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*Cultural Encounters and
Claims to Expertise
in Postcommunist Capitalism*

by Michael Kennedy

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CULTURAL ENCOUNTERS AND CLAIMS TO EXPERTISE IN POSTCOMMUNIST CAPITALISM¹

Michael D. Kennedy
Center for Russian and East European Studies
University of Michigan
Ann Arbor, MI 48109

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Abstract

What are the mutual implications of cultural politics and technical assistance? While culture is certainly obvious to anyone who has participated in the encounter that technical assistance implies, its implication is not well understood, especially if we can expand culture beyond styles of dress and something that East Europeans have and Western experts don't. Instead, if we can think also about the stories and symbols of transition culture itself, we can rethink the engagement between Western experts and East European entrepreneurs and managers as a peculiar kind of cultural encounter laced with presumptions and power. This is effectively investigated by examining contending and complimentary claims to expertise among those differently located in the process of transition and technical assistance. This paper focuses on claims made in in depth interviews with 27 indigenous managers, ex-patriate managers, American interns and local fellows in the William Davidson Institute 1995 research projects. The significance of cultural know-how and language, the distribution of business competence in general and in specific tasks, and the articulation of these assessments with the power relations implied in transition culture and center-periphery relations are the main substantive foci of the paper. The paper concludes with a series of questions for those who would design technical assistance. For more information on the methodology and the Davidson Institute, see the appendix beginning on page 37.

¹ Pauline Gianoplus, Naomi Galtz and Margaret Foley met with me in the 1995-96 academic year in a 'bizculture' salon where the materials and ideas for this paper were developed. Timing was such that I could not solicit my colleagues' input for this paper, but subsequent versions ought to have their stamp even more apparent. I thank them very much for their good ideas, hard work and thoughtful conversation. I also wish to thank the various audiences at the William Davidson Institute, UCLA, the 1994 meeting of the American Sociological Association, and the Center for International Business Education, the Center for Research on Social Organization and the Advanced Study Center at the University of Michigan for their comments on earlier pieces of this paper. I also wish to express my thanks to my associates at the Center for Russian and East European Studies, notably Marga Miller, whose expertise contributed significantly to my ideas on this topic. This particular project was supported by a grant from the William Davidson Institute; previous work on the subject was also supported by the National Council for Soviet and East European Research and the Rackham Graduate School and the Center for International Business Education at the University of Michigan.

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Michael D. Kennedy
Center for Russian and East European Studies
University of Michigan

INTRODUCTION

Culture is important in business, as it is important in every sphere of social life. But culture's influence is not always apparent. When businessmen and women practice their trade in their home country, their own tacit knowledge of how culture works could lead them to think that understanding how culture works in business is unimportant to their work. But when these businessmen and women travel abroad, to do business in countries where the language may be different, the consumption patterns unfamiliar, or the business etiquette strange, then they recognize culture's power. But because of their location within the cultural encounter, it does not mean that they are as aware as they might be about how culture affects their work.

In transitional economies, or what I like to call 'postcommunist capitalism', the significance of culture in business is a little bit different because there is an important twist to it. These societies, for Americans, are not only a different if even potentially exotic place; they are also societies that are undergoing profound social, political, economic and cultural transformations, with a consequently ambiguous relationship to their own recent past. This radical set of transformations affects the way in which culture works in the international encounter.

This international encounter is itself laced with more than a business relationship, for it also embodies an implicit, and sometimes explicit, transfer of technical assistance, or expertise. The provision of various forms of expertise has been central in the discourse of Western aid to post-communist societies. In public settings, this aid has, for instance, been called "the most precious gift America has to give them" (the post-communist countries).² A vice chairman of Goldman Sachs International found that experts could "help modernize factory management, privatize state companies, strengthen banking, develop market oriented legislation (particularly on property ownership) and improve administrative procedures".³ In this perspective, East European business is in transition to a form that looks rather like what the West already has. As Jeffrey Sachs has put it,

Poland's goal is to be like the states of the European Community. Although there are submodels within Western Europe, with distinct versions of the modern welfare state, the Western European economies share a common core of capitalist institutions. It is

² Michael W.M. Weinstein, "Not a Yawn: Real Help" The New York Times, January 30, 1991

³ Robert D. Homrath, "In the East Bloc, It's Trade or Fail" The New York Times January 11, 1990

that common core that should be the aim of Eastern European reforms... The real reason for optimism lies in the fact that the endpoint is so clearly discerned.⁴

My central contention in this paper is that the 'transition' discourse exemplified by Sachs and others is itself a culture, really a "community of discourse"⁵ that needs to be explored as much as do different national cultures and class cultures. Indeed, it is through the articulation of this transition culture and other cultures that the cultural encounter making postcommunist capitalism is best explored.

I am not in a position to evaluate the expertise that has been provided. Nevertheless, following in a long line of sociologists who study claims to competence other than their own,⁶ I should like to explore how expertise in making postcommunist capitalism is implicated in a cultural politics⁷ that has to do with the contesting claims⁸ to competence participants in the social relationship bring to the table. Beyond that, these

⁴ Jeffrey Sachs, Poland's Jump to the Market Economy. Cambridge: MIT Press, 1995, p. 5.

⁵ Here I am following the work of Robert Wuthnow, Communities of Discourse: Ideology and Social Structure in the Reformation, the Enlightenment and European Socialism. Cambridge: Harvard University Press, 1989 who identifies a community of discourse as "communities of competing producers, of interpreters and critics, of audiences and consumers, and of patrons and other significant actors who becomes the subjects of discourse itself" (p. 16).

⁶ The debate about expertise in sociology is long and complicated, but has been broken down into two basic camps. On the one hand, as theorists from Parsons to Freidson argue, expertise is above all founded upon a genuinely superior skillfulness (Elliot Freidson, "Are Professions Necessary?" pp. 3-27 in Thomas L. Haskell (ed.) The Authority of Experts: Studies in History and Theory. Bloomington: Indiana University Press, 1984:14). On the other, more critical theorists from Machajski to Larson argue that the foundation of expertise is more a matter of power: "the ability of some to claim special knowledge in matters that their society considers important" (Magali Sarfatti Larson, "The Production of Expertise and the Construction of Expert Power" pp. 28-83 in Thomas L. Haskell (ed.) The Authority of Experts: Studies in History and Theory. Bloomington: Indiana University Press, 1984:28). In truth, of course, it is both, and it is beyond the inclination of insiders to recognize fully the degree to which power enables the claims to competence of one's own community of experts, and it is beyond the capacity of the lay community to assess the 'real expertise' any community has to address a problem (Israel Gerver and Joseph Bensman, "Towards a Sociology of Expertness" Social Forces 32:3(1954):226-35). One method outside this conundrum is to assess the contending claims to expertise over any particular problem. In this sense, I am following very closely on what Anthony Abbott has suggested in his magnum opus, The System of Professions. Chicago: University of Chicago Press, 1988.

⁷ Cultural politics is a common enough term, but one of the exemplary works I follow in my use of the term is Katherine Verdery, National Ideology under Socialism: Identity and Cultural Politics in Ceausescu's Romania. Berkeley: University of California Press, 1991. She describes the term as "the processes of conflict and maneuvering that go on both internal to communities of this kind of cultural producer and between them and the political sphere proper, dominated by the Communist Party, as it sought to manage and shape the culture being produced" (p. 12). While clearly the Party is no longer the key external actor, I find Verdery's work still inspirational in its wish to be explicit about the claims of actors and how the external system enables these claims, and then is reinforced by the contest over them.

⁸ We are developing a kind of analysis reminiscent of Pierre Bourdieu in which we analyze the different claims made by variously positioned actors in order to try and understand the particular rules and resources structuring the field of interaction within a transitional firm involved with Western experts. See Pierre Bourdieu, Homo Academicus. Stanford: Stanford University Press, 1988 or an Interview with Pierre Bourdieu, "For a Socio-Analysis of Intellectuals: On Homo Academicus" Berkeley Journal of Sociology 34(1989):1-27, p. 13.

claims ought to be embedded in the larger narratives or discursive fields⁹ in which they are empowered, and contested. Although this introduction uses much of the conceptual work in the sociology of culture and the sociology of intellectuality to foreground the issue, the paper as a whole is really designed to open up our discussion about the implication of culture and expertise in postcommunist capitalism's international business encounters, and the implications that has for the design of technical assistance. As such, I'll rely very heavily on the stories people tell about their various claims to competence. But first a few words about culture.

CULTURE IN BUSINESS

Everybody knows what culture is. Culture can mean so many different things -- it can mean language, shared values, civilized taste, tradition, rules, norms and customs. And for business people working in Eastern Europe, culture should be obviously important to recognizing variations in East European capitalisms. Although each business expert is likely to have her own theory about how East European capitalisms differ and why, there are long standing cultural frameworks within Eastern Europe into which these differences are put. For instance, one Polish businessman expressed his disdain for the 'transition' model by making his reference group explicit:

we Poles are always being told how much better off we are than Russia or Bulgaria, for example. This is not a fair comparison. We always thought we were better, and we do not want to be put in that group. For us, the model is Germany or other European countries. Let us be a model for Ukraine, etc. but not in that same group (104).

