis has shown, it is never only one factor that contributes to organisational performance but different configurations of HR practices. Third, and related to the argument before, organisational performance has multiple causes. The devolvement of responsibilities may be just one among numerous influencing factors that play a role here. Nevertheless, it seems remarkable that unlike other factors like
performance related pay, outsourcing or decision procedures on policy issues a very prominent factor in the HR discussion has no clear statistical effect here.

7. Concluding remarks

There are a number of lessons that can be learned from this analysis. They apply to HR academics and practitioners in general and those in Central and Eastern European (CEE) countries in particular.

First, there is no clear trend towards convergence in the area analysed here. Additional research suggests that this is no exception but rather the rule – stasis seems to be at least as frequent as convergence or divergence (see, e.g., Mayrhofer et al. 2002; Müller et al. 2001; Mayrhofer et al. 2004 [in print]). Thus, there is no immediate threat to diversity and a national identity or way of doing things, at least as far as HR is concerned.

Second, the picture emerging is rather diverse and by no means complete. At a theoretical as well as at an empirical level we do not adequately understand the forces and dynamics of change that affect organisations in the developing Europe. This is especially true for the CEE countries where these changes are, at least in part, even greater. Due to their history in a non-market economy environment for several decades and the ongoing transition process it will be especially interesting to see how convergence or divergence processes develop in these countries. The current analysis can contribute little to this question due to a lack of data. However, in the coming round of the Cranet survey more CEE will be included. Thus, an empirical contribution to this issue can be expected.

Third, a good deal of scepticism about so called best practice models seems to be justified. This analysis as well as other evidence (e.g., Müller-Camen et al. 2003) suggests that there is no ‘one best way’ of managing HR to contribute to organisational performance. This is not only in line with much of organisational theory which – after many years of research within a contingency theory framework – concludes that there is no clear answer to any ‘ideal’ organisational configuration (see, e.g., Kasper et al. 2002: 59 ff.). It is also an important message to CEE countries. Often, organisations in these countries are under a lot of pressure to import and implement ‘good’, ‘proven’ and ‘superior’ models of Western management. While it would be of little value to deny the importance of constantly improving and changing national management practices, our results carry an important caveat: various configurations of HR practice and, we dare to claim, management in general can be linked with good organisational performance. This allows for a greater variety of solutions than often claimed.

Although the evidence is clearly limited, it suggests that theoretically as well as empirically the issue of convergence and divergence is more complex than assumed. This study uses quasi-longitudinal data and questions some of the
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seemingly ‘clear’ assumptions about the increasing convergence of management practices as well as their importance for organisational performance. As so often, however, more research is clearly needed.

References


Devolving responsibilities for human resources to line management?


Culture Standards and their impact on teamwork – An empirical analysis of Austrian, German, Hungarian and Spanish culture differences*

Amanda Dunkel, Sylvia Meierewert**

This article examines the impact of different cultural standards on the processes and performances of Austrian, Spanish, German and Hungarian task groups. We therefore analyzed 201 qualitative interviews with Austrians, Spaniards, Germans and Hungarians, which were conducted from 1996 to 2001. This paper uses the cultural standard framework as its theoretical background as well as the concepts of team development. The emphasis of our research is on those culture standards that have been identified as relevant for the cooperation within teams. Critical Incidents that can be explained by the above-mentioned culture standards have been categorized referring to the “Five-Phase-Model” of team development by Tuckman and Jensen.


Key Words: Intercultural Teams, Intercultural Management, Intercultural Communication, Teamwork, Cultural Standard.

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1. Introduction and Aims

Developments affecting the environment of organisations like globalisation, a reduced significance of national borders or technological change do not only lead to new organisational forms like large conglomerates doing business on a truly global basis, virtual organisations or organisational networks, but also lead to considerable changes inside organisations. The flattening of hierarchies as well as the increasingly project-oriented forms of organisations and work processes are only a few of the consequences organisations nowadays have to deal with. On the level of every day work we can observe a considerable increase in the use of teams and team work. In view of the above-mentioned increasingly dynamic and global environments, today’s organizational groups are more often culturally diverse than ever before. There is a considerable body of literature addressing the problems linked to group work, its higher or not so high efficiency or group dynamic processes, etc. (Bettenhausen 1991, Hill 1982, Shaw 1983). Several studies already examine the impact of diversity within groups (Watson/Kumar et al 1993, Davison 1996, Watson 1998). But we still know rather little about the effects of special cultural traits on the process and performance of task-related group work.

In their study on work team members Kirkman/Shapiro (2001a, 2001b) considered four cultural values such as individualism-collectivism, power distance (Hofstede 1980), doing orientation and determinism (Maznevski et al. 1997) and their influence on teamwork. The authors suggest that considering only four cultural values in research leads to very limited results. Therefore the identification of further cultural values represents an important aim in future research.

In order to advance the already existing approaches we outline in our exemplary study a further approach that aims at identifying cultural potentials for conflicts in the context of teamwork on the basis of culture standards research.

Therefore we try to answer the following research questions:

- What kind of typical behavior or typical observed behavior of members from one culture in teams can we identify?
- What culture standards have an impact on interactions between team members?
- Consequently, what are the resulting potentials for conflicts in teams?

We consequently examined critical incidents that resulted from interviews we conducted with 201 Austrians, Spaniards, Germans and Hungarians, because from an Austrian or German perspective working in teams with Spanish or Hungarian colleagues leads to difficulties and is different from the expectations and habits of Austrian or German partners.
• First, we analyzed critical incidents that have actually occurred in team work.

• Second, we analyzed critical incidents that have not occurred in team work but where the underlying culture standards significantly influence work in teams. In other words we identified culture standards that significantly influence those variables that are relevant for teamwork. For example the variable “attitude towards deadlines” (see Marks, Mathieu/Zaccaro 2001) will be influenced by Monochronic and Polychronic Time Concepts, or the variables “Initiating Structure” and “Consideration” (Blake/Mouton 1978) will be influenced by Person-Oriented and Fact-Situation-Orientation.

It can be seen that due to different culture standards different expectations are relevant for team leaders and team members.

2. Research on Cross Cultural Teams

This paper refers to the insights from cross-cultural research, mainly to the results acquired by culture standards researchers that apply the concept of Thomas (Thomas 1993; 1996 etc.) as well as to the concepts of team development (Tuckman/Jensen 1977; Marks, Mathieu/Zaccaro 2001). For the empirical analysis, data has been collected on the basis of a modified version of the culture standards concept by Thomas (1993).

2.1. Team processes according to Tuckman and Jensen

In our empirical analysis, we refer to the five phases model developed by Tuckman and Jensen (1977). Different phases of team development considerably influence groups and their successful cooperation, because different types of conflicts may emerge. Those conflicts that arise in the second phase and that are not solved or survived lead to a dissolution before maturity of the team. As we assume that critical interaction situations are equaled with conflict situation or conflicts, we mainly consider those phases that are important for the survival/ continued existence of the team.

Table 1. The Five-Stage Model of Group Development (Tuckman/Jensen, 1977)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forming</td>
<td>Members get to know each other and seek to establish ground rules</td>
</tr>
<tr>
<td>Storming</td>
<td>Members come to resist control by group leaders and show hostility</td>
</tr>
<tr>
<td>Norming</td>
<td>Members work together, developing close relationships and feelings of camaraderie</td>
</tr>
<tr>
<td>Performing</td>
<td>Group members work toward getting their jobs done</td>
</tr>
<tr>
<td>Adjourning</td>
<td>Groups may disband, either after meeting their goals or because members leave</td>
</tr>
</tbody>
</table>
2.2. Cross-Cultural Teams

Different research fields can be identified when analyzing the literature on teamwork. One research field is the examination of individual experiences in teams. Randel (2003) and Garcia-Prieto, Bellard/Schneider (2003) chose different approaches when studying the topic of diversity and variety in teams. Garcia-Prieto, Bellard/Schneider (2003) developed a theoretical model in order to study the experiences of individuals with variety, conflicts and emotions in teams. Their approach is more general and does not necessarily deal with multicultural teams, but it could be expanded for further research.

However, in Randel’s (2003) empirical study the prior aim was to examine cultural identity salience, which can be defined as the extent to which an individual finds the cultural backgrounds of his or her team members to be salient. The findings of her study suggest “that individuals who have the same cultural background as a few or many others on the team will find cultural identities to be salient” (Randal, 2003: 40). These results show limitations because teams under investigation were rather small and mutual attraction due to cultural similarity can increase the tendency towards the formation of subgroups.

Other studies investigate multicultural teams focusing on the group level. Thomas (1999) compares culturally homogeneous and culturally heterogeneous teams. The findings of his study support the hypothesis that efficiency and productivity of these teams are influenced by cultural diversity. Thomas’ results are limited due to the fact that he considered only one culture dimension, namely collectivism, and only one function of teams, namely the collection of ideas and decision-making.

In different empirical studies Kirkman und Shapiro (2001a; 2001b) examine how far certain cultural values make employees resist teamwork, while other cultural values make them resist self-management. The authors see employees’ resistance to self-management as a mediator between four cultural values (collectivism, power distance, doing orientation, determinism) and organizational commitment and job satisfaction. Their results show that resistance mediated the cultural value “job attitude relationships”, sometimes fully and sometimes partially, depending on which type of resistance (to teams or to self-management) and which type of cultural value was being examined. Kirkman and Shapiro (2001a; 2001b) suggest that the four cultural values chosen do not explain all of the country differences in their study. Therefore the identification of further cultural values represents an important aim in future research.

Managers who know the cultural values of their employees can be able to predict more precisely the attitudes of their employees towards self-management or teams. Thus, decisions whether to implement self-management or teams can be made more easily and better predictions could be made
regarding satisfaction of employees as well as efficiency of teams and the resulting output.

Therefore the aim of our study is to identify further cultural values that have an impact on multicultural teams and that could be potentials for conflicts in cooperations. As an example we chose Spanish, Hungarian, German and Austrian critical incidents referring to the culture standards approach developed by Thomas (1993). In order to outline the team processes we chose the five phases model developed by Tuckman/Jensen (1977). In spite of the shortcomings of the model, mainly because of methodological insufficiencies and lack of empirical evidence (e.g. Simon 2003), this stage-based model is proved for being highly relevant for practice and it also shows a dynamic perspective (West/Hirst 2003). We think that these dynamic elements – emergence of conflicts, development of group norms – are significantly important for intercultural teams. In this particular context, new cultural norms develop over a certain period of time and conflicts are relevant due to different culture perspectives and assumptions. Referring to the narrative interviews we conducted with managers who have been working in culturally mixed teams, we rather preferred to chose the variables of the model by Tuckman/Jensen (1977) than the variables of the model by Marks, Mathieu/Zacarro (2001) which is more static.

3. Methods applied in Cross-Cultural Research

Cross-cultural knowledge which is applied in management is mainly created at three distinct levels:

- Psychological and social processes at the level of the individual (e.g. Adler 1985; Black, Mendenhall/Oddou 1991; Fiedler/Mitchell 1971; Parker--7McEvoy 1993; Ward 1996, Mayrhofer/Brewster 1996; Bolten 2001).

- Macro-level studies on the impact of cultural differences on technology or organizational structure (e.g. Trice/Beyer 1984; Hult, Ketchen/Nichols 2002; Fink/Mayrhofer 2001; Holden 2001; Schein 1988; Morgan, Kristensen/Whitley 2001; Sagiv/Schwartz 2000).

- Macro-orientated general concepts like cultural dimensions (e.g. Hofstede 1990; Trompenaars 1993; House et al. 2002), cultural standards (Thomas 1993; Krewer 1996), anthropological research (e.g. Douglas 1978; Hall/Hall 1990; Fiske 1991) and handbooks (e.g. Gannon 1994; Hill 1998).

The level is important for the choice of the methods applied. In each context different rules are valid. It makes a big difference whether two equal partners negotiate or one superior gives orders to his subordinate. Socialization and therefore also cultural socialization (enculturation) of interacting partners
influence their expectations on how certain situations have to proceed or not to proceed. In the following study the context of intercultural teamwork from the perspective of German, Austrian, Hungarian and Spanish managers is described.

3.1. Culture standards
One of the important characteristics of the culture standards approach is the definition of culture as a complex “system of orientation”. The core elements of this orientation system are culture standards, which combine all forms of perception, thinking, judgment and behavior (Thomas 1988; Thomas 1996:112; Thomas 1993). After their process of socialization in one particular culture, individuals are not aware of their culture standards when interacting with representatives from their own culture (Thomas 1993: 381). When entering a foreign culture system individuals may experience situations that are unfamiliar, they are unable to interpret what is called a “critical incident” (Thomas 1993: 381).

It should be emphasised that culture standards are not a complete description of a culture. They are ways of seeing and interpreting the cultural experiences which certain individuals, as members of specific target groups in specific contexts, encounter with partners of a foreign culture. However, it is also important to bear in mind that these culture standards were developed from what was indeed routinely experienced, that is, from what was regarded as “typical” intercultural interactions.

3.2. Context specific culture standards
In her investigation Dunkel (2001) created sub-samples in order to analyze the influence of subcultures and different corporate cultures. This is an answer to the critique that the bias of different fields of action is neglected in cross-cultural management research. Comparing those critical incidents that are experienced in different fields of action, one can see that they differ from each other and that interviewees from different subsamples are confronted with different interaction situations. For example, students don’t experience interaction situations that can be subsumed under the culture standard “amigo’s business” (Dunkel 2001: 175).

4. Design for our research
In the following sections the design for our research analysis shall be demonstrated: Interviewees reported specific critical interaction situations referring to the cooperation in teams (teamwork). In this case managers mentioned concrete situations where cooperation with for example Hungarian team members was negatively experienced. Second, a couple of culture
standards were identified that very probably have an important impact on teamwork, because they increase conflicts in team development processes.

Those incidents that are reported frequently are collected and summarized in one category (one culture standard). Their content is analyzed. By the use of feedback (interviewing experts and representatives of both cultures) the collected incidents are validated and therefore culture standards can be identified. (Dunkel/Mayrhofer 2001).

**Fig. 1. Design for the analysis of the data**

Those incidents that are reported frequently are collected and summarized in one category (one culture standard). Their content is analyzed. By the use of feedback (interviewing experts and representatives of both cultures) the collected incidents are validated and therefore culture standards can be identified. (Dunkel/Mayrhofer 2001).

4.1. Observed Behavior

Intercultural interaction occurs in a situation of cultural overlapping where customary behavior, thinking and emotions formed by one’s own culture overlap with what seems unusual and strange: the behavior, thinking and emotions of those shaped by a foreign culture. Normal conduct and evaluation and interpretation patterns which until then were suitable in reaching goals fail in part or completely (Thomas 2001). Most observations refer to a typical behavior that characterizes the members of one foreign culture, i.e. what kind of
address is usually applied in an official meeting, as can be seen in the following critical incident: “something that I realized, you use Du completely differently than in our country. That is something that was rather difficult for me, something that almost shocked me, the use of the “Du”… “people here are used to address other people with the “Du”: addressing them with their first name. Therefore everything is a little bit more personal. Consequently you discuss everything more openly, making jokes,…” (Dunkel 2001: 195)

4.2. Basis of our Data

The empirical data applied in our research was collected in research projects (Meierewert 1999; Dunkel/Meierewert 2000), for one Ph.D.-project (Dunkel 2001) and for several theses (Kovács 2001; Horvath 1998; Huber/Renner 1996). In total, about 201 qualitative interviews were conducted in order to identify Austrian, German, Spanish and Hungarian Culture Standards:

Table 2. Four Country of origin of the people interviewed

<table>
<thead>
<tr>
<th>Interviews with expatriates</th>
<th>Interviews with experts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austrian-Hungarian Comparison</td>
<td>67 Austrians</td>
</tr>
<tr>
<td></td>
<td>20 Hungarians (Meierewert 1999)</td>
</tr>
<tr>
<td></td>
<td>10 experts from Austria or Hungary (Meierewert 1999)</td>
</tr>
<tr>
<td>Austrian, Spanish, German Comparison</td>
<td>35 Austrians (Dunkel, 2001)</td>
</tr>
<tr>
<td></td>
<td>25 Germans (Dunkel 2001)</td>
</tr>
<tr>
<td></td>
<td>27 Spaniards living in Germany or Austria (Dunkel, 2001)</td>
</tr>
<tr>
<td></td>
<td>17 experts from Austria, Germany or Spain (Dunkel, 2001)</td>
</tr>
<tr>
<td>Total</td>
<td>174 interviews with expatriates</td>
</tr>
<tr>
<td></td>
<td>27 interviews with experts</td>
</tr>
</tbody>
</table>

The major part of the interviews was conducted in the host countries of the people interviewed. After the transcriptions of the interviews their content was analyzed referring to the content analysis of Mayring (1996). Interviews for the identification of German, Spanish and Austrian Culture standards (Dunkel 2001) have been coded in “Nvivo” a computer program for analyzing qualitative data. After a certain number of interviews collected abroad, the results were analyzed in order to use feedback in the following interviews.

