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A FORGOTTEN DIMENSION OF THE “TRANSFORMATION ECONOMIES”: THE CASE OF THE MANAGERIAL LABOUR PROCESS

1. MAINSTREAM APPROACHES ON THE TRANSFORMATION ECONOMIES OF CENTRAL AND EASTERN EUROPE

Analysis of the so-called “transformation economies” in the post-socialist countries of Central and Eastern Europe (CEE) became an extremely popular topic for social scientists (e.g., economists, management scientists, sociologists, political scientists, and very recently for socio-psychologists, too). This growing interest of social scientists both abroad and in the former socialist countries reflects not only the extremely complex nature of the transformation process, but also an effort to better understand the growth potential of this region in comparison with countries of similar levels of economic development in Asia and Latin America. (Ellingstad, 1997.)

Among the several approaches adopted implicitly or explicitly, we may distinguish the following mainstream views. The first view is the so-called “institutional vacuum” approach, which treats the development of the market-consistent institutions in the post-socialist countries as radical break with the social and economic institutions of the former socialist political-economic regimes. According to the representatives of this approach, the pre-existing social and economic relations are blocking the diffusion of new institutions in the emerging market economies in the post-socialist countries. This approach is often characterised by the “zero sum” model of society, and according to this logic, the triumph of the institutions of the market economy implies complete refusal of the pre-existing institutions. The other school of thinking- re-

flecting the tradition of the evolutionary development - tries to popularise the so called "path-dependence" approach according to which, "Although the institutional legacies of the East European economies might hinder their adaptation in the short run, they could tribute to the economy's-adaptability in the long run." (Grabher-Stark, 1997:5-6.).

Our normative position used in analysing the transformation process in the CEE countries could be labelled as "social and realistic constructivism" (Dubois, 1994.). This approach treats business organisations as socially constructed institutions, which are at least in short run resistant to change (a phenomenon of social inertia), and the social actors must take certain constraints into consideration, which can be changed only in the long-run as a result of organisational learning process. In combining the "path-dependence" and the "social and realistic constructivism" approaches, this presentation focuses on some notable evolutionary features of the managerial labour process.

2. IMPORTANCE OF THE MANAGERIAL LABOUR PROCESS IN THE 'TRANSFORMATION ECONOMIES'

Until recently, most discussion and debate about the "transformation economies" of CEE has been dominated by the transformation of the political and economic institutions (e.g., privatisation, the emergence of a democratic political system, greatly changed industrial relations systems, etc.) and the roles of the key political and economic actors in this process (e.g., composition of the new or "renewed" political elite, social-cultural bonds between the political and economic elite, emerging role of the new entrepreneurial class, etc.) In relation with the role of the new managerial class in the post-socialist countries, there has been a great deal of debate over the degree of autonomy exercised by private owners in the CEE region vis-a-vis top managers. One school of thought holds that firm-internal transformational processes are slowed (or at least not promoted) by top and middle level managers, who maintain control over the everyday workings of the firm and who still operate, to some degree, according to the non-market and often clanistic incentives which existed in the former-socialist regime (Szelenyi, 1996.) The other school of thought has found that given the proper conditions, owners, not managers hold the upper hand and they are indeed willing and capable of intervention to protect their own strategic interests. (Stark, 1996.)

The recent sectoral level surveys carried out in the machine industry of the "Visegrad-countries" (Hungary, Czech Republic, Slovakia and Poland) supports the opinion of the second school of thought; the new owners are indeed

more powerful exactly where we would expect: appointment of managing director, capital investment and profit distribution. (Yokokura-Ishikawa-Makó-Ellingstad, 1996.) However, in questions of reorganisation, the overwhelming balance of power falls to top management, which is, after all, chosen by owners. The rather large differences in questions of reorganisation suggest that management do enjoy flexibility or autonomy in the pursuit of ownership's strategic goals, as expressed through capital investment and appointment of the director.