Indeed, the relative progress Poland has made in comparison to Ukraine means that many of the functions the West claims to be able to provide Poland, the Poles are in turn providing Ukraine. The Poles are the model, the Poles provide the consulting, the Poles provide investments (103, 105). As one entrepreneur put it, the Poles can be the "bridge between the West and the East, because we may understand craziness of Russians, or the craziness of our East, which is much more unimaginable for Americans than for us" (106).¹⁰ As if to echo these sentiments of Poland's fast track, Americans working in countries less "advanced"¹¹ on the transition path can sometimes find themselves in unfamiliar cultural situations. One person, for instance, was unprepared for this situation given this country's reputation for nationalism:

the more you talk to them, the more they really desire to have a kind of nation that's moving forward. And they have a very low opinion of themselves in the international

⁹ See Wuthnow, 1989, esp. page 13-14 for an introduction to the concept.

¹⁰ Poland, once again, serves as the crossroads as it has throughout history, at least within its own historiographical traditions. See Piotr S. Wandycz, The Price of Freedom: A History of East Central Europe from the Middle Ages to the Present. London and New York: Routledge, 1992.

¹¹ The numbers refer to interviews conducted, for in order to encourage our subjects to speak freely, we guaranteed them anonymity. I have altered quotations slightly so that anonymity would be preserved but the spirit of the remark is preserved. I replace East European with Polish or Russian, for instance, or my country for the country's name.

community.... you know, (they would say) it must be awful here for you... and we were like no this is great. This is very interesting. And we would be kind of building up *their* country to *them*...(whereas in talking about another more 'advanced setting') ... they don't have a hang-up with being professional. I think they *think* they already are professional, or it's not as big... the money and the responsibility is bigger (979; see also 978)

This condition, however, is not so much of a surprise, for it is a relatively familiar theme in much of the travelogue literature venturing to the 'wilder' parts of Eastern Europe.¹²

Clearly there are very important differences among East European countries which can be articulated in familiar narratives of borderlands and Balkans, and these can be quite closely tied to their location in transition culture itself. More obviously implicated in transition culture, however, is the difference between Americans and East Europeans, or Westerners and Eastern Europe generally. The scripting of a specifically American/East European difference may not be so long-standing, but it has become quite familiar within transition culture. Consider what one East European said about Americans:

The first thing you can see when you meet an American is that they are very friendly, in the first moment. When you talk to somebody, you feel that oh, I have known this person for years. You don't have the feeling it's the first time you chatted. With an East European, when you meet somebody, for the first time, it's always a little bit uncomfortable. You don't know the other person, you cannot talk about something, you know, so you are just silent. But then the continuation is a little bit different. I always have difficulties, I don't know why, difficulties with Americans, with making closer, deeper relationships. I don't know if it's because I am a foreigner, or a cultural difference. With East Europeans, you get to know each other, the relationships are really close (984).

The East European/American difference is not only about personalities, but how these and other cultural artifacts are embedded in transition culture. For instance, one young Slovak businessman, Ludo Jambrich, wrote this in a brief about the cultural encounter after a summer of working with Americans:

People in Slovakia are less entrepreneurial than in the US.... less self-confident... tend to criticize rather than express evaluation... Slovaks don't speak much about personal problems with other people than closer friends, don't behave so informally..., Americans tend to be more noisy in public places than Slovaks do, Americans smile much more than Slovaks and strive to look always happy, which might seem unnatural to Slovaks.... (and on gender), compliments or remarks from men are usually not perceived as harassment... (and on dress) there is not given such

¹² See for instance Maria Todorova, "The Balkans: From Discovery to Invention" *Slavic Review*. 53:2(1994):917-32.

emphasis on a business look . Many managers don't care about wearing a dark suit and white short socks....¹³

While these cultural differences are readily apparent, and familiar, to those working in transition culture, our interviews have suggested many more means of identifying, and transcending, cultural difference than through this reproduction of national stereotypes. There are other axes of difference made by culture, and one needs to have a sense of culture which allows one to recognize them.¹⁴ Culture then is not just national traditions or common values or even modal personalities; culture is rather practice: how people with various stocks of knowledge, including different stories, symbols and rules, make and transform the world.¹⁵

Transition culture is one of the most powerful of these stocks of knowledge, but those in the middle of transition culture tend to identify culture as existing 'out there', as something which merely embellishes or detracts from their expertise, rather than something on which their own expertise depends and in which it is embedded. Those in the middle of transition culture tend to talk about culture as if they are almost beyond its reach, and that transition culture, organized around Western experience, is primarily about sound business practices that must be adapted to new business circumstances. One quotation from a Westernized Polish manager perhaps captures this mode in which the two cultures are conjoined.

They (some management recruiters) were looking 'for somebody who had a combination of Western experience in running business' with Polish background, languages, so forth (955).

This recollection from a top manager in a Polish joint venture signifies what is the most common view of the encounter between Western business practice and East European business practice in the making of postcommunist capitalism: one seeks the synthesis between Western know-how, relatively delimited with experience in running a business, but then the unbounded category of culture as background knowledge and language of the region. The latter is something that is relevant to everyday life, history, literature, etc. and under certain conditions may be necessary for business to be effective.

Within this narrative, cultures are various, but globalized business expertise is fundamental and coherent. Both are cultural systems, but one framework is systematized and elevated into a superior worldview obvious in its application to business, and structuring the way in which culture can be consumed.

In this sense, business expertise is much like the professional expertise which underlies professional power: it is presented as technically and demonstrably superior competence in the face of unfulfilled needs, and inadequate competencies manifest in

¹³ Ludo Jambrich, "Comparative Study"; unpublished notes.

¹⁴ In this sense, we are building on a familiar tradition in the sociology of culture. See for instance Michele Lamont and Fournier, Cultivating Differences: Symbolic Boundaries and the Making of Inequality. Chicago: University of Chicago Press, 1992.

¹⁵ For exemplary texts in this tradition, see Ann Swidler, "Culture in Action: Symbols and Strategies" American Sociological Review, 51(1986)273-86. Sherry Ortner, "Theory in Anthropology since the sixties." Comparative Studies in Society and History, 26(1)(1984):126-66.

indigenous East European business know-how.¹⁶ But unlike familiar forms of professional expertise, business expertise is not so easily regulated, and not so dependent on reproduction through higher education in the West. In Eastern Europe, however, the highly educated are central to the creation of business expertise. Schools of management have been mushrooming throughout the region since 1990, and are easily the most dynamic sector of higher education. Already in the June 20-30 1991 issue of Gazeta Przemysłowa, for instance, a discussion of the various credentials of 12 schools of management in Poland was offered, emphasizing as one of their central credentials their links to foreign partners. Business expertise here is global.¹⁷

In turn, culture is understood through the 'transition to global business practice' lens rather than the other way around. As one advisor put it, Western experience provides an "unbiased viewpoint" with which to assess indigenous practices (979). But the power of that viewpoint, both in terms of adequacy, and in terms of the power of its presentation, depends on its embrace of local culture. One American, for instance, emphasized that it was really important to have an indigenous fellow for each Davidson fellow...

That's indispensable if you want to be effective...because then when you go in and say you make a recommendation, you say The East Europeans are like this. Or like this. And then the local fellow can back you up, because they're East European (979)

Culture is thus sutured to Western experience both because it provides information, but also because it helps expertise become more persuasive when it is also articulated by the indigenous.

CULTURAL DIFFERENCE

Cultural difference thus is incorporated in this framework, but typically as a minor difference to be digested. For instance, global expertise must be able to recognize national cultural differences in consumer tastes. In this sense, culture is something to which business must adapt. This relationship can be seen in a variety of ways, and is articulated both by Western experts¹⁸ and East European business leaders.

¹⁶ See Michael D. Kennedy and Konrad Sadkowski, "Constraints on Professional Power in Soviet-type Society: Insights from the 1980-81 Solidarity Period in Poland" pp. 167-206 in Anthony Jones (ed.) Professions and the State: Expertise and Autonomy in the Soviet Union and Eastern Europe. Philadelphia: Temple University Press, 1991.

¹⁷ The credentialing of business expertise is advantaged in Eastern Europe for several reasons: a) in contrast to the West, business schools are arising alongside the rise of the business classes, not after them; b) these schools are aided by international business schools, whose credentials are more legitimate, at least initially, than are local capitalist class in statu nascendi; c) the relative uncertainty of method, but certainty of direction, makes expertise in business the most desired form of knowledge, but also therefore most open to fraudulent representation, increasing the need for the regulation which credentials allow. I have discussed this in more detail in "National and International Factors in the Constitution of New Expertise in the Postcommunist System: The Case of Poland" a paper delivered at the Annual Meeting of the Hungarian Sociological Association in Budapest, June 1991. For a recent statement on this issue, see Burton Bollag, "Business Schools Flourish in Post-Communist Eastern Europe" The Chronicle of Higher Education January 17, 1997, pp. A47-48.

¹⁸ See Michael D. Kennedy and Pauline Gianoplus, "Entrepreneurs and Expertise: A Cultural Encounter in the Making of Post-Communist Capitalism in Poland" East European Politics and Societies 8:1(1994):27-54 for an account based on earlier interviews.

East European managers almost always mark the cultural difference between them and the West. One manager lamented that it seemed the foreign owners were insufficiently attentive to the ways of doing things in the country. He said, "if someone comes to this East European market, then they should adapt themselves to the ways of this country" (969). Ethnocentrism can go a long way; one American found that the East Europeans resented profoundly the refusal of the parent company managers to learn any of the local language (978). An East European manager said that one of the most important challenges facing the multinational firm is the question of language; one can't talk about cooperation, he said, without having a common language. (970). But if one should "adapt themselves to the ways of the country" what should the common language be?

