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WRITING NEW SCRIPTS:
REDEFINING MANAGERIAL AGENCY IN CUBA¹

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ABSTRACT

Transitional societies are faced with particularly challenging and pressing problems. These usually involve the passage from a centralised, socialist-based society, to a decentralised, market-based economy. This paper addresses a somewhat different case: that of Cuba. According to the official discourse, the island is not in a state of transition. On the contrary, it is assumed that the conquests of the revolution are there to stay. Nonetheless, significant changes are taking place. The market logic is being adopted in a growing number of cases, ranging from *empresas mixtas* to the weak signals of entrepreneurial activity. Drawing on a series of eight focus groups with a total of 106 Cuban executives and management scholars, this paper addresses the uniqueness of the Cuban case on the basis of the theory of structuration. The paper reports how the need to “keep the faith” is being added with the adoption of Western management practices, and how the interplay between planned and emergent change is sculpting transition through the redefinition of managerial scripts.

KEYWORDS: Cuba, managerial scripts, agency, structuration theory, focus groups

On Saturday 28, 1999, the Daily Telegraph published a piece on “The red-hot sound of socialism”, where one could read that “Commemorating the 40th anniversary of his dictatorship, Fidel Castro made an appearance in his trademark military fatigues before an enormous crowd in the vast *Plaza de la Revolucion*, but the atmosphere was more reminiscent of a carnival than a communist rally”. The author continued, “There is a uniquely Caribbean flavour to Cuban communism. It’s concrete and palm trees, men in uniform and girls in summer dresses.” The particularity of the Cuban case suggestively reflected in the opening quotation, has been discussed mostly in the field of political science. Organization and management studies about the reality in the country, in contrast, are rare. The American economic embargo and the difficult access to Cuban managers and organizations has limited the literature on the Cuban case.

This paper aims to examine how institutional level changes are leading managers to rewrite their professional scripts. The paper starts with a general overview of economy and enterprise in Cuba, *circa* 2000. Then we present some ideas on the link between managerial scripts and institutional change and justify the selection of structuration theory as our guiding theoretical framework. Based on a focus group study, an analysis of scripts of a sample of Cuban managers is exposed. The five emerging scripts discussed are to a great extent influenced by the institutional context, namely by the control of the State. Nevertheless, managers are coping with uncertainty in such a way that they are active agents in the constitution of the institutional structure. The State’s role in the protection of the communist principles, combined with the need to open the economy to the logic of the market, produced a singular case in the world of

management: that of a communist market economy, with the socialist cadre simultaneously becoming a market-oriented manager within a single person.

The article makes several contributions to the management literature. First, it proposes an exploration of the interplay between structure and agency in a country characterized by deep institutional change. Second, it analyses how managerial scripts are affected by changes at the broader institutional level. Third, the study examines the process of transition from the managers' point of view. Fourth, it adds to the scarce organizational literature on the Cuban case. Fifth, it discusses how individual managers make sense and deal with contradictory demands. Finally, it highlights the way agents contribute, through action and sensemaking, to changing institutional structures.

CUBA: ECONOMY AND ENTREPRISE

Communism and capitalism are starting to live face-to-face in today's Cuba. The country's government, however, continues to deny that it is in a state of transition. The proclaimed virtues of socialism are still glorified. As such, many of the traditional characteristics of the so-called "socialist superiority" (e.g. Zhu & Warner, 2000) are still in place, including the praise of the socialist system (employment security, party/management leadership), "industrial harmony" (implemented by trade unions), "egalitarianism" (materialised in low wage differentials), and the pervasiveness of the political dimension in organizational life. But this configuration of practices led to a lack of motivation for production and eventually to the collapse of the economic system. There is clearly a problem of agency, since managers had no incentives to work for efficient and effective organizational performances. Upper management appointments were not related to business leadership skills and results oriented performance, but

rather to ideological objectives and party loyalty. The centralized staffing policies, low wage differentials and the absence of a meritocracy system led to a lack of control for individual performance and therefore to a “no-owner company” culture, which is quite common in state-owned organizations (Cunha & Cooper, 2002). Despite all the changes introduced after the *periodo especial* (the period following the fall of the communist bloc, that marked the end of a special relationship with the Soviet Union), many of these symptoms are still present in Cuba. Significantly, a 2001 Newsweek Magazine’s poll of the worst countries (Contreras, 2001), classified Cuba as the worst place for venture capitalists to make a living.

To understand how the country arrived at the current situation, it is necessary to go back more than a decade, and analyse how the fall of the communist bloc impacted the nation’s economic life (for an analysis of Cuba’s recent history, see Schwab, 1999). For decades, Cuba exploited its relationships with other communist regimes, avoiding the exposure of the economy to market principles and limiting exchanges even with other Caribbean and Latin-American nations. In 1962, Cuba did not integrate into the Organization of American States. The fall of the USSR precipitated a dire economic crisis that reduced the GNP by almost 40% by the beginning of the 1990s. The following period, known as the *periodo especial* (special period), was a time of great change: it suddenly became evident that the closed-systems logic of the Soviet times needed to be changed to an open-systems perspective. The building blocks of the Soviet managerial system were no longer valid for providing the resources needed for the economic process. Thus, over the space of a decade, deep changes occurred not only at the economic level but also and inevitably, at the managerial level. Economic change, leveraged by the need to attract resources in the market, is illustrated by the continuing

growth of the tourism industry, which now constitutes the second economic sector, after sugar. Between 1986 and 1994, the number of rooms increased 480%, from 5,000 to more than 24,000. To introduce this transformation, changes in the managerial mindset also became necessary. The dysfunctional consequences of over-planning, heavy bureaucracy and technological obsolescence of most Cuban organizations, inherited from the Soviet prototype (e.g. Kiezun, 1991), became evident as soon as new effectiveness criteria were deemed necessary. Concerns with The Plan were so important that, for example, items missing in national shops due to theft were called *faltantes planificados* (planned lacks).

