Cultural Transformation at Enterprise Level: Case Study Evidence from Poland


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Abstract

This paper presents a critical analysis of the concept of organisational culture within the context of five post-socialist Polish enterprises. Western capitalist orthodoxy emphasises the development and management of an ‘appropriate’ organisational culture as a key component of organisational effectiveness. Within the Eastern European context it is likewise suggested that the development of appropriate market behaviours is necessary if transforming economies are not to hit a ceiling of recovery. However the concept of organisational culture is problematic. There are epistemological difficulties in the conceptualisation of organisational culture (whether this represents behaviour or values or taken-for-granted assumptions) which have resulted in the lack of a convincing conceptual model of how culture change may be successfully achieved. There are likewise practical problems. Group dynamics processes may be effective in changing attitudes but it remains questionable whether employees readily replace existing values and beliefs within a ‘new’ cultural paradigm. Moreover what constitutes an ‘appropriate’ organisational culture within a Eastern European context is open to speculation, particularly if it accepted that there is no dominant model of capitalist work organisation which might represent a template for transforming economies. This paper draws on empirical case study data to critically analyse the validity of the (western) concept of organisational culture and to evaluate initiatives aimed at culture change within a Polish context through foreign take-overs and joint venture arrangements.

Introduction

Analyses of transformation within countries of Central and Eastern Europe (CEE) emphasise privatisation, institutional restructuring and the development of ‘hard’ financial measures as the principal means of securing operation of the free market. Alongside institutional and structural reform, however, it is further suggested that effective transformation to a market economy requires the unfreezing of a dysfunctional socialist culture and the embedding of an entrepreneurial culture appropriate to free market conditions (Blazyca 1997, Casson 1997, Obloj & Kostera 1993, Prokopenko 1994). Western management orthodoxy is instrumental in suggesting and prescribing a best practice approach to the development of appropriate values and behaviours. However, economic and political transformation in post-socialist CEE has specific characteristics and features which are inherently different to the restructuring process in Western Europe and the key issue is the legitimacy and validity of the transfer of western management thought and practice. As many of the less attractive aspects of the free market economy become widespread, the ‘west is best’ mentality, suggest Kostera et al (1995:643), is ‘…at best unhelpful and at worst treacherous’.
This paper focuses on an analysis of the effects of the transfer of western management techniques within post-socialist Polish enterprises, specifically those techniques aimed at changing organisational culture. Here Poland represents a particularly appropriate country for analysis. The reformist governments of the 1980s emphasised the need for ‘shock therapy’ (freeing prices, foreign trade, withdrawal from state intervention and control) in a rapid move to a market economy. As Radice (1995:107) suggests ‘…this was a programme marked by an economic determinism to delight the most hardened Stalinist. Society would be re-made on the basis of a free market economy; introduce the magic of the market and all else would follow.’ Extended liberalisation paved the way for the transfer of policies and practices from west to east both at a macro level through international agencies such as the IMF, EMRD, OECD, World Bank, ILO and at the level of the enterprise though foreign take-overs and joint ventures. It further encouraged the importation and reinforcement of western management thought and practice through a mushrooming business school and organisational consultancy sector.

The research problem

At the level of the enterprise, it is suggested that there has been convergence with western (Anglo-American) norms of management practice (Peiperl & Estrin 1998) and structures of western corporations (Clark 1998) and that senior managers have adopted the rhetoric of western (Anglo-American) management and the implementation of some of its features (Soulsby & Clark 1995, Clark & Fairbrother 1994, Radice 1995). In relation to the problems of transference, a small body of academic thought (Thirkell et al 1995, Jankowicz 1994) questions the validity of the transfer of policies and practices from west to east but the problems of transference and the constraints of western (whether UK, US or European) and Japanese management practices within post-socialist enterprises is inadequately dealt with in the literature. This paper aims to help address this gap by drawing upon empirical case study data to critically analyse the validity of the (western) concept of organisational culture and to evaluate the effects of initiatives aimed at culture change within a Polish context. The paper is organised as follows: firstly, we draw upon existing literature to deconstruct the concept of organisational culture and frameworks for conceptualising the culture change process. Secondly, we employ the concept of legacy to identify features of the Polish context and the characteristics of state socialism at enterprise level. Finally, we present and discuss empirical data in relation to culture change within 5 post-socialist Polish firms and evaluate the practical consequences of specific culture change initiatives.

Deconstructing organisational culture and the process of culture change

Within western capitalist organisations, the development and management of organisational culture represents a key component of organisational effectiveness. The ‘excellence’ literature (Kanter 1989, Peters 1987, Peters & Waterman 1982) together with studies of Japanese corporations (Ouchi 1981, Pascale & Athos 1981) have highlighted organisational culture as a key factor in the achievement of competitive business advantage. The emergence of the concept of Human Resource Management (HRM) as an approach to managing the employment relationship, has likewise served to emphasise the development of a management ideology and set of practices aimed at
creating an appropriate (or changing an inappropriate) organisational culture. HRM policies and practices in areas such as recruitment and selection, socialisation, development, promotion and reward represent mechanisms for translating dominant organisational values into action in a way that supports the business strategy.