Difference is not always marked with disdain. One manager (957), for instance, said that there was nothing intrinsically wrong with the way the parent firm does business in Eastern Europe; indeed, she said, her firm is like any other in the rest of Europe because the company has its own culture which cuts across national cultures. And she also said, in her excellent English, that the language of business is English, implying that English is not so much a national property as it is a functional one. The only thing that was slightly wrong, she said, was that some of the Westerners were too arrogant, talked behind people's backs, and snickered at the East Europeans as if they were dumb. She said that this was their greatest failing, and would recommend rather that managers should recognize that people can learn. And in reverse, to impress East Europeans, the threshold of learning required of Americans by East Europeans tends to be rather low. One East European said that the Americans she worked with were "really well prepared" because "they had classes and knew a lot of things about my country. Some things about the history, some current things, what's going on in the country's companies, a little of my language, some basic words" (984). Another American recalled "when we got out into the streets and things, we knew a little bit of the language, and people loved it" (979).

Certainly for business to be done well, there must be some sense of the country's mentality. The East Europeans enjoyed telling stories about the foolishness of Westerners without the right cultural toolkit. One manager (956) told with relish the marketing strategy of Wash 'n Go, the combined shampoo and conditioner. They spent a bundle on advertising, emphasizing just what a good deal it was to have a combined shampoo and conditioner. This was ridiculous, he said, because East European women didn't use conditioner. Another manager recalled another absurd commercial. When women on the commercial shout "This detergent is great!!!", her people don't get it. The manager said, "our people are not like that. They don't think about things so enthusiastically" (957). But Westerners won't necessarily take these as an examples of Western condescension or cultural inadequacy; more likely they will see it as an example of insufficient marketing research.

For instance, when I asked one Western ex-patriate manager (944) how he can do marketing in a culture he doesn't know, he said first that the Westerner provides the conceptual guides and the indigenous fill in the details. And then, so as to test your notions, you do research, and alter pre-conceived notions if necessary. For instance, he recalled that pizza delivery as a concept didn't seem to work because initially people didn't seem to want it. They would go to delivery stands and eat it there. Partly this was because they didn't want to stay in their flat, but also because they didn't believe it could be a free delivery and that it would arrive hot. So, they initiated a major advertising campaign to convince people that there was this space age technology that would keep the pizza hot, and were explicit that delivery truly was free. He said that with the proper

concepts and research, you can see that the indigenous market in any particular postcommunist society is "pretty much the same as the rest" (944).

While this framework is foundational, there is a great deal of variation regarding how the local culture is filled in. Westerners might believe that they can direct the marketing, as the manager above. But East Europeans are more likely to insist that they should do the marketing; indeed, the most 'Westernized' East European manager I interviewed argued that a Western manager couldn't be the marketing director, because 'he must understand completely what the people need, and what the people think in that market'. But she couldn't have done the job before her training either, since she knew "nothing about advertising, nothing about promotion, about pricing...." (957).

LANGUAGE AND TRANSLATION

This variation in terms of 'local content' can also be seen quite clearly in terms of how language and translation are viewed. Most of the time, language is rarely mentioned at all, because translation usually appears to be more than adequate, and perhaps because the 'can do' attitude encouraged among Western business people leads them to address problems that can be solved, to deal with manageable problems, not with issues that have no direct solution as the philosophical challenge translation implies. For example, one internship team worked in a place where few spoke English. One person understood English well enough to "understand basically what we were saying" and with a couple of locally supplied translators, "there was no problem with English" (965). Another said, "it didn't bother me that much. I mean at times, yeah, it would have been nice to know what they were saying, and you know, there were times when I felt like, you know, he would give a 15 minute long answer and our translator's answer would be two minutes. And you're kind of like, what else was in there? It didn't really bother me...." (976).

The ease with which linguistic difference is transcended comes out even more clearly when there *is* a problem with translation. One person recalled a problem this way,

We were in this meeting, and we needed help with translation, with this manager. And I had asked the (indigenous) student if she would be comfortable translating. I said, If you would like, you can help us with the translation, and I would really enjoy it if you would. But, rather than speaking up and feeling confident and feeling part of the team in the meeting, instead of taking a break to do the translation for all of us, she was sitting next to me, whispering very quietly the translation. And I turned to her and I said-- in the meeting, I said, You know what, um-- then the other (East European) student, actually started to translate, even though he only speaks (another Slavic language).... The languages are very similar, and he felt confident enough to, to *bridge* the language, and also to speak loudly for the whole group (981).

Occasionally, Americans were more appreciative of the challenge of translation. One American recalled,

there's a lot of words that we use in English, business vocabulary that don't exist in the East European business vocabulary. And I'm trying to think of specific-- Oh, one of 'em was, uh, performance measure....It didn't translate. And it didn't translate-- you could come up with the word for performance, and you could come up with the word for measure, but when you put 'em together, it just doesn't exist, and it doesn't make sense in

this language. Cause that activity hasn't occurred. Or like another one was resource driver, which was the technical cost-accounting term. There were several terms with action that doesn't exist in Polish...yet. And so the word doesn't exist. And so there was - I mean the local fellows were spending like, you know, like a *couple hours*, you know, on days, just like, What do we mean by this? And looking at the different words, and trying to come up with a combination of words that *best* conveyed what we would mean in English.

Those in the middle, those with both languages, are more likely to mark the challenge of translation. Several people in the middle mentioned that much was lost in conversations that were pressured for one reason or another -- many people talking at once, or in time-compressed settings (984, 958). But there was also more to it than that. Although concepts were important, it was also mode of interaction. Sometimes, it was rather amusing for it fit with the stereotype.

my American friends complained, that something which would be said in one sentence in English -- in the East European language it is like the whole story.... and that we waste lot of time on just talking, talking, talking, and very often, when asked question, the answer was, "Uh, it's a difficult question." And they started talking about history. [gives short laugh] And even once it was, this was an exaggeration because one guy started talking about history from 18th century. Just he wanted to give background of East European history, what is like this, but...[laughs] But he just asked a question about today (961).

Admittedly, this East European advisor, as another (984), admired the Western way of 'getting down to business', and found that he often shared the inclination to go into "unnecessary discussions, details, stuff like that," along with his compatriots. But sometimes American directness was downright counterproductive.

Like, Americans would say, very straightforward, that, well, what you do is useless. [short laugh] Or, you know, not exactly, but something like this, that after that that person would know that, uh, they have not good attitude, or, they know that their work is unnecessary. Uh, so, very often I had to soften this, not to make it that shape (961).

Another person in a similar situation said, "it wasn't just translating, it was a cultural translation, and I couldn't put it that straightforward for an East European manager as they put it in English."

In that case, the American would not be able to get the information they needed, as their very manner signaled to the East European their lack of sympathy. But by using the language, and even "complaining for ten minutes in, in the East European way" this advisor could get what the team needed. As a summary recommendation, this advisor recommended,

Sometimes they (Americans) do not understand that somebody's different, that, so, although they adjusted very well to the culture, uh... But they were impatient about it, they were very often upset at something is different, that somebody doesn't meet their expectations.That things cannot be like here (the USA).... they should have something like in their diary. "reminder: you are in different culture." (961).

Sometimes it is not a matter of simple cultural difference. Very often, the difference implies something of a socialist past, one that ought to be transcended if one has a proper management approach or even an appropriate approach to change. Although one might consider punctuality to be part of this unequal evaluation of different approaches to culture (958), a clearer example might be to point to an orientation toward change. One American, after praising the strengths of his East European colleagues, lamented that they

would approach a situation saying, This is a problem. You know, that would be the first thing that they would say. And initially it was frustrating for us because we are both a little bit more optimistic about things. And we'd say, no this is an opportunity.... If you're going to speak to people at the parent company, you have to be a little more positive and not say its' a problem, because that will put people on the defines immediately (979).

Another American sympathized with this disposition. She said "it's easy to feel the way they do, to feel frustrated, to be downhearted, not to want to kind of problem-solve and move forward. I've been in that attitude myself.... And I think it looks really unprofessional" But she later also ascribed this particular disposition to that nation's culture, itself produced by "being under someone else's rule for as long as they have, they have a very defeated attitude" (976). Reinforcing this mutual perception, one East European recalled the American impression of her countrymen:

When I asked them what they think about East Europeans, one of the things they mentioned was that they are not really ready for changes and to change things. What's really interesting is that everybody's complaining, and some people do try and change things, but a lot of people not..(984).

Her colleague was quite specific about the thing which needed change.

They haven't learned yet to think about making a profit. I mean when we were there, we were developing a system to chart costs for them and it was the first time they were really thinking about are we pricing our products high enough to cover our costs. It was the first time they really looked and said oh, we lost \$12 million dollars this year . That's a big deal. You know, especially when your sales are not that much. And a lot of things they do they don't do the standard sort of cost analysis that we do here in the US. Should we undertake this project? Should we do this? They just, I don't know, they kind of do it out of their gut.... (976)

Another East European manager recalled the surprise of his employees when he announced that he was closing down one department of the firm. I asked him, with intentional naiveté, why they expected him to defend that department. He said,

They felt that they, they knew me from the past time (when he was a director thirty years earlier). That I was, let's say, a patriot of this company. (but) they badly understand what is pat—local patriotism. For me local patriotism is to earn money. For those who want to work, and not to defend those groups and machines which are worthless from the technological point of view. They are good for a museum. They (the employees) are too sentimental. I am not sentimental anymore (952).