The end of this planning-centred approach, coupled with the need to confront demanding markets for resource allocation, led to a number of changes in Cuban managerial style, including new models of management, renewed technological systems, such as information technologies, and a re-thinking of the societal role of managers and organizations.

The peculiarity of Cuba, comparing with most other former communist nations, is that economic change is taking place within the context of an intact communist rhetoric. The values of the revolution are preserved and glorified, and the role of the enterprise is still viewed as aimed at creating common welfare. As such, the incipient forms of entrepreneurship that have arisen, seem to be more tolerated for their role in the reduction of unemployment rather than for the natural drive to create wealth, something that is still viewed with suspicion and considered to be an unacceptable capitalist motive. In the next section we discuss why present changes can be viewed as the result of the dynamic interplay between managerial agency and institutional structures.

AGENCY AND STRUCTURE

In this paper, the transitional trajectory in Cuba is analysed according to the theory of structuration (Giddens, 1976, 1984) and to the concepts of planned and emergent change (Weick & Quinn, 1999, Weick, 2000). These theoretical frameworks have been selected because they seem particularly suitable for analysing transitional trajectories where elements of planning necessarily go side-by-side with emergent adaptations. According to the perspective adopted here, the transformation of organizations and societies can be thought of as recursively shaped by two processes: (1) the ongoing practices of agents (people, groups, organizations) that try to accommodate to everyday contingencies, and (2) coercive institutional forces, namely the State regulation and the informal ideological values and norms. Rather than as independent, these processes should be viewed as interdependent (White & Liu, 2001). There is, thus, an interplay between agency and structure, between emergent and planned change. According to Giddens (1979), individuals can be viewed both as subjects and objects of social structures. This means that they are influenced by existing structures whilst at the same time they change these structures through action. In the same sense, Barley (1988, p.51) noted that “because forms of action and interaction are always negotiated and confirmed as actors with different interests and interpretations encounter shifting events (...) slippage between institutional templates and the actualities of daily life is probable. In such slippage resides the possibility of social innovation.” In line with Goodrow et al. (1986) individuals can be viewed as the sculptors of transition, while simultaneously being part of the sculpture. Or, as put forth by Van Maanen and Schein (1979), the context may act like a sculptor’s mold, but people as sculptors (Bell & Staw, 1989) do have an active role in the final outcome.

This paper's central argument is that the evolving situation in Cuba, more than a reflection of institutional-based change or action-based pressure, results from the interplay between these two forces. A central role in this process is played by managers, whose influence derives from the fact that they are enacting a new perspective of the productive organization: they are being pressed to adopt western managerial practices in order to improve performance, without relaxing the communist ideals. These competing pressures are creating a paradoxical demand that is leading, we suggest, to the re-composition of what Barley (1986) has called scripts. Drawing from this and other authors (e.g. Bartunek, 1984, Gioia & Poole, 1984), scripts can be understood as shared interpretive schemes and the corresponding behavioural regularities that characterise the action of agents in a particular context. In this case, we are basically interested in managerial scripts, i.e. in what are the appropriate interpretive schemes and behaviours of managers in transitional Cuba.

The possible revision of managerial scripts is a consequence of the tension between past roles and present requirements. Present day Cuba constitutes a particularly favourable environment to study the interplay between planning and emergence, agency and structure. Contextual change is forcing the actors (managers) to assemble resources needed for questioning previously scripted patterns of behaviour and eventually revise them. In more stable social and ideological contexts, planned change, being explicit, discrete, and managed, tends to be more salient and taken as prevalent (e.g. Orlikowski, 1996). However, complex system change is more than planned change. It also involves adaptation to local needs and contingencies, micro experiments, opportunistic behaviours, and so forth (Weick, 2000). Action on local problems or opportunities

produces knowledge about them. This knowledge may then be formalised into the structure that grounds it. Practices that underlie such action may result in significant changes to that structure (institutional arrangements) by changing norms, representations and resources, as people attempt to handle the local challenges they face (Giddens, 1986). This pressure to solve individual needs that go unnoticed at the institutional level, is evident in Cuba. In this country, due to resource scarcity, a significant part of the manager's job is to find ways of getting resources. This has been reported in the literature (e.g. Martin de Holan & Phillips, 2002) and is an obvious fact of life in the island.

Given the arguments presented above, any attempt to understand transition and transformation has to deal with both planned and emergent change. Planned change can be defined as the execution of a new pattern of social organization according to an *a priori* intention. In turn, emergent change refers to the execution of a new pattern of social organization in the absence of *a priori* intentions. This derives from local needs and contingencies. Planned change may obviously be stimulated by emergent change, when for example, emergent changes accumulate to the point that they need to be regulated. In the beginning, these changes may be too insignificant to be noticed and regulated, but if they show their effectiveness in problem solving, they will possibly be mimicked and adopted by a growing number of actors. This may make them more salient. If this is so, they will attract attention and their amplification will eventually force legislators to intervene. As will be described below, some salient features in Cuba's transition seem to follow this pattern: they started as informal responses to local conditions and ended up being the subject of government intervention. *Paladares*, small family-owned restaurants (see below), are a case in point, since they are noteworthy

examples of bricolage (making do with the available resources) and entrepreneurial experimentation. Their success attracted so many would-be entrepreneurs that the State decided to intervene in order to regulate their operation.