However, the concept of organisational culture remains problematic and there are wide-ranging and unresolved debates as to what organisational culture is (whether it represents behaviour or values and taken-for-granted assumptions) and the extent to which an organisational culture can be managed and changed. As Legge (1995) suggests, a ‘positivistic/structural/functionalist’ perspective which conceptualises organisational culture as something the organisation ‘has’ results in a view of organisational culture as ‘somehow unitary and the collective conscience of the organisation’ (Legge 1995:186), whereas an alternative view of culture as the product of social interaction, or as something the organisation ‘is’, emphasises the essentially pluralist nature of organisations (Legge 1995:185). Viewed from a pluralist perspective, it is questionable whether organisational culture may be successfully manipulated or changed. (Legge 1995, Ogbonna 1996).

Group dynamics processes may be effective in changing attitudes and behaviour and Schien (1987) sees behavioural change as a precursor of cultural change. However, Ogbonna (1996) questions the degree to which employees readily replace existing values with new ones and suggests that employees may learn to adopt the language and behaviour of a new cultural paradigm without fundamentally altering their beliefs and values. Furthermore, the achievement of permanent or deep rooted change through the use of behavioural change strategies may in itself pose an obstacle to future change.

Pragmatic approaches to changing culture (e.g. through changing job roles, reward strategies and styles of management) on the basis that these will result in culture change likewise equate behavioural change to culture change (or the assumption that behavioural change will result in culture change) and reinforce epistemological questions about the conceptualisation of culture. As Legge suggests, it is a structuralist/functionalist approach which emphasises the role of the leader in developing an appropriate collective consensus and suggests a ‘…culture created by senior management for the lower orders to follow’ (Legge 1995:186). An alternative view of culture as an outcome of social interaction, casts doubts over the degree or even the feasibility of senior management’s ability to unilaterally change organisational culture. As Legge points out, ‘If the corporate culture makes no sense of the organisational realities experienced by the employees other than senior management, it will not become internalised outside that small sub-group’ (Legge 1995:187). A managerial view of culture change serves to explain why much vaunted culture change programmes have been less than successful in winning the hearts and minds of employees within western capitalist organisations (Lundy & Cowling 1996:169). The failure of TQM and BPR programmes bears testimony to the mistaken assumption that enterprise culture (in both western and eastern enterprises) can be transformed as quickly and as easily as other organisational assets and resources. (see e.g. Schaffer & Thompson 1992:80-89)
Within the transforming economies of CEE it would be naïve, therefore, to assume that organisational culture change would be any less straightforward and unproblematic than within western capitalist organisations. Case studies of strategic change in Polish enterprises emphasise leadership as a key factor in responding to new markets (Obloj & Thomas 1996) whilst other commentators point to management turnover and the removal of senior managers associated with the past regime as key factors in enterprise restructuring and improved enterprise performance (EBRD 1997:81). However, many of the pre-1989 elites, power structures and vested interests remain within enterprises and it would be simplistic to underestimate the strength and pervasiveness of the socialist culture. It is to a consideration of the Polish context and the characteristics of state socialism that we now turn.

**Poland – context and legacy**

The socialist system was imposed on Poland by the Soviet Union. In 1949 the Red Army had liberated Poland and installed a pro-Soviet communist government. A limited civil war effectively eliminated any organised, formal anti-Communist opposition.

World War Two had had a devastating impact on Poland and Polish society. Some six million people perished. The country’s financial system, liquid assets and much of its material assets were destroyed and its agriculture decimated. It has been estimated that 38% of the country’s pre-war wealth was destroyed. In 1945 industrial production was 30% lower than in 1939. As a result of territorial changes, the country was reduced in size by 20% and its population by a third (34.8m to 23.6m). The Polish economy was characterised by high levels of state involvement but the inter-war period (1918-1939) of Polish independence had seen constitutional guarantees for private business and a significant role for the price mechanism, market forces and private ownership. (Any real economic recovery was however hampered by the huge nature of the task of recovery and reconstruction, the predominance of an agrarian economy, the degree of state regulation and the passivity of domestic and foreign investment).