Still, relatively modest efforts were made to understand and evaluate the nature of transformation in the managerial labour process. Only in last few years has interest in the study of organisational innovations and organisational skills which are required to use the substantial growth potential of the CEE countries been observed. In relation with that we intend to note that in the former GDR, where managers as representatives of a particular social-professional group are the key players in shaping the restructuring of the business organisations, relatively few studies have examined the changing nature of managerial roles. (Bafoil, 1996.) This is the object of our presentation. Our approach is borrowed from the well-known organisational structuralism framework; "In this perspective, management is not in the first place regarded as a category of society, as a societal class, or even as a collectivity of professionals, but as combination of labour processes within organisations" (Teulings, 1986:142). To understand the changing character of managerial skills and organisation in the post-socialist firms, we tried to answer the following questions: What aspects of managerial competence are required for the managers in the emerging market economies of CEE? Which forms of knowledge can be transferred without particular problems (e.g., resistance of receivers) and which types are not "transferable" or in other words, need common creation? We also intend to deal with the differences between "skills" and "competence" in this paper. (One of the most comprehensive comparative assessments of these two notions was recently done by the French sociologist, Dubar [Dubar, 1996]).

3. "EXPLICIT" AND "TACIT" DIMENSIONS OF THE PERSONAL KNOWLEDGE AND ITS RELEVANCE TO KNOWLEDGE TRANSFER

In the process of transferring managerial competence and organisation firm the mature capitalist countries into the CEE region, it is necessary to distinguish between "explicit" and "tacit" dimensions of human knowledge

(Polanyi, 1994.) Only the “explicit” and formalised core knowledge can be transferred neutrally, from person to person without particular loss and social difficulties. But whole explicit knowledge is unthinkable; it is not identical with the verbalised and coded versions of tacit skills which belongs to someone (either individuals or to a group of managers). Studying the managerial learning process, we have to be aware of the very complex nature of human knowledge. The success of knowledge transfer does not depend exclusively on the elaborated character of manuals and other forms of managerial know-how transfer. As Polanyi (1967:20) stated, “... tacit thought forms an indispensable part of all knowledge, and the ideal of eliminating all personal elements of knowledge would in effect, aim at the destruction of all knowledge”. In the practice of firm-level training and skill formation - which are key vehicles in the process of knowledge transfer - it is worth making distinctions among international patterns of technology and managerial know-how transfer.

The following patterns could be distinguished (Kasahara-Makó, 1996):

- 1) Where technology exists in an objectively and explicitly stated forms, such as patents, diagrams and manuals, and these are used to transfer the technology;
- 2) Where machines and equipment are transferred and technology that is necessary for their functioning is transferred;
- 3) Where technology that is integral to human capital (or human organisation) is transferred through direct On the Job Training (OJT), by using or dispatching personnel.

It is said that the Japanese firm’s characteristic pattern of developing technology, central to the overriding process of establishing a Japanese style production system, has had a great deal of influence on the fact that Japanese firms rely greatly on technology and managerial know-how transfer which centres on the exchange of people and “On the Job Training”, rather than manual based training. Analysing the managerial learning process, we distinguish between not only the “explicit” (or formalised) and “tacit” forms of human knowledge but also its “technical- professional” and “social-cultural” ones. In the case of managerial skill, the “technical-professional” dimension relates to the various working techniques, the “social-cultural” fact represents the social skill of management to shape the social fabric of the business organisation. (In addition, these briefly presented dimensions of human knowledge have both individual and collective characters. This distinction helps us to understand the psychological and social-cultural elements of the managerial learning process.)

4. JOINT-VENTURES AS CORE VEHICLES OF TRANSFERRING MANAGERIAL SKILL AND ORGANISATION

There is a common view among management scientists on the role of Foreign Direct Investment (FDI), to which it can serve as a 'facilitator' of transferring management skill and organisation from the matured market economies into the emerging, new market economies in the Central Eastern European region. (Child-Markóczy, 1993, Soulsby-Clark, 1996.).

Within the CEE countries, Hungary remained the favourite target of FDI, landing approximately \$ 13 .1 billion by the beginning of 1996. However, the FDI inflows to Hungary appear to be slowing while to other countries in the region are increasing rapidly - especially to Poland (which is attractive because of its large internal market).

It is worth mentioning the diversity of privatisation schemes and their effects on the scale of ownership. Compared with other CEE countries, the Hungarian privatisation process has on whole provided the most extensive shifting of ownership of state firms to private sector; "After initially utilising 'spontaneous' privatisation, Hungary has used the so-called 'strategic' privatisation method, whereby the willingness and capacity to invest in the private company is often given as much weight as the actual bid price. This method tend to favour larger, foreign investors as opposed to, for example, Czech coupon privatisation, which tends to concentrate control in the hands of banks and investment funds, often .via domestic investors. As such, post-privatised companies in Hungary generally offer a cleaner, more visible contrast to their predecessors than in the Czech Republic, where the picture is more blurry because of slower, more convoluted changes in management structures." (Ellingstad, 1996:41). The pattern of 'strategic privatisation' attracted a significant amount of FDI in Hungary and speeded up the managerial learning process in the foreign-owned firms in comparison with the Hungarian owned ones.