Another East European manager lamented how the indigenous partner in the multinational corporation seemed to actually want to forestall the joint venture's progress, fearing that its success might reflect badly on the accomplishments of the indigenous firm

by itself; “it proves that is possible to do something in that company” (956). And another Westernized East European manager reflects on the executive he replaced, someone who looks after governmental affairs now, but has nothing to do with operations. He had a completely different management style from Western management, and that style simply had to be transcended.

I mean, my first board meeting I come in and— we go through agenda items, I run the board meeting and, well, he’s there. And there is a, uh—what was it? The, uh—like a decree or uh, uh, the resolution of the board that needs to be signed. So I look at the resolution. Everybody signed it already. And the resolution says, As of such and such date, the price for such and such an item in such and such store should go from this to that. And I said, Why, why are we signing? Why is it so important that the board needs to sign this? I know nothing about this item, I know nothing about this store. It should be, I don’t know, Sales Manager, or Marketing Director deciding and—signing off, and that’s it. I don’t know, this entire board. So what it meant was that all decisions, even the smallest ones, were taken, um, by a team. So if something went wrong, nobody was accountable. The team would sit around—you know, the management board would sit around tables, say if the wrong decision, tough. And nothing would happen. And nothing would happen. So, no accountability. No risk-taking. Um. And that ran through entire organization. Um. And it, it even continued—well—there are attempts, uh, by many employees to try to continue with that. So as a result—So, you know, some decisions are—I’m being asked to make, and I refuse to make them. I say, I’m not going to decide, you know, what pencils we’re using here....Everything was—nobody really knew who was responsible for what. Cost centers and things—you know, the costs ended up in your department, whether or not you’re responsible for them. Somebody was allocating—but nobody cared. Right? So, that was definitely something entirely inconsistent with the way the parent company would like to see the company run. Or any western company, yeah. The fact that he [sigh] didn’t really, uh—had *never* been exposed to western, uh, concepts regarding business management, uh, didn’t help either. Because, you know, the parent company guys were talking different language.... (he didn’t understand) Really the most fundamental things, uh, in terms of, um—other than in, in control and accountability, you know, the financial matters. You know? The basic concepts of the market-driven company versus production-driven company. That we don’t plan based on what we can use. We plan on what we can sell. In every step, those systems that existed in, in Poland were, were so entirely different that, you know, the concept of profit never existed. It didn’t matter. Right? Um. The more we make—not only the more in terms of volume, but the more sku’s we make, the better. Because we can sell more (955).

I have quoted this interview at length because it indicates powerfully how the interpretation of indigenous culture is made through the lens of business expertise. It indicates very clearly that the ‘transition’ from one economic system to another requires a cultural transformation as well.

Indeed, this framework is so powerful that it distracts people from considering the similarities between American and East European experiences. Although one American advisor found his East European firm to be a “fairly Westernized company” where “these guys are as advanced or more advanced than some of my customers used to be when I worked at GE” he still interpreted the majority of his firm in terms of the transition culture narrative. They lacked the “drive to or the initiative that is required to do something above and beyond their day-to-day responsibilities”, something he attributed to their formation during socialism (977). That being the case, we must ask what cultural framework enables claims to competence, and incompetence, to be made about postcommunist capitalism’s subjects. What is the transition culture?

TRANSITION CULTURE’S FRAMEWORK

Postcommunist capitalism is not only the object to which experts apply their transformative practices, but it is also the environment in which those claims are made sensible. While postcommunist capitalism faces similar problems as the advanced capitalist world with its highly educated labor force and the end to ‘Fordism’, its difference is rather the focus of most theories transforming the system. Completely unlike the advanced capitalist world, the service sector is radically underdeveloped. Communications, finances, accounting, and legal infrastructures are all woefully inadequate. These ‘lacks’ become the basis for understanding the system. These technical inadequacies are accompanied by a social lack: the entrepreneur with managerial expertise.

Consider what the Privatization Ministry in Warsaw described as its ‘mission’ in 1992. Its four objectives were to 1) increase management efficiency, 2) develop capital markets, 3) publicize privatization rights and 4) support entrepreneurship¹⁹ In this transformation, there were several ambitions generated at once: 1) to obtain financial resources, 2) to establish and publicize a legal system conducive to capitalist enterprise and 3) to transform the character of individual economic activity. Although capital and an appropriate financial system were considered to be necessary ingredients for a successful reform, in the discourse of privatization, reform’s foundation seemed to lie with the development of entrepreneurship. This entrepreneurial class and its culture become the foundation for making the transition. In Wuthnow’s framework of the discursive field, entrepreneurship with the appropriate expertise become the figurative action which embodies the solution to the problem of postcommunist capitalism’s lack.²⁰

Because this has become so commonplace a vision, it is easy to forget just how radical a cultural shift this represents. Those who see privatization as the future tend to treat this as the naturally superior point of view. Needless to say, this point of view does

¹⁹ reported in “Picking Up the Pace”, Warsaw Voice 12/20-27/92.

²⁰ Wuthnow, 1989, p. 15.

not extend easily across the leading actors of the postcommunist world.²¹ And even in Poland, those who had opposed communism in the 1970s and early 1980s did not have such a radically liberal point of view. This view was constructed through substantial efforts in the politics of culture.²²

After martial law was imposed in Poland in 1981, the most influential liberal voices rejected both communism and the revolutionary means to fight it. This perspective wanted to de-emphasize politics, and make economic change central. Departing from Solidarity's vaunting of the working class, this view celebrated the entrepreneur and the middle class. One of the leaders of this movement, Miroslaw Dzielski, wrote, "the person who trades is the pillar of civilization, and in conditions of socialism also its heroic champion".²³ Jerzy Szacki identifies three pillars of this new economic liberalism: "absolute primacy to the economic system.... accepting liberal or neoliberal views on the economy in their orthodox form...(and) recognizing these views not only as necessary but also as a sufficient condition of being a liberal...."²⁴ Partially because Polish culture already had a coterie of economic liberals available to promote privatization, when the communists collapsed in electoral competition and Solidarity was forced to take the reins of government, the liberal economic vision could be installed remarkably quickly, serving as an example for the rest of the postcommunist world.

This vision of postcommunist capitalism was, however, mostly a prescriptive theory based on what the system did not have, rather than an analysis of how that system might be transformed given its social, cultural, economic and political foundations.²⁵ State, society and culture were mostly defined in terms of their lack rather than in terms of how they structure the making of postcommunist capitalism. In this sense, state, society and culture are theorized primarily as a barrier to be transcended with the proper liberal vision, or at most, something with which one must regrettably compromise. Privatization as theory was remarkably able to focus on a properly informed and inspired management as the agent of change,²⁶ despite the considerable significance of state policy,²⁷ the power workers exercise, if not on the societal level, on the level of the

²¹ For one analysis of how liberalism is variably linked to nationalism and socialism, see Nicolae Harsanyi and Michael D. Kennedy, "Between Utopia and Dystopia: The Labilities of Nationalism in Eastern Europe" in Michael D. Kennedy (ed.) Envisioning Eastern Europe: Postcommunist Cultural Studies. Ann Arbor: University of Michigan Press, 1994.

²² Jerzy Szacki, Liberalism after Communism. Budapest: Central European Press, 1995 is the best intellectual history of this process to date.

²³ M. Dzielski, "Szefczyk Dratewka ma pomysł" Duch nadchodzącego Czasu, p. 206. (Warsaw: Wektory, 1989) cited in Szacki, p. 131.

²⁴ Jerzy Szacki, Liberalism after Communism. Budapest: Central European Press, 1995. pp. 137-38.

²⁵ Michael Burawoy "The State and Economic Involution: Russia through a China Lens" World Development 24:6(1996):1105-17.

²⁶ Remember here: that the theory of lack is also transplanted into the management assessment, in that no manager can be completely up to the task, reinforcing the need for that expertise, and the challenge of it, and that nothing can ever be done enough, reinforcing the investment needs....

²⁷ See Jan Svejnar (ed.) The Czech Republic and Economic Transition in Eastern Europe. San Diego: Academic Press, 1995

shopfloor,²⁸ and the moral economy in which the whole transformation is undertaken. When state, society or culture was addressed, the ideology of privatization allowed the state to be seen only as a subordinate agent obliged to follow the guidance of those who know the market best, allowed employees to be treated as 'problematic stakeholders' inadequate to the task of making the good society, and moral questions to be properly left to the church and not to economic actors. And to a considerable extent, the authorities in government, if not the larger public, shared in this very liberal view, reinforcing the 'sense' of the vision.²⁹

In this way, the provision of managerial expertise is central to the theory of a privatizing postcommunist capitalism. It simultaneously provides a solution to the system's problems, and once in place, becomes the authority which confirms the original vision's prognosis: that the system lacks the proper managerial and entrepreneurial expertise. These experts brought in need have little competence in the original system, and rather they need expertise in where the system is headed. These experts are thus unlikely to elevate claims to competence based on what they don't know already, and rather are more likely to validate those claims to competence which resonate with their own cultural capital, a kind of cultural capital based on what exists elsewhere, but *not yet* in postcommunist capitalism. One common frustration reported in 1993 by Polish entrepreneurs takes on additional meaning in light of this particular formulation.

One of the Polish businessmen we interviewed in 1993 complained that Westerners come in thinking that the market already exists, just because Poland has a stock market and an economy in which over half of the wealth is privately produced. Instead, he says, the old system lives on despite the change in official goals and leaders, and despite the change in many forms of property and macroeconomic indicators. Another Polish entrepreneur noted,

Of course, there is now a free market and stock exchange, but not everything is gone. Much of the old structures and old mentalities remain, and this also makes change difficult. Sometimes they tend to think that the free market is here and just needs some adjustments, but this is not true (101).

