Introductory remarks

Change has been traditionally one of the fundamental interests of management research and management practice (Killman & Covin 1988; Dawson 1994). Debate between proponents of "revolutionary" and "evolutionary" change (Meyerson 2001; Gersick 1991) still remains open. Rather unexpectedly history offers a unique opportunity to study the most overwhelming, complex and multi-faceted type of management change management in the post communist transition economies. Polish management and management education is considered here as a "change lab" of sorts, enabling to study organizational and educational responses to the environments characterized by "generalized uncertainty", or in other words: sudden, deep and prolonged systemic change.

This paper attempts to address three general questions:

1. How companies cope with dramatic and unpredictable changes of the business environment resulting from transition?

2. How behavioral, institutional and symbolic dimensions of change are interrelated in high uncertainty environment?

3. Is standard western management education model capable of developing skills necessary to cope with "generalized uncertainty"?

Analysis presented below will be based in part on personal experiences of the author who had the privilege to participate in the change process as manager, supervisory boards member and chair, expert, consultant, researcher and management educator. Author's perception will be confronted with the existing body of empirical evidence, as well as analysis and models of management change in Poland, developed both by Polish and foreign scholars.

In order to follow this line of reasoning one must abandon a set of stereotypes of communist and post communist Poland still widespread among western audiences (even professional ones). Among these stereotypes three seem particularly worth mentioning:
1. Homogeneous "socialist block" perspective based on conviction that all communist and post-communist societies and economies of Central and Eastern Europe follow roughly the same pattern and are basically all alike.

2. Assumption that Polish society, as all the others emerging from communism, is characterized by complete lack of entrepreneurial tradition and spirit.

3. Is standard western management education model capable of developing skills necessary to cope with "generalized uncertainty"?


> Poland was the only country in the "socialist block", where communist system was abolished by massive, organized social movement ("Solidarność"). This movement was capable of creating political "counter-elite" (opposed to the communist power elite), its own ideology and symbols readily adopted by broader groups of society (including ex-members of the communist party). Polish opposition was strongly, and in the last years of communism almost openly, supported and influenced by the West.

> Communist Poland has the longest and the richest in the "bloc" history of economic reforms. All of them failed, but produced valuable experience. In the last years of the communist system even influential groups within the communist party were convinced that transition to full-fledged market economy was inevitable. The last communist government of Poland laid institutional foundations for transition to market. In the course of endless reforms and experiments (increasingly more and more market oriented) Polish economy gradually opened to the West and so were Polish academics in such disciplines as economics and management. Also managers and engineers were often exposed to western practices.

> Communist Poland had undoubtedly the largest in the "bloc" private sector including not only agriculture but also trade, crafts and small industry. The "last hour" communist reformers launched the idea of "mixed socialist economy" and in the last year of Polish communism (1989) private sector was already responsible for almost 20% of GDP and employed 30% of the workforce (Kozminski 1993: 50). Private sector was fueled by free access of private citizens to hard currency (introduced in the 70ties) resulting in huge hard currency reserves in private hands steadily fed by earnings of large population of Poles working (legally and illegally) in the West.

> Polish management education and scholarship have a long tradition dated to pre-war times. It was suppressed only during relatively short period of Stalinism (1949 - 1956). Even under communism Poland was able to develop several departments of management in the universities, and management development centers dedicated to train "captains of socialist industry" or government bureaucrats. Surprisingly these institutions were often strongly influenced, and even financially supported by the West through such channels as Ford and Fullbright foundations or International Labor Office.
These unique characteristics of Polish situation make Poland an ideal "change lab" because development of management systems and management education falls into category of "change" not "creation" of something completely new from the scratch, as in the case of countries, where market mechanisms, management and management education were not present at all before the fall of communism, even in an embryonic form.

1. Three lines of change

Transition process can be perceived as composed of three interrelated streams of change: political, economic and managerial. Transition is perceived by social scientists and policy makers in two alternative (if not completely opposite) ways:

> as a "big bang" shock type radical change including macroeconomic stabilization, microeconomic liberalization and privatization (Balcerowicz 1996; 25; Sachs 1989) or

> as a complex set of time consuming gradual adjustment involving public policies, influenced by debate and democratic political process (Eatwell, Elman, Karlsson, Nuti, Shapiro 1995).

Because of links to different political orientations these two views of transition gained some ideological flavor. "Big bang" was an initial idea of transition originally implemented in East Germany and in Poland. Polish Minister of Finance in the first non communist government and architect of the "shock therapy" Prof. Leszek Balcerowicz (1996: 24) puts it in the following way: "A pure shock-type or radical transition to a private market economy may be defined as transition whereby all the constituent processes are implemented at maximum possible speed". But even the most ardent proponents of "shock therapy" acknowledge that: "The maximum possible speed of various processes of transition differs, and these differences have practical consequences" (Balcerowicz 1996: 27). Such statements bridge the gap between two views of transition and open the way to more gradual views such as multiphase transition model (Kozinski 1992, 1996a).

<table>
<thead>
<tr>
<th>political</th>
<th>early marketization</th>
<th>inflation control</th>
<th>institution building</th>
<th>antirecession policy</th>
<th>growth policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>abolition of communist political monopoly, resolution of conflicts, consolidation of democratic institutions</td>
<td>lifting of price controls, internal convertibility of currency, lifting of private entrepreneurship barriers</td>
<td>elimination of subsidies, reduction of budget deficit, restrictive monetary policies</td>
<td>government restructuring, tax reform, banking reform, capital markets, privatization, social services reform</td>
<td>modernization of infrastructure, agricultural policy, small business promotion, export promotion</td>
<td>European integration, competitiveness build-up, pro-active employment policy</td>
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Fig. 1 Multi-phase transition model

The sequential character of the process implies that both 'premature' and 'delayed' policies bring complications and inhibit the transition process. Successful completion of
any one phase is conditioned by the implementation of measures included in earlier transition phases. Once one phase is completed the next has to be initiated without delay. Delays and lack of proper sequencing can easily lead to dangerous 'loops' in the transition process, meaning a return to earlier phases. Practical experience of transition countries in general, and Poland in particular, clearly demonstrates that such disturbances in transition process are inevitable. It means that transition inevitably brings to the business environment deep, uncertain and prolonged, multi-sourced change, in other words "generalized uncertainty".

The picture of transition becomes even more complex, and punctuated with sources of uncertainty, when sociological analysis comes into play. "The radical transformation of the economy, polity and culture toward democratic and capitalist forms requires time. And it does not proceed smoothly, without frictions, blockages, backlashes, and huge social cost" (Sztompka 1999: 160). Overwhelming feeling of frustration caused by the social cost increases the risk of 'loops', 'unhappy returns' to the old ways, and to the old (post communist) political elites. If civic society is not strong enough to generate and to sustain constructive, balanced policies, the risk of socio-political crisis on the "thorny road of transition", as Koidoko (2000a) calls it, increases considerably. History of post communist Poland offers several examples of such crisis.

Fig. 2 Mechanism of social and political change in post-communist Poland

Managerial change is a consequence of combined pressures resulting from economic reforms and socio-political processes. Empirical evidence (based on analysis of cases) from Poland, but also from other post-communist countries, shows that managerial change takes form of series of "mini reforms" (waves of restructuring effort) on the micro economic (enterprise) level (Kozinski 1997; Johnson, Kotchen, Loveman 1995).
Fig. 3 Management change

Three intertwined lines of transition create the business environment climate the most fully characterized by the notion of "generalized uncertainty". Such a business climate called for different sets of managerial competences at different stages of management development of Polish companies exposed to transition processes. Under "generalized uncertainty" conditions nothing can be taken for granted. Passing from one phase of adjustment to another does not mean that due to another wave of unexpected change company will not find itself in a "square one" situation fighting for survival again, repeating (or at least fine tuning) functional restructuring (Pinto, Belka, Krajewski 1993).

2. Building up managerial competence

Survival competences were the first to be demonstrated at the very beginning of transition, when unprepared companies found themselves deprived of government protection and subsidies, and at the same time exposed to unregulated "wild capitalist" competition. Privatization could only theoretically solve the problems since foreign buyers were not ready yet to enter, and both capital and more sophisticated managerial skills were extremely scarce resources. Under such conditions 'street smarts' and 'instinctive entrepreneurship' (fortunately not lost under Polish edition of communism) were crucial to survival. Political skills and connections still remained important to lobby for government support and to secure workers' and unions' acceptance of inevitable lay-offs as soon as possible. Selling and remaining close to the customer base was of key importance to protect liquidity and to "keep head above water".

Companies which managed to stay alive through the first shock period quickly discovered necessity to gain and sustain the ability to compete under gradually normalizing market conditions, to gain minimum acceptable level of performance, and to open the way to privatization. This required conventional western management skills in such areas as product development, operations management, marketing, logistics, purchasing, finance and service (Baczko 1996). Initially such skills were not readily available on the market. But this gap was closed relatively fast because of unprecedented explosion of management education and management development (Kozminska 1996), as well as inflow of foreign direct investment, foreign management and foreign consulting services.

As competition intensified, with more sophisticated foreign entrants joining the game (Oblej 1996; McDonald 1993), operational excellence in functional areas was not sufficient to maintain competitive edge. Process restructuring had to come into play. It calls for process mapping skills, customer and supplier management capabilities, and knowledge of best practices (benchmarking). Standard management education is not an answer to the process restructuring challenge. The answer is in diffusion of innovation vehicles (Weinstein, Oblej 2002: 656) such as:

> free flow of managerial personnel between foreign and Polish companies;

> specialized tailor-made in-company management development programs;
> influence of consultants;
> benchmarking against the best practices known in the field;
> copying of competitors’ practices;
> failure of companies that fail to innovate.

These mechanisms can be observed in the best run companies.

After 15 years of transition Poland became a home base of some very serious players on
the European or at least Central and Eastern European scale. Champion companies can
be found in such industries as among others automotive (FIAT Auto Poland, GM Poland,
Delphi), furniture, building materials (Atlas), computer services (Prokom, Computerland),
food and beverage, sports clothing (Alpinus). Such companies are exposed to double
pressure: coming from transition process and from the most competitive global markets.
To face such a challenge leaders embrace management philosophy called “continuous
improvement” (Obloj, Cushman, Kozminski 1995). Continuous improvement is nothing
else than constant, smooth adjustment to rapidly and unpredictably changing conditions,
in other words flexibility pushed to the extreme, and permeating (Obloj, Cushman,
Kozminski 1995: 14)

> organizational strategies (what to improve?);
> choice of environments (where to compete?)
> choice of sources of competitive advantage (how to compete?).

Such flexibility requires transformational leadership skills (ability to lead through perma-
rent change), high quality teamwork and ability to form, manage and exit alliances. That
kind of management potential can be only developed internally, eventually with some
help of expert coaching.

![Diagram](image)

Fig. 4 Building up managerial competence
There are very few, if any, people who can travel personally all the way from survival to continuous improvement, accumulating quickly all the necessary skills. A feasible way of acquiring new skills and building up managerial competence leads through three parallel tracks:

1. changing top and partially middle level management when passing from one development phase to another;
2. adding new people (with new skills) to managing teams on all levels;
3. encouraging and facilitating new skills acquisition by already employed managerial staff.

Constant headhunting, training and investment in human capital are the essence of building up managerial competence, provided that these processes are guided by a vision indicating clearly which skills are needed where and when.

In well governed western companies watchful supervisory boards representing shareholders’ interests replace burned-out top executives who have exhausted their vision. Consultants and staff members are supposed to provide managers with “enlightenment” and “early warnings”. In Poland such mechanisms are not in place yet (corporate governance being in early stage of development). Management culture is in the process of dramatic change itself.

3. Cultural change

Management culture change is driven by high performance pressure. The old culture inherited from “socialist management” is rightly perceived as inhibiting high performance in high uncertainty and high risk environments (Kostera, Wicha 1996). The old culture was functional in the old system: it efficiently protected individuals from the abuses of communism because it provided and legitimized “all the tricks in the book” helping people (and managers in particular) to beat the system and to survive, or even prosper (Kozminski 1997; Kozminski, Tropea 1982). By the same token new culture is emerging

<table>
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<tr>
<th>ELEMENTS OF THE ORGANIZATIONAL CULTURE</th>
<th>DESIRED CHANGE</th>
<th>IMPACT OF PERFORMANCE</th>
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<tbody>
<tr>
<td>Behavioral Patterns</td>
<td>from</td>
<td>to</td>
</tr>
<tr>
<td></td>
<td>ritual, pretending, hierarchy driven, emotional derogating</td>
<td>pragmatic, doing, cooperation driven, rational argument</td>
</tr>
<tr>
<td>Norms</td>
<td>egalitarian – lowpower, security</td>
<td>rewards based on contribution, efficiency</td>
</tr>
<tr>
<td>Values</td>
<td>protection of the workers, gigantomania, “their property”</td>
<td>organization survival, promotion of the smart, “our property”</td>
</tr>
<tr>
<td>Philosophy</td>
<td>inward oriented, resource maximizing</td>
<td>outward oriented, client centered, market driven, net result maximizing</td>
</tr>
<tr>
<td>Rules of the Game</td>
<td>by the rules, information avoiding, political behavior</td>
<td>find your niche, information seeking, problem solving</td>
</tr>
<tr>
<td>Climate and Peering</td>
<td>restrict, closed, defensive</td>
<td>positive cooperation, open assertive</td>
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Fig. 5 Impact of the organizational culture change
relatively quickly, because it provides individuals with "vehicles of success" in the market environment (Kozminski 1995). And Poles are known for their unusually high adjustment capabilities developed under foreign domination in the course of history.

Two strategies of cultural change can be identified:

> entrepreneurial based on personalized private ownership and leadership;

> institutional, based on systems, procedures guided development monitored and remote controlled by the top management of a large (the most likely multinational) company (Obloj, Kostera 1994).

![Fig. 6 Two strategies of cultural change]

Identity transfer of Polish managers is an underlying process of cultural change. It implicates the change of role definition, as perceived by managers themselves, and by wider social groups of role senders (Kostera, Wicha 1995; Kostera 1995).

![Fig. 7 Managerial identity transfer]
Identity transfer takes place within the space of social consciousness tormented by systemic change exposing individuals to previously unknown chances, but also bringing threats of unemployment and insecurity, constant political fights, and strong influence of highly pluralistic and competitive media. Social perception of management is then highly heterogeneous if not completely contradictory, build out of conflicting opinions and attitudes. From one side management is perceived as highly desired path of career, from the other as morally doubtful, if not completely evil.

In such an environment cultural change appears as a key element and precondition of macro-economic transition and micro-economic enterprise restructuring. Because of the specific features of Polish communism (as mentioned above), on the surface of social life and management practice, cultural adjustment went relatively quickly and can be considered the core of management transition. Managers were quick to accept their new roles of entrepreneurs and technocrats. Entrepreneurs kept and developed street smart resourcefulness and sharp tooth of pirates (Kolvereid, Obloj 1992; Skapska 2002). Technocrats quickly adopted management jargon, quantitative management techniques, and western cult of credentials, as well as "yuppie" life styles and behavioral patterns (Kostera 1995). Such optimistic statements, however, call for a word of caution. Cultural adjustments are still relatively superficial. Deeper below them, fundamental layers of Polish culture remain unchanged and still do influence management practice and "philosophy".

First, Polish society liberated from communism by massive civic rebellion still remains "rebellious" after the fall of communism (Ekiert, Kubik 1997). Strikes, civil disobedience, protest, blocking of the roads, still remain fully legitimized, socially acceptable ways of fighting for group or even individual interests.

Second, Polish culture is still characterized by high power distance and preference for more authoritarian management styles (Barlik 2000). Such a management style is not consonant neither with contemporary requirements of competitiveness nor with gamesmanship of Polish employees.

Third, Poles are privately resourceful and full of initiative, while "officially" (in formal structures and roles) passive and pretending submission. In informal structures Polish actors are still capable of playing highly sophisticated individual and collective games to beat the system and to outsmart top management in order to get extra rewards and privileges (Kozminski 1995). Such cultural heritage is deeply embedded in "systemic culture" of communism, but also in the history of Polish nation confronting powerful invaders for over a century of partition. It calls for high proof "soft skills" in management.

Fourth, Polish attitudes toward authority and power are cynical and distrustful (Ekiert 1996). It makes private and public management difficult, because of almost impossible consensus, questionable compliance, and uncertain outcomes.

Fifth, Polish society is generally characterized by low level of trust in interpersonal and interinstitutional relations (Sztompka 1996; 1999: 151 - 190). Such a collective state of minds drives transaction costs up and inhibits mergers as well as formation of joint ventures, coalitions and alliances. In this way culture has a serious negative impact on competitiveness on micro and macro economic levels.

Future of Polish management practice depends upon the interplay between those different layers of organizational cultures: superficial, hastily imported from the West, and deeper; traditionally associated with survival patterns developed in the course of nation's
history and under communism in particular, when Polish entrepreneurship got its deviant flavor, as we see it from today's perspective. The most likely outcome of such an interplay of different layers of culture will be a unique blend of specifically Polish and "imported" cultural patterns of management. Interviews with foreign managers with long experience in Poland clearly demonstrate that this new management style is yet to emerge (Bialy 2004). For the time being Polish management culture remains incoherent: composed of the "new" and the "old" elements, often in open or hidden intrinsic conflict.

Bibliography