In the previous section, we made a distinction between "technical-professional" and "social-cultural" dimensions of the managerial knowledge and organisation transfer. In distinguishing between these two important dimensions of managerial knowledge and organisation transfer, we make the following assumptions: in foreign-owned firms the diffusion of the new ("best practices ") managerial concepts and methods proceeds faster than in Hungarian-owned firms. The other related assumption is that the development of new "technical professional " skills is faster than with "social-cultural " skills. However, in the case of the latter, the nature of the managerial competencies

has no noticeable favourable impact - at least not in the short run - on the business performance of the firm. To test these assumptions, we intend to use both the results of case studies made in the joint-ventures at the beginning of 1990's and the experiences of a recent survey of firms carried out in one of the strongest region in Hungary (1996), where the concentration of the FDI in the form of MNCS is extremely high and the industrial growth several times higher than the national rate.

In order to present contrasting patterns of the managerial learning process, we compared joint-ventures having foreign versus Hungarian majority owners. Beyond this distinction made between foreign versus Hungarian owned privatised firms, it is advisable to distinguish between the so-called "green-field" and "infield-brow" sites. For instance, in the second case, both foreign or Hungarian owners and managers have to cope with the institutional legacy of the past (e.g., patterns of skill hiding, presence of trade unions, etc.). In the case of the green-field sites, management has more freedom to shape the present and future pattern of social relations of the firm. The green-field pattern of investment is a favoured path of the firm's development choosing by most capital-intensive manufacturing MNCs, such as IBM, Ford, Suzuki, TDK, Sony, etc.

However, it must be noted that foreign investment can be used as a tool for diffusion of managerial and technical knowledge only to the extent that it interacts with the local economy. Unfortunately, at least in this early stage, much of the green-field investment in the CEE region is dependent on the local economy only for labour and commodities. The vast majority of components are imported, and very often, the plants operate as export processing zones, producing exclusively for the export market. The lack of local forward and backward linkages create a situation where green-field sites operate as islands of technology, largely independent from the broader domestic macro-economy. Geographic proximity does little to aid diffusion of managerial and technical know-how without the contacts and co-operation with local companies through which this know-how can be transmitted. Indeed, this phenomenon is by no means unique to the CEE region: export-oriented foreign manufacturers have created dynamic sectors which diverge widely from domestically-oriented sectors in such diverse countries as Ireland and Mexico, with very different consequences.

4.1. The case of the Austro-Hungarian Cold Rolling Mill: How to fit new management approaches with the old ones?

The Hungarian owners of the Austro-Hungarian Cold Rolling Mill Ltd. (hereafter referred to as the A-H Company) is the Hungarian Steel Holding

Company, which employs more than 10,000 people and located in a "company town" in Central Hungary comprising a vast, vertically integrated holding structure, part of which has already been successfully privatised. The results of the partial privatisation has produced a "recombined" ownership structure of state and private ownership. Recently, the holding company's management was given the chance by the State Privatisation and Holding Company Co. (APV Rt.) for ownership management, too. This is one of the most important management buyouts (MBO) ever realised in the country.

The A-H Company also represents a joint-venture with an Austrian Steel Company, employs 740 people and produces over \$80 million turnover. As concerns the ownership structure, 67 percent is owned by the Hungarian Steel Holding Company, and 33 percent by the Austrian Steel Company. Following the establishment of the A-H Company in 1992, new management adopted the following structure: Austrians took the functions of managing director, heads of marketing, sale, storage and controlling; Hungarians became responsible for production, finance and human resource management. Cost-planning and control, especially the form of CRS in the former ("socialist") firm practice was underdeveloped due the soft-budget constraints of the state, which was the exclusive owner of the steel company, including the cold rolling mill. Both the Austrian and Hungarian managers of the joint-venture were aware of weaknesses in the companies financial management structure. One of the first changes initiated by the new management was the creation of independent marketing and sales functions, implementation of the cost responsibility system (CRS) and the transfer of the new approach in maintenance activity from the Austrian owner's similar plant. We intend to deal with the difficulties in transferring the new CRS and maintenance work organisation from the Austrian model into the Hungarian practice.