This quotation suggests more than just the naiveté or overoptimism of the uninitiated. It also suggests a critique of the theory and its emphasis. It critiques, perhaps, the Westerner's emphasis on the future, the can do attitude, the ignorance of the past and of culture. But it does more than that. It critiques the standpoint from which expertise is assessed: its theory of lack. To an extent, privatization as a theory of postcommunist capitalism favors a prescription for praxis based on the vision of an endpoint, much as Sachs emphasized for optimism's foundation,³⁰ rather than a theory of its dynamics.

Those embedded in transition culture will recognize immediately just how partial this rendering of their culture is. Above all, Sachs, despite his importance, cannot

²⁸ Michael Burawoy and Janos Lukacs *The Radiant Past: Ideology and Reality in Hungary's Road to Capitalism*. Chicago: University of Chicago Press, 1992. Michael Burawoy and Pawel Krotov, "The Soviet Transition from Socialism to Capitalism: Worker Control and Economic Bargaining in the Wood Industry" *American Sociological Review*, 57(1992):16-38.

²⁹ Ireneusz Bialecki and Bogdan Mach, "Orientacje społeczno-ekonomiczne poslow na tle pogladow społeczeństwa" in J. Wasilewski and W. Wesolowski (eds.) *Początki Parlamentarnej Elity*. Warsaw: IFiS, 1992.

³⁰ Sachs, 1990, p. 5.

represent all of the culture. And indeed, as most cultural theorists would emphasize, any community of discourse has contending positions within it. And one of the most important challenges to the point of view represented by those who emphasize the lack in postcommunist societies is that perspective which emphasizes the system's origins and dynamics.³¹ There are now several authors who have emphasized this kind of path dependent approach.³² Akos Rona-Tas's work is exemplary in this regard.³³

According to Rona-Tas, communism was based on a 19th century vision of the economy as a factory writ large, institutionalized in social terms by the system of universal state employment, designed to effect and complete the Great Transformation to industrialism. It was transformed in fits and starts in the 1950s, 1960s, and 1970s, but finally undone by the small transformation, the change of the private sector from the economy of the weak to the economy of the strong. His book is primarily about the transformation of the institutional form of the Soviet-type economy, and how one of its end transformations led to the demise of the system. But his general point is an important one: social transformations are made not only by the transformation of ownership, by the making of a private economy per se, but also by who gets that private economy and why. And that is why it is profoundly important to consider the question of political capitalism, something privatization minimizes in importance as it diverts attention from the state and the past.

If it is true that the main capitalists of postcommunist capitalism are those who also were on top in the old system,³⁴ we face a profoundly important issue. Due to the moral economy of postcommunism, in which injustice is defined by the continuity of elites in spite of claims to system change, 'political capitalists'³⁵ are not eager to broadcast

³¹ A perspective that is becoming more audible. See for instance the comments of various East European business school deans in Burton Bollag, "Business Schools Flourish in Post-Communist Eastern Europe" The Chronicle of Higher Education January 17, 1997, pp. A47-48.

³² David Stark has made this argument quite well. See his "Path Dependence and Privatization Strategies in East Central Europe." East European Politics and Societies. 6:17-51. 1992 and "The Great Transformation? Social Change in Eastern Europe" Contemporary Sociology 21:3(1992):299-320.

³³ Akos Rona-Tas, The Grand Surprise of the Small Transformation: The Demise of Communism and the Rise of the Private Sector in Hungary (forthcoming, University of Michigan Press).

³⁴ I am convinced that political capitalism is an extremely useful frame for thinking about postcommunist capitalism, but there are important debates about the degree to which a) the nomenklature are the beneficiaries of the changes, and b) the agent of change is an entrepreneur/manager or some kind of political capitalist organization. Among others, see Victor Nee, "Social Inequalities in Reforming State Socialism: Between Redistribution and Markets in China" American Sociological Review, 56(1991):267-82; Akos Rona-Tas, "The First Shall be Last? Entrepreneurship and Communist Cadres in the Transition from Socialism" American Journal of Sociology 100(1994):40-69. Victor Nee, "The emergence of a Market Society: Changing Mechanisms of Stratification in China" American Journal of Sociology, 1996. Ivan Szelenyi and E. Kostello, "The Market Transition Debate: Towards a Synthesis?" American Journal of Sociology 101:1082-96. Andrew Walder, "Local Governments as Industrial Firms: An Organizational Analysis of China's Transitional Economy" American Journal of Sociology 101(1995):263-301.

See Akos Rona-Tas and Jozsef Borocz, "Formation of the New Economic Elites" Theory and Society.

³⁵ There are of course differences among these political or nomenklatura capitalists -- some, especially those formerly in the military branches are especially oriented toward the East; those formerly in foreign trade, are especially oriented toward the West. Russia and other countries to the east need these Polish institutions as ways of filtering out money that might have Mafia origins. While the West might look askance at these funds, part of the Polish economy is being so oriented, with appropriate networks. See Michael D. Kennedy Interviews Jadwiga Staniszkis "On the End of the Cold War and on Postcommunist Peripheral Capitalism" Periphery: A Journal of Polish Affairs. vol. 1 #1 (1995): 19-21.

their power. Instead, they work behind the scenes to influence the legislation that might affect their conditions of existence. In this sense, their accomplishment, their expert capacities, and their theory of development are hidden from view, and not promoted before those who would assess the system's needs in public.³⁶ How does one provide assistance to political capitalism? Even more fundamentally, why should one provide assistance to those who were the privileged of the old system?³⁷

Even these theories which emphasize *who* are the new elites are insufficiently grounded in the dynamics of the system. In a sense, the very agent of history is being transformed. David Stark³⁸ emphasizes that East European capitalism should be thought of as distinctive, based on what he calls 'recombinant property', something neither public nor private, based on coordination neither market nor bureaucratic, but designed to enhance flexibility in an environment so uncertain that assets and liabilities are hard to recognize. Jadwiga Staniszkis also emphasizes in her thesis about "post-communist peripheral capitalism" that hybrid forms of property ownership, neither entirely private nor entirely state, have emerged across the postcommunist world despite the variations in political regimes. The privatization that she anticipated earlier did not appear, in part for the weakness of political elites and the inadequacy of their strategies. Political capitalists have, on the one hand, proved stronger than she anticipated, and on the other, this mode of adaptation to the world system has proved more effective. Political capitalism in a sense thrives because of the absence of contractual culture and infrastructural resources to enable the development of a rational market economy, and thus finds its functional substitute in the informal loyalties and ties of the previous period.³⁹

Within these two gross scenarios, then, there are two kinds of competence that might be acknowledged: one the one hand, a technical expertise that is based on a global culture of business, one that presumes an evolution of postcommunist enterprises and economies in a familiar direction. On the other hand, there is a kind of expertise based on knowing how to 'use' the old system to accumulate capital, socialize debt, make

³⁶This problem is quite similar to those who argue that the communist led security establishment is one of the most important issues to study in sociological terms, but is always neglected for political reasons. See Andrzej Zybertowicz, W uscisku tajnych sluzb: upadek komunizmu i uklad postnomenklaturowy (In the grip of the secret services: collapse of communism and the Post-nomenklatura network). Komorow: Wydawnictwo Antyk, 1993; "A Neglected Dimension of Contemporary Social Movement Dynamics: Secret Services in the Field of Constraints and Facilitations for Social Movements" Working Paper Series #15 in the Advanced Study Center, University of Michigan, #15, 1995-96.

³⁷ Another approach to postcommunist capitalism which is focused on the dynamics of existing systems rather than their lack are the variety of 'new institutionalists' in economics and sociology. Recognizing as a point of departure the peculiarities of the communist organization of economy, society, politics and culture these institutional theories emphasize the complicated set of institutions that set interest rates, exchange rates, establish clear forms of property ownership, and balance enterprise needs with collective interests See Jan Svejnar (ed.) The Czech Republic and Economic Transition in Eastern Europe. San Diego: Academic Press, 1995 for a powerful exception to this, and an illustration of why public policy and a theory of communism's past matters a great deal.

³⁸ David Stark "Recombinant Property in East European Capitalism". American Journal of Sociology. 101:(1996):993-1027.

³⁹ Michael D. Kennedy Interviews Jadwiga Staniszkis "On the End of the Cold War and on Postcommunist Peripheral Capitalism" Periphery: A Journal of Polish Affairs. vol. 1 #1 (1995): 19-21.

connections. But these contending forms of expertise are not only embedded in postcommunist capitalism's dynamics, but also in the contours in which that capitalism is developing. These theoretical debates reflect and enable the actual contentions that occur within the postcommunist enterprise itself. But it is not only about whether one emphasizes lack or emphasizes the path.

