



Eastern European cluster: tradition and transition

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Abstract

The eastern European cluster consists of Albania, Georgia, Greece, Hungary, Kazakhstan, Poland, Russia, and Slovenia. It has a population of 232 million and a gross domestic product (GDP) of U.S.\$772 billion. The cluster's distinctive cultural practices are high power distance and high family and group collectivism. The region is facing significant challenges during its period of transition from communist philosophy to market-based economies. The participating managers value a much greater degree of future and performance orientation, but are strongly attached to their cultural heritage of deep family and group cohesion. They are also highly value charismatic and team-oriented leadership. The challenges and complexities facing the region are explored in the paper. © 2002 Published by Elsevier Science Inc.

1. Introduction

This article provides an in-depth look at the eastern European culture. This region is understudied due to its socialist past and was not (with the exception of Greece and Yugoslavia), included in Hofstede's seminal work (1980) or basic reviewing and synthesizing study of Ronen & Shenkar, 1985 comparative study of 25 countries.

Over the past few years, a few writers have examined cultural and managerial issues in this region. Kiezun (1991) showed that leadership styles in Hungary and Poland were the least rigid and autocratic² and management decision-making

was the least centralized and bureaucratic. He also showed that the workforce in these two countries was the most difficult to handle and caused the most problems. Markóczy's (1993) survey of western managers involved in joint ventures with Hungarian companies identified three problematic areas: decision-making processes; communication and task definition; and some aspects of personnel policies.

Hickson and Pugh (1995) classified the countries of the world into seven groups based on five dimensions: managing authority, managing relationships, managing oneself, managing uncertainty, and managing time. The central-eastern European cluster consisted of Russia, Poland, Ukraine, Latvia and Bulgaria. Since the study was conducted during the period of transition, characteristics of the countries were only very guardedly outlined. The central-eastern European countries were linked together by their common past: centralized planned economy, one-party system, Soviet influence, and dual hierarchy.

Smith and his colleagues (1996 and 1997) collected data also about eastern European countries in their sample of 43 countries. They found that the major dividing line in approaches to management within Europe was between the east and the west. Eastern Europeans preferred autonomy (utilitarian involvement) vs. loyal involvement and hierarchy (conservatism) vs. equality (egalitarian commitment). Hampden-Turner and Trompenaars (2000) found eastern European countries (Bulgaria, Czech Republic, Greece, Hungary, Poland, Russia, Yugoslavia) to be particularistic, medium to high individualistic, mostly specific, ascribed (non-achievement oriented), outer directed, and synchronous (polychronic).

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² This might be an explanation to the fact that it was these two countries that were able to react to the political changes first.



Fig. 1. Map of the region.

As part of the GLOBE project, Gupta, Hanges, and Dorfman (2002) empirically verified the eastern European cluster to consist of the following countries: Albania, Georgia, Greece, Hungary, Kazakhstan, Poland, Russia, and Slovenia.³ The cluster is a mixture of countries bearing different linguistic, ethnic, religious traditions and economic backgrounds and at the same time, sharing many other attributes. The major common characteristic for all of the countries, except for Greece,⁴ is that they all belonged to the Soviet union led COMECON. In each country a centrally planned economy existed for 40–70 years. In terms of economic development, Greece, Hungary, Poland, and Slovenia are beyond the transition from the agriculture-based economy to industrialization, facing the challenges of the service and information economies. The other countries are still in the process of industrialization. From a geopolitical perspective, these states are relatively small, with the exception of Russia. They are located between the western European capitalist states and the feudalistic eastern empires like Turkey and Russia itself.

In this report, we will present a demographic and economic profile of the cluster, discuss its historical and religious foundations, present GLOBE's findings on the cluster's societal cultures, and outstanding leadership attributes.

2. Demographic and economic profile

The countries of the eastern European cluster are located geographically on two continents: Europe (Albania, Greece,

³ We need to mention, that although the Czech Republic is also part of the GLOBE sample, its data is confusing; almost every cultural and leadership variable takes an extreme position, thus it had been excluded from the clustering, in order to avoid misinterpretation of those data. On the other hand, there are several other countries like Slovakia, Romania, Bulgaria, the Baltic states (Latvia, Estonia, Lithuania), and other states of the former Yugoslavia (Croatia, Bosnia-Herzegovina, Macedonia) that probably belong to this cluster, but were not studied by GLOBE, so they are not included in our analysis in this article.

⁴ Although for a short period of time after the WWII Greece was also rather close to belonging to the Soviet sphere of interest and socialist system.

Hungary, Poland, European-Russia, and Slovenia) and Asia (Georgia, Kazakhstan, Asian-Russia). Some of the countries have common borders while others are geographically distant from each other. The easternmost country is Russia and the westernmost one is Slovenia. For an outlook of geographical location see Fig. 1.

Important demographic and economic information about the cluster is provided in Table 1. About 230 million people live on a total landmass of close to 20.5 million km² (8 million miles²). Russia is the most populous country with a population of about 146 million people. Slovenia is the smallest with a population of 2 million.

The countries in this group generate a cumulative GDP of about U.S.\$770 billion, which is roughly 10% of the output of the world economy. This is quite high given the fact that the cluster accounts for only 4% of the world's population. The GNP per capita (purchasing power parity, PPP) in this cluster is about U.S.\$6700, almost as high as the world average. The wealthiest country is Slovenia with a PPP GNP per capita of almost U.S.\$16,000 (Greece is a close second with U.S.\$15,400). Georgia has the lowest GNP per capita of about U.S.\$2400, followed by Albania with its GDP PPP of U.S.\$3200.

Industry represents a stronger economic power than agriculture in the region, accounting for an average of 29% of the economy; although agriculture with its 6% contribution is also above the 4% of the world average. These cumulative figures, however, span through a wide range: in Albania, for example, agriculture contributes 54% of the GDP and Georgia has a 32% contribution from agriculture.

The cluster scores above the median on the human development index, which reflects the quality of life, education, and life expectancy in each country. The rankings in this group range from the 29th (Slovenia) to the 85th (Albania).⁵ Based on the HDI rankings, Greece, Slovenia, Hungary, and Poland have high quality of life and Russia, Kazakhstan, Georgia, and Albania are in the medium human development categories.

⁵ A higher ranking means lower overall score for the country on HDI, reflecting lower quality of life, lower levels of education, and lower life expectancy.

Table 1
Economic and demographic profile, 1999

	Surface area ($\times 1000 \text{ m}^2$)	Population (Millions)	GDP (U.S.\$ Billion)	GDP per capita (PPP, U.S.\$)	Human develop index (World Ranking)	Agriculture value added (GDP, %)	Manufacturing value added (GDP, %)	Trade (GDP, %)
Albania	11	3.4	3.7	3189	85	54	25	21
Georgia	27	5	2.7	2431	76	32	23	45
Greece	51	10.6	125.1	15414	23	8.3	27.3	64.4
Hungary	36	10.1	48.4	11430	36	5	30	65
Kazakhstan	1054	16.7	15.8	4951	75	10	30	60
Poland	121	38.6	155.2	8450	38	5	35	60
Russia	6626	146	401.4	7473	55	8.4	38.5	53.1
Slovenia	8	1.9	20	15977	29	4	35	61
Eastern european cluster	7934	232.3	772.3	66865	46.5	6.0	28.8	42.7
World	46635	5863	30351	6980	81	4	21	52
Eastern europe/world	0.17	0.039	0.025	0.958	Medium	1.51	1.37	0.82

Source: Human Development Report, 2001.

3. The worldviews of eastern Europe: historical and religious foundations

The cultural background of eastern European nations is far from being homogeneous: their history, religion, or languages are rather different. Although most of the member countries are nation states, their historical roots differ to a large extent:

- Russia, Slovenia, and Poland belong to the Slavic world.
- Greece has an ancient culture of its own (Papalexandris, 1999).
- Kazakhstan and Albania have a strong Turk-Muslim influence in their culture.
- Hungarian tribes (with their language not comparable to that of any other nation) originate back to the Ural mountains, but having settled in the cross-roads of central Europe. Their history has been influenced by Turks, Austrians, and Russians/Soviets.
- Russian, Polish, Slovenian (as Balto-Slavic languages), Albanian, and Greek languages all belong to the large family of the Indo-European languages.
- Kazakh, which is by origin a Turkic language is in kinship with Altaic languages (Mongolian and Tungusic).
- Hungarian, as a Finno-Ugrian language belongs to the family of the Uralic languages; its closest relatives are Estonian, Finnish, Komi, and Nenets.
- Georgian is the southernmost member of the Caucasian language family, whose closest relatives are Ossetic and Adyghe (northwest Caucasian), Lak Avar (northeast Caucasian).

The region boasts of significant religious diversity: it is hardly possible to identify a single tendency in the proportion of religions present in the countries of the cluster:

- 31% of its population is western Christian (Roman Catholic or Protestant).
- 44% is Orthodox (Russian, Greek, Georgian, or Albanian) Catholic.
- 16% is Muslim.

Considering ethnic groups, the most homogeneous country is Greece (98% of its population is Greek); while the most heterogeneous country is Kazakhstan (46% Kazakh, 54% other ethnic groups, among them 34.7% Russians). In Georgia, Hungary and Russia, minorities represent an important proportion of the total population.

4. Historical foundations of the eastern European worldview

It is generally believed that the eastern European cluster originated from the ancient Greek tradition. The Georgian and the Kazakh cultures have strong roots in the cultural cradle of the Persian-Medic tradition. The countries belonging to this cluster share two important historical factors.

First, they all bear a stirring and sometimes stormy history, and second they all faced some form of domination by tribes, people, countries or empires representing significantly different cultures. As a result, the cultures of these countries were shaped in complex interactions with foreign cultures and traditions.

The north–south expanse of the cluster’s countries represents different geographical regions. Russia and Poland—belonging to the most northern territories—were covered by the tundra, while the regions more to the south (Hungary as of today, the southern Russian territories and Georgia) were the lands of the steppe, just like the Kazakh southern areas.

By the Middle and New Stone Age, the culture of land cultivation that emerged from the basin of the Mediterranean Sea slowly spread towards the northwest, and became the characteristic of the northwest, southeast belt—the areas of today’s Greece, Hungary and Poland. On the other hand, hunting remained dominant in the ample Russian and Eurasian regions.

The Copper and Bronze Age shows two eras of development characteristically different within the countries examined. The civilization emerging around the Mediterranean Sea, due to the advantageous geographical features, resulted in a developed use of tools and a flourishing culture rooted in it, while the northern territories continued their fishing–hunting tribal way of life. The former were characterized by a land-bound culture and the latter by continuous wandering.

The eastern invasions of Alexander the Great marked the starting point of the true encounter of the Hellenistic and the eastern cultures (Parkinson, 1964). The demise of the Greek led to the new and even greater empire. The Romans pushed the borders of civilization to the north and west from the Mediterranean and the eastern territories. The trans-Danubian parts of today’s Hungary fall into the pull of the Roman culture, just like that of the peoples south of the Caucasus (Armenians, Georgians). The Roman Empire bordered along the Danube river. The territories of today’s Russia and Poland are a world surrounded by Germanic, Slavic and Baltic tribes.

During the 3rd–6th centuries, the Roman Empire was broken into pieces. Various tribes wandering from the east to the west set their foot on the ruins of the Roman Empire. The Byzantine Empire emerged on the territories of today’s Greece and Turkey and many smaller kingdoms arose from the western Roman Empire. During the 9th–11th centuries, Christianity gradually spread all over the territories of the former Roman Empire.

During the 10th–11th centuries, the dynamics of The Great Migration is taken over by the rising new European states. The French Kingdom to the west, the Holy–Roman Empire in the middle of Europe stretching from the North Sea to the Mediterranean (the territory that is now Slovenia also belonged here), the Hungarian Kingdom at the eastern borders, and the Polish Kingdom were all building strong bases of power and prosperity.

The crusades of the 12th–13th centuries attempted to push the borders of the Christian civilization to the east again, but the power of the rising eastern empires proved to be irresistible. The Tatar–Mongolian Empire united the middle part of Asia and the northeastern part of Europe; the Mongolian Empire reached from the Pacific ocean through the Russian lands up to Hungary in 1241. In the middle-east, it united the former Persia, Mesopotamia and even China, forming one of the greatest empires in history. The Georgians in the high mountains of Caucasus were barely touched by the wind of the Mongolian invasion, while the territories of today's Kazakhstan were totally submerged into this empire.

Following the decline of the Mongolian Empire in the 14th century, the Ottoman–Turkish Empire set off for the heart of Europe in the name of Allah. Under the flagship of the Islam religion, it established itself in the Balkan peninsula for more than 400 years. In the Golden Age of the Turkish Empire—at the time of the Vestfalian Treaty of 1648—the northern border of the empire drew north from the Black Sea to the southern Russian territories. Its western border divided Hungary.

The 18th century brought the beginning of the withdrawal of the Turkish Empire. Its territories shrank to behind the Hungarian borders, still keeping their influence over the Balkan (thus over Albania and Greece too) until the First World War. The Polish Kingdom practically disappeared by the end of the 18th century. In 1772 its middle and southern territories were merged into the Habsburg Empire, its western part was taken over by the Prussian Kingdom, while the eastern part was invaded by the Russian Empire that had escalated into a great power under the tsarism of Peter, the Great by this time. It is during this time that Georgia and Kazakhstan became part of the Russian Empire, too.

The Congress of Vienna following the wars of Napoleon in the 19th century set the new balances of the European continent. It strengthened Hungary's belonging to the Habsburg–Hungarian Empire, sanctified the diversification of Poland and acknowledged the Balkan's status as belonging to the Turkish sphere of interest. Russia—having survived Napoleon's offensive—set its foot on the international scene as one of the negotiating world powers, declaring its diplomatic and military activity for a long time. The Holy Alliance formed at the Conference of Vienna successfully pulled down the pursuit for liberty of Poland, and triggered the Hungarian revolution and war of independence of 1848–49 (with united Austrian and Russian forces). Greece—though belonging to the Turkish sphere of interest—became an independent kingdom in 1830. The endless conflicts and wars on the Balkan Peninsula started in this century.

The First World War restructured the relationship of these countries again. Hungary and Slovenia entered the war on the side of the Axis powers, meeting the Entente world power Russia and Greece—also belonging to the Entente alliance—on the enemy side. Albania remained neutral, Poland was a divided front-country. Georgia and Kazakhstan (just like during WWII) remained the hinterland of Russia.

Following WWI, two-thirds of the territory and half of the population of Hungary—belonging to the losing side—was annexed to the surrounding countries. The western part of Slovenia⁶ merged into Italy, while its eastern part joined the Serb–Croatian–Slovenian Kingdom, that became an independent country under the name 'Yugoslavia' in 1929. At the end of the First World War, the Socialist Revolution broke out in Russia, launching a new period of development in the history of the country. Russia turned inward for several decades, aiming at the consolidation of the economy, the new social system and the control over vast territories. Georgia gained independence for a fragile historical moment and then merged into the Soviet Union for good (1921). The Turkish Empire—maintaining a minimal beachhead on the European side of the Bosphorus—was set back to its Asian territories for good; Greece and Albania found themselves in the middle of power conflicts as part of the awakening Balkan.

WWII again found these countries on different sides. Hungary hoped to regain its lost territories as the ally of Germany (the Italian part of Slovenia also belongs to this alliance circle), while the Soviet Union was one of the main targets of the German expansion. Poland, Yugoslavia and Greece were invaded by Germany, while Italy occupied Albania. The Soviet Union—where the German troops pushed deep into, approaching (but never reaching) the oil-rich area of the Caspian Sea—stopped the German invasion in 1942 and started gradually pushing them back in 1943, chasing them back to Berlin with the help of its western allies. During this counter-offensive, all of the cluster countries came under some form of Russian control.

Following the Yalta Treaty after the WWII, Hungary and Poland were acknowledged as Soviet satellite states. Socialist authority emerged in Albania and Slovenia, as part of Yugoslavia, also became part of the socialist regime, though following a special path of development with the leadership of Tito. Kazakhstan and Georgia were stable parts of the Soviet Empire and were integrated economically, politically and ethnically. At the beginning of the Cold War, which emerged after WWII and isolated the Soviet regime from the western world, Greece became a crisis area. For a short moment in history, the idea of joining the socialist regime came up, but was defeated and Greece irrevocably stepped on the development path of the western world. It gained membership to NATO in 1952 and to the European Community in 1981.

The seemingly unquestionable stability of authority and military of the socialist system was first shattered by the Hungarian uprising of 1956, which was followed by the Prague Spring of 1968, and finally the Polish revolt in 1980. These rebellions were successfully defeated at the time, but gradual reforms were introduced in the economy and society

⁶ Slovenia here, of course, refers to the territories of Slovenia state as of today. At that time it was three separate provinces: Venezia (Italy), Kraina and Küstenland (Austria).

(striking a bargain with the politically oppressed societies at the same time). Economic reforms were introduced in Hungary in 1968. The Czech and Polish reforms also attempted to become stronger. The wind of change reached even the main power of the Empire in 1985. Gorbachev attacked the very heart of the Soviet Empire with his social and political restructuring programs (Glasnost and Perestroika) which after an unsuccessful coup aiming at restoration, finally led to the break up of the Soviet Empire and the Warsaw Treaty. From the former satellite countries, Hungary and Poland evolved into a republic and multi-party democracy. They took steps to converge their economies towards the western world and market economies. Slovenia also started moving in a similar path after successfully separating itself from Yugoslavia, that has been burdened with a series of conflicts since then, following an acute 10-day military confrontation in 1991. These three countries today are the most probable candidates for the expansion of the European Union. Hungary and Poland are members of NATO since 1999. Albania, that seceded from the socialist regime in 1990, struggles with a series of external and internal, ethnic and economic problems as part of the Balkan crisis.

Georgia and Kazakhstan are strongly (mostly economically, militarily and logistically) tied to Russia, even though they are independent countries. Out of the two countries, Kazakhstan enjoys a more stable position thanks to its huge oil reserves and its resultant strategic importance. Because of its Islamic population, Kazakhstan, is one of the strongest central powers is in the middle of “the caldron of peoples” or new Eurasian Balkan (Brzezinski, 1997). This country is an important beachhead of the spreading of Islam. Georgia remains an important Russian military base and is burdened with ethnic conflicts itself. Due to these political reasons and because of possessing fewer minerals, it can only follow a slower pace of development.

5. Worldview and historical development of Catholicism

What differentiates Christianity from other dominant religious traditions is that it is centered around God, the creator of the world much more forcibly than any other religion. Jesus, the Christ (or Messiah, meaning of both is anointed) is not a teacher, nor an envoy of God, nor the lord of the world. He is God himself. This is where the doctrine of the Holy Trinity of the Father, the Son and the Holy Spirit derives from. A central element of the religion is the tenet of the original sin. Only God’s mercy can relieve man after his death of this sin. The Christian religion requires that its followers give up all their sinful mundane activities. Salvation can be reached by the substitute sacrifice of Christ—who is the human incarnation of God—who collectively redeems men with his cross-sacrifice. Christ has to be reborn spiritually in the believers so that they would attain salvation (von Glasenapp, 1972).

The debate whether the Father and the Son are of the same substance, personality of the human-Christ (God and/or man) led to sharp theological disputes in the 4th–5th centuries. In 1054 the schism occurred, which the torn apart church could not settle until today. Latin became the language of the western Christianity centered on Rome and led by the Pope. Byzantium is the center of the eastern Orthodox Christianity. Its leader is the patriarch, and its language is Greek. The two Christian worlds diverge from each other not only in their language and their religious-theological and, liturgical traits, but ever more in the development of their societies and culture.

The development of the Orthodox (Greek) church is characterized by the deep imprint and influence of Islam. The Orthodox church does not affect the Greek Christianity theologically, but gets deeply rooted in and leaves its print on its culture for centuries (maybe the least in the Russian branch, which gained strong momentum in the Orthodox world thanks to this fact).

In the development of western Christianity, the emergence and spreading of the reformist (the Swiss-rooted reformist-Calvinist, the German-originated Evangelist-Lutheran and the Anglican emerging in U.K.) churches⁷ in the 16th century was an important milestone. It divided Europe which until that time had been religiously united.

The reformed churches turning back to the clearest original version of the Bible free of interpretations caused a deep cultural change. In a theological sense, the reformist churches profess the direct relationship of God and man (without the conveyance of the church or clerics), turning the believer into a responsible person. They also shifted the emphasis to the real from the other world, declaring a more rational way of thinking. This shift prompted the special economic and social development emerging from the spirit of the Protestant ethics (Weber, 1958). One of the most distinctive traits of the Protestant churches is their ideal of liberty (freedom of the self-conscience), their individualism, the personal responsibility and the rational thinking. The hierarchical management of the church is replaced by the Presbyterian self-government of the local communities.

Reformation influenced the countries of the cluster and spread mostly in Hungary and Poland. The western territories (trans-Danubian in Hungary and the areas at the German border in Poland) accepted the spreading of Evangelist-Lutheran church, while in the eastern regions (the lands behind the river Tisza, Transylvania and east Poland) the Calvinist-Reformist churches prevail. Besides the switching of the congregations, this process resulted in the founding of many reformist middle schools and colleges, the building of presses and the emerging of synods. Reformation was followed by a strong counter-reformation and recatholization. The reformed churches were set back (but

⁷ The Hus doctrine emerging on Czech-Moravian land—though not having a significant effect—is also a product of this reform movement.

did not disappear) in Hungary and lost almost all of their influence in Poland. The region turned back to Catholicism after a religious consolidation.

The eastern and western variants of Christianity, despite all their differences, are still linked by significant factors. The meaning of human life is placed to the other world, the existence in this world is only its marginal predecessor. The deep faith in the other world causes the strong transcendent characteristic of these cultures. In the earthly world, the task of the believer is the prayer and devotion resulting in the God-man's spiritual renascence, and the peace, clemency and fraternal love towards each other (which evidently carries collective traits through the subordination of the individual goals). The relationship between the desired transcendent world and the individual can only be established with the help of someone else (church, cleric), whose conveyance the believer needs and is dependent on. The believer looks up on his principals. Their relationship is patriarchal, sometimes Messianistic. It is not a coincidence that it was the Christian-Catholic world, eastern Europe, Latin Europe and Latin America where the communist doctrines, also possessing many Messianistic patterns, were able to gather ground.⁸ Man turning towards the transcendent, the other world, and the strongly hierarchic organization (the church) linking the transcendent believer and the other world, and the authority-principled paternalist person (the priest) are important ingredients of the essential characteristics of these cultures: great power distance, uncertainty avoidance, collective values, and the hierarchical-paternalist-authority-principled leadership style.

The parallel between the Middle Age Islam and Christianity has been revealed many times (von Glasenapp, 1972). They share common geographical roots (the Holy city, Jerusalem), a strong belief in the other world, and the relationship to the world (asceticism, the orders secession from the real world to contemplate and meditate). Common in the two religions is the religious impatience. There is no real difference between the Islamic Holy Wars on the one hand, the medieval Christian conquistadors and the inquisition on the other. Thus, one of the most interesting contradictions of the Christian church was the fraternal love and clemency towards those practicing the identical religion, and the hostile approach aiming at the fanatic converting and the eliminating of those having faith in another.

6. Findings from GLOBE data

In this part of the paper we will present GLOBE's findings on the dimensions of societal culture and outstanding leadership in the eastern European cluster.

⁸ An important exemption is the Confucian China, but the socialist system emerging there differs from and soon conflicts with the Christian-rooted socialism. However, a more detailed examination of this is not possible within the framework of this article.

6.1. Societal practices and values in eastern European cluster

Fig. 2 and Table 2 show the scores on the nine dimensions of societal culture. The scores here are the average of the individual scores aggregated at the society level. The means of societies are then averaged to obtain the cluster scores.

As shown in Table 2, the cluster's societal practices are rated as high on group collectivism (5.53), power distance (5.25). The cluster has low ratings on uncertainty avoidance (3.57), and future orientation (3.37), and it is relatively gender egalitarian (3.84), however assertive (3.58). The other cultural dimensions (humane orientation, institutional collectivism, performance orientation) are rated in the mid-range, around an average of 4. The cluster is distinguished as tolerating uncertainty, highly group oriented, hierarchical, and gender egalitarian.

As for societal values (should be), the cluster is relatively high on performance orientation (5.81), group and family collectivism (5.56), humane orientation (5.41), future orientation (5.37), and uncertainty avoidance (4.93). It scores very low on power distance (2.84). In comparing the societal practices and values, the managers from this cluster prefer their countries as a whole to be much more performance, future oriented, and humane. They desire a lower level of power differentiation, a higher level of structure (uncertainty avoidance) in their societies, and a higher level of femininity or gender egalitarianism.

We have so far discussed the overall cluster scores. It is worthwhile to recognize that while the cluster scores reflect an overall picture, they do mask potential country differences. Table 2 shows that in terms of societal practices Albania, Greece and Russia show the most extremes. Albania is the lowest power differentiated (4.52) and highest on uncertainty avoidance (4.62). However, it has the highest future orientation (3.83), performance orientation (4.75) and humane orientation (4.52) in the cluster. On the other hand Russia bears the most uncertainty (2.85), has the lowest future orientation (2.80) and the highest power distance (5.56), and is least male oriented (4.12). Greece is the most assertive (2.79), least performance (3.20) and humane (3.34) oriented, and most individualistic (3.25). Georgia has the highest score on group and family (6.19), and Poland the highest on institutional (4.53) collectivism.

Summarizing the eastern European cluster, its societal culture is highly group oriented and dominated by hierarchical managerial practices. While the managers put high value on their societies becoming more futuristic and performance oriented and less male-dominated and hierarchical, they desire a continuation of strong group collectivism. From a global standpoint, a group-oriented power distance is the hallmark of this cluster, as shown in Fig. 2. Countries in this cluster tolerate more uncertainty and practice more gender egalitarianism than the GLOBE countries as a whole.

Comparing the perceived and expected indices one can find a strong need for the changing of the existing culture

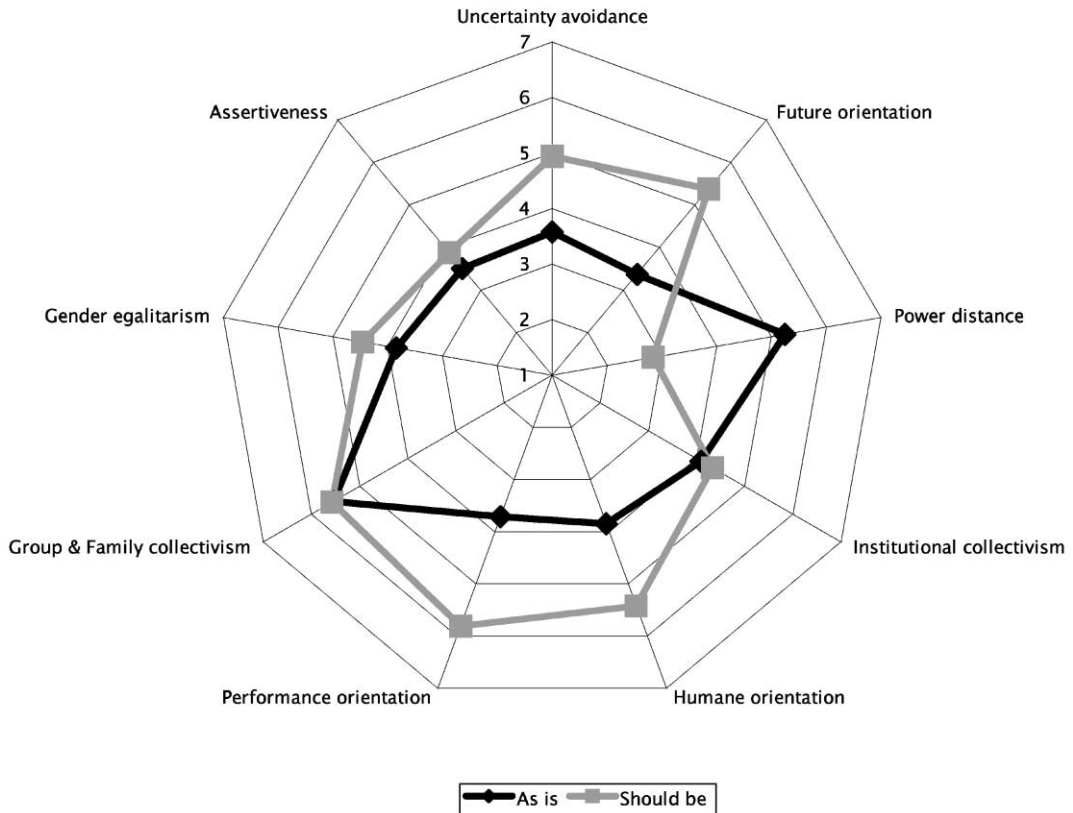


Fig. 2. Eastern European cluster's societal culture scores.

Table 2
Country means for GLOBE societal culture dimensions

	Albania	Georgia	Greece	Hungary	Kazakhstan	Poland	Russia	Slovenia	Cluster	World average
As Is										
Uncertainty avoidance	4.62	3.50	3.39	3.12	3.66	3.62	2.85	3.78	3.57	4.158
Future orientation	3.83	3.41	3.40	3.21	3.57	3.11	2.80	3.59	3.37	3.837
Power distance	4.52	5.22	5.4	5.56	5.31	5.1	5.56	5.33	5.25	5.147
Institutional collectivism	4.43	4.03	3.25	3.53	4.29	4.53	4.45	4.13	4.08	4.235
Humane orientation	4.52	4.18	3.34	3.35	3.99	3.61	3.97	3.79	3.84	4.092
Performance orientation	4.75	3.88	3.2	3.43	3.57	3.89	3.32	3.66	3.71	4.094
Group and family collectivism	5.62	6.19	5.27	5.25	5.26	5.52	5.67	5.43	5.53	5.118
Gender egalitarianism	3.65	3.55	3.48	4.08	3.84	4.02	4.12	3.96	3.84	3.397
Assertiveness	3.20	3.82	2.79	3.23	3.54	3.75	3.75	3.99	3.51	3.858
Should Be										
Uncertainty avoidance	5.25	5.24	5.09	4.66	4.42	4.71	5.09	4.99	4.93	4.621
Future orientation	5.33	5.55	5.19	5.70	5.05	5.20	5.50	5.42	5.37	5.588
Power distance	3.58	2.84	2.39	2.49	3.15	3.12	2.55	2.57	2.84	2.781
Institutional collectivism	4.46	3.83	5.40	4.50	4.04	4.22	3.80	4.38	4.33	4.719
Humane orientation	5.18	5.60	5.23	5.48	5.62	5.30	5.61	5.25	5.41	5.388
Performance orientation	5.59	5.69	5.81	5.96	5.41	6.12	5.52	6.41	5.81	5.879
Group & Family collectivism	5.09	5.66	5.46	5.54	5.44	5.74	5.8	5.71	5.56	5.639
Gender egalitarianism	4.12	3.73	4.89	4.63	4.75	4.52	4.19	4.83	4.46	5.512
Assertiveness	3.51	3.57	4.10	4.49	4.16	3.74	4.69	2.78	3.88	3.707

along almost all investigated values. There is a strong wish to reduce the existing power distance, extend the future orientation and increase performance orientation. There is also a strong desire to strengthen the humane orientation and reduce uncertainty (the ‘wish for order’).

With this overall picture it is interesting to examine which GLOBE dimensions are holding together the cluster (having very similar values for all of the cluster members) and which dimensions are creating groups with different characteristics within the cluster. According to our analysis, the countries in this cluster show strong similarities in power distance, uncertainty avoidance, group and family collectivism, gender egalitarianism and future orientation. They show differences in values such as assertiveness, performance orientation and institutional collectivism.

6.2. Outstanding leadership in the cluster

An exhaustive study on European leadership prototypes (Brodbeck et al., 2000) found cluster member countries in relatively distant groups of countries (for cluster analysis, the authors used 21 first order leadership variables of GLOBE). All the eastern European countries (except Kazakhstan and Albania which were not included in that study) were found in the south–east European branch of the dendrogram; however, Georgia and Russia formed visible single-country subclusters. Poland and Slovenia formed a central European one, with close similarity to Greece (and Turkey). Hungary, surprisingly enough, belonged to the Latin European prototype (with Italy, Spain, and Portugal). However, all of these separated branches shared some similar leadership attributes strongly facilitating outstanding leadership in the prototype. Southeastern middle managers appeared to prefer *visionary and inspirational charisma, integrity, decisiveness, performance orientation, team integrator, administratively competent, diplomatic, collaborative team orientation* as the most required variables of outstanding leadership.

Fig. 3 and Table 3 show the grand cluster means of the eastern European cluster on GLOBE’s second order model of leadership factors.

As seen in Fig. 3, the key elements of successful leadership in the region are composed mostly of transformational-charismatic (5.73) and team-oriented (5.50) leadership.

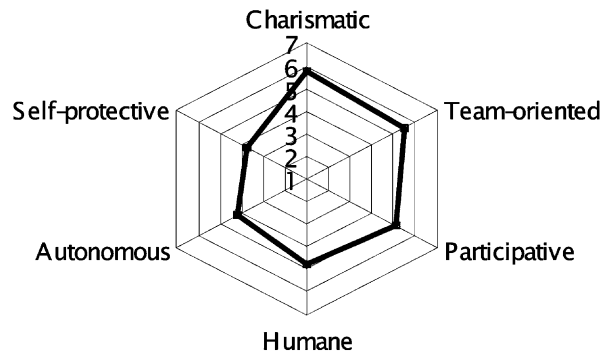


Fig. 3. Eastern European cluster's leadership profile scores.

Leaders with characteristics of being visionary, inspirational, decisive, and performance oriented, having integrity, building team, collaborative and diplomatic (all first order components of charismatic and team oriented) are highly respected. Charismatic leadership seems to be logically derived from high power stratification, but it seems to contradict the short-term orientation practice (but does fit to the future orientation values). Future orientation, as a preferred leadership attribute also correlates to future orientation values, but sharply contrasts the “stuck-in-the-present” practice.

There is also a strong expectation toward participative (5.08) leaders. Participation has some historical roots in the region. Large consultative bodies combined with paternalistic leadership style (asking opinion of others) has been a dominant pattern in status conscious eastern societies. Humane oriented and autonomous leadership have relatively moderate average scores in the cluster (4.75 and 4.77, respectively) indicating a slight positive impact. The least valued leadership dimension in this cluster is self-protectiveness (3.67). Self-centered, status conscious, face-saving, conflict inducing, procedural leaders, labeled as “Barons” (Bakacsi, 1999) are somewhat rejected as well-known patterns of the old-fashioned leadership of the past decades.

As seen in Table 3, the overall cluster scores, again, hide remarkable differences among the countries. Three countries seem to stand out from the relatively homogeneous big picture: Greece, Hungary, and Albania. Greek middle managers oppose team orientation (3.12). They see it as an

Table 3
Country and cluster means for GLOBE second-order leadership scales

	Albania	Georgia	Greece	Hungary	Kazakhstan	Poland	Russia	Slovenia	Cluster average	SD
Charismatic	5.7	5.65	6.02	5.91	5.54	5.67	5.66	5.69	5.73	0.146
Team-Oriented	5.87	5.86	3.12	5.91	5.73	5.98	5.63	5.91	5.501	0.906
Self-Protective	4.55	3.9	3.49	3.24	3.36	3.53	3.69	3.61	3.671	0.381
Participative	4.51	4.89	5.81	5.23	5.1	5.05	4.67	5.42	5.085	0.387
Humane	5.15	5.61	5.16	4.73	4.26	4.56	4.08	4.44	4.749	0.486
Autonomous	3.81	4.57	3.98	3.23	4.58	4.34	4.63	4.28	4.177	0.451

impediment to outstanding leadership. Their score is more than two points below the cluster average of 5.50. However, charisma (6.02), participation (5.81), and humane orientation (5.16) are valued rather highly in Greece.

Hungarian middle managers show the strongest dislike for autonomous (3.23) and self-protective (3.24) leaders in the cluster. Albanian managers have the most positive views on self-protective leader behaviors (4.55) and the least positive views on participative leadership (4.51).

7. Discussion

Bakacsi (1999) suggested that correlations between societal values and practices reflect two different patterns on the overall GLOBE sample. First, certain variables show a parallel pattern. There is a strong positive correlation between practices and values. This was labeled as a 'complementary' pattern. Secondly, certain variables show a crossing pattern; there is a strong and significant negative correlation between practices and values. This was labeled as the 'pendulum' pattern. Power distance is an example of the pendulum pattern. An interesting characteristic of the pendulum is that countries having practices close to one extreme of the scale tend to swing toward the other extreme. On the other hand, the swing of moderately scoring countries (meaning closer to the grand world average) is less severe, that is practices and values are closer to each other. Interestingly enough, eastern European cultures particularly seem to 'swing' to the greatest extent in the case of pendulum variables. The only other cluster to show such characteristic is the Latin culture (both Europe and America).

Research evidence shows that both Latin clusters (Latin European and Latin American) are in the closest proximity and present the most similarity to the eastern European one (Bakacsi, Imrek, Primecz, Takács, & Török, 2001). These authors conducted various non-hierarchical, hierarchical, and fuzzy cluster analyses. They calculated discriminant functions and Tukey HSD on practices and values. They found that Latin American, Latin European and eastern European clusters cannot be adequately differentiated. The work by Brodbeck et al. (2000) somewhat confirms this finding. As it is discussed in Bakacsi et al. (2001), among these three clusters, gender egalitarianism and assertiveness values define the most similarities, and uncertainty avoidance and power distance are also important. In the case of practices, collectivism is the most important, and future orientation and humane orientation are also important.

Going back to the eastern European cluster, we developed two reasons to explain the differences between practices and values on the level of national culture. First, there is a strong and positive cultural change process in eastern European societies, creating a great challenge to managers and initiating intensive requirements for learning processes. Second, is that moving toward the expected values has substantial constraints and limitations. The gap between espoused

values and theory-in-use is well-known in the region from previous decades. This co-existence has had a strong negative effect on motivation, and caused substantial frustration. If we accept this hypothesis, it has a destructive effect: a passive acceptance and adaptation to the circumstances, reduced motivation and an attitude of disbelief in changes may emerge.

Concerning change opportunities and competitiveness, the first hypothesis may unleash positive energies and motivation; however, the second may build pessimism and strong obstacles into the process of developing macro- and micro-competitiveness.

8. Managerial implications

The collapse of the socialist system and ideology caused a great sense of energy and arousal on the one hand, and a substantial regression in economic growth, net personal income, living standards, unemployment, inflation, and other important economic indicators on the other. Masses of society members have been losers of the transition period: they lost their jobs while facing increasing (market) prices. The newly introduced taxes and inflation substantially reduced discretionary income and economic shock therapies replaced the social safety net and maintenance. The nature of the changes in the economy was unprecedented. They were forced on the companies because for most of the companies there was no choice but to change. Companies and managers encountered a completely new environment:

- new political system and institutions;
- gradually renewed economic regulations (taxation, new company act, accounting act, employment regulations, banking and security laws, etc.);
- collapse of traditional (Soviet/CIS) markets, difficulties of entering new (western) markets and shrinking internal purchasing power on some markets;
- the end of financing by central credits and fiscal redistribution;
- high inflation rates;
- new money and security markets, introduction of stock exchanges, renewed (two-tier) banking system, high commercial interest rates; and
- incorporation and then privatization of companies (Bakacsi, 1994).

The typical pattern of the transition period is a lose–lose pattern. After years of shrinking, most economies in the region have not yet reached their GDP level as of 1989, the last year of the old system. Up to now a great majority of the eastern European societies has been a loser.

The behavioral heritage of these societies is a strong *power culture*. The strong inter-organizational dependence (central control and redistribution) resulted in a strong intra-organizational dependence (centralization, wide power gap between top and middle management, command control).

People with such behavioral heritage tend to depend on their superiors, expect care from them, and avoid taking on responsibility. On the other hand, they tend to feel inefficiency, unfairness, learned helplessness, pessimism, workplace anxiety, and favoritism (Pearce & Branyiczki, 1994).

The feeling of freedom and control of one's fate has uniquely and frustratingly been combined with the feeling of tremendous confusion, fear, and uncertainty. The fall of the communist ideology resulted in enthusiasm, but practically all of the social institutions were replaced. The slow development of new institutions left a tangible gap between people's wish of stability and the surrounding environment. As a consequence of the change and transition process, some of the social practices seem to be surprising in the case of several cultural variables. The most striking examples are the following:

- *Uncertainty avoidance (UA)*: One of the most surprising findings of the GLOBE societal cultural results in eastern Europe is the high uncertainty bearing. All the religious traditions in the region discussed earlier suggest uncertainty avoidance. Hofstede (1993) depicts the Russian cultural heritage as a passivity, uncertainty avoiding tradition. All known measures about the region tend to be rather avoiding than bearing uncertainty, positioning eastern European countries to the uncertainty avoiding half of the world map (Varga, 1986; Hofmeister & Bauer, 1995). However, on GLOBE uncertainty avoidance practice country rankings, Russia scores the lowest, Hungary is the close second, and Georgia, Greece, Kazakhstan, Poland, and Slovenia are all in the last third. The only exception is Albania (14th in the world UA rank). Concerning the values, the pendulum swings: all but Hungary (37th) and Kazakhstan (42nd) are in the upper third, confirming the common-sense uncertainty avoiding value expectations.
- *Institutional collectivism (IC)*: Eastern European cultures are also considered as collectivistic societies. The collectivistic ideology, the religious roots and the common sense all promote this view. However, none of the eastern European countries appear in the highest collectivistic group in GLOBE. Greece and Hungary are among the most individualistic, and the rest is in the medium group. On the values, the pendulum swings again, even within the cluster. The otherwise collectivistic Russia and Georgia lead the list of the values ranking on the individualistic edge, desiring to be more individualistic even in terms of absolute scores.

It is not easy to provide an explanation for this phenomenon. Hypothetically, we would argue that it is better to assume the above practices as perceptions, rather than as actual practice or theory-in-use. Reading carefully the questionnaire items measuring the variables, two alternative interpretations exist. They might be measures of:

- theory-in-use frozen into actual practice on the one hand, or

- how people perceive the society around them (which is still not necessarily frozen into the deeper level of assumptions, beliefs, values, interpretations, but clearly identified characteristics of the perceived environment, as social/sociological facts).

We do believe that the second reading should be considered as an interpretation of eastern European societal culture results. In this region, where mighty empires emerged and disappeared, people developed behavioral patterns of fit and adjustment on the one hand (practice), and keeping distance from what is happening with them on the other (perception).

Thus, we developed the following conclusion (openly admitting, that Greece, for several reasons, does not fit into this explanation). In the case of the eastern European cluster countries, the social-economic transition has resulted in a substantial change in people's perception of current social practices; individual preferences vis-a-vis the goals of the collectivity, short-term orientation, accepted assertiveness, controversial rewarding of practices not linked to actual achievement, and deteriorated human conditions. All these pieces fit logically into the puzzle of a pro tempore economically shrinking and socially losing region. We, therefore, assume that the societal practice scores will approach the aspired levels upon completion of the transition period. This might be tested some 5–10 years from now.

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