The logic of the CRS system is to synchronise the production and cash-flow in the various production cycles in the company. In this system, all departments are to be responsible for their own designated costs, including participation in inter- departmental cost calculation, planning and control. The time space for cost-control is one month and the "controllers" from time to time checking the relation between the planned and the actual level of costs, and register the discrepancies for each product cycle. Owning this knowledge, the "controllers" are able to suggest to the management the necessary cost-adjustment measures. Using this method of CRS, the management of the joint-venture could avoid the unpleasant surprises at the end of the fiscal year. During the implementation of the CRS, the Austrian chief controller - who was responsible for the smooth operation of this system - confronted numer-

ous difficulties, ranging from terminology to the legacy of the over-centralised and specialised management system of the state-owned company.

Surprisingly enough, against the expectations of the Hungarian managers and professionals, the difficulties of the implementation of CRS techniques were not related to the lack of the “computerised management information system” (CMIS) or to other problems of infrastructure supporting management. Instead, the Austrian chief controller often complained of more abstract problems, including the over-specialised nature of management and of an information system where the members of organisation are lacked the appropriate holistic view of the organisation. The following scripts from the interviews made with the Austrian chief controller illustrate well the above described difficulties of this new concept of financial management (CRS) within the new joint-venture: “...I have serious problems related, to the use of terminology. For instance, we - Austrians and Hungarians - are using the same notion, but its meaning is different. Therefore, if I want to realise the ideal CRS designed by myself, I have to revise it, again and again. The categories used in my previous experiences cannot be used here without modification. From the mechanical use of categories significant misunderstanding arise. Sometimes, I feel, that these misunderstandings are irreconcilable. Our way of thinking is different...”

Looking for sources explaining this “different way of thinking” between native and foreign staff members, we may discover significant differences in the managerial learning process of the managers concerned. The smooth operation of CRS needs strong and visible individual cost-responsibility consciousness which is supported by the decentralised decision making system (the source of the autonomy necessary for taking responsibility) and an open information system. In practice, there is an essential gap between the desired individual cost-responsibility and the necessary degree of decentralisation of decision which is the core component of the individual responsibility for the cost formation. Without the necessary delegation of decisions, the person responsible for cost savings lacks both the necessary information and the discretion to bear responsibility for his costs. This system itself conditions refusal of individual responsibility and reproduces the well known organisational dysfunctionality of the socialist political and economic regime: the lack of individual responsibility and reliance upon “collective irresponsibility”. The Austrian manager responsible for controlling made a correct diagnosis on the roots of this attitude of “responsibility refusal” experienced among the Hungarian employees in relation with CRS: “... avoiding the responsibility for cost-formation conditioned by the existing leadership style ... this is the heritage of the past: the majority of people

cannot or do not want to take responsibility, or do not want to work autonomously. In the past, written instructions dominated and people tried to fulfil tasks prescribed by instructions. This system was very comfortable, but very inefficient... Top management concentrates decisions and does not delegate them to the lower hierarchical levels."

The difficulties in transferring participation based on, decentralised management system are not limited only to Hungarian organisational culture. (Makó-Dittrich-Stojanov, 1996.) Similar patterns of behaviour were identified by other well-known multinational operations in other CEE countries. For instance the Lafarge top manager responsible for the "conversion" of the former East-German and Polish work-force to the requirements of the market economy in its recently purchased plants in these countries was confronted with the above-presented difficulties in introducing new operation management methods and organisation consistent with the requirements of the market economy (e.g., cost efficiency and accounting, quality consistency, customer orientation, etc.). However, it is interesting to note that the French managers did not confront noticeable problems during the course of training and re-training both former East-German and Polish work-force: the introduction of modular-type training did not meet resistance of the rank-and-file employees. But on the other hand, significant problems were raised during implementation of the "participative" management. Top managers commented on difficulties met in the Polish plant, during an interview given to *Le Monde*: "... la dynamique de management participative que nous appliquons n'est pas facile a faire passer. Le blocage est simple a comprendre; les Polonais etaient habitué jusqu'ici à exécuter sans critiquer ou meme donner leurs avis ..." (Piot, 1996:11).