Staniszki also argues that postcommunist capitalism is a peripheral capitalism. Rather than developing as the West has, it must develop in a market condition that not only competes with other postcommunist countries, but the rest of the world. It also faces the typical weaknesses peripheral capitalism has. It must rely on the technology and capital from the first world for its investments, and thus must appeal to them and make better and better conditions for this to happen. In this sense, peripheral capitalism must adapt to rules that are established by others. This is most obvious in the case of the European Union, to which it makes every effort to enter, and must adapt to them on their terms.⁴⁰

Postcommunist capitalism is being made with incredible assistance from the outside -- the promise and assistance of the European Union, the International Monetary Fund, the World Bank, multinational corporations, international consulting agencies and foreign governments. Unlike other revolutionary transformations in the history of the capitalist world system, this revolution has had the active assistance of the core of the contemporary system. Further advances in privatization depend in large part on the sympathetic action of international agencies, foreign governments and foreign capital. The Group of 24 countries together with their corporations and private associations have been involved in the transformation. That involvement has extended from the renegotiation and forgiveness of debts, to capital investments and financial assistance. Postcommunist capitalism definitely has a global flavor. Capitalism cannot claim indigenous roots, or at least can't claim to have enough fertilizer to make capitalism flower. It is a major challenge for each of these societies to assure its population that capitalism is *for the nation*, and not for the wealthy foreigners who appear on its doorstep.⁴¹

There are, then, two basic approaches to postcommunist capitalism's transformation which are contending in the cultural politics of the transition: one that emphasizes the system's lack, and one that emphasizes the system's path. These are overlaid with a cultural politics that diminishes the significance of the nation, or at least relegates it to a cultural sphere that itself struggles to survive in the move to a market economy, vs. an approach that elevates the significance of local knowledge and nationed experiences. These two basic axes of difference are obviously correlated, but not perfectly. The most fascinating cultural politics lie in the transformations of these axes of difference, and their implication in contending claims to competence. One of the best places to consider these transformations is in assessments of managerial accomplishments.

⁴⁰ See for instance the way in which the European Union structures the discussion of the meaning of Baltic Europe in Antoni Kuklinski, (ed.) Baltic Europe in the Perspective of Global Change. Warszawa: Oficyna Naukowa, 1995.

⁴¹ For an elaboration of this point, see Michael D. Kennedy: "The Labilities of Liberalism and Nationalism After Communism: Polish Biznesmen in the Articulation of the Nation." in Ronald Grigor Suny and Michael D. Kennedy Intellectuals and the Articulation of the Nation (under review, University of Michigan Press).

ASSESSMENTS OF MANAGERIAL ACCOMPLISHMENT

One of our earlier findings was that Western experts typically praised the instinct or feel of their managers, but rarely indicated any particular respect for special business expertise.⁴² We would imagine of course that over time, managerial skills would improve and experts would be more likely to find something to admire in their counterparts. I expected just such overall assessments given that a) overall assessments of the nature of the transition are very common (i.e. from production centered to market centered firms); and b) managers are put at the center of that transition, much as economic liberalism and privatization theory do. On reflection, however, it is very hard for a consultant, intern or expert to offer overall praise for management.

Instead, *negative* global assessments of managers permeate the data. The interns often would acknowledge that their managers were good in some specific area, as when one of our interns praised their hosts for their ability to engineer anything, but otherwise, he said, there was nothing to find particularly exemplary (965; 985; 981; 976). Another said simply that his managerial associates were simply 'not trained to manage people' (961). Another said that her managers are so bad that they make the workers irresponsible:

(they) have this attitude that their workers can't think. This was a direct quote from one of their managers. He said we treat our workers like they're dumb. Which they do. and because of that, the workers kind of react in that way. They don't think (976).

This is a long term theme in our research: that Westerners often come back from their experience in Eastern Europe with little appreciation for the managerial skills of their hosts.

Could one expect an overall positive interpretation? I thought so, given that the solution, the combination of Western know-how and local knowledge, is apparently so vivid and increasingly possible. But it is apparently not so easy, for even the most talented manager will likely find their talents insufficient. As one manager put it:

... it's so overwhelming, and so frustrating. Because those very basic, fundamental things that should be easy to accomplish don't happen. And you get frustrated. Because it puts you in the position where you feel sometimes professionally embarrassed. ... You know, you—your boss comes, uh, says: Right, you know, two months ago we talked about the fact that perhaps in those, uh, supermarkets, when we sell chips in big shipping cases we should put labels on them so that people, you know, like in club stores here— So people can see what's inside....Pretty basic. You still don't have it. Two months later. You, you would just take this and glue it on, right? It's pretty simple. And you feel stupid. Because you've been trying for the last two months [begins to laugh] to put it into

⁴² See Michael D. Kennedy and Pauline Gianoplus, "Entrepreneurs and Expertise: A Cultural Encounter in the Making of Post-Communist Capitalism in Poland" *East European Politics and Societies* 8:1(1994):27-54 for an account based on earlier interviews.

the system. And everything possible on the way——failed. And it's, it's a daily occurrence (955).

There were a few overall positive assessments, especially of top CEOs. Although one local fellow found lower management unable to comprehend the mission of her team and upper management unsupportive, she was especially impressed with a couple managers. One business man had the "knowledge in how to run a business; he had a lot of common sense and he always was on the interviews and was answering the questions... how logically he did up the answer... the other managers, they had the knowledge, they were experts." (984). But they had an important lack: they didn't know how to work in a team, and failed to communicate between departments and levels of management. "Lack of communication, besides lack of money, that's the biggest problem at the company, and it's really really bad, almost zero communication" (984). Communication was indeed a problem other outsiders mentioned (958), although no East Europeans in this set mentioned it as a major issue. But it is not just a matter of communication; it was also a matter of power. As an East European fellow observed, one manager understood what had to be changed, but "didn't have enough power to do that" (984).

An American intern described the two top managers of his firm as 'very competent, savvy... They see the broad picture of where the company is. And pretty clearly understand what they've gotta do. You know, they have different opinions, because they come from different backgrounds. But very competent people. Now the other group of managers, um, may be, um, a more typical set of East European managers" (977). Another American advisor found the managers he worked with were very strong, and were not just incidentally women.

the ones I see to be most effective were the females..... they were very organized, and they demanded a lot from their sales force, from their salesmen underneath them. ... I don't know if it was just a personality thing, or if you can generalize it, it was because they were female I don't know.....the men ... like to show off a bit. And they like to brag about themselves. And they like to drive fast and that they like women, and that that they like to drink and things like that,,, the male salesman, they like to go off and have drinks a little more, and the females that we had, they were more reserved, conservative, methodical in how they did things (979).

Another female manager perhaps exemplified this new disposition. She said,

A lot of the managers have to work 10, 12, 14 hours per day... It's becoming more and more normal. But it was not at all, at all normal at the time that the parent company came. ... So when the ex-patriate manager came, he had to start to do that with his example. So he was there from morning until night. Not *forcing* the managers to be there, but as they saw him, they started to think more about that ... when I came there, I had small children. So I also *tried* to escape from work at four or five o'clock. But then I, I realized it's not possible to do it that way. And I found a baby-sitter for my children. I found a cleaning lady for my house. And practically I stay at work really from morning till night.... eight o'clock till eight o'clock...(957)

Only two indigenous managers were inclined to offer global praise for their chief's management. One manager said that his boss was a good manager because he knew how to build a team, to have great relations and not to have any rivalries. Everybody gives their all to the team, working at least from 8:30 in the morning till 9:00 in the evening (967). The other person celebrated his manager because that manager

“understood that the business should be done by the local people who knew the market” (960).

It was, however, extraordinarily interesting that it was this very team that earned severe criticism by the interns who worked there. Their criticism was also similar to what we had seen before, praising the management’s energy, but failing to find anything really exemplary in their management practice. This team, like others, couldn’t identify anything they really learned from management. Their critique ran along several dimensions. One intern praised the management’s energy, but they “needed to take a step back and see what they were doing and focus in on and pay attention to some of the details of running an operation”. Their business was growing so fast that the management team didn’t “have control right now of all the aspects of the business, have the control that they ought to” (985). They also didn’t listen. This concern over openness is a common basis for praise, or criticism, of East European managers by those who would advise them (see also 958, 976). Another intern said,

The managers ... would get sometimes frustrated in some situations... they weren't as open in sometimes talking about some issues. They sometimes believed their way was maybe the right way, and they weren't very open to getting some comments... A few times we suggested, well, have you ever thought of this? And, instead of listening and maybe working with us, they kind of would listen in for a few minutes and then say, No no no that's not our way. Won't work in our market (981).

As if to emphasize how unreasonable this was, she compared them to other managers and said that they “were very friendly, very open. Very much wanting to learn. If we had any information to share with them, they wanted it. I mean. whether it was right, wrong, whatever, I mean, they wanted to see it first, and talk about it with us, and ... they would say, Well what do you think? Do think this is right for our market? Even though I'd only been there for like [laughs a little here] two weeks. So I found that very refreshing” (981).

It is difficult to assess how ‘typical’ this setting would be. The management team here had grown up in the second economy together, and were tight. Their business was growing extraordinarily rapidly. Indeed, their very success was enough, for one manager, to answer a question about managerial accomplishment. He said that in the first three months of their operation, they had nearly 3 times more output than their predecessor had in the previous year. And then in the following year, they were asked to double their production, a task they accepted from the parent firm. And they nearly doubled that (960). Rather than focus on techniques or methods for demonstrating competence, this manager pointed to results; the advisors took this very condition and pointed out that the rapid growth could hide their managerial limitations (983). Although of course this kind of ethnographic data makes it difficult to provide general hypotheses, one might risk the following generalization:

Global assessments of managerial skills are deployed usually when the overall assessment is negative. It is really difficult to win that overall positive assessment because the challenges of management are so great; and when it is offered, it is made on the basis of outcomes, and in a condition of conflict between center and periphery.