In those interaction situations where teamwork is described in a negative way, indications about the distribution of different national cultures are missing. In addition to this shortcoming, up to now no research on Spanish-Hungarian culture standards is available. The so-called “Austrian” and “German” culture standards are relevant for the Spanish and Hungarian interviewees, “Hungarian” and “Spanish” culture standards are seen from the perspective of the Austrian and German counterparts respectively.
5. Results

In the following section Austrian, German, Hungarian and Spanish culture standards and the possible potentials for conflicts in the different team development processes are described and critical incidents are added as examples.

5.1. Forming Phase

During the Forming stage the members get to know each other. They establish the ground rules by finding out what behaviors are acceptable regarding the job and interpersonal relations (Tuckman/Jensen 1977).

In this phase different verbal and non-verbal forms of greetings can be observed that do have a ritual character. These rituals mainly serve for estimating the personality of the counterpart and his position in the group. Culture standards which are relevant for action in this phase mainly refer to different communication patterns for greeting someone and to different concepts of time (punctuality).

A: Different behaviour when greeting other people

Germany

Typical Behavior that can be observed:

- formal address (“Sie”) when people meet the first time
- informal “Du” is used rather fast when people with same status interact
- shaking hands with both male and female partners

Culture standard: Large interpersonal distance and specific culture

The term specific culture refers to the distinction between private and non-private i.e. business life. In this specific case the use of formal vs. less formal address is important. Personal distance means the physical and psychological distance between people. When communication in teamwork takes place, those contents are dominating, that are intended to contribute to the success of a common goal within an agreed structural framework. Different roles that have to be accepted by the team members determine the structure of the team process. All team members are considered equal and hierarchically equal when working in a team. But hierarchies persist and are demonstrated with the formal address of “Sie” or the “Sie plus title.”
Potential conflicts that might emerge
When using the less formal address “Du” emotional distance within team members is reduced. Among different hierarchies the informal “Du” can usually only be used when working in teams, but not in a different context.

Austria

Typical behavior that can be observed
- formal address (“Sie”) and the title when people meet the first time
- informal “Du” can be used when people with same status interact
- shaking hands with both male and female partners

Culture standards: Respect for achieved positions
Different hierarchies demonstrate power and influence through the use of academic titles. Consequently one knows more about the person involved, about her or his role and status in society. These title-rules are intended to help to prevent conflicts and also to stabilize and confirm existing positions. When the titles are not used, as is the case in team work, emotional distance consequently is reduced.

Potential conflicts that might emerge
When subordinates address their superiors - i.e. when both are parties from different hierarchical levels - with “Du” this can be interpreted as a lack of respect by the superiors and it can be experienced as a threat to the position within the system. The use of the “Du” in the context of teamwork implies a less emotional distance which also has an impact on communication styles and the expectations from the cooperation even beyond the teamwork.

Hungary

Typical behavior that can be observed
- informal address (TE) when women meet the first time
- change from “maga” towards “te” when men work together, even from different hierarchical levels
- embrace among female and shaking hands among male partners
Culture standards: Small interpersonal distance
The value of equality among people can be explained with the Hungarian history of communism. When using “Te”, this value of equality is underpinned and it also signalizes appreciation of the other partner.

Potential conflicts that might emerge
Emotional distance is indicated by the use of “maga”. Direct address with the “maga” and the use of academic titles are seen as an important emotional distance and it is also interpreted as if German and Austrian managers try to dominate and patronize their Hungarian partners. Women might interpret shaking hands among women as formal distances and as a rejection.

Critical interaction situation as an example of this culture standard
“For example I have a friend that I have known rather well for more than five or six years. We have done everything together - and when she said good-bye to me, she shook my hand! Whenever she shook my hand, a whole world broke down, I was shocked” (Horvath 1999: 46).

Spain

Typical behavior that can be observed
- the informal address (tú) is usually used extremely frequently, sometimes even when you meet someone the first time, even when people with different status interact
- it might happen that one person addresses the other with the formal Usted but the other person responds with the informal “tú”
- this small interpersonal distance is also reinforced with embracing and two kisses (dos besos)

Culture standard: Person-orientation
This culture standard refers to the personal relations which are much more important than business. The value is underlined by the less formal address “tú” relevant for action in everyday life, but especially in business where one rather prefers to employ his friend (amigo) than a person with the necessary abilities.

Potential conflicts that might emerge
Relationships between superiors and subordinates are described as rather cordial and friendly, mainly because of the use of the “tú” when addressing people. However, hierarchical structures play a more important role. From the Spanish perspective, contact between subordinates and superiors are described
as being more “factual” and more “direct”. On the one hand emotional distance is rather large in Spain, on the other hand the less formal “tú” implies a friendly basis and intimacy that in reality does not exist. The rather fast use of the informal address “tú” leads to wrong attributions of authority.

B: Time Concept

Germany

Typical behavior that can be observed
- punctuality is essential in an official meeting

Culture standards: Monochronic time concept
Time in Germany is appreciated, it is considered as something that is valuable and that is to be used efficiently. Structured routines of the day and schedules are evidence for this significant value. Referring to the studies of Hall (1990) and Trompenaars (1993) German culture belongs to the cultures with a monochronic concept of time. Things have to be done one after the other and processes are defined and coordinated in advance. Consequently, people are bound by working hours, exact timing for appointments or strict separation of duties. This culture standard is also relevant for action in teamwork for the schedules and planning for teams.

Potential Conflicts that might emerge
Deadlines that have been agreed together are rigid, unpunctuality can be interpreted as a lack of discipline and a sign of disregard. An excuse has to be understandable for the partners involved.

Austria

Typical behavior that can be observed
- Punctuality at the beginning of a meeting is desired

Culture standards: Monochronic time concept
The Austrian culture can also be interpreted as belonging to the monochronic cultures (Hall 1990; Trompenaars 1993). In contrast to Germany, clearly defined structures have a less important position. Deviations are more easily tolerated in order not to endanger personal relationships.
Potential conflicts that might emerge
Schedules and deadlines that have been agreed are to a certain degree flexible. If the other partner excuses himself for being late, his/her unpunctuality can be accepted more easily.

Hungary

Typical behavior that can be observed
- Punctuality is flexibly handled at the beginning of the meetings

Culture standard: Polychronic time concept
Hungarian culture belongs to the poly-chronic cultures (Hall 1990; Trompenaars 1993). Several things are done at the same time and schedules are handled flexibly. Therefore one can decide according to priorities – one can keep all possible alternatives open. Personal relations are significantly more important than structures. If their partners appreciate punctuality, Hungarians in an international context stick to deadlines because they are interested in the cooperation.

Potential conflicts that might emerge
Time for meetings are flexibly arranged and modifications at a very short notice are possible. Unpunctuality can be forgiven more easily if the other partner apologizes himself. This flexibility is expected from the other partner to the same extent. Insisting on scheduled appointments can be interpreted as patronizing.

Spain

Typical behavior that can be observed
- Punctuality is flexibly handled at the beginning of the meetings

Culture standard: Polychronic time concept (Hall 1990; Trompenaars 1990)
Time for meetings are flexibly arranged, unpunctuality can be forgiven more easily because it is supposed that the person who has to wait can do other things in the meantime.
**Potential conflicts that might emerge**
The beginning of meetings is flexibly stipulated and modifications at very short notice are possible. If the other partners insist on punctuality and deadlines, this can be interpreted as inflexibility.

**Critical incident as example**
“I remember my first meeting (here in Spain). It was supposed to begin at 2 o’clock and when I arrived at 2, and people arrived at 2:15, 2:20. I could have started screaming. Well, and then afterwards they started chatting, talking about something, for 20 minutes. This was the social part of the meeting. And then they are waiting and looking, and what was the meeting about “(Dunkel 2001: 188)

5.2. Storming Phase
The storming stage is characterized by a high degree of conflict within the group and consequently cooperation is endangered. If these conflicts are not resolved and group members withdraw, the group may be dissolved prematurely. Group members usually resist control by the group leader.

Differences can be observed in the following areas: applied management concepts, acceptance for hierarchical positions and leadership styles.

**Germany**

**Typical behavior that can be observed**
- Usually goals are determined together. The German team-leader applies MbO-tools, he expects from his colleagues autonomous action and readiness to take on responsibility
- Tendency: Open discussions and critique of the subordinates are used in order to exchange information and they are seen as factually oriented

**Culture standard: MbO leadership style, fact-situation orientation**
In business cooperation the common goal is considered by Germans as the unifying element. Roles must be evident and skills of the people involved are highly appreciated. It is expected that tasks have to be done autonomously and responsibility is assumed. Decisions are made on a democratic basis by voting.

**Potential conflicts that might emerge**
If partners are not very active when discussing, and if they don’t dare to take responsibility, German team-leaders might interpret this behavior as a kind of
rejection and a lack of interest in the cooperation. A passive boycott is often seen as a personal shortcoming.

**Austria**

**Typical behavior that can be observed**

- Goals are usually determined by the team-leader and discussed in the team. The Austrian team-leader encourages his employees to bring in ideas. He also gives the instructions, however, he expects them to be critically discussed.

- Tendency: if the employees disagree with the instructions, they refuse to execute them or boycott them passively, because the boss is seen as lacking managerial ability.

**Culture standard: Indirect communication, MbO leadership style, power through hierarchy and authority**

It is expected that superiors behave according to their position and to their role and that they also assume responsibility for the whole process. Superiors are to distribute the tasks referring to the competencies that are available in the group. It is seen as the boss’s duty to look for a consensus. In order to avoid confrontations, tasks and roles are distributed also in advance on a rather informal basis. Discussions in the teams are very often seen as a formal act.

**Potential conflicts that might emerge**

Open confrontations expressed by Germans are experienced as emotional stress and personal attack by their Austrian colleagues in spite of the fact that confrontation is addressed to the fact, not to the person involved. This behavior might lead to a withdrawal and passive resistance of the team-members involved.

Austrians do not care so much about the fact that partners are not very active in discussions and that they don’t dare to take responsibility as Germans do.

This behavior is often interpreted as timidity and a lack of confidence in one’s own capabilities. In an informal context, either before or after team-meetings, suggestions, and encouragement are made and support is offered.
**Hungary**

**Typical behavior that can be observed**
- Goals are usually determined by the team-leaders. The Hungarian team-leader expects his ideas to be accepted and his instructions to be completed.
- Tendency: Instructions are followed, even when the majority of the employees do not share the opinion of the boss.

**Culture standards: Hierarchy and authority, patriarchic leadership-style**
Both, authority and empathy are expected by the Hungarian team-leader. He hands out the tasks and regularly checks their completion. In order to avoid conflicts, communication very often takes place outside the official context. Thus, personal relations are guaranteed and personal involvement in order to combine interests.

**Potential conflicts that might emerge:**
Open disagreement and rejection of completing the instructions can be interpreted as questioning the competence of the team-leader. Hungarian employees often see open critique expressed by their Austrian or German colleagues as impropriety and disrespect.

**Critical interaction situation**
“Someone stands up – I almost fainted – and he is addressing the boss “You have berated me for being two minutes late and you don’t berate the other guy though he arrived an hour later.” This in presence of everybody - I almost fainted. I couldn’t imagine this situation in Hungary. And even the response “You are right” just like that, completely naturally (Horvath 1999: 69)

**Spain**

**Typical behavior that can be observed**
If the boss integrates his subordinates in to the decision-making-process, this can potentially be seen as a shortcoming of the executive. The role of the superior is described as “the boss is always right and therefore he has to know everything and also to check it”. Delegating something is neither desired nor executed. Decisions are not made collectively but someone from an upper position, one authority person, who must not be questioned.
Culture standard: Hierarchy and authority, person-oriented leadership-style
Hierarchical structures and positions have to be respected when communicating. They are sometimes even more important than competencies and capabilities of a certain employee. Referring to the scheme developed by Fiedler, the Spanish leadership style is more person-oriented while the German or Austrian leadership style is more task-oriented.

Potential conflicts that might emerge
By applying MbO very often executives don’t receive the desired results. Obviously many Spaniards have difficulties completing their tasks independently within a certain period of time when only a deadline is given. (Dunkel 2001)

5.3. Norming Phase
In the Norming Stage the group becomes more cohesive and team members much better identify themselves as such, as close relationships develop and shared feelings become common. Consequently a common interest in finding mutually agreeable solutions also develops (Tuckman/Jensen 1977).

In this phase we mainly identified different expectations towards the maintenance of contacts. Space, time concept (meeting deadlines), topics of conversations and reciprocity considerably diverge in the relevant cultures observed.

Germany

Typical behavior that can be observed
- Meetings have a functional character for German team-members and they also serve for exchanging information. They usually take place in official meeting rooms
- Everybody might- if he/she wants- organize private meetings in his/her leisure time with other colleagues.

Culture standards: Specific culture: Role of (establishing and maintaining) contacts
In Germany different spheres are separated. Therefore Germans belong to the specific culture (Schroll-Machl 2003; Brück 2002; Hall 1990). Their behavior differs according to the different spheres of the people involved. When the context of team is relevant private concerns are less important, because everybody has to concentrate on the business. This is also important for the
relations between team-members, who are considered primarily as colleagues and not as possible friends.

**Potential conflicts that might emerge**
For German partners business meetings in Hungary or Austria are too overblown because of the invitations to restaurants and cultural events offered to them. The events are very often appreciated as national characteristics, however, hospitality is often not reciprocated.

**Austria**

**Typical behavior that can be observed**
For Austrian team-members (business partners) meetings have both a functional and a social purpose. At the beginning of business trips the partners involved often go to a *Heurigen* and at the end a cultural event is organized. Reciprocity is expected.

**Culture standard: Role of personal contacts, diffuse culture to a certain degree**
From the German perspective Austrians don’t distinguish the different spheres very clearly (Meierewert/Topcu 2001; Hall 1990). There is an overlap between private and business spheres. When communicating with other team-members very often private conversation takes also place. It is important that team-meetings are finished with informal meetings (events) in order to deepen personal relations and to establish a basis of mutual confidence.

**Potential conflicts that might emerge**
It is very important for Austrian business partners to guarantee and preserve the goodwill and to communicate on a rather personal basis. If the other partners do not respond, this can have negative impacts on the relations.

**Hungary**

**Typical behavior that can be observed**
For Hungarians it is very important to have good relations with their business partners and team members. Therefore socializing and common events play a very important role and they are carefully organized. Attention is paid to meeting all expectations.
Culture standards: Role of personal contacts, diffuse culture (diffusion of life spheres)
For Hungarians common interests and goals are very important. By the overlap of different life spheres, emotional distance is reduced in order to know more about the other person and to establish a good basis of trust.

Potential conflicts that might emerge
Hungarian interviewees always stress their abilities when organizing splendid events. They are offended when their German or Austrian business partners do not appreciate it nor respond to it.

Spain

Typical behavior that can be observed
- Spaniards consider business meetings rather as a possibility to exchange information and opinions, than for achieving a common goal or output by the group. Very often preparing a meeting (by the use of an agenda) is considered as unnecessary. These tools inhibit flexibility.

Culture standards: Role of personal contacts and relationships
As mentioned above this culture standard refers to the personal relations which are much more important than business, where one even rather prefers to employ his friend (amigo) than a person with the necessary abilities. Consequently communication with people plays a more important role and people are rather willing to spend more time even for private matters (Dunkel 2001).

Potential conflicts that might emerge
From a German and Austrian perspective the process of a meeting is experienced as rather inefficient, without a structure, without a system. Communication is repetetive. (Keim 1994)

Critical interaction situation
„When we go out for lunch with our Spanish clients, o.k. I am thinking of a short business lunch. But here nobody will do it under three hours, not even with colleagues. In Germany we had half an hour for our lunch, one hour maximum. Here in Spain, under one and a half hours nobody will go out. In restaurants it is expected. Sometimes I get annoyed. (Dunkel 2001: 189)
5.4. Performing Phase

In the last stage, the performing stage, the group is ready to work, they can devote their energy in order to get the job done (Tuckman/Jensen 1977).

In this phase the coordination for deadlines or meeting schedules is relevant as an important difference between the cultures observed. As an explanation we refer to the different concepts of time (culture standards: monochronic versus polychronic concept of time).

**Germany**

**Typical behavior that can be observed**
Working time and leisure time are different spheres. There are fixed beginnings and ends of working hours and, in addition to that, breaks. Extra hours have to be paid extra or compensated through free leisure-time.

Culture standard: Specific culture, monochronic concept of time

**Potential conflicts that might emerge**
Sticking to fixed working times is necessary for a synchronous work-schedule. If the relevant business partners handle the schedules flexibly, for the German colleagues idle time is produced. They have more and more difficulties coordinating things, which inhibits a structured day schedule and agendas.

**Austria**

**Typical behavior that can be observed**
Working time and leisure time is separated, extra hours have to be paid extra. Employees are more willing to meet for private and social activities in their leisure time.