Under Soviet domination, Poland moved towards the (Stalinist) Soviet economic model characterised by central planning, the imposition of political and bureaucratic decisions in place of the price mechanism and limited private ownership. Poland, in common with Soviet dominated CEE, followed a policy of extensive industrialisation with the objective of building powerful economies through central planning and economic direction, a process in which the state was the main agent of economic activity. However, Poland was not a replica of the Soviet model. The Polish people were more critical of the communist regime, the state was less bureaucratic than in other eastern bloc countries and the command structure of the economy had gradually been liberalised (Zielinski 1973). Poland (unlike Albania and Romania) was never a completely closed country and (together with Hungary) was one of the least isolationist of the socialist economies. The Polish private sector was more extensive than in the Czech Republic and in the late 1980s produced 10% of GNP. Polish agriculture was never collectivised and 90% remained privately owned throughout the socialist regime.
Legacy of state socialism at enterprise level – characteristics of centrally planned economies

The communist period was characterised by strong official censorship of media sources which impacted on the availability of accurate information about socio-political issues and on the availability of basic information and statistics. Nevertheless, there is general agreement in the literature on the general characteristics of centrally planned economies and the resulting patterns of labour relations. Polish enterprises mirrored these general characteristics which can be briefly summarised as follows: within centrally planned economies, ‘economic’ decisions were based on physical plans which allocated resources according to political priorities; the political imperative being rapid industrialisation with the emphasis on heavy industry rather than the service sector. Socialist economies were therefore over-industrialised by western standards and deficient in services, banking and insurance. Investment was likewise biased towards heavy industry rather than consumer goods. Most of the productive capital within centrally planned economies was under public ownership and there was little private capital to respond to profit opportunities. Foreign trade (with the West) was limited. CEE goods were often of inferior quality, unattractive on a world market and acceptable only within other centrally planned economies. Thus socialist state owned enterprises operated within ‘artificially stable’ markets (Kostera and Wicha 1996). They received guaranteed orders from other Comecon countries and faced limited foreign competition. Investments were financed centrally by the state (for the benefit of the society as a whole) and losses were balanced out to ensure the continued survival of the enterprise and a commitment to full employment. The approach was described as one of ‘soft budget constraints’ (Kornai 1992). (See Burawoy 1985 for the key characteristics of socialist firms, also Burawoy & Krotov 1992).

Polish socialist enterprises operated within a hierarchically administered system (union of enterprises, ministries and the Planning Committee), subject to the influence and interference of external power centres (the Communist party and the bureaucratic hierarchy) (Otta 1996, Kostera and Wicha 1996). Thus vertical authority structures were undermined by external agencies with the result that management roles, responsibilities and levels of accountability were blurred. Management attention was focused on the supply side of the value chain. Enterprises were not required to sell their output or to finance their production or investment; this was the role of central agencies. However managers had to ensure they received sufficient supplies of raw materials (including labour) to ensure plan fulfilment. Here two skills were particularly important; getting soft targets which could be easily achieved and stockpiling resources (including labour) to meet tight deadlines (Peiperl and Estrin 1998) – both depended on connections within the administrative hierarchy, the authorities, the party and the secret police (See Kostera, Proppe and Szatkowski 1995 for the nature of the ‘bargaining’ role of Polish enterprise managers and the development of reciprocal networks). Managers thus tended to minimise the risk of non-achievement of production targets on which their bonuses depended. Socialist enterprise managers were categorised as autocratic (Kostera 1994), laissez-faire (Obloj & Kostera 1993) and paternalistic (Clarke & Fairbrother 1994).
Kostera and Wicha (1996) describe the environment of Polish socialist enterprises as one of ‘cultural schizophrenia’ where economic considerations were subjugated to political rationality as the dominant logic. The results were economically damaging - there were few incentives for efficient performance and the short-term orientation worked against risk-taking, innovation and accountability – but they likewise impacted on patterns of labour relations.

Features of labour relations within socialist enterprises

Polish socialist enterprises likewise mirrored patterns of labour relations characteristic of socialist production systems. Thirkell et al (1997:19) identify an ‘apparently indulgent style of labour relations’ arising from three distinctive features of production systems of state socialism which shaped labour relations.

Firstly, institutions of labour relations at enterprise level emanated from the Communist Party and were enshrined in Labour Codes. Managers had little control over the institutions of labour relations at enterprise level and, as outlined earlier, the management role was focused on the achievement of the plan and in bargaining with Party and administrative officials to secure a favourable plan for the enterprise – a process in which managers and workers co-operated (Clarke and Fairbrother 1994, Burawoy 1985). Such co-operation coupled with the flexibility needed to cope with shortages of raw materials, poor machinery and inadequately maintained equipment resulted in workers having a high degree of autonomy and control over the labour process (Burawoy & Krotov 1992). Thus although formal work systems were designed in a quasi-Taylorist manner with considerable task specialisation and extensive formal rules and regulations governing task performance, in practice, the need to meet output targets and to deal with shortages resulted in considerable flexibility in the interpretation of formal rules and management reliance on the goodwill of a core of skilled and experienced workers who, over time, developed a ‘monopoly of knowledge essential to running the enterprise’ (Burawoy 1985:163, see also Whitley & Czaban 1998). (However, as Clarke (1993) points out, this control related to the way in which work was carried out and did not extend to control over levels of production or wage rates).