SPECIFIC MANAGERIAL COMPETENCIES

When actors indicate their praise for a set of managerial skills, they more typically will invoke very particular points. And they invoke them precisely because these areas, as we have seen in our previous work, are taken as symbols of managing the generally difficult nature of the transition. They are especially apparent in two areas: personnel skills or in marketing. Strikingly absent is any mention of effectiveness in communications. Indeed, Americans are more likely to emphasize communications and presentation skills as their own special competence (978, 977, 976).⁴³

Personnel management was discussed in a fairly limited set of ways: that a good manager figures out how to provide the right compensation to motivate his employees (979, 982, 952, 961, 978), to stimulate individual responsibility for company success (955, 979, 952, 982, 978) and moves to fire unnecessary or irresponsible personnel (961, 965, 956, 952, 970). Interestingly, only the East European managers emphasized how they would do more than get rid of their employees, and rather retrain them (970) or encourage them to set up privatized firms (952). But it was precisely this kind of care for employees that sparked at least one phrase of praise by a Western intern: "he's a good guy; he takes care of his people" (979). Nevertheless, this is a very common way to indicate who is a good manager, and what a good manager should do: they figure out how to do better human resources management.

The other common theme is of course marketing. The underlying text to this is a) the move from production centered to market driven company, and occasionally, b) the generation of uncertain or difficult markets. Several respondents used marketing to speak of how well they are doing, or how their managers are quite good. They spoke of their firm's success in doing market research or focusing on a particular market segment useful for their product, being more customer-oriented, introducing special advertisements and special slogans directed toward their upper end clientele and selling ideas not just goods (956, 982, 975, 967, 958, 969, 970). But what was particularly striking about these respondents were that they were all East European managers who made the claim.

When CEOs or interns spoke of marketing expertise, they typically deployed it to point out the limitations of other East Europeans. One Polish CEO complained about how his marketing department kept sending out 'socialist style letters' (952). The same East European managers who praised their own accomplishments in marketing could still point to others in their own firms who continued in a socialist style of sales, just leaving goods on the shelves expecting them to sell themselves for their own qualities (975, 956). In one case, however, this presumption of quality breeding sales actually informed the critique by one intern of the multinational management team (979), but that might be the exception that proves the rule. Interns rarely spoke of the limitations of other East European managers in terms of their treatment of personnel, however.

Occasionally, East Europeans might invoke other markers of professional competence to distinguish them from managers with socialist mindsets or corrupt practices. One manager, for instance, emphasized his abilities in making projections, and the unwillingness of his former boss to pay attention to those data (980). Another manager discussed two types of business people today.

⁴³ East European consultants have also emphasized this lack in another context. See my article, based on interviews with Estonian business consultant Aleksander Plotkin and Polish consultant Bogdan Siewierski in "The Value of Business Expertise in Eastern Europe" ii: The Journal of the International Institute 4:1(1996):10.

One is, let's call it positive and the second is negative. First for the negative. This is people who started in the middle 90's or middle 80s. This is negative. And they, they got their money in some place which is not necessarily decent. And they are connected with that. They have some symbolism in Polish mentality... the business man in white socks. And everybody knows who he is. (and the interviewer asks about a normal person) Well, just a western type of person. well educated, normal, normally dressed... (975).⁴⁴

In sum, then, the basic themes of our previous research on Western interns previously are confirmed in this research: marketing and personnel management are the main fields in which the need for Western expertise is identified, although communication is becoming increasingly important. But what is particularly striking about these gaps is the variations in which they are filled. Americans are less likely to ascribe to East Europeans any specialized competence in any of these fields of expertise, and rather are likely to praise them for their localized knowledge or 'instinctual' feel for the market. By contrast, the East Europeans are likely to claim ownership of several of these fields of expertise, and indeed superiority over the Western claims *because* of their ability to suture the principles of business management to local conditions.

While this contest between global and local knowledge is likely to be perennial, the encounter is also likely to change over the years. While in the early years of 'transition' the contest would likely be about the degree of fit between Western concepts and East European reality, in later years it is more likely to become a debate over who can manage the fit, and in what areas might that fit is best realized. What can Westerners really teach the indigenous after six years of transition? As one ex-patriate consultant with East European background said in 1994,

we now have much less need to bring in outside assistance (since) the expertise of our East European consultants has reached such a level that they can do 90% of what the MBA's could do, and they don't need to be hand-held in terms of being introduced to this country (126).

This, then, is one of the most important issues subsequent research and practice should consider: what are the contending claims to expertise among Westerners and indigenous? As my colleagues Alexander Plotkin and Bogdan Siewierski have emphasized: "managers in transitional economies are no longer interested in the theory of how things ought to work, or how things work in developed capitalist economies. They expect more specialized knowledge and specifically-tailored techniques, expertise they can use to solve their particular problems. After all, managers say, we have learned so much in these last six years, we expect Western trainers should also have learned from our experience."⁴⁵ Are the areas of expertise in which Westerners might advise becoming

⁴⁴ For an analysis of how the identity of business is being reconstructed in Poland, see Pauline Gianoplus's Ph.D. dissertation in progress, Department of Sociology, University of Michigan. One of her cases is a leading organization legitimating business: the Business Centre Club. For an earlier treatment, see Iwona Krzesak, "Etnografia Business Centre Club" pp. 37-61 in Jacek Kurczewski, (ed.) *Biznes I Klasy Srednie*. Warszawa: Zakład Socjologii obyczajow I Prawa, Institut Stosowanych Nauk Spolecznych, Uniwersytet Warszawski, 1994

⁴⁵ Michael D. Kennedy "The Value of Business Expertise in Eastern Europe" *ii: The Journal of the International Institute* 4:1(1996):10.

ever more narrow and specialized? And if that is the case, does consulting in transition economies differ substantially from consulting in any other site?

One could easily treat this issue as one merely of modernization, where over time, the difference between Eastern Europe and the West will disappear. It might, but for the moment, there is definitely a sense of core and periphery in the interpretation of technical assistance that should be incorporated in any discussion of assessing expertise.

CENTER AND PERIPHERY

While both human resource management and marketing have always occurred in our interviews with Western advisors about important needs of the firm, matters of inter-unit corporate governance rarely have because most of the firms in which our experts have worked did not have foreign partners. But nearly all the firms in which the Davidson interns worked had some kind of foreign partnership. And in nearly every case, the issue of different styles, capacities or interests in multi-national governance emerged. But it was not always predictable how East Europeans and Westerners would regard the Center-Periphery relationship.

Sometimes the parent company was revered as a source of salvation from without. One East European manager said, "they practically taught us how to do the business. What's the way in an open economy, how to do the business. Because otherwise we would die" (957). Training offered by foreign companies was often viewed as a key credential for success. Indeed, "whether (the training was) good or bad (laughing), they would consider themselves to be more professional, and then much more marketable to get another job" with that training (979). Indeed, sometimes on-site managers were so 'reverent' toward the parent company that the Western advisor had a hard time convincing them that a parent-company sponsored business practice was not sound (979). In this case, however, these were also expatriate managers, not from the local culture. And as the American recalled,

the managers kind of felt a little, well, I think they felt a little, there were a little imperialistic. Like, yes we know what's going on, you know, this is the parent company's way. You do it this way. And if there was any sort of controversy, you know, I think the East Europeans would back down immediately. But at the same time, you know, they're like.. I know I can do a good job. I'm kind of frustrated that, that there is this attitude... (979).

Although one might expect Western advisors and interns to align their assessments with the parent company rather than with the indigenous company, given that most of these advisors would eventually wind up in a firm like the parent firm rather than the indigenous firm, and their training and experience is more like those who run the parent firm than those who run the indigenous firm, there are several important exceptions where the faults for mismanagement lay as much at the doorstep of Western mismanagement as at the doorstep to the socialist past.

In one company, the American advisor found that unlike many other companies in the region that were grooming local managers to become the multinational's local managers, this parent company rotated their own nationals in and out, with the intention of getting rid of all the top indigenous management. Multinational mismanagement was creating a terrible morale that was organized around national conflict. The best workers were leaving and those who would remain took extremely long coffee breaks whenever the foreigners weren't looking. The national tensions were so palpable that they went right down to the products; he reported that the foreign management would speak only of the company products being made in the multinational line, while the indigenous management would speak only of their firm's original products (978).

In another case, interns went into the enterprise with their project well in hand, identifying with the foreign owner who was supposed to change the company around. They were sent to redo a study that the company's managerial team had provided. They were sent to disprove what the indigenous spent hours and hours doing. They arrive, he is absent, and find themselves in an uncomfortable situation -- after a few days of good treatment, they are brought in. This is how one person recalled the moment....

They brought us in. It seemed like a KGB interview.... Why are you here? What is the purpose of the Davidson Institute. We told them. They said, why did William Davidson give the money? Where did he get the money? And we, we felt like we were under attack. and then they asked "did we think that they were lazy"? we had only been there for a week, because the person with whom we were associated told them that they were lazy, and that was a cause (he mistakenly said result) of our problems (965).

Over the course of the summer, this team had to distance themselves from their original sponsor in order to do their job, because without the trust of their associates, they could not do the job. And by being associated with the supposed savior who had already denied their competence, they could not get that trust. A similar issue happened elsewhere.

During an initial encounter, another intern found their hosts to be remarkably hospitable, but as the nature of their task changed, away from broad introductions to "trying to solve some problems in the country and making some recommendations in country that would help them improve their business... to help them think, well, how they can improve some things.." the intern found reluctance to "open up and say we need help". Eventually, the interns managed to convince the managing director that there were specific problems that they needed additional information to address. They finally got the information, but it was sensitive. The manager then tried to intervene, she argues, to prevent that information from entering the report that the parent company would receive (981). Information is clearly an important resource with which people defend their own positions from the Center's directive.