Culture standard: Specific culture - with diffuse parts, monochronic time concept

**Potential conflicts that might emerge**
Austrians are more willing/prepared to handle schedules flexibly and to meet for business purposes in their leisure time.
Hungary

**Typical behavior that can be observed**
Working time and leisure time are combined more strongly, very often colleagues are also friends that are met in private contexts. Extra hours are often not paid extra and Hungarians try to achieve flexible working hours. There is a tendency towards more than one job.

Culture standards: Diffuse culture, polychronic time concept (polychronic schedules)

**Potential conflicts that might emerge**
In Germany and Austria Hungarian team-leaders miss the readiness to work extra working-hours without compensation. The reason for this attitude is seen in social legislation.

Spain

**Typical behavior that can be observed**
In Spain, too, leisure time and working hours are combined more strongly. In general much more time is spent for communication. In business contexts people also talk about private matters, not only about business. Usually colleagues are more interested in the private lives and families of their colleagues, superiors or business partners. Therefore also the separation of unpaid extra working hours and compensated performance is not seen very rigidly. Flexible working times are more accepted, even if it is a disadvantage for the employees regarding to the extra working hours, for example.

Culture standards: Diffuse culture, polychronic time concept (polychronic) schedules

**Potential conflicts that might emerge**
When talking about short-term planning, improvisation is also mentioned. It is not always possible to manage improvisations successfully. When the failure of a project can be avoided in the last moment, very often only a small part of the originally defined goal can be reached. German and Austrian interviewees hold the opinion that Spaniards are rather proud of their capabilities “doing everything in the last minute so that the situation is saved”. For Austrians and Germans however, this can be very exhausting (Dunkel 2001).
6. Discussion

According to Thomas (1999) communication problems, different assumptions on team work, diverging oppinions of solution findings and decisions making are essential obstacles for the success of heterogeneous teams. Tasks with a high level of interpersonal interactions which require creative solutions are more useful for heterogeneous working groups. Only a few statements up to now are available on synergies that may arise from multicultural teams (DiStefano/Maznevski: 2000) and under what frameworks these synergies can be achieved.

A high amount of critical incidents that has been cited was about teamwork, structure of meetings etc., however, concrete examinations in order to support these statements are missing. In order to do so we suggest participative observations as done by Schroll-Machl (2000) for processes in German-American Teams. These observations make an accurate analysis of problem solution processes possible regarding the context of different culture standards and should be integrated in future research about teams. Likewise, long term investigations and research on stereotypes are proposed in order to identify individual expectations. In addition, not only bi-cultural teams should be observed but also multi-cultural teams in order to get insights about the dynamics when many different cultures have to work together in teams.

In our existing data (critical incidents) we could not identify the role of space as a potential for conflicts in multicultural working teams. Ayoko and Härtel (2003) prove the argument that the role of space is a significant possibility to predict intensity and frequency of conflicts in multicultural teams and they also consider the possibility for action of leaders. Their study demonstrates that the role of space as a potential for conflict was underestimated in research and that there is need for further research and enlightenment.

7. Conclusion

In our study, critical interaction situations identified in about 201 narrative interviews were analyzed and those culture standards that reinforce conflicts in cooperations were outlined. The following design was chosen: we regarded culture standards that already had been identified and examined those that can reinforce conflicts in team development processes. The “Five-phase-model” by Tuckman and Jensen (1977) as well as new approaches in the area of team development processes (Marks, Mathieu/Zacaro 2001) were considered.

As Thomas (1999), we also came to the conclusion that culturally heterogeneous teams have more potential for conflicts, thus, resulting in more challenges for the team members. A new research focus therefore should be put on synergies in such teams and should foster creativity when handling differences in teams.
Table 3. Culture standards and conflicts in group development processes of cross-cultural teams:

<table>
<thead>
<tr>
<th>Phase: Forming</th>
<th>Austria</th>
<th>Germany</th>
<th>Hungary</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture Standards</td>
<td>Respecting achieved positions</td>
<td>Large interpersonal distance</td>
<td>Small interpersonal distance</td>
<td>Person orientation</td>
</tr>
<tr>
<td>Conflicts</td>
<td>If achieved positions are not respected - it can be experienced as a lack of respect by the employee with a higher position</td>
<td>By the use of „Du“ emotional distance in teams is reduced</td>
<td>The formal address (“maga”) is experienced as a very strong emotional distance as well as a trial for domination</td>
<td>The formal address (“usted”) or the use of title is experienced as a very strong emotional distance.</td>
</tr>
<tr>
<td>Culture Standards</td>
<td>Monochronic concept of time</td>
<td>Monochronic concept of time</td>
<td>Polychronic concept of time</td>
<td>Polychronic concept of time</td>
</tr>
<tr>
<td>Conflicts</td>
<td>Punctuality at the beginning of a meeting is desired.</td>
<td>Punctuality is essential in an official meeting Unpunctuality is a lack of discipline or interest in the matter.</td>
<td>Punctuality is flexibly handled at the beginning of the meetings</td>
<td>Punctuality is flexibly handled at the beginning of the meetings</td>
</tr>
</tbody>
</table>

Phase: Storming

Conflicts emerge because different opinions have a polarising effect

<table>
<thead>
<tr>
<th>Culture Standards</th>
<th>Austria</th>
<th>Germany</th>
<th>Hungary</th>
<th>Spain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture Standards</td>
<td>Hierarchical Power Indirect Communication Style</td>
<td>MbO leadership Fact-Situation Orientation</td>
<td>Hierarchical Power Partiarchic Leadership Style</td>
<td>Importance of Hierarchy and Authority, Person-oriented leadership-style</td>
</tr>
<tr>
<td>Conflicts</td>
<td>Open confrontation experienced as emotional stress and personal attack – might lead to withdrawal and passive resistance of the team-members.</td>
<td>If responsibility is not taken this is interpreted as a kind of rejection and a lack of interest in the cooperation.</td>
<td>Open disagreement, rejection of completing the instructions: interpreted as questioning the team-leader. Open critique is seen as impropriety and disrespect</td>
<td>Open disagreement or rejection of completing the instructions: interpreted as questioning the team-leader (lack of respect). Open critique is seen as impropriety and disrespect</td>
</tr>
</tbody>
</table>
## Culture standards and their impact on teamwork

<table>
<thead>
<tr>
<th>Phase: Norming</th>
<th>Development of norms - Cooperation is possible</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Culture Standards</strong></td>
<td>Role of personal contacts, <em>Diffusion</em> to a certain degree</td>
</tr>
<tr>
<td><strong>Conflicts</strong></td>
<td>It is important to maintain good relations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase: Performing</th>
<th>Problem solutions are important</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Culture Standards</strong></td>
<td>Specific Culture with diffuse parts, <em>Monochronic concept of time</em></td>
</tr>
<tr>
<td><strong>Conflicts</strong></td>
<td>More willing and prepared to handle schedules flexibly and to meet for business purposes in their leisure time.</td>
</tr>
</tbody>
</table>

According to Bijlsma-Frankema (2001) cross-cultural training tools can increase the ability to cope with potentials for conflicts, as we have outlined in our study. Consequently, teams are better able to work, because they can better concentrate on the tasks and jobs to be done.

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Culture standards and their impact on teamwork


The concept of *Den’gi (Money)* in the St. Petersburg population at the beginning of the 1990s*

*Renate Rathmayr**

Social change brings about discursive change. Particularly, it causes shifts of meaning within the key concepts of social discourse. The concept of den'gi (money) has undergone fundamental alteration in Russian language and culture since perestroika. This conceptual change will be discussed in the following article. My findings are based on a corpus of interviews recorded in St. Petersburg in 1993. The concepts compared, i.e. the concept of den'gi before and after perestroika, respectively, can only be sketched out roughly here. The interviews conducted in 1993 reveal conflicting discourses on money that are rooted in Russian, Soviet-Russian – the traces of the minor role money played in the Soviet era were still present in social discourse in 1993 – and free enterprise ideologies, respectively. They also reveal that by that time a clear tendency towards a concept of money oriented by market economy had already emerged, at least among the younger urban population.


Key Words: Linguistic concepts / Linguistic change / Discourse analysis / Language and society / Russian language

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1. Introduction

The word *den’gi* (money) entered the Russian language “from the East” (most likely of Turkish origin), not before the latter half of the thirteenth century (Stepanov 2001:562-3). The denotative meaning of the word *den’gi* has been stable for a long time, a fact illustrated by the explanations given in any dictionary, for example, the entry in the encyclopaedia published during the Soviet era, and in the economics dictionary published in the second half of the nineties: “a specific good that fulfils the role of a general medium of exchange that expresses the value of all goods” (Énciklopedičeskij slovar’ 1963:321), “a special type of universal good, used as a general medium of exchange to express the value of all other goods” (Rajzberg et al. 1996:76).

A term so central to society as *den’gi*, however, does not consist in its denotative meaning alone, i.e. the relationship between word and nonverbal entity; it rather represents a “concept” – a “founding cell of the culture in the mental world of a person” (Stepanov 2001:43). In the theory of cognitive linguistics, concepts are mental depictions of reality that structure our perception and our knowledge of the world in all its inherent facets. Concepts, therefore, combine individual and social perceptions. The majority of concepts, albeit not all of them, correspond to words present in natural language. The lexical meaning, which more or less corresponds to its dictionary entry, primarily determines the reality that the given word describes, roughly constituting people’s linguistic consciousness of the word’s possibilities in use. Encyclopaedic information, positive and negative connotations and world knowledge constitute additional components of the concept over and above its lexical meaning. A concept’s elements can easily vary in specific statements, with each respective speaker emphasizing one or another element, depending on his/her world knowledge, and no less important, a concept is a dynamic phenomenon: when the value attached to the phenomenon it denotes changes, the concept changes along with it.

The social and economic changes occurring in Russia since the era of perestroika can therefore be expected to have changed the concept of *den’gi*. These changes relate, on the one hand, to the physical reality of money – i.e. notes, coins and prices of goods and services, and, on the other hand, to the way people relate to money. During Soviet times, notes and coins did not change for...

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1Both quotations are only the beginning of the dictionary entry for *den’gi*. Translation of quotations from Russian sources by R.R throughout the text.

2The definition of concept used in this context corresponds to the interpretation developed in the project “Key concepts of market economics”. In addition to the author of this article, U. Doleschal, E. Hoffmann, B. Müller and J. Petters participated in the project (c.f., for example, Rathmayr 2004a,b; Müller, Petters, Doleschal 2002). The project was financed by the Austrian National Bank.
decades, fares for public transport remained stable throughout a whole generation’s lifetime, and the prices of many products were simply printed onto the packaging. The population had little money, but money was not crucial to securing privileges: if people felt there was a deficit, it usually meant that both goods and money were in short supply.

All this changed radically a few years ago. New notes and coins were launched several times; on January 1, 1998, three zeros were knocked off the rouble. The system of prices that emerged in the USSR at the beginning of the era of economic reform contained a myriad of “distortions”, i.e. the prices of some product types were substantially lower than production cost, whereas the prices of other products far exceeded the product’s actual cost (c.f. Afanas’ev/Ferro 1989:287). The process of establishing market prices was accompanied first and foremost by incessant price hikes affecting the majority of goods. The galloping inflation of 1992 in Russia is generally known: wholesale prices rocked 2000 %, retail prices soared 2500 %, but wages did not follow suit. A family’s real income fell by one half within the space of a month, which meant that 50 % (90 % for pensioners) of the family budget went on food (c.f. Oppermann 2001). The voucher system was introduced against this backdrop in October 1992. As a result, money suddenly became vital to Russian society in 1993 as the means of “feeding the family”. The absence of money in several social strata gave rise to real poverty. Take pensioners by way of example, who could not even afford bread on their pensions.

We can assume that these socio-economic changes radically altered people’s relationship to money, an assumption that will be substantiated below by an analysis of authentic oral discussions about money that took place in 1993. As the concepts emerge in the discourse, conclusions about the concept can be drawn on the basis of the interview texts analysed and the generalisation in expressions containing den’gi. These discussions are used as a basis to reconstruct the concept of den’gi prevailing among those asked at the time, who were people of different social groups (see chapter 2). It should be mentioned that this paper does not intend to explore the economic concept of den’gi in the professional context.

Firstly, the corpus of texts used and the method of analysis are outlined. In the main part of the paper, collocations3 of all the uses of the word den’gi in the statements made by respondents are analysed, the objective being to identify the concept prevalent among the respondents. I will briefly demonstrate the

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3The term collocation contains both the addition of attributives and the link between subject and object, the relations between words in various contexts. The professional discourse would certainly give rise to a different set of collocations for example, gorjačie den’gi (from the English hot money), dlinnye den’gi (long), korotkie den’gi (short), dorogie den’gi (expensive), nedorogie (cheap) etc.
approach of collocation analysis, which in a further step will serve as the basis of thematic focussing in a discursive analysis of excerpts selected from the interviews. In order to give an adequate interpretation of the concept prevalent in 1993, it will be contrasted to that of the Soviet era, on the one hand, and to the way the concept has developed in the course of the past ten years, on the other. Of course, these latter concepts of den’gi can only be briefly sketched out here.

2. Corpus of texts and method of analysis

The empirical basis of the study is a corpus of oral interviews, recorded at the beginning of the nineties in St. Petersburg. Sociologists at the University of Helsinki in Finland initiated the project4. The interviews were, however, conducted by Russian sociologists. According to the Finnish sociologists, the purpose of the interviews was to reveal a complete picture of the daily life of the 100 families questioned, and to describe the survival strategies they selected to cope with the economic crisis at the beginning of the nineties. (c.f. Piirainen 1997: 42-46). The subject of money was not the direct goal of this sociological study. However, it is significant that the survival strategies were to a great extent linked to the presence of money. This enables the recorded material to be used to explore the concept of money, the subject being analysed in my paper. The interviews were not tightly structured, but mainly took the form of free conversations not limited in duration. So far, 16 of the interviews with Russian native speakers recorded in 1993 have been transcribed at the University of Tampere, under the supervision of Maria Leinonen. They were also used as the basis for this study. The sample, therefore, is not yet wholly representative. Nevertheless, the age groups represented range from 30 to 70. The majority of respondents have completed higher education, a few only with secondary education. Had these interviews been conducted in provincial Russian towns, the results would undoubtedly have been different, as the analysis highlights the situation in 1993 in St. Petersburg. This could perhaps also be typical of other large cities in Russia.

In the interview corpus consisting of 151,047 word-forms (tokens), the following frequencies of repetition of the word den’gi were noted – by the way, den’gi was the most frequently cited auto-semantic (i.e. not purely structural such as conjunctions, articles etc.) word, used 356 times. The word is used both by respondents and by the interviewers themselves, but more frequently by the

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4The sociological project "Structural Change and Survival Strategies: Adaptation to Market Relations in Russia" was set up under Professor Jussi Simpura. The interviews were conducted from 1993-96 with 100 families in St. Petersburg, 20 of which were interviewed once again 2-2.5 years later. The sample of respondents is as representative as possible (c.f. Piirainen 1997:46).
respondents – Interestingly in contexts where the sociologists had asked about something totally different – e.g. whether the respondents went to the theatre or the cinema (see below). The first stage of the empirical analysis involved analysing the collocations. Attributives and verbal constructions were allocated to content groups. Statistical and semantic aspects of the collocations used were analysed.

After analysing the context of the collocations, the selected sequences containing the word den’gi were analysed using discursive analysis. To be more precise, the method used was “critical discourse analysis”, which examines communication in its historic and social contexts and emphasises the dialectical links between language and social conditions (c.f. Wodak 1995; Van Dijk 1998; Fairclough 1989, 1995; Fairclough/Wodak 1997). This analysis consists of the following stages: assertive and desiderative expressions in the texts are differentiated. Next, thematic aspects are examined: rhetorical and pragmatic strategies such as metaphors, mitigation and hedging, direct and indirect judgements etc. are analysed. The last stage of the study entailed taking into consideration the respondents’ thought mechanisms, prerequisites, presuppositions and general convictions to identify text meanings that are not evident (c.f. Fairclough 1989:79). Knowledge, opinions, and attitudes expressed in discourse and in other social practices are transformed into conditions and convictions, which are general and common to a certain group of people. These conditions and convictions develop in and through discourse, on the one hand, and in turn, they influence the discourse prevalent in society. Thanks to the interplay of these processes, discursive analysis can be used to draw conclusions about existing and – at times – competing convictions in society, about levels of knowledge, objectives and prevalent attitudes. Thus, although the individual accounts of living conditions respondents give in the course of an interview are shaped by their individual and unique identities, respondents still resort to patterns of interpretation made available by the specific society they live in.

Every individual text is regarded as an example of a whole class of similar texts, for an individual in her/his interpretations, explanations, justifications and argumentations draws on the socially available stock of ideological assumptions, attitudes, opinions, „myths“ as defined by R. Barthes (1964), „socially shared beliefs“ as defined by Teun van Dijk (1998). From that point of view, it is perfectly justified to draw conclusions from a restricted corpus of texts by way of structural validation, which hold until they are refuted by new findings (principle of falsification).