Another important organisational transfer was carried out in the production sector of the Austrian-Hungarian joint-venture: a new maintenance concept and work-organisation were implemented from the Austrian mother company to its Hungarian subsidiary plant. In order to understand the rationale of the new maintenance concept, it is necessary to describe the logic of the old one, which represented a generally used maintenance approach in the industrial practice of the former socialist countries of the CEE. The old maintenance concept was called "Planned Preventive Maintenance"(PPM) and according to its logic, after certain period of time, the parts or spare parts of the equipment were changed following the instruction of the maintenance manual, independently of the technical conditions of these parts. This method of equipment maintenance was costly, produced permanently high work-loads (and strong bargaining power) for the maintenance workers, and periodically caused significant losses for the production personnel because of the work

stoppages during lengthy maintenance work. The core logic of the new maintenance concept is that the maintenance section can periodically make equipment diagnostic and let the sub-equipment or spare-parts function until the anticipated serviceable technical limit.

Before the introduction of the new concept of maintenance, both Hungarian top and middle managers had a chance to learn the operational technicalities of the new system by visiting the Austrian plant, where the new system was in service. It seemed that the Hungarian managers fully understood and welcomed the new maintenance concept, and were convinced by advantages, especially in the long-run efficiency of the new concept over the old one. The management did not meet any difficulties related to the “cognitive” aspect of the planned transfer of new maintenance approach. However, at the lower-level, the “re-labelling” of the existing job-title in relation to the re-organisation of the maintenance work provoked an unexpected resistance, both in the group of supervisors and the workers. This resistance could be explained, at first glance, by the differences in Austrian and Hungarian terminology: in the maintenance practice of the Austrian company, instead supervisor of maintenance, the title of “Master” of maintenance was used and accepted without troubles in the Austrian shop-floor culture. But in the Hungarian shop-floor society, for both supervisors who are representing the social-professional group of first-line managers and rank-and-file employees, the “Master” title reflects lower social-status and shrinks the “space” of organisational mobility for blue-collar workers. To overcome the resistance of the Hungarian supervisors against the new work-organisation in the maintenance section, the Hungarian and Austrian managers modified the label of the criticised job title and called them “area-technicians” instead of “Master”.

It is necessary to call attention to the fact that the centre of debate was not the terminology or title differences, but the fear of the Hungarian blue-collar workers and supervisors of the shrinking mobility chances in the Hungarian plants. Introduction of the “Master” title implied following message for the Hungarians concerned: they have no chance to leave the “social-occupational” category of blue-collar workers, no possibility to become managers - even at the lower-level - in the joint-venture. The only remaining chance for the rank-and-file employees is to move up on the professional scale of qualification represented by the Master-category. This explains why both middle managers and blue-collar workers created a coalition of interests to support supervisors of the maintenance section in refusing the introduction of the “Master” title. Summing up, the key motivation of resistance related not to abstract ‘terminology’ or ‘cultural differences’ but rather to the possibility of a nar-

rowed organisational mobility created by the implementation of the new work-organisation in the maintenance activity of the Hungarian subsidiary.

4.2. Foreign owned firms as key diffusers of the "leading-edge" managerial concepts: the case of a "strong-region" in Hungary (Szekesfehervar)

The first results of an international project called "Regional Innovation System" - (REGIS: supported by the EU-Targeted Socio-Economic Research Programme) - carried out in a region (Szekefehervar-city) where the concentration of foreign owned firms is extremely high, illustrates the "engine" role of "foreign-owned" firms (especially green-field sites) in diffusing management and organisational bench- marking. (Makó-Eillingstad-Kuczi, 1996.) Their visible and significant activity in Hungary is important not only from the point of view of their economic performance (e.g., their extremely high share both in industrial export - up to 70% -and GDP - up to 25%) but also as they enlarge the 'pool' of the available 'state of the art' managerial skill and organisation for both the practitioners and academics of the fast developing management and organisation science.