Secondly, this same combination of factors together with the general practice of appointing supervisors internally from the skilled workforce resulted in informal relationships between supervisors and workers and close social ties. Because supervisors were constrained by formal rules and regulations and had little control over production plans (Burawoy & Krotov 1992), their managerial role was restricted to that of ‘trouble shooter and progress chaser’ (Whitley & Czaban 1998:101).

Thirdly, this lack of differentiation of work roles between supervisors and workers was likewise evident in the respective status of skilled and unskilled or semi-skilled workers. The emphasis of socialism was on full employment but with no underlying objective of linking productivity with wages. Soft budget constraints together with guaranteed demand reduced the need to differentiate workers according to their contribution and impacted on worker motivation (Burawoy 1985:168). Managers had some discretion over work allocation and the distribution of bonus payments to meet
the plan, but with basic survival guaranteed by unemployment compensation and minimum wages rates, workers needed to be ‘persuaded rather than coerced to expend effort’ (Burawoy 1985:182) thus creating an ‘arena of consent, a sort of social contract with the workforce in which employment security and other benefits were exchanged for a degree of participation or acquiescence’ (Thompson & Smith 1992:6). Similarly, the existence of ‘alternative incomes’ gave certain workers greater bargaining power making economic incentives less effective (Burawoy 1985:193). The contractual exchange of work for wages reflected the philosophy of each individual’s right to work and obligation to work. Individuals received a monetary wage but this represented only part of the remuneration package and was supplemented by a social wage which comprised welfare and social facilities administered by the enterprise (e.g. accommodation, health services, crèche facilities, food subsidies). As Soulsby and Clark (1995:99) suggest the security of the combination of monetary and social wage ‘..offered little financial incentive to improve the level of performance at work’ since earning more money did not increase access to consumer goods and services (because these were limited) whilst the social wage remained stable (See also Clarke & Fairbrother 1995). As a consequence ‘… one of the few freedoms of a worker was the ‘right’ not to work hard’ (Soulsby and Clark 1995:99). In fact not working hard could be considered patriotic in that it represented a form of protest against the Soviet system.

However although the institutional foundations of the Soviet model proved resilient to change, the degree of uniformity in its application varied. The relative failure of collectivisation, the existence of more than one political party and the relative autonomy of the Polish Roman Catholic church were the principal structural differences between Poland the USSR (Kolankiewicz 1973). Following the initial phase of centralisation, central planning in Poland went through a series of reforms with the result that central planning became divorced from to day to day management of enterprises (Blazyca in Jeffries 1992:184). As with central planning, Poland did not replicate the authoritarian model at enterprise level. Pre-communist elements continued to exist with management (Woodall 1982) and the legacy of Polish labour relations reflects a strong tradition of worker self-management stemming from successive economic and political crises (Hardy & Rainnie 1996).

It has been suggested that centrally planned systems resulted in a degree of uniformity which militated against the formation of distinct organisational cultures (Czarniawska 1986:313). This uniformity was characterised by dysfunctional management methods, aversion to risk-taking and innovation, unwillingness to take responsibility for economic decision making, low levels of accountability, low morale an lack of commitment. The socialist legacy moreover, is seen as inhibiting effective restructuring and transformation to market conditions and undermining the effects of technological change (Obloj & Kostera 1994). We move now to consider case study evidence of behavioural change strategies based upon western concepts of organisational culture change and their effects in a Polish context.

**Research design**

The research design adopted a case study approach which incorporated participant observation, analysis of company documents, interviews with Enterprise Directors and
senior managers and analysis of employee attitude questionnaires. The interview protocol focused on the use of open questions (with prompts on specific issues), hypothetical questions and unpacking critical incidents. A survey questionnaire was distributed to representative samples of managerial, supervisory, production and administrative employees in which respondents were asked to indicate against specific statements, the strength of their perceptions of ‘how things were, are and should be’. (Statements sought to capture employee perceptions of management and leadership style, group relationships, training, development and orientation initiatives and performance reward mechanisms). In one case study company it was also possible to access separate employee attitude survey data which compared changes in attitudes over a two year period. Finally, the research design utilised a naturalistic setting which enabled interaction with participants in their own language and in their own environment which made for a more realistic exchange.

The case study enterprises – appraisal of cultural context

The case study enterprises are all involved in industrial manufacturing. Two of our case study enterprises have received substantial foreign investment and involvement (one through acquisition by a US based company and the second through a joint venture with a Danish company) and these are briefly described below.