Due to the lack of similar material from another period, no systematic comparison with the concept of den’gi prevalent in previous periods was possible. To illustrate the dynamics of the concept’s development, however, we can make some general observations on the frequency and thematic nature of
The concept of Den’gi (Money) in the St. Petersburg population

the discourse in earlier corpora. The texts of the Uppsala corpus, collected between 1960 and 1988 and comprising 832,986 words, were clearly not devoted to the subject of survival. Therefore we can expect the word den’gi to occur with a much lower frequency. In fact, this hypothesis is confirmed with 163 utterances of the lexeme den’gi. Irrespective of the different genres and subject matter of the material compared, it is nevertheless significant that in the corpus “Russkaja razgovornaja reč’. Teksty” (Barinova, Zemskaja et al. 1978), the frequency of the lexeme den’gi can be observed (from 34,862 word-forms, the lexeme den’gi occurs only six times). This finding does not imply that the subject of money was absent in the language of the time; however, the figures do show that the texts in question illustrate a certain degree of social stability in contrast to the St. Petersburg recordings during the economic shock. In order to roughly sketch out the development of the concept den’gi after 1993, in my discussion of selected research questions I will also draw upon my observations concerning the mass media as well as interviews conducted in October 2003 in Moscow.

3. Analysis of collocations

3.1. What types of den’gi (money) are there? Attributes

3.1.1. Quantitative characteristics: you need a lot of money, but you never have enough

The most important qualification of money is quantity. It is interesting to note that respondents tended to qualify only large amounts of money that either they themselves required or that somebody else was demanding from them. One direct quantifier is used in the expression: Očen’ mnogo deneg uchodit na pitanie (a lot of money goes on food). The combination bol’šie den’gi (lots of money) occurs seven times in the corpus, but the respondents do not have lots of money, they just need lots of it. Bol’šie den’gi is in fact the first and most frequent association with the stimulus den’gi (money) given in the first volume of the Russian dictionary of associations (Karaulov et al. 1994:43), the corpus of which was primarily compiled at the same time as this analysis (from 1989 to 1991).

Emotional values are far more frequently attached to large sums of money – which the respondents do not have. Lots of money is expressed by carskie (tsarist) or chorošie (good) money, and in some interviews, large sums of


6 The subject was considered with quotes (verstehe nicht, was das heißt) from original examples from the corpus in Rathmayr (2004b) written in Russian. Abridged examples only are integrated into this text.
money belonging to others are expressed using hyperbole characteristic of colloquial speech to describe quantities beyond generally accepted dimensions and perceptions, for example: sumasšedšie (insane), žutkie (terrible), obaldennye (crazy). Such assessment of other people’s money corresponds with the general opinion that you cannot earn lots of money by honest means.

The specific measurement of money was given with the help of amounts given in roubles. Various forms of the lexeme rubl’ occurred 112 times in the corpus, with the constructions generally being formed with numerals – there are only 3 exceptions to this (štrafnye rubli - fines, ni rublja– broke, ne nužno do rublja). In almost all the interviews, respondents were asked what amount of money they would need “to live a normal life”, “to live a free life”. The respondents generally found it difficult to name a specific sum, not least due to the instability of the national currency and to inflation. Therefore, specific objects are often cited as a substitute – i.e. chocolate bars, juice etc. Many formulated their idea of “living normally”, where components such as living comfortably in financial terms, trips abroad, orange juice every day were cited as symbols of a new, good life.

Quantitative judgements are implicitly expressed in combinations of the type: na eti den’gi nakormit’ sem’ju nevozmožno (you can’t feed a family on this amount of money). Phraseological expressions are used as a means of indirectly judging quantity, for example: Čto éto za den’gi dlja devčonki – What a pittance for a young girl! ("You are kidding, aren't you?") and Razve éto den’gi? – Is this supposed to be money? Both phrases describe a small, inadequate amount. Impersonal verbal constructions chvataet / ne chvataet deneg na čto-nibud’ – the money is enough / not enough for something are used to express whether or not the amount of money available is adequate – usually it is not. In almost all interviews we see that clauses of statement generally provide information about negative situations triggered by the absence of money or by a lack of sufficient funds, whereas desiderative expressions describe the desire to possess more money.

3.1.2. Classification of money by origin, by ownership and other characteristics

Money is judged morally in connection with its “origin”: normal’nye (normal), normal’nye čestnye (honest), naši zarplatnye (our earned), nakoplennye (accumulated), sobstvennye (our own), – these words denote good money chorošie den’gi (good money), whereas tenevye (shady) – denotes bad money. Neutral attributes of a nominative nature are blokadnye (siege money), bjudžetnye (budgetary), municipal’nye (municipal) money.

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7 “Siege” money denotes state subsidies given to people who survived the Leningrad siege.
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The following characteristics of money can also be found: živye (living, meaning money you actually own, which really exists, which can be readily used), svobodnye (free) money, which can be spent, which can be freely disposed of, наši (our) money, i.e. Russian currency) and ostal’nye (other) money. Takie (this) and drugie (that) money denotes money which is considered “unstable”, for example: segodnja takie den’gi / a zavtra drugie (today it’s this money / but tomorrow it’s that money).

3.2. Money in actions: Verbs

3.2.1. Presence / absence of money (to have money / to want to have money)

With very few exceptions (see 3.2.3.), the subject of actions involving money is invariably the respondent himself/herself. The presence or absence of money is described with the help of the neutral verb to have. Respondents far more often describe the necessity of having money nužny, ponadobjatsja den’gi (to need money). The expression den’gi ne problema (money is no object) does not refer to the respondent, but rather to a third person. When referring to his/her own situation, the respondent says that trudno s den’gami, plocho s den’gami (the money situation is bad/difficult). And if money is available, it’s never enough.

It can be noted that there are stereotypical perceptions of a psychological nature about money, which cannot be linked to a specific period of time (deneg est’ malo, a otdaes’ mnogo –you have little money, but you spend a lot). They are reflected in common expressions like Svoich deneg vsegda ne chvataet (Your own money is always scarce); V dolg bereš’ čužie na vremja, a otdaeš’ svoi navsegda (You borrow someone else’s money for a certain time, but you pay back your own for ever) etc.

3.2.2. Respondents’ actions with money

Respondents describe the actions they undertake to obtain money in two ways:
– actively: delat’ / sdelat’ / (make), dostat’, zarabatyvat’ (ceče) (earn), vzjat’ (take), nažit’ chorošie den’gi (to acquire good money), gonjat’sja za den’gami (to chase after money);
– and being on the receiving end: ich polu/g254ajut (they get it), pojdeš’polu/g254at’ (you begin to get ..), platjat (mne den’gi)(they pay me money), mne dadut (they give me), dajutsja (it is given), vydeljajut (they provide). Sometimes money is sought (iš/g254ut) and found (najdut) or is taken (berut) for a certain period of time: zanimat’ / zanjat’ den’gi u kogo – to borrow money from someone.

As a rule, money, once in the hands of the respondent, does not remain there long. They give it away in exchange for some sort of goods – platit’/zaplatit’ (to pay), vyplačivat’, travit’/ istravit’ (to spend), dat’ za čto (give/spend on something). If a large sum of money is spent on something, money is said to
Money can facilitate other transactions. Some interviews describe the process of giving away money as an involuntary activity. The use of the verb otstegivat’ (to unfasten) is interesting in this context: den’gi tolo’ko prichoditsja otstegivat’, napravo i nalevo – you constantly have to give money away (unfasten) – in all directions (left and right). Money is used to buy food, and it became impossible to feed one’s own family and to survive under the changed conditions with e’ti – this – money, i.e. not enough: na e’ti den’gi nam ne prozhit’ – we can’t survive on this money; na e’ti den’gi nakormit’ sem’ju nevozmožno – it’s impossible to feed the family with this money.

Money can also be earmarked – vydelit’, lent – dat’ komu-nibud’ v dolg, deposited – na chranenie or used to run the household – vedenie chozjajstva: it can be handed over – otdavat’/ odat’ (to the husband or wife), it can be given away as a gift – poslat’, prisylat’ (from father to daughter) and it can be given away as a gift – poslat’, prisylat’ (from father to daughter) and it can be used to help someone – usually relatives – pomogat’, okazat’ pomoš’. Money can also be saved up, invested, put somewhere, or put into circulation – nakopit’, vkladyvat’/ vložit’, položit’ kuda-nibud’, zakru/g254ivat’ (used colloquially to mean putting money into circulation for one’s own gain) to increase the overall sum. In addition to receiving and spending money, only a few other types of activities are described in terms of money: ich rasčityvajut / sčitajut / o nich vedut razgovor (money is counted or talked about).

3.2.3. Other peoples’ dealings with money

The agent of the action involving money is not the respondent in only seven examples, most of which concern the State. In these cases, respondents usually take the position of object – the source of money for the State. For example: vveli svoi den’gi/ svoju valjutu – they issue money / foreign currency, oni berut/ zabirajut s nas vse den’gi – they take all our money, These examples also illustrate the concept of the State, which could equally be the subject of closer examination.

In the eyes of the respondent, the implied “culprit” of the very expensive medical and social services of all kinds is generally considered to be the State, and only in rare cases, it’s the private sector that is put the blame on.

3.2.4. Money conceptualised as an “active subject” (What does money itself do?)

Money is around somewhere or is on the move or even changes its quantity. So money is in the respondent’s possession or is heading towards or away from him/her: money is kept – den’gi ležat, it appears – pojavljajutsja, went somewhere – pošli kuda-nibud’, goes into my pocket – idut ko mne v karman, money disappears – den’gi uchodjat, money is spent on something – idut na čto-nibud’, den’gi byli v oborote v kommerčeskich strukturach – money was in
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circulation in commercial structures, den’gi vozvraščajutsja – money is reimbursed.

In four interviews, money is said to change itself, i.e. implying that the quantity of money changes of its own accord: on the one hand, money loses its value, becomes worthless (terjajut svoju cenu, prevratilis’ v nol’), on the other hand, money begins to work – načinajut rabotat’ or even begins to multiply – sami zarabatyvajut sebe den’gi.

4. Discursive analysis of selected sequences, illustrating key components of the concept

4.1. Subject: everything has become too expensive and the absence of money is the main reasons for all current problems

Respondents feel that not having enough money to fulfil their basic needs is a humiliating catastrophe and money is considered central for the person’s self-esteem. One female respondent put it as follows: kogda nechvatka sredstv, čuvstveš’ sebja čelovekom vtorogo sorta – the shortage of means makes you feel a second-rate person.8 Generally speaking, respondents usually answer questions referring to their quality of life by listing problems of a material nature (c.f.: my problems all stem from the fact that I have no money – svjazyvaju svoi trudnosti s tem čto deneg netu; c.f. Rathmayr 2004b).

The lack of material means, i.e. the absence of money as a consequence of socio-economic changes and an unstable society is unanimously considered by all respondents to be the main reason for the poor quality of life and bad current situation (c.f. Rathmayr 2004a). If the interviews are read without bias, the reader could gain the impression that the USSR was a paradise for consumers. Nevertheless, one family points out that there were problems back then as well, but that at least na ēti den’gi možno bylo chot’ nakormit’ sem’ju (you could feed the family with the money you had). No matter what the subject, everything comes down to a lack of money. In all the interviews, complaints were made about high prices for perfectly ordinary foodstuffs that were easily affordable before, such as chocolate for 2 roubles. Nowadays, the chocolate is so expensive that it really hurts the soul – duša bolit. If conversations about the cinema or the theatre were commonplace among Russians in the seventies (c.f. the corpus “Russkaja razgovornaja re’” Barinova, Zemskaja et al. 1978),

8It is interesting that, a few years on, the current Russian president, Vladimir Putin, has cited this very task as one of his core objectives. His main aim over the next three to four years is to bring about a noticeable improvement to the material situation of every Russian citizen, to provide security and to improve their quality of life, to make people “proud of their country” (Interfax News Agency (Russian Language), Daily News Bulletin (Russian Language) 19/07/2001).
respondents in 1993 react to the question as to whether they are interested or participate in cultural life, generally, by saying that they have no money for such things and by complaining that market forces in the field of culture are abhorrent – рynоčnye otnоšernija volbalstî kul’tury – užasnoе javlenie.

The focus on the material side of life is no coincidence and is not only a consequence of the terrible inflation at the beginning of the nineties, it clearly confirms the assumption made by a number of academics, namely that the process of economic globalisation would be accompanied by a shift in a society’s focus to economic aspects of life. At the same time, another well-known hypothesis is also confirmed; the members of a society require a minimal material basis to enable them to satisfy their spiritual needs. In order to make out the traces of “transformation” in these discourses one must keep in mind that at the beginning of the 1990’s, when the interviews were conducted, it was obviously not embarrassing to speak about money any more. But it was embarrassing in Soviet times. And if we think about the situation ten years later, in 2003, we can see that speaking about money has become quite normal, there is even a magazine named “Den’gi” (Money)⁹, containing a column titled “Dlja tech kto ljubit den’gi” (For those who love money). At the same time, according to several observations and interviews the topic “lack of money” has become less frequent than it was in 1993.

How can we explain that money has stopped to be a taboo topic and the Soviet era with its permanent shortage of goods has almost come to be glorified? This raises the question about the traditional Russian attitudes towards money. We assume that people generally held an “ambivalent” attitude towards money in traditional tsarist and Soviet Russian culture. Stepanov explicitly refers to “Russian” culture without differentiating between Russian tsarist and Soviet culture, this terminological confusion not being Stepanov’s idiosyncrasy, but a typical feature of the process of identity construction going on in post-Soviet Russia, amalgamating the Soviet and the Russian era in a “patriotic consense” (Simon 1997) as if there had never been any rupture in the country’s history. According to Stepanov (2001:560), the attitude to money was indeed “one of the most clearly discernible psychological traits in Russian culture”. Money, as with all things “superficial” in general, was in Russian tradition contrasted with the spiritual, intellectual world, which was deemed infinitely more valuable. There are many phrases and sayings to illustrate this, for example: Ne v den’gach sčaste (You can’t buy happiness); Pusti dušu v ad, budeš’ bogat (You will get rich if you send your soul to hell); Grechov mnogo, da i deneg vvolju (There are many sins, one being money in abundance); Bogatyj-to s rublem, a bednyj-to s lbom (literally – The rich man turns up with his roubles, the beggar with his forehead) (Dal’ 1984:57 ff). It is true that the Soviet era was

⁹The magazine was founded in 1997 by the publishing house „Kommersant“.
characterized by a permanent shortage of goods, but the goods that were available in the shops were absolutely affordable to the majority of the population. So the experience of seeing foodstuffs on the shelves of shops and supermarkets one would want to buy but cannot is absolutely new and painful.

4.2. Subject: moral assessment of the relationship to money

The basic characteristics of the concept of den’gi correspond to the explanations in the dictionary, i.e. money as a universal means of exchange. You have to have money to buy specific goods and generally to survive. The status of money as a general means of exchange is reflected in various constructions: things are done for money, money is spent on obtaining something, money is spent on helping others, or someone sends money to help: papa posylaet den’gi (daddy sends some money).

The moral judgement of people’s relationship to money seems to be the subject that most clearly exposes the conflicting discourses. During the Soviet era, there was clear differentiation between the negative perception of capitalist monetary policy, whose purpose was to exploit labour, and the sensible stance of socialist monetary policy, lending “stability to the socialist monetary system” (See Ėnciklopedičeskij slovar’ 1963: 321). The rather negative attitude towards money that Stepanov states to be typical of the Soviet era as mentioned above is expressed by a 55-year-old woman quite explicitly. She talks about the fact that her generation did not work for money, but for the idea – rabotalo ne za den’gi, a za ideju. The same typical Soviet stereotype is reflected in some respondents’ talk about their not being able to take any money for their services. So, for example, a naturopath says: ja za den’gi ne leču, prinesut rebenku jablki ili pečenie (I don’t heal for money, they bring some apples or biscuits for the child). As an interview partner put it in 2003: all those born before the Soviet vaccination (s sovetskoj privivkoj), which means that for them the most important human qualities are moral ones (samoe glavnoe, čtoby čelovek byl chorošij).

In contrast a new, emerging principle of social behaviour is revealed in another interview: anything for money – vse dlja den’gi. The respondent complains that the service provided by the housing administration has become worse, even though it is no longer free of charge. The respondent’s conclusion that people do a bad job even when paid for it – daje za den’gi plocho obsluživajut is supported by the sociologist conducting the interview. However, greed – when someone is even prepared to kill for money – is condemned by those interviewed.

The realisation that money really is a means of exchange is a feature of the new Russian society. Texts discuss the fact he/she who has money not only can buy anything, he/she also has power. This final aspect is a phenomenon new to Russian culture. In one of the interviews, the respondent criticises trading
practices in small shops/kiosks, where everything is sold on at higher prices. The speaker, a military man with a university education, who teaches at a university, thinks that the biggest political mistake was to permit cooperatives to operate in the retail trade, but not in manufacturing. This mechanism enabled many to get rich very quickly and those who have money, have power – u kogo den’gi u togo vlast’ and when you have lots of money, you can buy anything – est’ mnogo deneg možno vse kupit’. My personal observations and contacts, a number of interviews conducted with Russian people in Oktober 2003 in Moscow and articles in the mass media have shown that ten years later the stark contrasts that characterized discourse at the beginning of the 1990’s have been displaced by a general acceptance of the role of money in a market economy; money as a topic has stopped to be embarrassing and it has become increasingly normal to take money for one’s services.