The REGIS Project survey of 75 firms was carried out in the autumn of 1996 in one of the most economically dynamic regions of Hungary, with managers surveyed given a list of organisational tools from 'leading-edge' concepts in management and organisation and asked which organisation innovation their company had introduced. There were some rather dramatic divergence between foreign-owned and Hungarian firms, but before we examine these, a short rhetorical detour is needed. When interpreting responses to questions such as "Have you introduced TQM, JIT, IT, bench-marking etc. ", we must also consider that unfamiliarity with the terminology does not necessary imply unfamiliarity with the functionality of the idea or the concept. At the core of some of these more fashionable concepts bandied about by the business press and western management consultants are to be found, very often, some very elementary ideas which one does not need to read the Harvard Business Revue to be familiar with. A Hungarian manager might reply ... "no, we haven't instituted an IT system yet", while sitting at a desk with an integrated network computer. TQM, for example, prescribes a set of procedures and a corporate mentality designed to make quality a given at every stage in: 'the production and distribution process. While helpful in focusing attention on quality, it would be folly to suggest that a formalised TQM system is a prerequisite for higher quality. Group work found favour in the western business community after successful patterns were observed in Japan and Sweden, but it is a little known fact, for example, that formalised group work initiatives

(with their own cost accounting structures, creating in effect, firm-internal profit centres) were institutionalised in Hungary as early as the beginning of 1980's -the so called "Economic Working Associations", in Hungarian VGMK (Stark, 1985, Makó-Simonyi, 1992.) Furthermore, the "faddish" and occasionally temporary nature of some of the above-listed organisational innovations or managerial concepts cause us to wonder if their implementation or lack thereof is indeed a proper measure of managerial finesse. A study cited by the Financial Times comes to mind which revealed that British firms which had adopted JIT inventory control procedures had twice the rate of bankruptcy as "traditional" firms.

This said, the responses given to such questions can indeed be used as a useful tool in interpreting managerial priorities, as well as the dominant models (and sources of inspiration), present at firms in the region surveyed. Looking at the responses to all questions regarding the adoption of such managerial techniques, foreign-owned companies returned average scores of 45.8 per cent compared to 24.1 per cent for Hungarian firms. Particularly large differences are visible under TQM, Profit Centres, Benchmarking (ironic, as Hungarian and other CEE firms in the period of state-socialism generally worked under norms for decades), Flat hierarchies, Outsourcing, ISO, and IT. (See the following table).

Table 1. PERCENTAGE OF FIRMS REPORTING ORGANISATIONAL INNOVATIONS (%)

Q: Has Your company introduced	Hungarian – owned firms	Foreign –owned firms
TQM	18,4	37,5
Group work	55.1	66,7
Profit or cost centres	44,9	62,5
Inter-organisational networking	34,7	37,5
Benchmarking	4,1	37,5
Flat hierarchies	22,4	50,0
Interdisciplinary design teams	18,4	33,3
Just intime delivery	10,2	41,7
Outsourcing	8,2	29,2
System suppliers	10,2	20,8
ISO 9000	34,7	62,5
Information technology	28,6	70,8

Source: Makó-Ellingstad-Kuczsi (1997) 'REGIS: Szekesfehervar Survey Results and Interpretation', January, p.12. (Manuscript), (EU-Targeted Socio-Economic Research Programme - "Regional Innovation Systems: Designing for the Future").

When asked how their firms sustain competitive advantage, noticeable differences were noted between Hungarian and foreign-owned firms on issues relating to innovation. Internal research and development activities were given as a reason for competitive advantage by 62.5% at foreign-owned firms, compared to only 45.8% at Hungarian-owned firms. Similarly, patent ownership was given as a reason 62.5% versus only 35.4%. These differences can not be solely accounted for on the basis of on-site research and development, but rather, company-wide research and development. Larger, multinational corporations are able to garner more advantageous economies of scale in research and development than smaller domestic companies, and this phenomenon is by no means limited to Hungary.

Therefore, for smaller, domestic companies collaborative research undertakings may be especially important as a way to lower initial costs and share risks. In this respect however, perhaps surprisingly given an intuitively greater need, Hungarian-owned companies seem to be less active than their foreign-owned counterparts. The latter category reports stronger scores not only in cooperation with EU entities (50.0% to 29.2%), but also in national (62.5% to 55.3%) and regional (54.2% to 43.8%) co-operative ventures. Hungarian-owned companies also rate co-operative agreements, generally and in the region, national and international contexts, as less important than do foreign-owned companies.

Managers were also asked what challenges they see their firm facing. Responses reveal that foreign-owned firms are slightly more pro-active, especially in regards to improving product quality, cutting personnel costs and product development. Averages the scores for all possible' challenges, foreign-owned firms responded in the affirmative 86.3%, compared to 76.7% for Hungarian firms. The smaller, newer Hungarian enterprises scored especially low on these questions.