Marko is a leading international manufacturer of highly engineered bearings and alloy steels supplying the aerospace, automotive and industrial markets. The parent company is based in the USA and operates in 45 plants in 24 countries. In 1996 the company acquired a tapered roller bearing plant in southern Poland as part of a wider strategy to increase market penetration and customer base in CEE through low cost production. The Polish acquisition employed 850 people and had a number of characteristics which made it an attractive acquisition. It was relatively new having been built by the Japanese in the 1980s. The equipment was thus relatively modern and well maintained, the workforce was skilled and well educated and wage rates were relatively low. However, despite the attractions, the parent company perceived a number of constraints in developing and improving the manufacturing facility to the quality standards required if the enterprise was to become a global source for its product. The key constraint was identified as the perceptions and attitudes of the workforce generally and the competencies and perceptions of host country managers specifically and the parent company introduced a formal ‘culture change’ programme aimed at introducing new organisational values and transforming the Polish acquisition from a so called bureaucratic, formalised, autocratic culture to a customer oriented culture suited to free market conditions. Key planks of this culture change programme included the appointment of a team of expatriate managers from the company’s UK subsidiary, the selection and development of ‘change agents’ from within the indigenous workforce and a shift towards a more individualised employment relationship emphasising flexibility, quality and the measurement and reward of individual performance.

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1 Economic reforms in the 1980s had linked many large state enterprises to western and Japanese firms. This was seen as a means of bringing the benefits of access to western markets and technological improvements without the loss of central control fundamental to a planned economy (see Radice 1995:117).
**Wavco** manufacture integrated systems for the supply of gas and water to utility companies. The enterprise was founded in 1968 and in 1991 entered into a joint venture agreement with a Danish company who currently have a 70% shareholding. The remainder of the shares is split between the state treasury (18%) and employee (12%). Following the joint venture Wavo enjoyed a three year ‘tax holiday’ with all monies reinvested in the enterprise. The parent company has also invested heavily in production technology, logistic systems, integrated computer information systems and management and staff training and development. Wavo has enjoyed rapid expansion on the Polish market and aims to double its existing turnover in Poland and the Ukraine by 2005. Entry barriers to the market are fairly low but Wavco competes on the basis of providing an integrated system with comprehensive pre and post sales service which gives the company a competitive advantage. Here ‘culture change’ has been pursued through turnover of human capital and extensive training and orientation programmes. The workforce numbers 480 and is predominantly young with an average age of 38. Since 1991, there has been a 50% turnover of staff and the recruitment of young, qualified people into newly established functions of sales, marketing, finance and information systems. The workforce are also relatively well paid with an average monthly wage of 2,000 zl. (double the national average). Other initiatives have involved the introduction of a matrix structure and use of project teams, the introduction of quality circles, improved and direct communication mechanisms and ongoing training and orientation.

Our three remaining enterprises have experienced limited foreign involvement although two are actively seeking western collaboration.

**Metco** was established in 1962 and produces oil tankers and trailers. In 1989 the enterprise employed 1,200 people. Currently 480 people are employed but the enterprise is still making losses largely because a substantial part of its production (over 50%) was geared towards military production and repair and there has been no substitution for this loss of production. Since 1989 Metco has been left largely to its own devices and has been fighting to survive through a variety of cost cutting measures. The enterprise was privatised in 1992 and is within the scope of the 5th National Investment Fund (NIF) to which it is currently submitting an application for financial support.

**Gazco** employs some 450 people and is part of a much large company, PGNiG, dealing with gas extraction and distribution. Because the gas industry is regarded as of strategic importance to the economy, the parent company enjoys the protection of strong entry barrier although this does not apply to Gazco who produce transmission stations and valves and who are subject to competition. Nevertheless, the parent company has been influential in sheltering Gazco from the exigencies of the market environment by giving it support for various financial investments. In 1977 the enterprise made a slight loss but this was largely due to investments in computer facilities, staff training, new machinery and equipment. The company is currently preparing itself for a joint venture with either a Canadian or German concern but there is some tension between the local management board and that of the parent company as to which would be the most suitable.
**Tonco** is a large monopolistic enterprise employing some 1,700 people in the production of loudspeakers. Some 50% of its production is exported to Germany, UK and elsewhere under the trade marks of Philips, Pioneer and Motorola. Tonco was one of the first companies privatised by the public sale of shares on the Polish stock exchange following a joint venture with Pioneer. Its ownership structure has undergone a number of changes since its original privatisation and currently reflects a 33% shareholding by the state treasury, 11% Pioneer, 20% employees and the remainder held by banks and life assurance companies. Tonco has sought to compete by upgrading its technology and production capacity and has recently agreed a collaborative venture with its Japanese shareholder to attract finance and technical know-how. New assembly lines have been built and it is anticipated that 3 new lines will do the work previously done by 5 and will require a 20% reduction in the present workforce. It is anticipated that further changes in work processes will result from the appointment of a Japanese manager from the joint venture who is shortly to join the corporate board.