5. Conclusions

This article describes the current concept of den’gi (money), as observed among the St. Petersburg population in 1993. The arguments and the repeated desire to have more money, which was observed in almost all the interviews, clearly reflects the importance of money in the emerging market economy. Still, the traces of the limited importance attached to money during the Soviet era are clearly discernible. Statistical analysis of the frequency of use of the lexeme den’gi unequivocally confirms how important money is. Den’gi, which among 151,047 word-forms was the most frequently used lexeme (356 citations), and the additional interpretative analysis of these interviews provide further evidence. The high frequency of the lexeme den’gi depends to a certain extent on the topic under discussion: the most important questions posed by the interviewer referred primarily to material aspects of family life. The analysis revealed that over the time period analysed, money in reality and the concept of money have undergone fundamental changes. Our observations are in line with the results of surveys conducted in 1995 to 1996 among the population of a number of large and small towns in Russia, which also reaffirmed the importance of the concept of den’gi (Fleischer 1997).

The following features of the concept of money were identified in the analysis of collocations:

- The following types of money are highlighted: živye ("living"), svobodnye (free), svoi (one’s own), čužie (someone else’s), but the main feature of money is its measurability. Money is required to satisfy fundamental material needs, to live well – žit’ chorošo and even to ensure survival – vyžit’, not as a prerequisite for a certain social status.

- Money is a concept that is judged from a moral perspective: čestno zarabotannye (honestly earned), tenevye den’gi (shady money). People
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are suspicious of an adequate supply of money because it is generally believed that large sums of money cannot be obtained by honest means.

- Money is conceptualised as an object that the respondent or other subjects use to carry out a certain inventory of actions: *den’gi zarabatyvajut* (money is earned), *tratjat* (spent), *čtoby polučit’ čto-nibud’ vzamen* (to get something in return), less frequently to *vložit’ v bank* - deposit it in the bank. The State *vvodit* den’gi, *platit* den’gi, but mostly *zabiraet* den’gi from its citizens.

- Money is conceptualised as an active, personified subject: oni *prichodjat*, *uchodjat*, *pojavljajutsja*, *is/g254ezajut*, *prevraš/g254ajutsja v nol’* – it comes, goes, is there, disappears into thin air.

Money has become indispensable as a prerequisite to a normal life and in the era of post-perestroika economy, new value systems are gradually emerging, particularly among young people. Stepanov (2001:561) states that the traditional attitude of “*Pomogi bednym*” (helping the poor) is being replaced by a “*vtoroj mentalitet*” (second mentality): “*Možeš’ ubit’ konkurenta*” (You can kill the competition). The call for altruistic behaviour is wholly absent from the second mentality, according to Stepanov, it therefore makes sense to earn as much money as possible, by whatever means. In my view, this has less to do with a change of moral standards, but more with the opportunities presented by the new economic order: under socialism, even a really large sum of money did not enable one to fulfil such desires as trips abroad, new cars or even imported furniture. Nowadays, money makes all this possible, you can buy all the things that were available only to the privileged nomenclature under socialism. In the last few years, the “*rasčetnaja psichologija*” (calculating psychology), particularly apparent among young people, has become a normal social phenomenon. Today’s young people look for “creative” work and want to receive “normal” remuneration in return. The negative moral assessment of material wealth as formulated in many interviews especially by representatives of the generation over 35 roots in the high moral assessment of immaterial values in Russian traditional as well as in Soviet culture. The interviews conducted in 1993 reveal conflicting discourses on money, which are rooted in Russian and Soviet-Russian ideologies as well as in market ideology, with a noticable tendency towards a market economy concept of *den’gi* clearly gaining acceptance, at least in the big cities.

**References**


“Profit”: A new key concept in Russia and the Czech Republic. Parallels and differences*

Johanna Petters, Barbara Müller**

The article describes how the concepts - i.e. people’s knowledge and attitude - connected to the Russian and Czech words for profit have changed during the transformation after 1989. In the socialist period capitalist profit maximization is stereotypically damned whereas socialist profit remains rather an internal matter of the enterprises. In the 1990ies both the profits of particular enterprises and the general notion of profit become a public matter. In specialized and newspaper texts profit is endorsed as a motivation for people to work and the driving economic force. In Czech spoken discourse people are often skeptical towards the notion of profit.

Key Words: Profit / Economic transformation / Corpus linguistics / Key words concept

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1. Introduction

The aim of this paper is to describe “profit” (Russian pribyl’, Czech zisk) as a keyword of the market economy in current Russian and Czech. Central to our analysis are the changes in the concept of this word that occurred in the wake of the political and economic upheavals in Central and Eastern Europe around 1990. Our hypothesis is that even if the basic definition of a word (i.e. its meaning) remains unchanged, societal changes can affect the concept of this word, i.e. people’s knowledge, values and attitudes connected to it. A concept, being a unit of the mental representation of our real-world knowledge, can only be identified indirectly, e.g. by the word that is tied to it. We therefore study the actual language use in connection with the keyword in question in order to find out about the structure and development of the attached concept, or rather its socially shared aspects.

The following paper starts from a short description of the analysed material and the applied method. After that we will present the meaning and use of the Russian and Czech equivalents of profit, especially concentrating on the shifts in the related concepts. Correspondingly, the main part of the paper is structured in chronological order, starting from Czech usage in the 1970s, going on to the Russian language of the Perestroyka period and then covering in detail the 1990s both in Russian and in Czech. We will show how, as a result of social and political change, the concept of the economic term profit has developed and eventually converged with the corresponding concept in a market economy context.

2. Method of analysis

The main method applied in the study is the quantitative and qualitative analysis of electronic text corpora – large collections of texts that have been compiled in order to reflect the language use of certain periods and domains. In order to examine the use of the Czech language before and after the fall of the iron curtain we use one corpus from the 1970s and several from the 1990s. The language use of the socialist period is represented in the so called “Marked corpus of Czech texts from the years 1972 to 1975” which was kindly provided to us by the Institute of Czech language at the Academy of Science of the Czech

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1This paper presents results of the research project “Market Discourse as an Indicator of Globalisation and Transformation” at the Department of Slavic Languages at Vienna University of Economics and Business Administration. The project is sponsored by the Anniversary Fund of the Österreichische Nationalbank (project number 9166) and supervised by Renate Rathmayr, head of the Department of Slavic Languages.

2We ignore synonyms of Russian pribyl’ and Czech zisk such as the foreign word profit because of their low frequency. Derivations like e.g. Czech ziskový are also left aside in this article due to lack of space.
Republic. It contains 540 000 words of non-fictional text material: mainly professional and scientific literature from various fields, but also administrative and media texts. 25% of the texts are transcripts of spoken language such as lectures, radio programmes or professional meetings.

For the 1990s we use the Czech National Corpus, which was compiled at the Charles University in Prague and can be accessed via the Internet. It is made up by several separate corpora by far the largest of which is the so-called Syn 2000. This corpus of written language has more than 120 million words and contains mainly newspaper texts, although it also provides other, different genres (such as novels, science books and songs).

We also worked with two corpora of spoken language that are provided by the Czech National Corpus: the Prague Spoken Corpus, containing 49 000 words and consisting mainly of transcripts of interviews on everyday topics from the years 1988 to 1996; and the Brno Spoken Corpus, containing a little less than 40 000 words of spoken language from the Morava region recorded between 1994 and 1999.

Additionally, we examined two corpora of spoken language compiled by the Czech linguists Olga Müllerová and Jana Hofmannová. The “Spoken Czech in Authentic Texts” corpus is a representative sample of characteristic communicative situations from the years 1990 to 1992. The second corpus, called Research (Výzkum), contains interviews recorded in 1994 and 1995 on the topic of quality of life.

As for Russian we have access to three different text corpora from different periods: The so-called Uppsala-Corpus consists of 1 million words of written prose, one half of which is fiction published between the beginning of the 60s and the late 1980s, while the second half is from newspapers and magazines from the years of 1987 and 1988. It thus reflects very well the Russian language of the Perestroyka period, when new views on economics and business were – however carefully – being introduced. A second corpus of about 151 000 words are the transcriptions of 16 extensive interviews conducted by Russian sociologists with families at St. Petersburg in 1993 about their social situation (“Pietar-Corpus”). These interviews were designed at the University of Tampere/Finland for a study on survival strategies in post-communist Russia and provided to us for linguistic analysis by Maria Leinonen. This corpus, unlike the two others, represents spontaneous oral speech. The third Russian language corpus is a compilation of the issues 20/1996 to 37/2000 of the popular Russian weekly “Ogonyok”, with approximately 5.8 million words. The

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3http://ucnk.ff.cuni.cz

4Mluvená čeština v autentických textech
Uppsala and Ogonyok corpora are both maintained at the Slav Department of Tübingen University and accessible via the Internet\(^5\).

We have thus at our disposal linguistic data from before and after the reforms and data that represents the transition period around 1990. The differences between the corpora concerning size, content, genres, spoken versus written texts etc. must of course be taken into account in their comparative analysis. Qualitative analysis prevails with the smaller corpora of up to one million words, while mainly quantitative methods are applied to the larger ones.

3. *Profit* in Czech and Russian dictionaries

The Russian equivalent of the word *profit* is *pribyl*’, in Czech it is *zisk*. In neither Russian nor Czech are these in any way new or newly borrowed words. They can be found in encyclopaedias from before 1900 (Brokgauz/Efron 1890) as well as in the works of 19\(^{\text{th}}\) century authors, e.g. Leskov and Gogol’ and their meaning has not changed since then. Present-day dictionaries define the word as “*the sum by which the income exceeds the costs*” or very similarly (cf. Ožegov 1993; Skljarevskaja 1998). Two additional meanings of Russian *pribyl*’ are “*use, advantage, benefit*” in colloquial speech and “*rise, increase (of water, inhabitants etc.)*.” Interestingly, these do not occur in the analysed material at all, which leads to the conclusion that the financial meaning of the word clearly predominates in standard written and spoken Russian.

In Czech encyclopaedias we find explanations of *zisk* that are very similar to the Russian understanding of *profit*. Encyclopaedias usually refer only to the economic meaning of the word. However, the word *zisk* has a broader meaning as we can clearly see when we look into the dictionaries. It is closely related to the verb *ziskat* (*to acquire/to gain*) and can thus refer to practically everything that can be acquired or gained. Although in the vast majority of our examples it is used in its economic sense we could also find examples where it denotes the acquisition of other things such as votes, territory or trophies and points in sports competitions. Sometimes it is also used for non-material *profit*. Thus, the Czech word *zisk* has a semantic range that is very similar to the German word *Gewinn*.

Czech and Russian encyclopaedias and dictionaries from the period of socialist planned economy define the word in the same manner as today, however, additionally they all consistently distinguish very strictly between *profit* in capitalist systems and *profit* in socialist systems. According to them *profit* in capitalism is made basically by the exploitation of workers and by excessive prices, while in socialist societies it is reached through the increase of productivity and of quality and the minimisation of production costs. *Profit* in

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\(^5\)http://www.sfb441.uni-tuebingen.de/bl/korpora.html
capitalism is only made by a few individuals, in socialism all members of the society benefit from it. The concept of capitalists’ *profit* represented in these works of reference is rather vague and negative, while the means and processes that lead to the “socialist” *profit* are described in a detailed and more factual way. In reality, these means and processes do not differ from the ones applied by businesses in a capitalist society, on the one hand, and they cannot automatically exclude the exploitation of employees, on the other hand. In the official view of socialist economic sciences, though, the equation of both concepts was incorrect and revealed the “anti-scientific views” of Western economists, as the Great Soviet Encyclopaedia (vol. 20, 1975) puts it. Apparently, the capitalist connotation of *profit* was so strong that this differentiation had to be applied to legitimate the use of the word in the context of a socialist economy.

The described division between a capitalist and a socialist concept of *profit* might seem rather artificial at first sight. But the examination of language use in the time before transformation indeed hints to the establishment of two distinct concepts in Czech and in Russian, as will be shown in the following chapter.

### 4. Profit in Czech language use before Transformation

Most of the 33 examples of *zisk* (*profit*) that we find in the Czech “Marked Corpus of 1972-1975” can be clearly attributed to one of the two concepts mentioned above – either pertaining to a socialist, or to a capitalist economic system:

*Profit* in capitalism: Eight examples in four texts show the socialist concept of capitalist profit. Most of these texts argue that similar phenomena have different consequences in capitalist and socialist society due to the inherent dynamics of the respective social system. Phenomena like management – or regulation as it was called in socialist countries – or the so called scientific-technical revolution do great benefit for socialist society whereas they widen the gap between the classes and worsen the situation in capitalist societies.

The contents of capitalist management are determined mainly by the relations of production just like the contents of socialist regulation. Thus the fundamental economic law of capitalism - the striving for maximum profits, which finally determines the essence, the forms and the style of management in capitalism – is the basis of management theories, just as regulation in socialism is the realisation of socialist distribution of property and a function of socialist state power. (Czech 72-75)

Not only in this example is profit maximisation described as the driving force of capitalism. The striving for maximum *profit* as the main characteristic of the capitalist society is repeated stereotypically when it comes to confronting the benefits of the socialist system to the inner contradictions of the capitalist
system. We never learn how much *profit* is made and in what way, nor do we get any information about the entrepreneurs who make this maximum *profit*. They remain as vague as the concept of *profit* itself. What we learn is that they are only a small group that lives and prospers by exploiting the masses of working class people.

The scientific-technical revolution also has different consequences. In socialism it contributes to the acceleration of social development, whereas in capitalism it activates all the oppositions and contradictions of capitalism. In capitalism, its benefits are used for further exploitation, for imperialist deprivation of the people, for the raising of profits. (Czech 72-75)

*Profit* in socialism: The socialist concept of *zisk* (*profit*) is less vague. The examples we find here mainly inform us about economic results of certain enterprises. The word also occurs in a collective contract where the relation between the *profit* of the enterprise and the wages of the workers is defined. Unlike in the texts about capitalism here we learn who made a *profit* and how much *profit* was made:

In the past year the workers of our national enterprise were successful in fulfilling all decisive directives of the plan. The hitherto highest *profit* was made, that is [...]⁶, and the workers also achieved significantly in lowering the costs of material by [...] compared to the figures of the year [...]. (Czech 72-75)

Here the workers make the *profit*, not the entrepreneurs. It is a representative of the company who informs the public: *workers of our national enterprise*. This is typical for the 1970s. Similar examples we find in this corpus are from an article in an enterprise’s internal magazine, an interview with the director of the municipal people’s committee (about the *profit* of the municipal services) and the minutes of a meeting of a collective farm. Therefore, it is always somebody closely related to an enterprise who talks about its economic results. *Profit* remains an internal affair and is publicised only when the results are positive. The only case where we find negative results are minutes which were written only for internal use.

*Profit* is not the driving force, but only one of the indicators of economic results, one of the aims that have to be reached according to the five-year plan. As the plan prescribes concrete figures the aim is not maximisation but reaching these figures. A second indicator that is at least as important as *profit* is the production (*výroba*) or production capacity (*výkon*) of the enterprise, which is also expressed, in concrete figures. In most of our examples this figure comes before *profit* as is the case in the following example.

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⁶In the “Marked corpus of Czech texts from the years 1972 to 1975” numbers are omitted.
At today’s conference on technical and economic affairs the participants were informed about the specified directives of the enterprise’s plan for the current year, which are again more ambitious and account for a rise of production by [...] and a rise of profit by [...] compared to the figures that were reached last year. (Czech 72-75)

**Excursus: Capitalist theories in the 1970s**

In one text of the 1970s corpus we find eight uses of zisk that do not fit into either of the two concepts represented in the dictionaries and encyclopaedias. In this geography lecture, which was probably not designed for a wider audience, the lecturer refers to the theories of the German economists Johann Heinrich von Thünen and August Lösch. These theories came up in the 19th, respectively in the first half of the 20th Century, and are clearly closer to capitalist views than to socialism. Nevertheless, the lecturer refers to them without criticising them from the socialist point of view. He finds nothing extraordinary in equating the sense for profit with the sense for economic action.

The fourth condition [for the functioning of von Thünen’s theory] is [...], that the farmers who deliver the agricultural products to the market all have an equally developed sense for business, that is an equal sense for profit. (Czech 72-75)

In addition, the assumption that a cheaper work force brings higher profit as we find in the following example rather indicates a capitalist notion of profit.

This localisation factor is defined as the advantage that a given production gets from settling at a certain location. The advantage can be cost savings; furthermore, it can be advantages on the grounds of higher profit due to a cheaper work force. (Czech 72-75)

It seems that – during the 40 years of socialist regime in Czechoslovakia – the socialist dual concept could enter into the official discourse as represented in dictionaries and newspapers, but in the less official layers of discourse a market economy notion of profit did not vanish completely. Nevertheless, in everyday public and in economic discourse the official concept applied, which also meant that overall profit was a significantly less important concept for economic activities than in market economy societies.

**5. Profit in the Russian language of the Perestroyka period**

The word pribyl’ (profit) occurs 47 times in the Russian language “Uppsala-Corpus” from the end of the 1980s, always in newspaper and magazine articles and never in literary texts. The word appears partly in contexts that are typical of the previously depicted concept of “profit in socialism.” For example, the second frequent topic of texts containing the word pribyl’ is the description of
technological innovations. As was already mentioned making profit by technical progress is a traditional aspect of the official socialist concept, and therefore an inoffensive context for the use of the word. In addition, profit is in some cases still conceptualised as one factor among others, with the production output – i.e. the supply of the population with consumer goods – being more prominent than the profit.

Many other uses of pribyl’ (profit), however, hint to a new treatment of the word in the media of that period. Thus, the topic with the highest frequency is economic reform. 23 texts in the Uppsala corpus contain the word pribyl’, 15 of them criticise the economic situation of the time or deal with economic reforms. The tendency of this discourse is to ascribe a higher importance to profit than it had had in the official view of the Soviet authorities before the beginning of Perestroyka reforms. Confer, as an example of criticism, a very open description of the difficulties of collective farms that are caused by the shortage of building materials and certain rules that limit the purchase of such materials. Here, profit is already seen as a very important prerequisite for economic activities, and the author complains that the economic system to which the state adheres inhibits its positive effects:

It seems that the dump has become almost the only place where kolkhozes and sovkhozes nowadays quite uninhibitedly supply themselves. It is not just some bankrupts [...] that mine them, but suppliers from farms with a profit of millions in their accounts. (Izvestija 1987)

In many cases, planned or already implemented reforms are discussed, as is the case in the following section of text. It describes newly introduced “innovation banks” which give loans to enterprises. First, the principles of their work are explained – with profit as the central motivating factor –, then an example of an already existing and successfully working bank is given:

Innovation – that is what the activities of these banks are all about. Funding, loans for the costs of [...] innovations – from the idea to implementation, with a share in the profits later, which motivates the banker’s genuine concern for the effectiveness of the loan. This effectiveness is expressed, among other things, by bonus payments to the bank employees. The first innovation bank has just started work in Leningrad. It has turned out to be a lucrative thing. (Izvestija 1988)

Criticism of a condition and the presentation of a reform solution are often connected in one article. Central to this discourse of economic reforms is the question which role profit plays in economics and business administration and that its role must be increased:

[...] the independence of workers’ collectives, as intended by the law on state-owned enterprises in such matters as planning or the distribution of part of the
profit, in reality collided with attempts from above to rigidly plan production targets as well as to decide on the profit of enterprises. (Izvestija 1988)

An article on the reorganisation of state enterprises explains what the newly introduced principles “full economic accountancy” (ru. *polnyj chozrascet*) and “self-financing” (ru. *samofinansirovanie*) mean. Here the whole concept of leading a company is already built around the goal of making *profit*:

All the activities of the enterprise [...] are carried out with the money earned by the workers' collective. [...] The indicator of economic activities is the profit. The higher the profit the more lucrative the enterprise. The higher the productivity of labour and the quality of the products, the lower the expenses, the higher the income, and with a bigger income, the enterprise has more possibilities [...]. (Technika i nauka 5, 1988)

Another typical feature of the analysed texts of the Perestroyka period is also illustrated by the above example: Many articles explain in a detailed, yet comprehensible way how certain economic mechanisms work. This shows that the ideas introduced are indeed new to the readers. In one case, a report about the direct cooperation between two kolkhozes, without the usual mediation of a ministry, uses the words “customer” (*zakazcik*) and “contractor” (*ispolnitel’*) in quotes to refer to the two kolkhozes. This shows just how new ideas like direct business contacts between two enterprises, without the mediation and control by official authorities, were at that time.

The implementation of the Perestroyka reforms, and associated ideas and principles, was not a grassroots movement. It was masterminded and directed from above. This seems to be another reason why innovations are described very carefully: They have to be legitimated with the people, the readers, because they often contradict the ideology advocated and enforced by the Soviet state in the decades before. This becomes especially noticeable in articles that deal with a new legislation, e.g. the “Law on state enterprises”, related to in the above examples, or the legalisation of so-called individual (i.e. private or freelance) work. The typical structure of such a text is to admit that the reform in question is indeed unusual and difficult to understand, and then to explain its meaning and its importance for the country’s further economic development.

The state controls not only the reforms; it also wishes to keep control over the profits that the individual enterprises make. This remains quite obvious in spite of the increased importance ascribed to the concept *profit* for a better functioning economy with greater independence for each enterprise. When the Soviet minister of finance in an interview on budget affairs mentions that the state’s income recently decreased, because “70 percent of the drawn profit that exceeds the five year plan started to remain at the disposal of the enterprises” this shows how limited the enterprises' access to their own profit actually was. Confer also the statement “This year [...] “Shveitekstil ‘trikotazh’ will give the
state a profit of about 45 million,” this being a justification of the existence of an enterprise that employs handicapped persons. So, profit is still made predominantly for the benefit of the state or the society, rather than for an enterprise, or even an individual. The Soviet authorities of that time tried to implement profit as a motivation for better performance, while still clinging to many principles of a centrally planned economy.

A very new phraseology introduced by Perestroyka discourse is the possibility to take the “West” as a model for reforms – unlike earlier, when comparison was allowed only to show the advantages of the socialist system. Now there are cases where the criticism of the own system is spelled out very directly, and even sarcastically:

It seemed that everything was wonderful. We at last succeeded at least somewhere in overtaking the leading capitalist countries. However, it appears, not that we overtook them, but they wanted to stay behind. In the USA and Japan, they simply studied the demand for robots first, determined where they could be profitable and only then started production. (Technika i nauka 2, 1988)

It will be shown later that this emulation of the West becomes even stronger in the 1990s.

To conclude this chapter it can be said that in the Russian sources from the Perestroyka period of the late 1980s tendencies toward a conceptual shift of pribyl’ (profit) are clearly visible. The importance of profit in economic activities is increased and its meaning is discussed intensively. The traditional antagonism of a negatively evaluated Western and a positively evaluated Eastern variant is at the same time attenuated.

6. Profit in Czech after the end of centrally planned economy

In the Syn 2000 Corpus, the corpus of written Czech language of the 1990s, we can clearly see how zisk (profit) has become a central concept both in economic theories and in accounting.

According to the market economy theories that are now being implemented and discussed, zisk (profit) is seen as the driving force of economic action. This notion, however, had already been present in the socialist concept of capitalist profit. Now this vague and at the same time unambiguous idea of profit is integrated with other aspects, that before the introduction of market economy were part of the socialist concept.

Although profit maximisation is now accepted as the major objective of any business there are also other objectives that have to be considered - sometimes even at the expense of a higher profit – as in the following passage from a marketing textbook.
Fig. 1. The significantly higher frequency of the word both in Russian and in two languages.

The objectives of marketing must be a consequence of the enterprise’s objectives. Among the objectives that are usually observed are above all:

- profit maximisation, which can mean maximisation of long term profit or the maximisation of the current profit, e.g. in a quarter or a year, which is more common, as the profit can be set down and controlled more easily in a shorter period of time.

- keeping or raising the turnovers, an objective that is usually observed if the profit is acceptable and a higher sales volume leads to lower unit costs.

- [...]  

- social responsibility, if the enterprise renounces higher profits in reaction to pressure from the environment and rather follows the interests of the society (Stehlík: Základy marketingu. 1999).

What we can also see from the above passage is that profit maximisation is no longer a stereotypical formula but can be differentiated according to the concrete objectives of the enterprise. This is only one of many examples where the capitalist concept of profit becomes more complex from an inside point of view.
After the Marxist theory lost its function of being the one and only axiomatic truth, different economic theories are being introduced and discussed bringing about many different notions of profit.

In the course of the 1990s, the notion that profit must not always be the major goal gains ground. Like in many western countries, the question of where profit orientation fosters economic development and where it harms the social balance starts playing an important role in the discourse. It is also reflected in a treaty that was signed in 1998 by the governing Czech Social Democratic Party and Democratic People’s party supporting the socialist minority government.

A topic of permanent debate between left and right governments is the discussion about the desirable share of public and private sector. The government disclaims ideological fundamentalism, which in its communist emanation lead to the elimination of the private sector. The government does not share the ultraliberal views on cutting back the public sector, either. It endorses the attitude of the European Union on a continuous partnership between the two sectors and is conscious of the fact that in practical politics the frail and from time to time changing balance between the two has to be looked for anew again and again. We do not think it advisable for economic subjects whose task is profit maximisation to remain in the hands of the state, but we do not think that the providers of public services should be unrestrictedly subjected to the invisible hand of the market either. The government holds the opinion that the market mechanism is useful mainly in the case of short-term allocation of resources. Those fields with a long time passing between the investment and its results – as e.g. education or pure research – the government thinks should be part of the public sector. (Politika v ČR 1998. Brno 1998)

Profit maximisation is no longer seen as characteristic for a social system as it was before the Transformation, but is now rather associated to private enterprise. Thus, privatisation becomes another important aspect of the concept of the Czech word zisk (profit). On the practical microeconomic level profit is no longer one factor among others to be fulfilled according to the five-year plan. It is now the major figure informing a broad public about the success or failure of an enterprise.

The majority of hits for zisk (profit) in newspaper texts from the 1990s are articles which inform the readers about how much profit an enterprise has made in the past year or how much it is going to make in the near future. Here is just one example:

Czech savings bank doubled profit in the past year PRAGUE (jaš) – The Czech savings bank closed last year’s annual accounts with a profit of 980 million crowns. Compared to 1993 this amounts to a growth of 661 million crowns. On the basis of these results the board of directors will propose to pay a dividend of 7 crowns for each hundred crowns share at the shareholders’
meeting. In the past year 5 crowns were paid. The Chief Executive Officer of the Czech savings bank Jaroslav Klapal informed journalists about this yesterday. The amount of profit was influenced by the need to create high reserves that would correspond with international banking standards. J. Klapal further stated that the increase of the obligatory minimal reserves from 9 to 12 percent also had a negative influence on the amount of the profit. (Hospodářské noviny 1995)

The whole article is only twice as long as the passage quoted here and as we can already see from the title, its main topic is the profit of the Czech savings bank. Whereas in the corpus of the 1970s we found no texts with profit as their central topic, such texts occur quite frequently in the 1990s. Especially the frequent use of zisk (profit) in captions indicates to the fact that profit has become a key concept of the period.

As everybody has now the right to buy shares of a public company, the profit of most companies is no longer an internal matter, but has to be made accessible to the public via the press. The share holder’s interest in the profit is the reason why many articles on the topic of profit inform not only about how much profit was made but also about what is now going to happen with the money and what factors were responsible for realising this concrete sum of money.

As we can see from an article commenting on the adaptation of the accounting system to the standards of the European Union this publicity of economic results was really something new.

During the transition period before the beginning of the big privatisation, one could hear the opinion, among others, that there is no need for a denationalised enterprise to announce the results of its economic activities anywhere or to anybody. When a list of 1490 Czechoslovakian enterprises with the most important figures was published at the beginning of the first wave of the voucher privatisation in 1992, the specialists’ community took this as the breakthrough of the economic information barrier. The matter was clarified completely with the Ministry of Finance’s implementing regulations for the accounting act. They strictly oblige medium and large concerns to publish a minimum extent of the most important figures of their annual accounts attested by an auditor. Maybe it came as a surprise to some people that the enterprise cannot regard these figures as its secret. This is also not possible in the civilised world of developed market economies. In our neighbouring EU-countries the figures for property and annual accounts of the big capital companies’ economic activities fill whole pages of the public gazettes. We will have to get used to the fact that the publication of figures in the Obchodní věstník [newspaper “Trade Bulletin”] is part of the new system. (Hospodářské noviny 1995)

In the same article, the author criticises that the new methods of accounting do not show any figure comparable to výroba (production output) - one of the most
important indicators of economic results in the communist period. For him the fact that in the new system the major indicators are turnover and profit and that there is no figure which would characterise the volume of the main activities of the enterprise indicates that in the basic philosophy of modern entrepreneurship the main problem is not producing, but selling.

In the new accounting methods the second important figure apart from profit is the turnover (obrat) of an enterprise. It is sometimes mentioned in newspaper information of economic results. Still, profit is clearly dominating.

The adaptation to EU methods brings some confusion into the concept of profit and is accompanied by big discussions. The confusion is especially obvious with the economic term balance profits (bilanční zisk). Whereas in socialist accounting it denoted the gross profit before taxes, it is now rather used for the net profit. The confusion this new meaning can bring about is also commented by the author.

This is not a discussion in a linguistic circle, but it is a matter of different expressions also having different meanings and referring to different values (figures) of the financial data in question. […] According to the old method balance profit meant the overall annual profit of an enterprise before deduction of all tributes and taxes. […] The old profit and loss account actually closed with the gross profit and did not contain any data about the net profit after tax. […] The new profit and loss account closes with the net profit and as this figure is the result of the whole balance of income and cost it can also be regarded as balance profit. (Hospodářské noviny 1995)

The broad discussion that accompanied the implementation of the new concept mirrors in the especially high frequency of the key word zisk (profit) in the period after the introduction of the new method of accounting in (cf. p. 202). Fig. 2 shows the frequency of cz. zisk as related to the number of the female past tense forms of the verb to be (cz. byla) in percent. This method of counting has to be applied, because there is no information available as to how many words the Syn 2000 corpus comprises for each single year.

Special economic terms that are formed with an adjective plus zisk such as the above mentioned balance profit (bilanční zisk) appear with a strikingly higher frequency in the 1990s. Whereas the only examples for this kind of terminology in the 1970s corpus were two hits of balance profit/bilanční zisk, the most frequent collocates of zisk in the Syn 2000 are čistý (net) and hrubý (gross). This again indicates that the differentiation of different kinds of profit now plays a bigger role.

Although the expressions net profit (čistý zisk) and gross profit (hrubý zisk) have undoubtedly become part of many people’s concept of profit this does not automatically mean that everybody knows the exact meaning of these terms. For people who are not economic experts it can even be difficult to distinguish
between profit/zisk and income/příjem as in the following passage from the Prague spoken corpus.

*Fig. 2. Frequency of cz. zisk in the 1990ies*

![Graph showing frequency of cz. zisk in the 1990ies](chart.png)

A: And he cou... , he made me a balance-sheet and counted up, that with the rent as it will probably be, as I have heard, well, how high it is going to be and all that, and with all the other, that I will have to earn about thirty five thousand a day.

B: A day?

A: A day!

B: Wait, income or profit?

A: A day...income, no, profit, income […] (Prague spoken corpus)

There seems to be a big gap between the concept as we find it in the media discourse, where most texts dealing with *profit* are written by experts, and the discourse of every day spoken language. Here, a critical attitude towards *profit* prevails. In three of the four examined corpora of spoken language (*zisk* did not occur in “Spoken Czech in Authentic Texts”) we found 9 examples (out of 22) where people express their concerns about the profit orientation they see as dominating in the new market economy society.

I cannot express myself, but the misery of mankind. I ... I am afraid, that, that mankind will die out because they do everything for profit, everything for profit (Brno spoken corpus)

Most of the interviewed people seem to have quite a vague notion of profit and to equate it to market economy in general as in the following passage where the interviewee says what will happen to the Czech cinema when cultural affairs will be handled according to market economy principles.

Our cinematography […] will be market orientated, it is true and ... well, like, have profit […] it will be profitable and market orientated, yeah, it’ll be flourishing and market orientated, but it will be poor, yeah, and stupid. (Prague spoken corpus)
There are more examples, in the written as well as in the spoken corpus of the 1990s, where profit or profit-orientation is conceptualised as something that becomes more at the expense of other values like the protection of the environment, high standards in art or quality of life, or family life:

People very much lack humbleness; they are impatient and want everything immediately. Well ... this running after profit today will become a disaster because children do not know anything of their families except money, they will not know how to ... I don’t know ... do you know a family that gathers in the evening and sings something?

In the 1990s, the two formerly distinct concepts of profit are joined into one, the new concept thus becoming more complex. This new concept integrates the negative aspects of profit or profit orientation that were formerly attributed to capitalist profit as well as accepting it as a very important factor of economy, so zisk (profit) is not only the seemingly neutral economic term as which it often appears in newspapers. It is subject to discussion and criticism as becomes especially obvious in every day discourse where it quite often embodies market economy with its negative consequences and conveys projection space for people’s fears. In such cases traditional communist notions intertwine with the counter-movement against neoliberalism and globalisation that is currently to be found in most western democracies.

7. Russian profit in the 1990s

There are fewer and smaller corpora for that period in Russian than in Czech, the most important difference, though, being the smaller variety of genres. Therefore conclusions about the use of pribyl’ (profit) are limited to the language of the media and to the everyday speech used in the Pietar Interview Corpus of 1993.