The follow up query, "Does your company respond to the following challenges?" sheds further light on these Hungarian green-field businesses, which returned the lowest scores of all categories in half of the responses listed. Of particular importance is the fact that only 33.3% of Hungarian green-fields plan any sort of product development (compared to a Hungarian average of 55.1% and a foreign-owned average of 75.0%), and only 22.2% plan and R&D co-operation with other firms (again, it is exactly the smaller firms which stand the most to gain from such ventures). Here also, foreign-owned firms reported higher scores (on average, 62.5% versus 57.9%), with particularly wide gaps being observed in responses such as increased outsourcing and product development. Of note is the fact that 61.2% of Hungarian firms

plan to intensify internal R&D (compared to 54.2% of foreign firms), and that Hungarian firms place a greater importance on local R&D activities. In regards to the relatively heavier reliance of foreign-owned firms on outsourcing, one should keep in mind that this is an example of a practice which often makes more sense in the West than it does in the CEE. It originally arose in high wage countries as a result of significant wage gaps between core production workers and peripheral support staff. By outsourcing non-essential support functions, firms could save money and utilise more flexibility. However, in Hungary and other CEE countries, there are no significant wages differences to be found between direct and indirect production personnel (wages are generally uniformly low), and therefore, savings possibilities are lessened. The main reason for the reliance on outsourcing in Hungary has to do with flexibility. (The outsourcing strategy does, however, come with a price, as several foreign-owned companies in Hungary have found out. Because of a much more convoluted and indirect employee-employer relationship, there is little employee loyalty, and companies have occasionally found it difficult to keep a stable workforce.)

Table 2. DOES YOUR COMPANY RESPOND TO THESE CHALLENGES?

Hungarian Firms	Cutting cost	Org. Restructing	Speeding up prod. dev	Intensifying internal R&D	Outsourcing	Subcontracting	Marketing coop.	R&D coop
Privately owned	93,5%	74,2%	54,8%	61,3%	25,8%	38,7%	61,3%	35,5%
Private/ State ownership	87,5%	87,5%	50,0%	62,5%	37,5%	12,5%	75,0%	37,5%
State owned	100%	88,9%	55,6%	55,6%	55,6%	33,3%	55,6%	55,6%
Greenfield	100%	66,7%	33,3%	66,7%	22,2%	22,2%	44,4%	22,2%
Brownfield	92,5%	82,5%	60,0%	60,0%	37,5%	37,5%	67,5%	45,0%
Total	93,9%	79,6%	55,1%	61,2%	34,7%	34,7%	63,3%	40,8%
Foreign Firms								
Greenfield	100%	84,2%	73,7%	57,9%	52,6%	42,1%	52,6%	52,6%
Brownfield	100%	75,0%	75,0%	25,0%	25,0%	0,0%	25,0%	25,0%
Total	100%	83,3%	75,0%	54,2%	50,0%	37,5%	50,0%	50,0%

Source: Makó-Ellingstad-Kuczi (1997) 'REGIS: Szekesfehervar Survey Results and Interpretation', January, p.12. (Manuscript), (EU-Targeted Socio-Economic Research Programme - "Regional Innovation Systems: Designing for the Future".

Finally, the importance of uneven development in the managerial labour process in creating managerial skill and even 'habitus' (in the sense used by Bourdieu) is often under-evaluated and the role of the cultural differences is overrated, especially regarding the post-socialist countries. Evaluating the development of new managerial methods and practices we question the explanatory value of the 'cultural variable' in explaining conflicts during the transfer of managerial skill and organisation (e.g., cost responsibility system, new work-organisation of maintenance) between the local and foreign managers. The cases of joint-ventures presented in this report underline the 'colouring effect' of the corporate (or even national) cultures in comparison to the role of the managerial labour process. Our experiences in evaluating the impacts of various 'vehicles' of managerial skill and organisation transfer (e.g., joint-ventures, implementation of the organisational innovations in the Hungarian versus foreign owned firms) question the validity of cultural determinism. (Makó, 1997.) In this regard, we fully agree with the following statement; "... managers in the area of strategic interest share goals and beliefs about what makes their business success more coherently and distinctively than any other group within the organisation. People within the area of strategic interest but of different nationalities are more likely to share beliefs with each other than people of the same nationality but not in the area of strategic interest." (Markóczy, 1996:10.)