**Discussion of findings**

Within our sample enterprises foreign ownership has, perhaps not surprisingly, been a significant factor in the transfer of western management practices and culture change initiatives. This has been particularly marked within Marko where a strongly ethnocentric approach to staffing and managing the Polish subsidiary (strong central control, limited subsidiary autonomy and reliance on expatriate managers) was coupled with a formal, organisational-wide culture change programme aimed at the dissemination of ‘new’ organisational values and cultural norms. Within Wavco culture change has been pursued through turnover of human capital and the recruitment, socialisation, development and reward of a predominantly young workforce, open-minded, keen to embrace change and untainted by the attitudinal and relational legacies of socialism. The different approaches may reflect both a country of origin and form of ownership dimension but consideration of such issues is outside the scope of this paper. Instead we move to consider the characteristic forms of cultural take-over and its effects.

We have identified the following characteristics of cultural invasion:

1. The attempted imposition on the subsidiary enterprise of the predominant norms, values and ways of doing things of the parent company. This could be explicit as in the case of Marko through a formal culture change programme or implicit as with Wavco where there was an implied assumption that the parent company model was appropriate.

2. The introduction of financial and administrative systems, rules and regulations and control systems which served to legitimise the parent company’s authority. Within both Marko and Wavco the impetus for a clearly defined vision of the future was provided by the parent company and was underpinned by a strategic business planning and budgeting process implemented by appropriately skilled and trained individuals

3. The introduction of HR systems which generally involved a shift towards a unitary frame of reference, the assertion of management control and a more individualistic
employment relationship emphasising flexibility, quality and performance management. Additionally both Marko and Wavco had introduced sophisticated policies and practices in recruitment and selection (involving the use of psychometric testing), socialisation, promotion, development and reward designed to secure the commitment of the workforce to organisational goals.

4. A further component of cultural invasion was the use of expatriate managers. Expatriate managers were familiar with parent company objectives, systems, procedures, norms and values and could be trusted to reinforce the application of such systems within the subsidiary. Within Marko, expatriate managers were seen as a vehicle for transferring the predominant organisational values and norms of the parent company.

However cultural invasion was not unopposed and case study enterprises provided examples of resistance to the attempted imposition of parent company norms and ways of working. These varied in nature, scope and intensity but vested interests and groups within the enterprises served to mediate and in many cases to undermine and subvert the application of the parent company model. The following examples of cultural resistance are provided to illustrate the form and consequences of cultural resistance. Marko found its culture change programme to be of limited effectiveness. For host country managers, fixed patterns of thinking inherited from the past proved difficult to set aside whilst traditional working methods and reporting relationships continued to act as a barrier to co-operation and cross functional team working. The incompatibility of parent company expectations within the subsidiary resulted in problems of adaptation for both expatriate and host country managers. For expatriate managers the difficulties of adapting to a different social, economic and business environment with a different language, traditions, customs and ways of working served to strengthen their ethnocentrism and their reliance on other expatriate managers. It also impacted on their own effectiveness and role performance in that the challenges posed by the environment of the subsidiary slowed decision making, the delegation of responsibility and created a focus on operational (rather than strategic) issues. For host country managers it contributed to a disappointment with the change process and lack of investment and resentment that their knowledge and expertise was undervalued. Concerns about job security, career opportunities and comparisons of wage rates with the UK subsidiary likewise contributed to low morale and resentment. The problems connected with the effective integration and adaptation of the Polish subsidiary has caused Marko to re-appraise its strategy for future acquisitions in CEE. It is likely that future acquisitions in Hungary, Slovakia and Russia will be based on a model of discrete profit centres with budgeting and performance targets set and monitored centrally but managed by host country managers.

If we take as a measure of the effectiveness of culture change, the extent of shared feelings about specific issues, attitude survey data provides additional insights. Within Marko, employee attitude survey data highlighted a high level of awareness among employees of organisational goals to improve quality and develop a strong marketing and sales focus together with a perception of the organisation as forward thinking, results oriented and with expectations of high performance. Survey results also demonstrated positive support for initiatives to support training and development, improved teamworking and co-operation between functions and rewards linked to
individual performance. However, the survey data also demonstrated that despite the introduction of team briefings, there was considerable mistrust of the honesty of the information being provided together with widespread distrust of management generally. Likewise, there was a strong perception of an overall lack of concern for people, limited opportunities for the exercise of responsibility and involvement.