These minor changes took place under the institutional template provided by the Soviet paradigm of work and organization, which created a profile of the Cuban enterprise that does not significantly differ from the Soviet model. Drawing on descriptions provided by authors such as Puffer (1996) and Kets de Vries (2001), the Soviet organization can be described as centrally controlled, hierarchical, bureaucratic, based on the paradoxical principle of “democratic centralism”, and understood as one of the instruments of the State. According to Hoskisson *et al.* (2000), the state “curbed opportunism and allocated resources so there was little need for formal laws to define exchange relationships among economic actors. Property rights were held and protected by the state; individuals could use assets but did not own them. State-owned enterprises (SOEs) were closely tied to governments, receiving direct financial subsidies and indirect preferential treatment. Paternalism, soft budget constraints, and vertical bargaining between the governments and the SOEs characterized central planning” (p.249). These characteristics are present in the traditional Cuban State-owned enterprise, where the logic of planning substituted the logic of the market, suspending the laws of supply and demand. This gave rise to a “bureaupathological” system (Kets de Vries, 2001) dominated by The Plan. After the fall of the communist bloc, the difficulties of everyday living stimulated people’s creativity and drive for action. As a result, emergent although incipient signals of entrepreneurship have made their appearance. These will be discussed below.

In this paper we will devote most attention to the impact of macro level changes in the redefinition of managerial scripts. Thus, we will focus on the individual level of analysis, in an effort to understand how individual managers are coping with the dramatic changes occurring at the institutional level. Previous research on the Cuban case by Martin de Holan and Phillips (2002) has referred to these changes as triggers for a significant sensemaking process. The changes have been so deep that these authors have equated them with what Weick (1993) referred to as a cosmology episode, i.e. a change that collapses the existing order and forces agents to establish a new one. The effects of institutional changes on managerial behaviours and the redefinition of managerial scripts, will contribute to the less researched impact of institutional context on individual responses.

Due to the reasons pointed out above, Cuba provides an interesting case for studying the interplay between centralised planning and emergent change, between agency and structure, between communist ideology and market efficiency during transitional states. To explore these tensions, we conducted a series of focus groups in Cuba. The method and results are described in the next section.

METHOD

Data were collected in 2000. The study used multiple methods, including analysis of written sources dealing with the Cuban history, economy and enterprise (e.g. Ortiz, 1993, Ibarra, 1994; Navarro, 1996; Dieste, 1997), informal conversations, observation and, as the central technique, focus groups with Cuban executives, whose positions ranged from general directors to department supervisors. Several management professors also participated. The total number of informants was 106. Interviews and

eight focus groups with executives were conducted in a semi-structured fashion. The focus groups can be described as “a research technique that collects data through group interaction on a topic determined by the researcher” (Morgan, 1996, p.130). This technique is derived from Merton’s focus group interview (e.g. Merton & Kendall, 1946), and aims to generate information that will be obscured by more structured approaches. It seems suitable, therefore, for articulating tacit knowledge and for generating deep level data. The focus group seemed adequate for this particular research because, given the deep changes taking place in the Cuban society, it was impossible for an outsider to develop a relevant structured data collection approach to the Cuban case. Additionally, the collective discussion entailed in the focus group may help individuals in their sensemaking efforts. As noted by Martin de Holan and Phillips (2002), to understand management in Cuba is to understand how people make sense of their relation with a changing environment. The appropriateness of this technique to the present research is also reinforced by Morgan’s (1996, p.139) observation that “what makes the discussion in focus groups more than the sum of separate individual interviews is the fact that participants query each other and explain themselves to each other.” These discussions, then, allow researchers to observe the creation of knowledge and the emergence of shared understandings, resulting from what Chilton and Hutchinson (1999) described as a group mind.

The first author served as the moderator of all the eight focus groups. These were conducted in Spanish, with a discussion script that consisted in the analysis of the major changes taking place in Cuba regarding the role of managers. The number of subjects in each focus group ranged from 12 to 15. This number is slightly higher than the 6 to 8 subjects which is usually recommended (Asbury, 1995), but time constraints eliminated

the possibility of further divisions of people into more focus groups. Each focus group meeting lasted approximately one hour and thirty minutes. Due to resource constraints, focus groups were not video-taped. During the discussions, the moderator took notes. Once participants gave their opinions on a given issue, the moderator summarised by asking the group's consensus on the specific issue. Lack of consensus led to the exclusion of the topic from further analysis. Later, in the same day, notes were organized into a codebook that systematised the topics discussed and the participants' perspectives regarding these topics. Data were collected during the third edition of a management development program, organized and taught by faculty members of five European universities. Both authors participated in this program, in the three consecutive editions.

To sum up, instead of testing formal hypotheses, the goal of this study was to collect relevant information for the development of an interpretive theory of Cuban managers' presumably changing scripts. The themes for discussion changed throughout the focus groups, from general questions to more specific issues. To avoid external observer bias, the main conclusions of each focus group were sent back for discussion to the next focus group. Thus, patterns and themes changed throughout the data collection process, as new material extended some propositions and provided more detail about others. As will be discussed in the next section, five themes, in this case five key scripts, were common across the eight focus groups. They will therefore constitute the core of the analysis. As a process, focus groups helped participants to jointly engage in constructing the meaning and making sense of the changing role of the manager in Cuba. They helped to explore culture-specific issues without, we believe, biasing the results.