The Russian word pribyl’ (profit) occurs 8 times in 5 of the 16 analysed sociological interviews. This is very little compared to the 356 occurrences of money, which is the word that people use when they talk about their own, everyday lives. Profit, on the contrary, is reserved for more theoretical reasoning about Russia’s economic situation. Wherever it is used a positive attitude to profit in a capitalist context prevails. It is conceptualised as the driving power of economics and the motivation for good work. One interviewee thinks that in the communist system people ‘unlearned’ how to work properly, because they “did not see the results of their work”, meaning financial benefits. He continues:

If somebody works getting a percentage, he starts to understand that the bigger the share in the profits, the deeper his pocket. (Pietar 93)
A second subject stresses the importance of private property for improvements in the society as a whole. In her opinion financial incentives and profit-orientation should also be applied in the public sector:

[...] and there, in the civilised countries even state officials are given quite a significant mmm... salary, for example, some ten percent of the profit [...] (Pietar 93)

The ideas about the “West” may still be vague, as the above example illustrates, but profit is central to the conceptualisation of the functioning of economics, and even of the society. None of the examples from this interview corpus reveals a negative attitude towards profit-orientation, except, partly, for one case where the concept of profit is that of a luxury that is very far away from the life of ordinary Russians:

I want to get normal money [i.e. a reasonable salary] for my work, so that I can maintain my family; the rest does not interest me; I do not want to make a profit with it and travel twice to Miami. (Pietar 93)

Profit in these interviews is still, as in the Uppsala corpus, a rather abstract concept applied when people talk about the overall social and economic situation. Only one subject tells about the profit his employer makes. Still, it is now definitely seen as the centre of all economic activities. Thus, the usage in these interviews reflects very clearly the continuation and effect of the Perestroyka discourse, when a new concept of profit was being implemented.

The Russian sources from the second half of the 1990s (the miscellaneous articles from the Ogonyok weekly of 1996 – 2000) prove that in Russia, too, profit has become the centre of entrepreneurial activities and economic thinking. Rathmayr et al. (1999) show, that native speakers of Russian associate mainly positive ideas with the word pribyl’ (profit) and see profit as the goal and reward of good work, but it can also be the result of good luck. These findings are supported by the data from the Ogonyok 1996-2000 corpus: An important topic in the Ogonyok texts is the question of how profit is made, or where it comes from. Accordingly, the verbs prinosit’ (bring) and davat’ (give) occur especially frequently together with pribyl’. A closer look at sentences with the pattern “X brings profit (to Y)” reveals as sources for profit: concrete products and services (“Roverbuk” notebooks; sausage; the first series [of a film]), companies, persons (such clientele; [Garri] Kasparov; each of us) and more abstract qualities, circumstances, or projects (somebody’s publicity; a discovery; the devised construction plan). The most important economic sectors in this context are entertainment and the media, and transport and tourism.

Generally, profit in the Ogonyok articles from between 1996 and 2000 is something much more concrete than in the earlier sources. There are few theoretical discussions now, but reports about companies, business people, activities and the like.
Among the most frequent verbs that occur together with *pribyl’* (profit) is *polučat’*. This verb is often translated with *get*, *receive*, but it also means *to obtain*. In the phrase *polučat*’ *pribyl’* the appropriate translation is therefore *to make profit*. Especially German speakers are tempted to interpret this phrase wrongly, as the German equivalent usually given – *bekommen* – means *to receive or to be given*. Such an incomplete transfer of the Russian meaning to German may affirm the widespread stereotype about Russians as being passive and dependent, while in fact the present-day Russian concept of *making profit* is very near to that in German or English.

Several occurrences of *pribyl’* in horoscopes lead to the conclusion that profit is not only conceptualised as something very positive, but also as partly depending on good luck. Interestingly, making profit by illegal or unethical means is typically connected to the use of a special verb, *izvlekat’* (derive). This, however, was found in the analysed corpus only 6 times, as opposed to the 46 records of *polučat*’ *pribyl’* (make profit).

A look at the adjectives defining *pribyl’* reveals one dominating semantic group: Of 142 adjectives 70 refer to the amount of profits. Not surprisingly, the most common one (with 18 occurrences) is “big,” but especially noticeable is the high frequency (16) and variety of words meaning “very big”: *basnoslovnyj* (legendary, fabulous), *ogromnyj* (enormous), *kolossal’nyj* (colossal), etc. About two thirds of these are to be found in contexts where the means of making profit or the amount of profit is criticised, e.g.:

Unfortunately, some governments and companies immediately classified these [scientific] works as secret, hoping for large-scale advantages or enormous profits. (Ogonyok 2000)

This seems to be a remnant of the old, negatively connoted concept of *profit*. Another aspect of this concept is revealed in an article which states that very big profits can only be made in the West, but not in Russia:

You think the “Roverbook” notebooks earn the company legendary profits? In the West it could not be any other way: you crushed your competitors like the bear the aspen – now you can start the buying-up of villas on the Bahamas. But in Russia everything is the other way round. (Ogonyok 1997)

More often, however, authors in Ogonyok underline that extremely large profits are not the usual thing in the West, or in a stable market economy, but typical of the current economic situation in Russia.

In this year’s ski season something like a full utilisation of the hotels happened for the first time. According to the mayor of Dombay [a Caucasian ski resort] the current profit rate in the hotels is 50 percent. This is much more than in civilised countries. (Ogonyok 1999)
The West is – like in the Pietar interviews – often seen as a model for Russia. Russia must emulate the prosperous western countries in order to eventually become equally successful and “civilised.” In a minority of cases, however, political commentators stress the uniqueness of Russia and the Russians and claim a different direction of development. “We are not like them [the ‘West’] and they are different to us” – says one author, and characterises the Russians by “the collectivist component of our psychology, the unwillingness and inability of the greater part of the population to take part in the ‘rat race’ for profit.” In such texts a principal difference between “the Russians” and “the Westerners” is built up, and Russia’s belonging to the “West” is questioned. This is practically the only form of criticism of market economic principles in the texts from the Ogonyok magazine. It is tied to national differences, as opposed to the discourse in the Czech Republic, where the country’s belonging to the “West” is beyond doubt, but single aspects of market economies, e.g. neoliberalist tendencies, can still be questioned. However, it must not be forgotten that this is a minority discourse in the studied Russian material. The dominating point of view in the Ogonyok magazine and in the Pietar interviews conceives of the capitalist countries as of the norm, or standard, that Russia must try to reach. A more differentiated view of market economy, neoliberalism or globalisation is unusual. A possible explanation for this might be the lack of experience with modern capitalism in Russian history even before 1917. Thus, the official socialist ideology could influence people’s conceptualisation of profit in capitalism much more than in Czechoslovakia, where until 1948 the society’s experiences had been very similar to those of other Central Europeans. Consequently, a widespread perception of a market economy in Russia seems to be that all formerly state-owned sectors can (or must) now be privatised and work for profit. This can even pertain to schools or hospitals. If an author criticises a non-profit organisation for making profit she has to legitimate and explain this criticism before her readers, even in the year of 2000:

Maybe there would be no need to report on the commercial activities of [the ophthalmic clinic] MNTK and its director, but the point is that Mr. Fedorov’s clinic is nevertheless not an oil-processing plant. There are more and more people in Russia for whom eye surgery is vital. They cannot go to Fedorov’s clinic, because the prices for treatments there rise every year [...]. Furthermore, as was already mentioned, MNTK is not a commercial enterprise, by definition it must not strive for profit. (Ogonyok 2000)

8. Conclusion

During the last 15 years the concept of profit, as reflected in Russian and Czech language use, has changed significantly. In the times of planned socialist economies a separate, positively evaluated notion of profit in socialism developed, as opposed to a negatively connoted concept of the profit made by
capitalists. The Russian sources from the end of the 1980s illustrate how this
dual concept was then gradually melded into a single new one and, at the same
time, ascribed more and more importance.

In the second half of the 1990s the former differentiation is obsolete, profit is
understood as a central factor in business and economics, and is generally
evaluated positively. That means the concept of profit is now clearly that of a
market economy, though some aspects of the traditional socialist concept can
still be traced. Nevertheless, profit has become a key market economy concept
for both the Russian and the Czech societies.

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Trust in transition: a multi-layered game with many unknown factors
A conference report

Trust is a blurred, and controversially discussed, topic of social science that has become particularly attractive for empirical work in economic sociology. For that reason a conference took place in St. Petersburg from 16th until 17th December 2002, organized by the Faculty of Sociology (Economic Department) of the State University of St. Petersburg and the Institute of Sociology of the Otto-von-Guericke-University of Magdeburg, and titled “Trust: Theoretical Approaches and Perspectives of Analysis”. About 30 scientists met at the State University of St. Petersburg to provide theoretical papers and empirical material on the notion of trust in social and economic relations.

Both sociological institutes used the conference, which was promoted by the Center for German and European Studies (ZDES) in St. Petersburg, as a platform to develop joint research strategies and empirical projects for post-socialist transformation processes in Eastern Europe. The Russian and German scientific team around Y. Vesolov (St. Petersburg) and E. Dittrich (Magdeburg) is particularly interested in the interrelatedness of economy, society and culture, their impact on institutions, development of market relations and entrepreneurship, and transformation of socialist in market economies.

The conference was structured into two parts. The first part, “Sociology of Trust: Approaches for the Study of Pre-Modern, Modern and Transformation Societies”, dealt with general theoretical approaches in the context of transformation. The second part titled “Conditions and Mechanisms for Generating Trust in Transformation Societies, especially in Russia and Eastern Germany”, aimed at exploring empirical fields/spheres of trust and mistrust in transformation societies. The conference ended with a workshop on “Research Perspectives and Strategies in the Field of Trust and Transformation” aiming at setting up an international research network on this issue.

We will outline some important theoretical concepts and empirical findings linked with the topic of trust.

In his paper “Georg Simmel: The Strange and Trust” Chr. Stojanov (University of Magdeburg) pinpointed at Simmel’s pioneering role in analyzing trust. Starting with his view that trust is situated between “knowledge and ignorance”, he came to analyze trust in relation to the ‘stranger’ as a personified being, but also ‘strangeness’, which scrutinizes our own we-group identities. In everyday-life the reaction of we-groups to foreigners and foreignness may take different forms, ranging from openness and changing group structure to exclusion and
maintenance of group structure. Unfortunately, Stojanov did not place his summary of Simmel’s theory into a broader context. The discussion to interpret networks as a special form of we-groups, which play a crucial role in post-socialist transformation, pinpoints at a promising field to apply Simmel’s theory in contemporary research.

K.-U. Hellmann’s (University of Magdeburg) paper on “Trust in Markets” gave particular reference to N. Luhmann and a systems-theoretical approach to trust in economic sociology. Hellmann pointed out that trust in markets is a modern phenomenon. He argued that modern markets are autonomous social systems that determine economic action, and in which every single exchange act stands for itself as a “self-sufficient” element or event in the flow of market exchanges. Personal ties in terms of familiarities and reciprocal obligations in are not necessary. However, without any social embeddedness the risk to be cheated is very high. For that reason markets need trust as a means of risk-reduction and as a functional equivalent for familiarity and reciprocal obligations that structured pre-modern societies. Hellmann not only mentioned laws and regulation as such substitutes, but also cultural conditions and emphasized that – contrary to the view of economics – also modern markets are embedded in various ways to make them efficient. However, the type of trust, which is required for modern societies, is not the same as in pre-modern exchange relations. The modern type of trust is “system-trust”, which is generated by “real” experiences as well as self-reflexive mechanisms. He concluded that trust in the functioning of markets is the main reason for trust in markets.

N. Glebovskaya (St. Petersburg State University) considered “Trust in Terms of the New Institutional Economics”. She argued that also New Institutional Economics (NIE) knows trust as an element of economic action. Following O. Williamson’s approach, Glebovskaya discussed three main types of trust: (a) calculative trust: an instrumental trust to maximize profits in exchange relations; (b) institutional trust: trust in formal and informal institutions of control; and (c) “nearly non-calculative” personal trust, within families and friendship relations.

One of the most interesting results of three papers and their discussion was the idea of a double character of modern economy both as an autopoietic and self-referential sub-system as well as being embedded in social structures and depending on action of, and communication with others. This contradiction is real” and requires corresponding theoretical instruments and adaptations such as the transgressing of a pure systems-theoretical approach.

Among the theoretical papers we would also like to mention Y. Veselov’s (St. Petersburg State University) paper on “The Sociology of Trust and Transformation Theory”. He identified two sociological traditions in explaining trust in modern societies. One school, represented by Fukuyama and others, considers trust as a phenomenon of traditional institutions (religion, family,
communities etc.), from which modern institution (markets, functional systems) can take some benefits. Here trust is more like faith or belief. The other school treats trust as a modern institution. For Luhmann or Coleman, trust is a response to the conditions of uncertainty and a risky life-world in modern societies, and it is related to rational calculations of possible gains or losses. Veselov tried to integrate the two approaches by a simple sequencing. During the transformation process from pre-modern to modern societies, traditional trust as a means of connecting (more or less) equals by “mechanical solidarity” had to be substituted by modern trust, based upon, and reproduced by, modern “economic structures” and competing market agents. As Veselov pointed out, the market economy transforms society into a “market society” (an argument that was later elaborated by H. Schrader). It activates modern trust, whereas traditional trust moves into the periphery of society. Building upon these considerations, Veselov dealt with the long-term transformations of Russia (and Eastern Europe). Considered as a long-term process, Russian society began to change the traditional rural, patristical and religious forms of trust at the turn to the 20th century. In spite of rapid social and economic change during the socialist period that eroded traditional trust, the totalitarian system maintained certain aspects of traditional trust. Paternalistic trust changed into “trust in charismatic political leaders”, religious trust changed into “trust in the communist ideology”, trust in traditions became “trust in order”. Instead socialism developed “highly institutionalized public trust to power, state and political leaders mixed with distrust between ordinary people (and personal) trust concentrated in private life only inside the families or small communities”. Altogether, Veselov argued for a more complex and socio-historical view on the connection of post-socialist transformation and trust.

M. Sinoutin (St. Petersburg State University) talked about “Changing Trust in Modern Russian Society: Social and Economic Roots of the Problem”. He emphasized the importance of a historical and concrete, case-based investigation of trust and argued in the way of moral philosophy that trust can only exist on a personal level, not however, on the level of systems or institutions where it only provides an “illusion”. On the personal level, trust is a kind of belief or faith melted with moral norms and ideals, which Sinoutin considered with regard to Russia and the former Soviet Union. He emphasized that traditionally Russia and also to some extent the Soviet Union is a high-trust society (from the point of view of personal faith an beliefs). This, however, changed with the transition to capitalism. Many people lost their faith or beliefs, but they are seeking trust and moral reconstruction.

The second part of the conference: “Conditions and Mechanisms for Generating Trust in Transformation Societies, especially in Russia and Eastern Germany” was opened by H. Schrader (University of Magdeburg) with his paper “Social Capital, Trust and Civil Society - Reflections on Path-Dependent Transformation”. Schrader took up the theoretical discussions by linking the
topic of trust with that of social capital – considered both on a network level as well as societal level. The latter implies spontaneous sociability, basic mutual trust, and solidarity among actors. Without this societal social capital a modern market society cannot function. Societal social capital is not an asset of culture, but it has to be built and it requires a continuous (re-)construction. It is shaped by social experience, which is passed on to the next generation. Market society also means the freedom of choice between market, hierarchy and network. Russia and some other post-socialist countries have perhaps taken the transition to a market economy (which means that certain institutions of market economies have been built), they have not yet achieved the transformation to a market and civil society. The societal social capital is rather weak, so that people do not have this choice between market, hierarchy and network, but act within their strong personal networks that provide higher security, while they simultaneously treat their network environment as dangerous. Therefore, post-socialist societies are structured by a clear-cut distinct inner and outer morality.

V. Voronkov (CISR, St. Petersburg) and E. Zdravomyslova (St. Petersburg State University) took up the issue of “Double Morality and Trust in the Late Soviet Order”. In the tradition of symbolic interactionism they distinguished different spheres (or ‘stages’ in terms of Goffman) with corresponding moralities and moral codes of conduct: On one hand, the distinction between official public, informal public and private moralities, on the other hand the incongruence of written and habitual moral codes (and to some extent also laws). Altogether we should accept a manifold plural reality and process of morality, also for Soviet, especially late Soviet society. Secondly, against this background and in opposition to many Western approaches that claim a pre-modern Russian society, Voronkov and Zdravomyslova pointed out, that also modern forms of ethos (communication, trust, solidarity etc.) existed in totalitarian Soviet Russia under the surface. People used the realms of spontaneous action, freedom and mutual aid. They concluded that trust and morality are less dependent on knowledge and more dependent on societal ethos. In so far, the problems of trust building in current Russia must not be reduced on a simple modernization problem.