Within Wavco, there has been less evidence of resistance to culture change and widespread support for future change as the following extract from the employee perception questionnaire data illustrates:

Table 1 Extracts from employee perceptions questionnaire – Wavco

<table>
<thead>
<tr>
<th>Question</th>
<th>People co-operate to solve problems</th>
<th>People are responsible for results</th>
<th>People are able to make decisions in their work</th>
<th>People are free to exercise individual initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5 yrs ago now</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
</tr>
<tr>
<td>To no/small degree</td>
<td>43% -</td>
<td>19% -</td>
<td>62% 10%</td>
<td>29% -</td>
</tr>
<tr>
<td>To adequate degree</td>
<td>24% 48%</td>
<td>38% 24% 10%</td>
<td>38% 38% 10%</td>
<td>33% 24% 5%</td>
</tr>
<tr>
<td>To great degree</td>
<td>34% 52%</td>
<td>43% 76% 90%</td>
<td>- 52% 90%</td>
<td>38% 76% 95%</td>
</tr>
<tr>
<td>People build close working relationships</td>
<td>People have to abide by rules &amp; regulations</td>
<td>People take responsibility for their own development</td>
<td>People take responsibility for colleagues' development</td>
<td>There is a strong link between performance &amp; work</td>
</tr>
<tr>
<td></td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
</tr>
<tr>
<td></td>
<td>34% 19% -</td>
<td>38% 5% -</td>
<td>66% 24% 15%</td>
<td>57% 19% -</td>
</tr>
<tr>
<td></td>
<td>29% 19% 5%</td>
<td>33% 33% 10%</td>
<td>24% 66% 33%</td>
<td>19% 24% 5%</td>
</tr>
<tr>
<td></td>
<td>37% 62% 95%</td>
<td>29% 62% 90%</td>
<td>10% 10% 52%</td>
<td>24% 57% 95%</td>
</tr>
</tbody>
</table>

Although foreign ownership was a significant factor in the transfer and adoption of western management orthodoxy, this is not to say that managers in other case study enterprises not influenced by western management rhetoric and techniques.

The remaining case study enterprises were at different stages in the process of transformation. At one extreme Metco faced an uncertain and insecure future particularly if NIF support failed to materialise. Tonco and Gazco had made some ‘defensive’ adjustment measures in response to competitive market pressures and a hardening of budget constraints. Gazco were planning a rationalisation of operations through the closure of a foundry and the outsourcing of foundry work. Tonco were anticipating a restructuring of production processes as a result of the introduction of new, automated assembly lines. Managers within Tonco and Gazco saw restructuring and an expansion of operations to exploit the profit potential of the enterprise as the appropriate response to competitive pressures as opposed to a contraction of operations at Metco. However, neither Tonco nor Gazco had made any significant attempts at organisational restructuring or re-design. Functional hierarchies
remained in place and there had been limited initiatives to change working methods or improve the use of existing resources.

At the level of the enterprise we detected that Polish managers had enthusiastically adopted the rhetoric of western management which has had a symbolic value in enabling them to re-define their role in respect of the operation of a free market and in legitimising their authority. The following quotation is illustrative of how western management rhetoric has enabled Polish managers to nail their colours to the mast of free market capitalism:

‘I consider myself to be a young man in my outlook although I am 45 years old. I am now working in the ‘second’ company as this is the best way to describe it. Previously Metco was a state monopolist, customers were an afterthought, for western managers this would be inconceivable. I had the good fortune to study western organisational structures and systems at university and wrote my thesis on this subject. I took every opportunity to visit England. I tried but was unable to apply the practical principles here because of the inertia of the state enterprise system. Now (following his appointment as enterprise director in 1994) I am able to influence the organisation and apply the principles of a healthy organisation’. (Enterprise Director, Metco)

However, to see the adoption by Polish managers of the rhetorics of western managers as evidence of any real change in management roles and behaviour is superficial and premature. Managers had an unclear and incomplete picture of ‘business strategy’ and lacked confidence in their own ability and expertise which was demonstrated in a tendency to seek outside help and know-how through strategic investors and the use of academics and consultants. Whilst privatisation may have de-politicised enterprises, insider control has meant that the personal relationships and connections characteristic of managers of state owned enterprises have been preserved. The endurance of the socialist attitudinal legacy within these enterprises is supported by employee perceptions as indicated in the following table:-