RESULTS AND DISCUSSION

Five themes emerged across all the eight focus groups and were retained as the key managerial scripts. We have followed what Chilton and Hutchinson (1999) have called a unanimity rule, retaining only those scripts that were largely shared within and across groups. For analytical purposes, they will be treated independently. In practice, however, they are interdependent and mutually reinforcing. A central role in script redefinition should be attached to the state, which, by means of ideological work, diffusion of management practices, human resource administration and market regulation, plays a prominent role in the functioning of the economic system. In every script, while focusing on the managers' views, we will try to illustrate, as suggested by structuration theory authors (e.g. Barley & Tolbert, 1997), the dynamics that link managerial scripts of individuals and structural forces at the institutional level.

Script #1: Redefining the role of the manager and the state

The state and government occupy an obviously central position within the Cuban economy. The state, as representative of the people, is the owner of every enterprise, although some not very significant exceptions exist in the agricultural sector. Its agents, the managers, are charged to properly administer the resources for which they are accountable. The omnipresence of the state has led to a situation where people expect it to educate, to provide employment, and to develop their continued education. Personal initiative is, therefore, limited in most of these areas. As regulator, the state indicates what is acceptable and what is not at every level, from individual to macro-organizational behaviour. In this section, the impacts of the State at these two levels will be briefly discussed.

At the individual level, the State manages the fundamental aspects of the working life, including the organization where a person will work and the promotions he or she will get. A free labour market does not exist, and every employee is a State employee. Professional affiliation does not refer to an organization, as in Western countries, but to a ministry. Ministries have their own professional schools, where employees receive the knowledge and training they and their organizations need. Additionally, they also receive political indoctrination, including a set of ethical principles. Executives receive a booklet which is designated as *la biblia* (the bible), a code of ethics that informs the reader how to act in accordance to the demands of the communist revolution. To make sure that people respect the principles of the revolution, entry and promotion decisions are made on the basis of *idoneidad*, a vague and encompassing concept that refers to the multiple aspects of individual contribution to common well-being. As in other places of the communist world, ample and vocal loyalty to the regime's official views is an important facet of life (e.g. Brozek & Hoskovec, 1998). This is evident, for example, in the way people are selected and promoted, which does not include criteria associated with individual business achievements, nor technical/professional skills. Managers, on the other hand, try to extend the ethical code to their organizations, through internal documents, which cover very diversified topics, from control methods to values and work systems, often with inherent contradictions. For example, in one organization, all the daily, weekly, monthly and annual control meetings, are previously scheduled (probably an inheritance of the planning centrality), with timings and exact duration, from the production committee to the board of directors or the biannual meeting with the workers. Several statements emphasize being part of a team, while others stress that managers are "owners" of their areas and list the values for the organization, which

encompass, for instance, persistence, subordination, culture, smile, efficiency, detail, delegation and control of all and every subject.

At the organizational level, the state actively regulates the economic life, deciding for example which companies may enter the *perfeccionamiento empresarial* programme (see below), reinforcing the ideological principles, and so forth. In short, the state plays the pivotal role in the Cuban economic life, by means of ideology (sociopolitical environment), the diffusion of new management practices, centralized procurement and sales, human resource administration, and market regulation.

Insert table 1 here

Table 1 reflects the topics where a consensus was obtained among the focus groups' participants, relative to the role of managers and state in Cuba. The emerging script, however, implies reconsidering the role of the state. The autonomy of organizations and their managers is increasing, with the new managerial script being highly influenced by what Burns (1961) called micropolitics, or the capacity to use individual prestige and relationships to alleviate the institutional pressure and favourably influence the outcomes of decision making. The exposure of Cuban organizations to growing competition, albeit still in the early infancy, is stimulating this shift towards managerial autonomy. While managers in this research respect and voice the ideological values of the communist society and the Cuban revolution, the perception that an increasingly active and decisive role of the manager is required, is also present. From passive agents

whose role was to make sure that plans would be executed, managers are now becoming accountable for their organization's results. Using western management tools and techniques is perceived to be a way to increase organizational responsiveness to the new economic challenges and to improve the performance of the state-owned socialist enterprise.

Script #2: Towards a nascent entrepreneurialism

The Cuban sociopolitical environment is marked by the logic of the single party. The espoused ideology is one of collectivism and egalitarianism. People treat each other as *compañeros* (an informal and egalitarian term), voice their enthusiasm for the revolution and spread the official management discourse, which highlights the centrality of participation, the importance of *idoneidad*, and everyone's mission to contribute to societal well-being. Wage differentials are small, no signs of status or life-styles differences are found, through "plush" benefits.

The collectivist ethos means that the goal of national companies is the development and preservation of common well-being. In their private lives, however, and due to the difficulties of everyday living, people struggle to obtain the resources they need. Petersen (2000) describes Cuban citizens as industrious and entrepreneurial. Gaining access to food, fuel, and jobs has forced Cubans to depart from the welfare state logic. This has led to a dualistic situation, where the official collectivist discourse coexists with an individual struggle for survival. This dualism generated interesting phenomena, such as the emergence of unofficial entrepreneurs as the founders of *paladares*. *Paladares* are small, family-owned restaurants, named after a Brazilian *telenovela* (soap opera), that were initially illegal and that later became permitted, under demanding legal

and fiscal restrictions, such as the limit of number of chairs, established to a maximum of sixteen. This change in the official position towards *paladares*, illustrates how emergent changes sometimes end up by being formalised. The government seems to be making an effort to adapt to emergent, bottom-up changes. The acceptance of the formerly unofficial circulation of the United States currency provides another example of the tensions between popular practice and government regulation.

Insert table 2 here

Inside organizations, managers see their scripts as evolving in parallel with this societal trend. More than implementers of centrally-formulated plans, managers are now redefining their role to include more elements of entrepreneurship (see table 2). This is a fundamental change in the managerial mindset, in the sense that it alleviates the role of the State and infuses the managerial role with a significant and challenging degree of responsibility. This shift also represents a significant inversion of the former interpretive schemes, with managers becoming more accountable for their companies' results. The loci of decision making and the attribution patterns of success and failure have also been said to have matched these changes.

Script #3: From socialist organizations to market-oriented firms

Informants agreed that the discussion of management in Cuba should be divided into two phases: a pre-special period phase, and a post-special period phase. Before the special period, management was described as based upon centralisation, planning and

regulation. After the special period, concepts such as the market, risk and efficiency gained new attention. A critical analysis, however, may reveal that most of the characteristics of the pre-1992 period are still present and will tend to continue, in a dialectical relationship with market-oriented managerial concepts and practices. This is because changes in Cuba, namely the emergence of the private sector, or the adoption of western management techniques, have been motivated by necessity and not by any kind of change in ideology. As such, there appears to be a tendency for the State to preserve its control mechanisms and to avoid any deflection from the revolutionary trail. The observed changes are mainly accommodations to emergent, bottom-up social pressures, and not the official transition, albeit gradual and partial, to a privatisation programme, with the corresponding decrease of state intervention in the economy.

The coexistence of a communist ideology and a growing market economy is leading to several paradoxes, such as the logic of planning vs. Latin-style improvisation (Aram & Walochik, 1997), the discourse of ethics vs. the practice of hustling, revolutionary voluntarism vs. conformist behaviours, and above all these, and framing them, communism vs. the market. To illustrate this overlap, a senior manager reported the existence of incentives for the workers of an industrial company. These incentives consisted of little plastic bags containing soap, detergent, toothpaste and other toiletries (a much valued set of goods and therefore with high motivational content), distributed quarterly. When asked about the criteria used for the allocation of these incentives, the answer was: no distinction, equal distribution to all workers, on a clear demonstration that communist values are prevalent.

Of central importance for understanding the process of managing and organizing in Cuba is the program of *perfeccionamiento empresarial*, or enterprise perfecting. This programme, which was started in 1987 under the guidance of the Ministry of the Armed Forces, has been characterised as “the first initiative in terms of direction and organization of the enterprise” (Dieste, 1997, p.46). The programme aimed to achieve: (1) the implementation of decentralised functioning, (2) the enlargement of market relations, and (3) a better use of financial indicators. In other words, *perfeccionamiento empresarial* can be understood as a controlled experiment to substitute the traditional forms of administration for practices more suitable to a market economy logic. Nonetheless, the diffusion of the *perfeccionamiento empresarial* programme was managed centrally, which we interpret as deriving from the need to avoid giving excessive space to market practices, that would deviate the regime from the communist principles. This inevitably raised the rather unusual situation of a modernisation process conducted and controlled by the Armed Forces. Companies admitted to the program are encouraged to pursue a set of managerial goals, that include greater autonomy in decisions of staffing and compensation, management by objectives and monetary rewards as sources of motivation, the creation of a culture of continuous improvement, and the use of total quality management tools. The tourism industry organizations and the *empresas mixtas* are cited as examples of market-oriented organizations (see table 3).

Insert table 3 here

In sum, management in Cuba can be basically divided into traditional socialist bureaucracies and companies entering *perfeccionamiento empresarial*. A mechanistic logic, closely associated with the engineering management tradition is still dominant and the diffusion of management best practices is closely watched by the State as a means of avoiding a “capitalist drift” towards a full fledged market orientation. This tension between the need to control organisations through diffusion of values and practices, on the one hand, and the Western management techniques’ promise of better performance, on the other, provides another illustration of how central planning is being challenged due to necessity, and of how transition is sculpted in an emergent fashion. The accommodation between socialist philosophy and market orientation, is both a cause and a consequence of the emergence of new managerial scripts. The result of this dialectical tension between the communism ideals and capitalist practices is a force of dissonance that is stimulating managers to revise previous representations of the means of management and organisation.

Script #4: From moral to material incentives

Human resource management (HRM) practices in Cuba are still incipient and close to what may be called the traditional Soviet-style model. In other words, HRM in Cuba mainly comprises a set of practices that emphasise cost control and administrative concerns, resource allocation being controlled by the administrative hierarchy and not by the market characteristics. This is not surprising if one considers the long lasting prevalence of industrial engineering models of management in the country, implemented under the Soviet aegis. As a reflection of this state of affairs, the prevailing name for the discipline is still personnel management. Additionally, human

resource management is an undervalued function compared to other areas. Those “who are not good enough for anything else, go to the HR function”, as one manager noticed.

Within the last few years, and in the context of *perfeccionamiento empresarial*, new concerns with the quality of human resource management have arisen. The new goals, in industries that aim to achieve a competitive position in the international arena, include the development of staff competencies. *Capacitacion* (qualification) became HRM’s recent major buzzword in the country. Qualification is the major human resource management challenge for Cuban companies, and is viewed as a necessary means for achieving a series of new business goals, including quality, customer service and independence in the execution of work, all of which are new descriptors in the national business vocabulary. A reference needs to be made to the high educational level of Cuban citizens, which potentiates the needed cognitive flexibility to adapt to the ambiguities and uncertainties of change processes such as the present one.

The new market-oriented logic, which is emerging particularly in the globally exposed tourism sector, is far from being the norm. That is possibly one of the reasons why so many people try to work in tourism, the other being easier access to foreign currency. This has led to what is called the inverted pyramid: a hotel waiter can earn more money (in tips) than the best university educated specialist or “work hero”. Macro-level administration of human resources is thus being challenged by micro motives and is forcing companies to develop and implement incentive systems that stimulate individual motivation, while trying to respect the ideological orientation towards a more altruistic and disinterested motivated behaviour, such as the one mentioned above (when discussing script #3).

Insert table 4 here

The obvious need to stimulate better performance through the articulation of individual contribution and reward systems, is leading some organizations, especially in the tourism industry, to experiment with creative reward systems anchored in the promise of valuable gains. If monetary-based systems are not considered, the access to valued products is a possibility. These cases are thus exposing the gap between spiritual rhetoric and material need. In fact, as a traditional rule of the Cuban enterprise, *incentivos* (incentives) are non-material. They are called “spiritual incentives”, and may include a letter, a diploma, an appreciation from the company or, at a more material level, “a dinner including lobster”. Managers’ attitudes towards the effectiveness of material rewards are highly ambivalent. On the one hand, they deny the importance of material incentives. On the other hand, they enthusiastically refer to the possibility of obtaining material rewards in the more progressive firms. To better understand this, it is helpful to remember that “while other socialist nations such as The Peoples Republic of China were learning the motivational value of individual incentives, the Castro regime was reverting to its original ideology where workers are motivated by knowing that they are contributing to the greater good rather than by individual rewards.” (Petersen, 2000, p.10). The tension is clear, then, between state ideology and individual motivation. This tension is partly a result of the fact that human resource management practices in Cuba have been basically used as an instrument for state regulation of the labour market. Through personnel administration, the state controls access to jobs and preserves a strong and undeniable influence over people’s lives and careers. To illustrate these

points, consider that the entry in the labour market is regulated by the state, which makes the final decision about where the individual will work. Selection and promotion decisions are based upon two major criteria: technical capacities and *idoneidad*. Individuals high in *idoneidad* are obviously those that, among other not-so-important qualities, show a strong and public fervour for the Party's positions. Wage rates, at entry level, are basically the same, independently of technical/scientific background and industrial sector.

Script #5: Management paradigm

It is quite clear that some sectors of the Cuban economy are evolving rapidly: sectors with higher levels of market orientation, such as the mentioned tourism industry, but also telecommunications, or banking are changing in order to adapt to competitive challenges. It is obvious, for example, that to be competitive in the international tourism market, Cuban organisations must be at least as good as their foreign competitors. To achieve such a competitive position, many organisations in this sector are adopting a configuration of managerial practices that resemble those of market economies. This represents a significant departure from the typical administrative bureaucracy that prevailed in the past. These changes, however, do not mean that a friendly attitude towards the free market has officially developed in the country. As one analyst remarked: "there won't be any serious pro-market reform as long as he [President Castro] is in place" (Contreras, 2001, p.35).

The transformations that are now taking place are probably announcements of the continuing evolution of the Cuban economy towards the market. Such an evolution takes several forms, including *empresas mixtas*, emerging sectors and a nascent

entrepreneurship. The tourism sector, as already mentioned, is frequently cited as the case that best illustrates the virtues of market orientation. Workers of tourism organisations do generally earn more favourable salaries than those in other industries, and the sector is often described as being in the vanguard of the introduction of western management practices. This shared representation, supported by vivid and impressive evidence of performance in comparison with other sectors, is another powerful trigger of change in managerial scripts. Considering the results of the firms in the tourism sector and the favourable conditions that they offer to their employees, there is nothing incompatible between the Cuban revolution and the revolutionary management practices introduced by the organisations operating in this sector.

Insert table 5 here

In terms of managerial scripts, the successful emergence of *empresas mixtas* introduced a significant change: from former state bureaucrats, managers can now act as adopters of managerial best practices. The possibility of adoption of best practices is still limited, to a great extent, by formal permissions from the ministries. Some micro creative solutions, however, may be consented, depending upon the managerial micropolitical skills (see Script #1). Examples of timid but relevant attempts of managerial agency include the creation at the organizational level, of compensation systems with a variable component. The introduction of these systems had to circumvent several difficulties, including for example the need to respect the communist assertion that action is motivated by the social good and not by individual gains. A common solution to solve this difficulty consists in substituting monetary bonuses by goods. All in all, the advances in managerial agency are still limited, but the high visibility of the

comparatively good results of market-oriented practices across the management community, may act as a source of diffusion.

CONCLUSION

One of the revolutionary claims most frequently heard in Cuba is “Socialism or death, not a step back”. The repetition of the revolutionary slogans, even in face of such great changes as those contemporarily taking place, shows how important it is for the regime to preserve the nation’s ideological core as untouched as possible.

With the above singularities in mind, this paper has aimed to contribute to a discussion of the changes of managerial scripts in a singular transitional society. Notwithstanding the official rejection of any kind of transition, signs are abundant that Cuba is in fact undergoing a deep change. As such, despite the relevance of research on complementary topics, including the characteristics of Cuban-American managers (Petersen & Meckler, 2001) or the likely characteristics of Cuban managers in the beginning of the 21st century (Petersen, 2000), research on the dynamics of the Cuban management system is necessary to analyse how the free market and the communist ideology can live side-by-side.

Our results suggest that relevant changes in managerial scripts are being introduced by the gradual adoption of western management practices. Recursively, these changes are leading to new interpretive schemes. The remarkable similarities between this process and the process of second-order, radical change, in the interpretive schemes of the members of the religious order studied by Bartunek (1984), suggest that institutional restructuring is in place. As noted by Bartunek, the existence of competing perspectives

results in a dialectical tension where the coexistence of the old and the new schemes leads to a synthesis. We interpret our data as meaning that Cuban managers' scripts or interpretive schemes are undergoing second-order, radical change. Martin de Holan and Phillips' (2002) case study illustrates how this process is perceived at the individual level, with a manager in their case study describing how he is trying to achieve a synthesis between western management practices and Marxist principles.

Table 6 summarizes our perception of the way Cuban managers make sense and interpret their renewed role in the Cuban economy. The shift from party bureaucracy to market-focused management seems to be clear, in a set of cultural boundaries that remains ideologically rooted in the revolutionary principles.

Table 6 about here

In this article we have discussed how traditional managerial scripts, centred on such keywords as regulation, planning, and production, are now being challenged by the need to introduce in the emerging scripts such elements as the market, risk and quality. It should be noted, in any event, that the meaning of these concepts in Cuba may not be exactly the same as in capitalist countries.

Limitations

This paper has provided a general discussion of the changes in managerial scripts in a sample of Cuban managers. This discussion was theoretically guided by Giddens' (1979) theory of structuration, and has served to introduce several tensions unfolding in the country. The tensions between planned and emergent change illustrate how complex

are the individual, political, sociological and organizational factors involved in Cuba's response to the fall of the communist bloc. It would have been quite pretentious, however, to have tried to capture the richness of the factors at play in a few pages. As such, this paper is only a preliminary and interpretive attempt to discuss one of the less known economies of the former communist bloc. The interplay between managerial agency and institutional change has just been touched upon in this work, that offers a snapshot view on managerial scripts. Longitudinal ethnographic methods would certainly add rich detail to our observations and conclusions. Another possible limitation of our research derives from our choice of the unanimity rule for retaining key categories. The disadvantage of this choice is that the conclusions obtained are necessarily general in content. The advantage is that widely shared understandings are captured.

Quantitative, statistically-based research will be necessary to test more general data of significant samples of Cuban companies, within longitudinal design, to capture the nuances of the process of change. Case studies, on the other hand, will allow an in-depth exploration of Cuban managerial scripts in specific companies. None of these approaches has been followed here. This exploration of the perspectives of a sample of managers is obviously vulnerable to defensive answers, including impression management, peer pressure, self-criticism and so forth. If these defences are relevant in any research context, they are even more relevant here. Future research will thus be necessary to complement the observations provided in this paper. Additionally, of course, this research was conducted by foreigners. Processes as complex and dynamic as transitions may only be adequately understood by those living them from the inside

(Lang, 2001). Research from Cuban authors would thus greatly enrich our understanding of this process.

Implications and future directions

In this paper we have discussed the issue of changing managerial scripts in Cuba within the framework provided by the theories of structuration and change. These theories help us understand how certain emergent practices are being adopted and formalised at the structural level and how the redefinition of managerial scripts is feeding this process through the assimilation of professional roles that are more favourable to managerial agency. This understanding is only possible in reference to the duality of structure, which is both constraining and enabling (Giddens, 1979). The structural properties of the Cuban institutional context should then be viewed both as medium and outcome of the practices that constitute that context. We have discussed how the tensions between the elements of the five analysed scripts interact to give shape to transitional Cuba. These tensions show that rules and practices exist in conjunction and that transitional trajectories are, to a great extent, emergent and, as such, unpredictable.

The analysis of the managers' scripts also allows for some reflection about management in Cuba. Certainly much needs to be done to improve Cuban managers' know-how of global best practices. The main implication for Cuban practitioners, at the moment, refers to the use of micropolitical skills, based on individual prestige and networking, to gain access to a more decentralised and strategic management style. Considering the educational background already existent, executive education programmes (MBAs or executive MBAs) will provide the basic up-to-date tools for these managers to face the challenges of the more competitive and market driven economy. Both Cuban and

Western managers need to rapidly learn more about each other in order to run the growing number of alliances between Cuban and foreign companies efficiently and smoothly (there were about 260 associations by the end of 1997, 53% of which were with countries in the European Union; Figueras, 1997). Additionally, the special character of the Cuban case makes it a favourable context for gaining new knowledge on how far management universals can go or on how parochial Western management theories are (Boyacigiller & Adler, 1991).

To illustrate the Cuban situation with the well-known Lewinian image, one can say that after a period of communist domination, the Cuban society is now undergoing a period of unfreezing, which started with the special period. What societal configuration will be refreezed is something that is hard to anticipate. What can be anticipated is that the singular combination of communism and the market transforms Cuba into a special case for management scholars to follow.

We have discussed how the fall of the eastern Bloc led to a sequence of events, starting with a crisis in the Cuban management system, since valuable resources (such as oil and other raw materials) were cut off. There was, therefore, a need to attract resources which precipitated the careful introduction of some western management practices. This introduction, in turn, led to a dialectical tension between the old socialist script and the new market orientation, and challenged the validity of the prevailing interpretive schemes. Managers were led to experience the loss of the high levels of certainty that characterized the previous situation. These conflicting perspectives interrelate and feedback on more change. As a consequence, re-written managerial scripts are emerging

and they combine a growing orientation towards the market with the preservation of the communist ideology.

This process, in turn, helps to shed light on the role of managers as agents of organizational and societal change. Our results illustrated that interpretive schemes are generally unquestioned and taken-for-granted and that the radical changes resulting from the fall of USSR forced managers to articulate and question their assumptive frames. Additionally, the emergence of new interpretive schemes, more attuned with environmental change, will tend to re-shape managerial agency and the revision of interpretive schemes tends to result in significant restructuring.

As noted by Ranson, Hinings and Greenwood (1980), contradictory imperatives, as those facing managers in transitional Cuba, tend to entail change in structural arrangements. The authors add that such contradictions have received little treatment from management researchers. Our research offered an analysis of how people deal with contradiction. In this case, managers are developing new scripts that try to keep a balance between thesis and antithesis. This process has been discussed in the organizational literature (e.g. Clegg, Cunha & Cunha, 2002) and has been presented as a change trigger. Therefore, the present dialectic between a communist facade and a market-oriented practice can be interpreted as a way of demonstrating respect for the institutional structure while actually changing it through practice, as explained by structuration theory. Given the potential capacity of managers to mobilise the power necessary to transform social systems (Whittington, 1992), the paper discussed how managerial agents may in fact be restructuring institutions while giving voice to their support for them (see also Martin de Holan & Phillips, 2002).

Future research on the Cuban case may thus be of great value, for example, for learning more on how governments matter to management and organization (e.g. Pearce, 2001), but also for making sense of the role of managerial agency in the shaping of societal transition, something that the dominating institutional theories have difficulty in capturing. This is a promising theoretical route to follow, especially given the fact that it accepts that change or its potentiality is inherent to societal movements. And change, despite the official rhetoric, is the name of the game in Cuba.

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Table 1 – Summary of focus group consensual statements, concerning Script #1.

| Redefining the role of manager and state | |
|---|--|
| Manager | State |
| Western management tools to serve the public welfare | State centralizes main decisions, from personnel administration to procurement and sales. |
| Exposure to western management model leads to new vision about organizations and management | Economic problems stemming from the fall of Soviet Bloc led the State to focus on market opportunities and to introduce flexibility in management practices |
| “Perfeccionamento Empresarial” aims at improving efficiency and competitiveness of the state-owned socialist enterprise | State launched the “perfeccionamento empresarial” programme, which promotes new management practices aimed at improving productivity, quality and financial results. |
| Need to use more effective management control techniques, in order to achieve higher level goals | State provides education: basic training and continuous development programmes, to assure the qualification of workers. |
| More efficient organizations to serve the people and the revolutionary ideals | |
| Western management techniques should be used, but preserving the Cuban values | |
| The code of ethics is internalised and not externally imposed | |

Table 2 – Summary of focus group consensual statements, concerning Script #2.

| Entrepreneurialism | |
|--|---|
| Manager | State |
| The need to gain access to vital resources resulted in some entrepreneurial ventures, such as the “paladares” | Acceptance of entrepreneurial efforts |
| Entrepreneurs are helping the country by providing needed services for the social well-being | Strong regulation of entrepreneurial ventures |
| It’s a way to reduce unemployment and increase the country’s wealth | Acceptance of the circulation of US dollar |
| Managers are becoming accountable for their companies’ results | |
| “Perfeccionamiento empresarial” as a bridge for a process of continuous improvements, particularly in terms of quality and response to market needs. | |

Table 3 – Summary of focus group consensual statements, concerning Script #3.

| Market orientation | |
|---|---|
| Manager | State |
| Greater attention to the consumer, the market, as well as risk and efficiency | Need to adapt to new economic conditions led to acceptance of more flexible practices |
| Tourism industry as a prestigious sector to work for, as well as “empresas mixtas” | State keeps market regulation. There’s never total autonomy or managerial flexibility |
| Management techniques are more advanced and developed in the tourism industry | Introduction of new criteria to evaluate organizational performance, such as cost reduction, sales growth, in addition to the classical production quotas |
| Growing importance of strategic management, management by objectives and market relations | |
| Organizational culture change, towards emphasis on continuous improvement and total quality | |

Table 4 – Summary of focus group consensual statements, concerning Script #4.

| Human resource management | |
|---|---|
| Managers | State |
| Those who were not good enough for anything, used to go to the HR function | Every ministry has its own schools to respond to the needs of the corresponding companies |
| Development of staff competencies is of major relevance | Technical training is still based on the production/engineering logic |
| Introduction of incentives and incipient differentiation in wage rates | Labour market regulated by the state: selection, training, appraisal, compensation, career development, employment rate |
| Valued incentives can be “spiritual”, such as recognition, or valued goods | Employment security is basically guaranteed by the state |
| “Idoneidad” is the selection criterium and includes personal qualities, such as technical skills, but also ethical behaviour and accountability | Technical education combines theoretical with practical training |
| Management career entry is associated with continuous evaluation and development of young “cadres” | |
| Growing executive education | |
| Incipient efforts of performance appraisal | |

Table 5 – Summary of focus group consensual statements, concerning Script #5.

| Management paradigm | |
|---|---|
| Managers | State |
| Adoption of managerial best practices although with adaptations to the Cuban social and economic values | Representative of the people, owner of businesses, with the responsibility to make good use of national resources |
| Good results of market-oriented companies are emphasizing the need to adopt a new managerial paradigm to achieve collective good | With the PE program, there's an increased emphasis on efficiency and competitiveness of the socialist organization |
| Western practices may coexist with the collectivist and employee participation values | PE was introduced to professionalise management |
| Best practices, associated with management by objectives, total quality and quality circles are spread and publicized at a national level | Adoption of western management practices does not threaten the essence of Cuban society: the socialist, collectivist and revolutionary values |
| | Enlargement of English language teaching |

Table 6 - Pre-transitional and transitional managerial scripts

| | The manager as | |
|--|-----------------------------------|---|
| | Pre-transitional period | Transitional period |
| Script 1 Role of the manager | Party representative | Micro-politician |
| Script 2 Entrepreneurialism | Servant of the Plan | Entrepreneur |
| Script 3 Market orientation | Agent of the Revolution | Steward of public good through market orientation |
| Script 4 Provision of incentives | Vehicle of spiritual satisfaction | Facilitator of the resolution of material needs |
| Script 5 Management paradigm | State bureaucrat | Adopter of management best practices |