CONCLUDING REMARKS

The analysis presented here focused on the managerial labour process and such key related issues as changing and stable elements of the managerial skills and organisation in the 'transformation economy' of Post-socialist firms in Hungary. The core motif in selecting for study these dimensions of the managerial labour process was the relative lack of interest in understanding the role of such central actors in the every-day life of institutional building in the emerging market economy. In these efforts, we tried to avoid both the 'demoniac' and 'apologetic' treatment of managers - which is often present in the sociological analysis - dealing with the role of the new (or renewed) business elite in re-structuring ownership and organisation system of the economy. Our ambition was to understand and evaluate the everyday social and organisational practice of the firm - as a core societal institution - in the post-socialist political and economic regime.

According to the experiences of the A-H Company presented in this paper, it is clear that even in the case of learning "technical-professional" elements

of new managerial skills, the mechanical use of transfer is not only misleading, but also hides the structural and subjective elements of the managerial learning process. Due to its social-cultural embeddedness, even the technical professional ingredients of managerial skill could be acquired via manual learning and the careful re-balancing of social relations in the business organisation. For instance, the examples on how to fit new managerial concepts with the impact of the organisational legacy of the past (e.g., the heritage of the over-centralised decision making system) illustrate well the social embeddedness of economic behaviour, which reflects the fact that all social action and outcomes (like economic actions and outcomes) are affected by actors' dyadic relations and by the nature of overall network relations. (Grabher, 1995.) Concerning the tempo of the transformation process itself, we have to stress the very uneven development of managerial skill and organisation, and their impacts on the outcomes of the transformation. Outside the undeniable dependence on past events ("path-dependence") it is necessary to call attention to the new model-creator roles of such actors as foreign-owned firms, especially the "best-practice" setting role of green-field investments of MNCs. According to our recent experiences, green-field sites function as accelerators of the diffusion of organisational innovations and new managerial concepts, but only to the extent that these firms interact with local economic actors. It is empirically tested in the Hungarian case that in the foreign-owned firms, 'leading-edge' methods of management (e.g. TQM, bench-marking, JIT, etc.) were implemented at a much higher rate than in Hungarian-owned firms, which doubtless reflects a greater awareness of the need for continual reengineering, but also may contain a semantic bias.

Finally, it is worth noting that the uneven development of managerial skill and organisation transfer could be identified not only within one country (e.g., Hungary), but also among other CEE countries, and other countries with high levels of FDI, such as Ireland. Among other things, the differences in the labour productivity (Kornai, 1996) reflect well the variations in the development trajectories in the post-socialist firms. The fact that countries such as Hungary have seen dramatic increases in labour productivity recently attest to the fact that convergence is indeed occurring, which can be seen as a consequence of not only the opening up of the CEE region, but also of a more generic process of globalisation.

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ZAPOMNIANY WYMIAR GOSPODARKI W TRANSFORMACJI: PRZYPADKOWY PROCES PRACY KIEROWNICZEJ

Streszczenie

Celem artykułu jest krytyka głównych podejść w badaniach elit biznesu po upadku socjalistycznego systemu polityczno-ekonomicznego z punktu widzenia analizy procesu pracy kierowniczej lub szerzej - działania menedżmentu.

Zgodnie z jednym podejściem, reprezentowanym często przez węgierskich socjologów, dawna komunistyczna elita, tzw. nomenklatura, jest zdolna do przekształcenia swych politycznych zasobów (albo kapitału w sensie Bourdieu) w zasoby ekonomiczne. Inne podejście podkreśla, że określona wersja kapitalizmu menedżerialnego - pojawia się w gospodarce post-socjalistycznej na Węgrzech.

Wykorzystując dane empiryczne z międzynarodowych badań przeprowadzonych w przemyśle maszynowym oraz licznych studiów przypadków dotyczących roli właścicieli i kierowników w procesie decyzyjnym w przedsiębiorstwach, a także dane z badań na temat transferu menedżerialnych umiejętności i organizacji w firmach joint-venture, autorzy odrzucają koncepcję menedżerialnego kapitalizmu w po-socjalistycznych Węgrzech. Artykuł ilustruje kluczową rolę międzynarodowych korporacji (MNCs) we wdrażaniu innowacji organizacyjnych (m.in. TQM, just-in-time, technologie informatyczne, benchmarking, międzynarodowe standardy organizacyjne /ISO/ itd.) do węgierskich organizacji biznesowych.