Table 2: Extracts from employee perceptions questionnaire – Metco, Tonco, Gazco

<table>
<thead>
<tr>
<th>Question</th>
<th>People co-operative to solve problems</th>
<th>People are responsible for results</th>
<th>People are able to make decisions in their work</th>
<th>People are free to exercise individual initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 yrs ago now</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
</tr>
<tr>
<td>To no/small degree</td>
<td>42%</td>
<td>28%</td>
<td>70%</td>
<td>42%</td>
</tr>
<tr>
<td>To adequate degree</td>
<td>16%</td>
<td>35%</td>
<td>19%</td>
<td>33%</td>
</tr>
<tr>
<td>To great degree</td>
<td>42%</td>
<td>37%</td>
<td>11%</td>
<td>25%</td>
</tr>
<tr>
<td>People build close working relationships</td>
<td>People have to abide by rules &amp; regulations</td>
<td>People are responsible for their own development</td>
<td>People are responsible for colleagues’ development</td>
<td>People are free to exercise individual initiative</td>
</tr>
<tr>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
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<td>42%</td>
<td>67%</td>
<td>77%</td>
<td>7%</td>
</tr>
<tr>
<td>21%</td>
<td>55%</td>
<td>12%</td>
<td>16%</td>
<td>8%</td>
</tr>
<tr>
<td>30%</td>
<td>60%</td>
<td>26%</td>
<td>14%</td>
<td>91%</td>
</tr>
</tbody>
</table>
### Tonco

<table>
<thead>
<tr>
<th>Question</th>
<th>People co-operate to solve problems</th>
<th>People are responsible for results</th>
<th>People are able to make decisions in their work</th>
<th>People are free to exercise individual initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 yrs ago now</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
</tr>
<tr>
<td>To no/small degree</td>
<td>26%</td>
<td>25%</td>
<td>61%</td>
<td>18%</td>
</tr>
<tr>
<td>To adequate degree</td>
<td>35%</td>
<td>39%</td>
<td>26%</td>
<td>43%</td>
</tr>
<tr>
<td>To great degree</td>
<td>39%</td>
<td>44%</td>
<td>13%</td>
<td>39%</td>
</tr>
</tbody>
</table>

### Gazco

<table>
<thead>
<tr>
<th>Question</th>
<th>People co-operate to solve problems</th>
<th>People are responsible for results</th>
<th>People are able to make decisions in their work</th>
<th>People are free to exercise individual initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 yrs ago now</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
<td>5 yrs now should be</td>
</tr>
<tr>
<td>To no/small degree</td>
<td>23%</td>
<td>31%</td>
<td>61%</td>
<td>46%</td>
</tr>
<tr>
<td>To adequate degree</td>
<td>40%</td>
<td>38%</td>
<td>28%</td>
<td>33%</td>
</tr>
<tr>
<td>To great degree</td>
<td>37%</td>
<td>52%</td>
<td>11%</td>
<td>21%</td>
</tr>
</tbody>
</table>

### Text

Within these three enterprises, employee perceptions reflect the endurance of the socialist attitudinal legacy at enterprise level. Metco employees in particular identified a deterioration in levels of accountability, co-operation and team-working. What was marked across all enterprises, and particularly Metco, was the strength of employee feeling in respect of perceptions of ‘how things should be’; particularly significant were issues in relation to people being free to exercise initiative at work, building close working relationships and linking performance to reward. We accept that our findings need to be treated with a degree of caution and that such self-reporting of workforce aspirations has limitations. Nevertheless, they do appear to reflect a reaction to the uniformity of the socialist culture and a desire by employees for greater involvement and influence over their work, improved opportunities for development and greater levels of accountability.

However such preparedness for change masks the continued existence of functional hierarchies, standardised procedures and ways of working, reliance on bureaucratic
rules and regulations and emphasis on personal relationships and connections which reinforce the status quo and inhibit restructuring and transformation.

Conclusion

Although the CEE economies (including Poland) were based on similar underlying principles, there were important differences in the ‘trajectory of their industrial development’ which will impact on the process of transformation (Whitley 1995). Whilst the framework of analysis of socialist enterprises is valuable, it marginalises the influence of political, cultural and social factors on enterprise relations (Pollert 1997) and underplays the degree to which the historical, institutional, attitudinal and relational legacies of pre-1989 socialist Poland continue to represent a powerful influence on the management of transforming enterprises, the adoption of free market capitalism and the restructuring of past patterns of authority, control and interest representation. In this context it is necessary to question the legitimacy and validity of the importation of western management ideology and practice. Organisational culture both as a concept and as a set of practical management tools and techniques forms part of that western management orthodoxy which suggests and prescribes a ‘best practice’ approach to transformation from state socialism to free market capitalism. Our paper has evaluated the effectiveness of initiatives aimed at culture change and management through foreign take-over and joint venture arrangements and has used case study material to demonstrate constraints in the attempted transfer of western management thought and practice. However it has also demonstrated that the significance of the importation of western management ideology may lie not so much in its normative models and their implementation but in its use as a rhetorical and legitimising force. At the level of the enterprise the adoption of the rhetorics of western managers has had an important symbolic role in legitimising managerial authority and sanitising the operation of a free market economy. Enterprise managers have adopted the language of western management ideology in the manner of what Radice (1994:125) terms ‘nomenclature capitalists’; as a way of demonstrating their ‘free market credentials’ whilst preserving the internal power relationships and vested interests which reinforce the status quo.
References:


