

# Can Central and Eastern European Management Compete in 2015?

The Human-Side of Regional Competitiveness

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# Expertise

in Leadership & Management and  
on Regional Cultural Differences  
in CEE  
and beyond!

# Research Design

## Target group

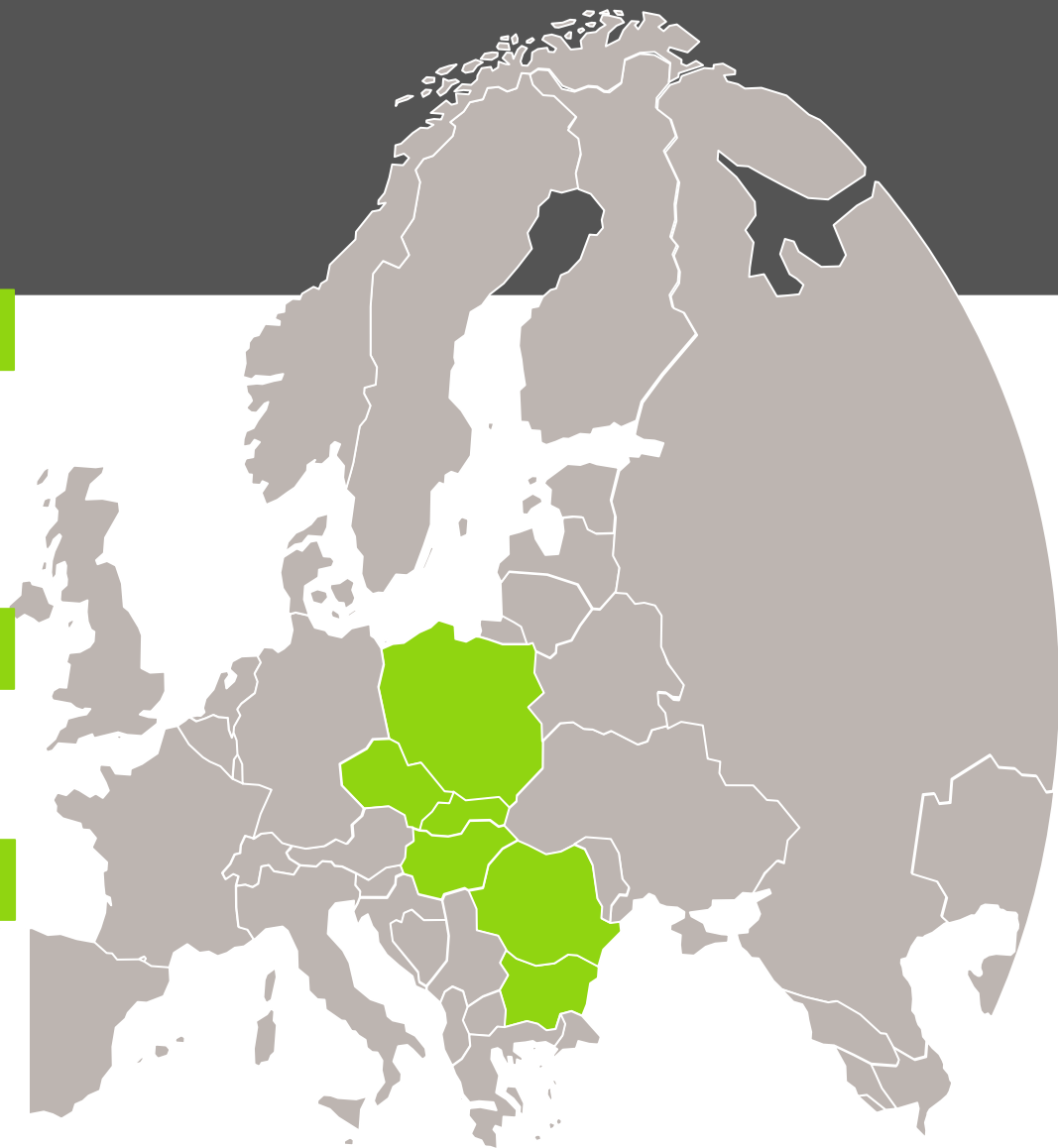
Expatriate/Foreign managers in leading position, who work or have worked in the recent past in the selected 6 countries of Central and Eastern Europe

## Sample size

Total: 1108

## Survey Countries

Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia



Source: TARGET and GfK

# Research Design cont.

## Research Methodology

Online questionnaire (via GfK)

## Research Period

April – November 2014

## Research Questions

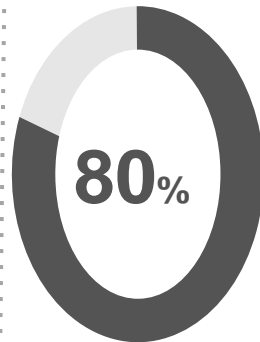
47 questions in total - focusing on business environment, organizational responses, management mode and leadership interventions as well as critical aspects of work-life

44 questions repeated verbatim from the 2009 study

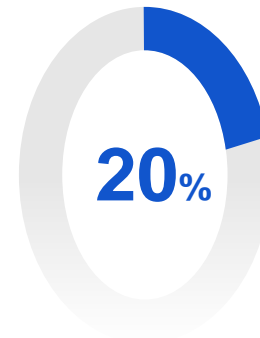
*Source: TARGET and GfK*



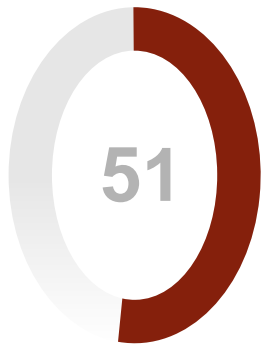
# Characteristics of the Research Sample



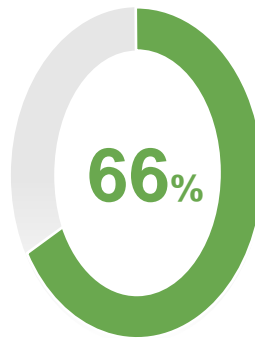
Expatriate managers



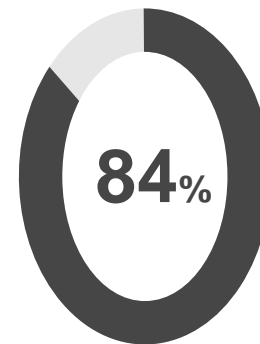
Local managers with international exposure



Nationalities



Companies with 100+ employees



Expats staying abroad 5+ years

>5

Source: TARGET and GfK

# Milestones in Cross-cultural Management Studies

## Roots in Anthropology and Psychology

- Original Dimensions at IBM: (Hofstede, 1971)
  - Individualism/Collectivism,
  - Feminine/Masculine,
  - Power Distance,
  - Uncertainty Avoidance,
  - + Long Term/ Short Term Orientation,
  - ++ Indulgence/ Restraint
  
- Refined Dimensions by Local Respondents: (GLOBE Study, 2001)
  - Uncertainty Avoidance, Power Distance, Societal Collectivism, In-Group Collectivism, Gender Egalitarianism, Assertiveness, Future Orientation, Performance Orientation, Humane Orientation
  
  - - „As is” & „As should be“-values



# Milestones in Cross-cultural Management Studies cont.

## Applied towards Management and Competitiveness:

- The TARGET- CEE Management Competitiveness Study in 2009:  
Expatriate respondents in Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia (with GfK and Hennley Business School)
- The TARGET- CEE Management Competitiveness **Repeat Study** in 2015:  
Expatriate respondents in Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia (with GfK and CEU Business School)

# Competitiveness Rankings:

TARGET Study Ranking*	in 2009	in 2014	IMD World Competitiveness Yearbook 2014
Poland	1 <sup>st</sup>	1 <sup>st</sup>	36 <sup>th</sup>
Romania	4 <sup>th</sup>	2 <sup>nd</sup>	47 <sup>th</sup>
Czech Rep.	3 <sup>rd</sup>	3 <sup>rd</sup>	33 <sup>rd</sup>
Hungary	5 <sup>th</sup>	4 <sup>th</sup>	48 <sup>th</sup>
Slovakia	2 <sup>nd</sup>	5 <sup>th</sup>	45 <sup>th</sup>
Bulgaria	6 <sup>th</sup>	6 <sup>th</sup>	56 <sup>th</sup>

\* Based on relative ranking of the 47 survey questions



# Findings – the region as a whole

## I) Sociability

- Most expats enjoy living and working in CEE (Trend: ↑) Q1
- But making friendships is less important now (↓) Q2
- More static and risk-averse business environment (↓) (except HU)
- More companies have a clear business strategy (↑) Q4;Q5
- Humor is essential (esp. in RO) (↔) Q9
- Availability of well-trained local managers highest in HU and PO, followed by RO and CZ (↑↑) Q11

# Findings – the region as a whole

## II) Customer Orientation

- Customer orientation is still **critically low** (↑↔) Q6

## III) Organization, responsibility Leadership

- Consensus: Businesses are unorganized & unefficient and do not meet deadlines (CZ and PL the best) (↑) Q7;Q8
- But: Local managers more willing to assume responsibility (↑) Q18
- However: few take a wider, strategic view and improvement is slow (↑ ↔) Q20
- Being able to rely on agreed decisions hardest in RO and BG (↔) Q25

# Findings – the region as a whole

## IV) Bureaucracy and Corruption

- „Alive and kicking”- „Fatal in RO” (↓ ↔) Q3

## V) Working with Other Cultures

- No major change – need more international work exposure (↔) Q38;Q39
- But: Language is not a problem anywhere (↑ ↔) Q37

## VI) Overall Positive and Improving Evaluation

- Locals are hard working esp. PL (↑ ) Q30

# „Quickprofiles” by Expats’ Comments (Source: p.4-2014 Target Study)

Country	2014	Positive	Negative
Poland	1 <sup>st</sup>	Very dynamic and dynamic business environment, customer -orientation	Individualistic in their thinking less cooperative
Romania	2 <sup>nd</sup>	Humor is important in work relationships, importance to make friendship	Bureaucracy is a serious problem
Czech Rep.	3 <sup>rd</sup>	Work in a planned manner, rules and policies tend to be more important than specific circumstances	Local managers less good at dealing with foreign customers and colleagues
Hungary	4 <sup>th</sup>	Creative, well-trained, with understanding of competitive markets	Rather passive and less dynamic, lacking customer-orientation
Slovakia	5 <sup>th</sup>	Work in a planned manner, act upon decisions agreed at meetings	Lacking training, less creative in problem solving
Bulgaria	6 <sup>th</sup>	Women tend to be more effective managers	Corruption is of major concern, business is generally not well organized nor efficient, deadlines not kept

# Hot Topics – Expats versus Locals

## **In Bulgaria:**

Local management is dedicated to excellent customer service

Managers here understand their competitive markets very well

Managers in this country tend to be excellent at selling

Managers like to take the initiative in preventing and solving problems

## **In the Czech Republic:**

Creativity in problem solving is a strong local management characteristic

Managers are good at dealing with unexpected situations

Local management is dedicated to excellent customer service

Managers in this country tend to be excellent at selling

# Hot Topics – Expats versus Locals

## In Poland:

Local managers are good at dealing with overseas customers and colleagues

Managers like to take a wide, strategic view

Local management is dedicated to excellent customer service

Managers in this country tend to be excellent at selling

## In Romania:

Managers like to take a wide, strategic view

Local management is dedicated to excellent customer service

Managers here understand their competitive markets very well

It is easy to find well-trained managers in this country



# Hot Topics – Expats versus Locals

## In Slovakia:

Good personal relationships with customers are essential to business culture here

Humor is important in working relationships in this country

Managers in this country are very flexible and adaptable

Creativity in problem solving is a strong local management characteristic

## In Hungary:

On the whole women here tend to be more effective managers than their male counterparts

There is not a culture of "presenteeism"

Managers like to take the initiative in preventing and solving problems

Managers in this country work hard

# Outlook

- Mobility and visibility of local managers outside home country
- Japanese, Korean, Chinese and Indian Expats
- Whose role is it to form strategy? Local or Global?

# Stay connected – Stay informed!



# Questions and *Your* Debates?