In spite of the value of discussing different realms and corresponding moralities, there are certain problems with Voronkov’s and Zdravomyslova’s argumentation. First of all, their analysis stopped with the late Soviet period, not considering, which changes occurred with the transition (and here would have been the direct link to the foregoing speaker). Another question, which comes up, is as follows. If people use different moral masks in different situations and develop double (if not triple) moralities, does this switching impact upon modern knowledge, morality and trust? In our opinion such a question shows the necessity of further empirical and theoretical research. As Schrader showed, the concept of social capital could be a useful tool to approach such a question. In our view, this concept could be developed further
in two directions: On the one hand, Schrader’s rather socio-cultural approach could be enriched by following Bourdieu’s understanding of capital as an acting resource. In that case, capital also appears as a medium of strategic action. This would allow the comprehension of trust in his multifold nature, and the integration of other paradigms, e.g. the Rational-Choice approach. On the other hand, we could take into consideration not only social capital, but also economic and cultural capital (in Bourdieu’s terminology) as resources that impact upon trust relations. This extension could also be a tool for a deeper understanding of the relation between knowledge, moralities, and emotional moments in trust relations.

Several other papers took a more economic empirical view. Ph. Hessinger (University of Magdeburg) talked about “Trust and Power in Industrial Networks. The Case of Eastern Germany”. Hessinger structured his considerations around the connection of industrial networks and trust along a classification with three types of networking. The first type is the “pure liberal type”, for which silicon-valley is a good example. The second one is the “trust-and power-based social embedded networking”. Hessinger cited examples drawn from Italy after the Second World War (e.g. around Bologna) and from Denmark during the 1970s and 80s of the last century. Unlike the liberal type the social embedding type is based upon cooperative movements, their moral binds, and on a limited support by local authorities. The third “voluntaristic type” of “power-networks” connects old and new firms, strong political actors (including associations like trade-unions), and qualification and research agents (like universities) within a region. The agents of networking try to create networks of regional development with one or maybe some centers. For that type, the history of Jenoptik, one of the rare successful bigger East-German enterprises, is a helpful example. The discussed types belong to special economic, social and “cultural” environments as well as to special situations. Therefore, they are not simply “transferable”. Nevertheless, Hessinger identified potentials of learning for the Russian society as well. To some extent, industrial networks and their trust-relations are constructible.

R. Karapetjan (St. Petersburg State University) dealt with “Networks of Trust on the Russian Labor Markets”. He distinguished between a “market type of action”, where supply and demand is driven by “labor purchase and sale”, and a “trusting type of action”, which is built upon personal relations and memberships in social networks. Both types exist in all economies. The question and a possible social problem is the proportion of the two types to each other. In the Russian case, social networks predominate in all segments of the labor market. For employees as well as for employers, the use of networks and informal relations seem to be the first “reflex” and the best mean to minimize risks in economic action.
E. Ganskau talked about the empirical research project on “Trust in Food: Institutional Map of Trust at Food Market in Saint-Petersburg” (conducted together with L. Volchkova and V. Minina, all St. Petersburg State University). She firstly described the role of trust in the context of food production and consumption and interpreted trust in food as “a particular form of communication between consumers and institutions involved in the food sector that is achieved by positive changes in food policy, legislation, and public opinion”. The institutional map in investigations of trust especially includes the distribution of responsibility (legal and institutional frameworks), analyses of food markets and descriptions of consumer’s attitudes. For Russia and St. Petersburg the government has been trying to establish laws guaranteeing food safety, healthy consumption, and consumer right protection. But corresponding actor-structures and real political acting have not accompanied this progressive legal framework. The system is rather non-transparent and action is uncoordinated. But it has to be remarked too, that public control is becoming more and more active. This ambivalent situation is mirrored in a low public confidence in food safety, and a widespread feeling of powerlessness in getting justice in realization of consumer rights.

Another topic of interest that was brought up by V. Dudina (St. Petersburg State University) is the issue of “Trust in E-Trust” that she wants to approach in a research project. She wants to investigate the new communication media in order to determine whether a new type of trust is emerging. Starting from Garfinkel’s trust concept, which emphasizes the face-to-face features of everyday-life trust, Dudina sees three important areas, which have to be investigated when we deal with e-commerce: (a) Community: Will the internet generate new forms of community, and what will be the consequences concerning trust?; (b) Brand identity: What role will brands play with regard to familiarities and trust communication?; (c) Personal experience. What influence in trust and its features will the changed forms and possibilities of personal experiences and narratives within the World Wide Web have?

The papers and discussions revealed that the phenomenon of trust is multi-layered, that old forms of trust disappear or alter, and new forms of trust emerge in changing social contexts. E. Dittrich’s “Closing Remarks” took up this issue. Dittrich stressed the obvious role of trust in the transformation economies and societies and the necessity of further empirical research on trust and transformation.

In our concluding remarks we shall take up three issues. Firstly, as this conference showed, we need a deeper understanding of the nature, (developing) forms and functional equivalents of trust. Often, trust serves as a residual category in explaining (dis)integration processes in societies. Trust seems to be a passpartout, which can be used whenever other categories like culture, morality, social norms etc. fail. Hence, we observed some tendencies of
categorial confusion, also during this conference. Moreover, it is necessary to clarify the relation between cognitive and emotional elements of trust and its forms. In so far, basic investigations and considerations remain an important task for the future. Secondly, these conceptual problems get a specific weight and importance in relation to post-socialist transformations. The reason for that is clear: If the “normal” mechanisms of social integration are destroyed because of society in flux, the danger of using trust as a passpartout is even greater. And in consideration of all problems of pre-modernity or modernity, we should make great efforts to elaborate a complex and at the same time highly sensitive theoretical framework reflecting the concrete conditions and times of social life. In “real” transformations, attempts at simple transfers have already failed. Simple conceptual transfers will fail too, as – in our view – some discussions have shown at the conference. Thirdly and as a cheering prospect, sometimes it could be a reasonable research “method” to follow the core idea of the “grounded theory” (A.L. Strauss/B.G. Glaser). As reports in the context of the following workshop “Research Perspectives and Strategies in the Field of Trust and Transformation” have shown, e.g. those by O. Pachenkov (CISR St. Petersburg, about ethnic networks), E. Bogdanova (St. Petersburg State University, about trust in client-bank relations) or I. Oswald (St. Petersburg State University, about life courses in rural Russia), some seemingly “strange” themes and approaches may allow new interesting questions and insights. Against this background, I would also like to recommend more comparative, cross-cultural and multi-dimensional research projects in the field of trust.

Note: Selected papers of the conference will be developed further and published.

*Raj Kollmorgen/Heiko Schrader, Institute of Sociology, Univ. of Magdeburg*

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Deutsche Vereinigung für sozialwissenschaftliche Arbeitmarktforschung (SAMF) e.V. gründet ständige Arbeitsgruppe zu „EU-Osterweiterung – Auswirkungen auf Arbeit, Wirtschaft, Region“

Es ist weithin unstrittig, daß die EU-Osterweiterung sowohl in den Volkswirtschaften der „Alt-Mitglieder“ als auch für die Beitrittländer zu gesamtwirtschaftlichen Wohlfahrtszuwächsen führen wird. Unsicherheit besteht allerdings darüber, wie sich die EU-Osterweiterung auf einzelne Beschäftigtengruppen, Unternehmen und Branchen sowie Regionen auswirkt. Einiges spricht dafür, daß es auf beiden Seiten Gewinner und Verlierer geben wird: In der EU15 profitieren vor allem kapital- und wissensintensive


J. Tholen (IAW Bremen) wagte in seinem Beitrag zu den „Arbeitsbeziehungen in den Beitrittsländern“ den Versuch, die heterogene Entwicklung der Arbeitsbeziehungen in den Beitrittsländern gebündelt darzustellen und mögliche Entwicklungsfäden zu skizzieren. Im Mittelpunkt der Diskussion seines Beitrags stand die bislang ungeklärte Frage, inwieweit eines der in der EU15 etablierten Modelle industrieller Beziehungen sich für die Beitrittsländer als dominant erweisen wird oder ob sich stabile Typen patchwork-artig zusammengesetzter Arbeitsbeziehungen etablieren werden.

Im Mittelpunkt des Beitrags von A. Ziegler (WSI Düsseldorf) zu den „Auswirkungen der erweiterten EU auf den Einsatz europäischer Strukturfonds in der Bundesrepublik“ standen Wirkungen der Reform der Strukturfonds auf die nationalen und europäische Arbeitsmarktpolitiken und die EU-
Regionalfonds, die sich bisher als ein „Innovationsmotor“ erwiesen hätten. Das Fazit lautete, daß es zwangsläufig zu einem Rückgang der Förderung in den ‘alten’ Mitgliedsländern kommen wird, zumindest in Ostdeutschland jedoch nicht mit einem Kahlschlag zu rechnen ist.

R. Steiner und A. Bleicher (BTU Cottbus) stellten in ihrem Beitrag zu den „Auswirkungen der EU-Osterweiterung auf Betriebe und Beschäftigung“ die Frage in den Mittelpunkt, welche Wirkungen unterschiedliche betriebliche Anpassungsstrategien auf Unternehmenserfolg und Beschäftigungsentwicklung haben. Es konnte gezeigt werden, daß die – relativ wenigen – Betriebe, deren strategische Ausrichtung auf die Kombination von Ausstattungsvorteilen und die Ausweitung der Geschäftsfelder zielte, eine besonders vorteilhafte Performance zu verzeichnen hatten.

In ihrem Referat zur „EU-Osterweiterung und Situation der Arbeitnehmer in der ostbayerisch-tschechischen Grenzregion“ verwiesen M. Deiß und H. G. Mendius (ISF München) darauf, daß in der ostbayerischen Grenzregion mit erheblichen Nachteilen der Erweiterung für Unternehmen arbeitsintensiver Branchen sowie entsprechend negativen Effekten für die Beschäftigten und ihre Interessenvertretung zu rechnen ist. Deutlich wurde zudem das bislang eher unzureichende Niveau der Vorbereitung der Betriebe auf die mit der Erweiterung verbundenen Veränderungen der Wettbewerbsbedingungen.


Die Diskussionen im Anschluß an die Beiträge haben gezeigt, daß eine Reihe von Fragestellungen existiert, die für die Perspektiven betriebsbezogener und arbeitsmarktorientierter Forschung im erweiterten Europa von Bedeutung sind:

- Läßt sich im Sinne einer ‘good practice‘ eine Anpassungsstrategie der Unternehmen an veränderte Wettbewerbsbedingungen identifizieren, die zur Stabilisierung von Beschäftigung und Unternehmen beiträgt?
- Welches sind die Erfolgs- und Gefährdungsfaktoren für eine grenzüberschreitende Kooperation von Unternehmen und Arbeitnehmervertretungen?
- Mit welchen Auswirkungen auf Arbeitsmarkt und Betriebe ist in den osteuropäischen Beitrittsländern zu rechnen? Stehen diese vor der Wiederholung der Erfahrungen in den neuen Bundesländern?
- Welches ‘Modell‘ der Arbeitsbeziehungen bzw. der Corporate Governance wird sich im erweiterten Europa etablieren? Ist zu erwarten,
daß es zu einem weiteren Auseinanderdriften unterschiedlicher ‘Modelle’ der Arbeitsbeziehungen im erweiterten Europa kommt?

- Was bedeutet die Umstrukturierung des EU-Strukturfonds für die bisherige Praxis der Regionalförderung und Arbeitsmarktpolitik?
- Existieren Ansätze für die Herausbildung grenzüberschreitender Facharbeitsmärkte oder ist mit einer zumindest sektoral und regional ausgeprägten Zunahme der Beschäftigungs- und Lohnkostenkonkurrenz zu rechnen?


Als eine erste Aktivität der AG bereiten wir zur Zeit die Publikation der Beiträge der Jahrestagung vor, die zusammen mit weiteren einschlägigen Arbeiten zu diesem Thema unter dem Titel „Chancen und Risiken der EU-Osterweiterung“ (hg. von A. Bleicher, S. Gensior, R. Steiner) im Shaker-Verlag (Aachen) erscheinen werden.

Darüber hinaus möchten wir Kolleginnen und Kollegen, die sich mit Fragen der EU-Osterweiterung beschäftigen, einladen, sich an der SAMF-Arbeitsgruppe „EU-Osterweiterung“ zu beteiligen. Gegenwärtig ist an einen ersten Workshop gedacht, zu dem auch Experten aus den osteuropäischen Beitrittsländern eingeladen werden sollen.

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Call for Papers

Conference Theme: International Entrepreneurship, Innovation and Competitiveness in The Transforming (CEE) and Enlarging Europe

Celebrating its 10th Anniversary, Stockholm School of Economics in Riga will host The 3rd International Conference "International Business in Transition Economies" on September 9-11, 2004, in the capital of Latvia Riga. The Conference is organized by Stockholm School of Economics in Riga, Latvia, Aalborg University, Denmark, and CIBER-Vilnius, Lithuania, alongside with its international partners. As the first two, the 3rd Conference invites papers addressing the key questions of International Business in the transforming Economies of Eastern and Central Europe:

1. The Changing Institutional, Industrial and Cultural Context of the CEE Economies: Barriers and Opportunities for International Business
2. International Trade, Production and Competitiveness of the CEE Countries
3. Internationalization of Companies and International Marketing in the Transforming Economies
4. International Management, Organizational Learning and Change in the Transforming Economies

The Year 2004 is a historic year for the European Continent as ten new countries are joining the European Union. The European integration has already affected the CEE and other firms in many important ways. Still, there are many pressing questions in need of answers. For example:

1. How will the CEE firms and industries in the region respond to the new economic environment and growing international competition?
2. How will the EU enlargement affect economic development of the region and what role and in what way will International Business play?
3. What should the CEE and EU governments do in order to enhance competitiveness of their firms, industries and economies?
4. Will the current EU companies take advantage of the enlarged common market and how?
5. How will the companies left outside the Enlarged EU adjust their international growth strategies?

We believe that, broadly defined, answers at least to some of these challenges lies in International Entrepreneurship, Innovation, Competitiveness and
Building Knowledge Economies, specifically, increasing commitment to and investment in research and education, and intensifying research-industry partnerships. Like the two previous conferences, this Conference, we hope, will also attract a significant number of scholars who will share their ideas and present research findings on these and related issues.

Scholars interested in attending the Conference are cordially invited to send us extended abstracts to the following two email addresses (both at the same time):

1. ibconference2004@sseriga.edu.lv
2. ibconference2004@ciber.lt

The revised deadline for extended abstracts is May 21st, 2004, while complete papers should be sent by August 10. The papers will be accepted based on the review of the extended abstracts. The authors will be notified about the acceptance/rejection by May 30, 2004.

The Conference will consist of three main activities:

1. The Conference Plenary, Parallel Sessions and Special thematic sessions
2. Doctoral Seminar offered by the experienced international faculty
3. Round-Table Discussion with the Baltic Governments' and Industry leaders

Those wishing to organize parallel session on a specific theme should contact Dr. Arunas Starkus at arunas.starkus@ciber.lt.

As part of the Conference, a two-day intensive Doctoral Seminar will be offered to the selected group of Ph.D. students. We expect to have about 20 students from the CEE, NIS, Western Europe and developing countries.

The first two Conferences have resulted in the special issues of international journals such as Journal of East-West Business (JEB), Transformation in Business and Economics (TBE) and Management International Review (in progress). Currently, we are engaged in discussions with several high level international journals, thus, the Conference journal and other publishing opportunities will be announced very soon.

For information, please kindly consult our website at:
http://www2.sseriga.edu.lv/ibconference2004
http://www.ciber.lt/ibconference2004

In addition, you may send you inquiries to the two conference emails and also to Ms. Monica Thorn at Monica.Thorn@hhs.se

We are looking forward to meeting you in Riga in September.

Anders Paalzow
Conference Chairman, Rector of Stockholm School of Economics in Riga
Evelin Dietrich: Werte und Wertewandel in gesellschaftlichen Transformationsprozessen. Dargestellt am Beispiel Führungskräfte

Arbeit, Organisation und Personal im Transformationsprozess.
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Die Arbeit gibt auch einen breiten Einblick in das theoretische Konzept der Werteforschung und die Sichtweisen einzelner Wissenschaftsdisziplinen in Ost- und Westdeutschland, die vergleichend dokumentiert werden.

Ingo Winkler: Personale Führung in Netzwerken kleiner und mittlerer Unternehmen. Theoretische und empirische Betrachtungen zur Entstehung, Reproduktion und Veränderung von Führungsbeziehungen bei überbetrieblicher netzwerkartiger Kooperation

Arbeit, Organisation und Personal im Transformationsprozess.
Herausgegeben von R. Lang, Chr. Baitsch, P. Pawlowsky, Bd. 21
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In den theoretischen wie empirischen Betrachtungen zu interorganisationalen Netzwerken finden sich immer wieder weiße Flecken. Personalführung in Netzwerken ist einer davon und sowohl die Führungs- wie auch die Netzwerkforschung haben sich bis heute diesem Thema weitgehend verschlossen.