While the center/periphery contest is a familiar one in studies of multinational corporate governance, the presumption of transition culture is that the indigenous lack the management skills and Western experience to be able to challenge the Western assessment properly. In other words, transition culture tends to diminish the value of an indigenous viewpoint even more than most peripheral enterprise managements are typically diminished because of the former's magnified 'lack'. But to what extent is this lack empirically existing, and to what extent is it imputed as a consequence of the convergence between center/periphery relations and transition culture's assumptions?

It is difficult to really appreciate how 'true' the following stories are, and to what extent these are psychological defense mechanisms coming into play. It is however striking how often the contributions of consultants and experts are acknowledged as confirmations of what already was known or could have been done with firm resources. One manager, for instance, said that the advisors have not told them anything they didn't already know (967). Another suggested that the firm could have done the project on their own, but having the interns on hand just gave them the added kick that they needed (955). Another simply said that their staff was so busy, they didn't have time to do the project otherwise (969). Another manager said directly, "I would like to have the confirmation of the Davidson Institute. If I go back to my firm with the program, I think their hesitation on that program will be much less" (956). Another manager lamented that the parent organization refused to believe him about the appropriate accounting system, and so he hired Western consultants to do the analysis to convince the parent company. I asked why that was necessary, and he replied, in an ironic tone, that they wouldn't listen to an old socialist manager like me (952).

This story is no doubt familiar to those who study the contributions of consultants. They merely provide an outside perspective that confirms the position of those who understand the situation from within. But in the case of transition culture, the claims might be doubted because of the presumption where expertise lies. But while there might be debate over where expertise lies, there is little disagreement about where the credentials for expertise rest: in the West. Culture becomes even more obviously important than in transition culture's logic: rather than being the telos of transition, Western experience is the talisman of technical assistance, whether or not the expertise is already resident in the firm.

Beyond claiming the same expertise, East Europeans also will elevate their own claims to competence by accentuating the significance of the culture side of their expertise. This is especially apparent in personnel management. Consider how one East European manager laughs at his Western boss:

One of our bosses decided to implement special incentives for their sales guys. And he announced that everybody who sells more than a certain number of products in one month will be given Ray Ban sunglasses. You know? Ray Bans! Can you imagine? Ray Bans. And the answer was we already have glasses. For him it was something special, you know. Completely, mm, upstanding. The best glasses. All around the

world, OK. OK, yeah, very good. But this is not the best incentive for East European people. And answer was, OK, give us 100 dollars for that, and this will be better. (956)

Sometimes it reflects an awareness of how the delegitimated past mixes with the present, as when one manager discussed 'employee of the month' awards:

They come up with ideas. They're happy to receive, uh, money, this reward. But when you want to put their name and their picture on the board and say, This guy really did something, no. because, it continues to be perceived as something negative really. Because you are cooperating with authority. Cooperation with authority is not good by definition. Because it's been—and it's not only the communist system, it's also the, the history of our country ... to defy authority, to fight authority was a good patriotic deed. So now if you, all of a sudden, are recognized by authority, it means—well, who are you? Which side are you on? Even though, you know, we try to communicate and explain, you know, it's, it's pretty good for all of us. They are very skeptical towards it. In fact if you—I, I was just amazed myself -- when you try to—when you take like corporate creeds— Or mission statements. In English. And they make perfect sense, they're sincere and all this. You translate into our language — It sounds terrible. It sounds almost 100 per cent like communist propaganda (955)

Sometimes it doesn't take a profound awareness of taste or of the past, but just a good sense of how incentive systems work. For instance, one Westernized East European manager complained that the parent company insisted on a certain kind of compensation system which was completely inappropriate given the ups and downs of sales in the market, regardless of unit productivity (955; also 952). Limitations are even more dramatic when it comes to assessing resistance, and corruption. As one manager recalled,

Well, you see, uh—I came one year ago. And before me, General Manager, was one guy from The West. And uh, it—the management was practically only Westerners. And they did a lot of work, good work. But, uh, they didn't expect, uh, and they didn't know how strong is the East European resistance. They thought that they wanted to create this factory exactly on the image of the factory in their home country. But it's, it's impossible. It is different, uh, uh conditions. Different people. Everything is different. So they did a lot of work, and later on they entered into big problems. They couldn't move forward. And that was the reason for which they asked for, for local ... to be the manager (952).

And when I asked what he could do that the Westerners could not, he said

Ah, it's very complicated to see. I, I am not able to answer this question uh, uh fully, but, uh... First, uh... In front of the foreigners...East Europeans behaved like good actors. They played their roles. It's much more difficult to play the role of somebody in front of me, or even in front of another East European. So, uh, to have success, you have to make the appraisal of your staff. Proper appraisal. Uh, so, they made a lot of

mistakes in, in placing people. Uh, they trusted somebody who was not worth trusting. When I cut the possibilities of, uh, doing the, the corruption in one workshop—reported the guy subcontracted to his colleagues, uh, and has paid more money than was necessary, and they were using company's materials, company's workers, and so on—when I cut it, the guy told, Thank you, I will not work anymore. And despite that he was favorite of the Westerners. They were very surprised. I didn't touch him. I didn't have any contacts with him. But I know that he is stealing company's money. So I cut the possibility to, to do it. (952).

One of the most powerful claims to competence East European managers will identify, that Western experts are relatively helpless before, lies in the importance of 'blat', or connections. It is of course well known in this country that connections matter a great deal, that many network ties are critical to career success. But in the East European context, this sense of connections is typically disparaged as a relic of the past, or even perhaps a quality of management accomplishment that is left to the old managers who can do little else. Consider for instance how one manager, brought into an indigenous firm to turn it around, spoke disparagingly of the former manager. The new manager indicated that all operational decisions now go to him, and while the former boss is still employed, takes care of less important issues like governmental relations (955). But are these so unimportant? In another case, the manager emphasized that far from being unimportant, ties were incredibly significant.

In the first instance, it was ties that decided whether bids were to be won or lost. The reason they kept on losing bids has less to do with the costs of production, and more to do with how bids are won. This firm was constantly underbid by its competitors because their competitors bid lower than their real costs of production. They can do this because their previous ties with the client enabled them to understand that later their clients will pay for additional goods up front, but the producer will never deliver those goods; and in that way, he'll make up the loss (952). Here, then, the Westerner would actually lose business due to their lack of connections. On the other hand, sometimes the presumption that the postcommunist world is dominated by such corruption leads to less than good relations between East European manager and foreign owner. One manager recalled a story where the parent company demanded that this manager use his connections to fix standards for the import of some factors of production.

Deliveries to our country are completely signed that the product has to be delivered according to the our country's rules, our country's standard. And they expect that because I am a previous president (of the regulatory agency), I can have everything (done) like that (as he rubs his hands against each other, like "chip, chop") So I told them, Why didn't you sign the contract according to the official standard? I am not responsible for your relation with that agency! (They tell me) Oh well, you have to arrange it somehow. How can I arrange it? How? There are rules, standards. (They say) Arrange the meeting with them. Well I arrange for the dinner with the, with the president of the commission. You know him! Go ahead, arrange it with him! You know American officials? You know how to fight for visa in the States? Well it's the same way with the our country's authorities. Apply, for example, valid documentation. Write a letter, attach the documentation, and wait for the approval. How can I arrange it? It's not Bangladesh or any other country in which you can go [slaps the table, as if slapping down a bribe], give the envelope and arrange it. Maybe some envelope maybe would be helpful, but it is impossible to arrange these things without following proper procedures. I told them, I can maybe, maybe I can accelerate something. But it is impossible to avoid the necessary actions. They (the multinational managers) don't understand it. It's a colonial attitude. They suppose that they are in the wild countries, in which the, the—all the administration is corrupted totally. And, in which I have everywhere friends and I can arrange it in a way they don't want to, to think about. It makes me crazy sometimes (952)

This field of activity -- the significance of 'connections' and the importance of this kind of activity for getting bids or favorable rates of taxation -- is usually widely recognized as very important, and something East Europeans are themselves most adept in doing. At the same time, however, this is perhaps one of the most ticklish areas to discuss: on the one hand, it is typically denigrated as a valuable form of know-how when we are talking about the transformation of business practices, perhaps because it is associated with the indigenous themselves, or because it doesn't fit with our notions of proper expertise. On the other hand, to think of it as so powerful as to determine how the economy really works, can lead the Westerner to be charged with condescension. In short, this claim to competence cannot easily be implicated in the transition culture itself, and yet, it is fundamentally important in explaining how the system is being transformed.

One need not look at personnel management or the management of blat to find the challenge to transition culture, however. One can even examine the contest on the grounds of marketing and business development itself. In one case, we had diametrically opposed claims to competence.

One East European manager attributed the success of their firm to the fact that an East European ran the firm. Expatriates are poor in this job, because it takes a lot of time to understand the mentality of the market, and during that time, they make a lot of mistakes, and have a hard time recovering from them. He was specifically recalling his parent firm's mistake, relying on an expat manager to estimate the size of the potential market. They radically underestimated what could be done (982). From that and his previous experience, he drew some general lessons:

1) When locals and ex-pats are mixed, the team is less effective in part because there are very different time horizons.

having both foreign and local managers create problems which is like a division of the team. To some degree you always see them as outsiders, who just coming... to do, you know, something, you know, (that has a) higher priority. But at the same time they are not seen as the long term partners or long term colleagues... But at the same time, because I said they are seeing themselves higher, this uh-- the team does not, I think, uh cooperate. Maybe I'm wrong, but I don't think so....

2) In these mixed teams, condescension is typical even when claims to competence are dubious:

Sometimes the expatriates see themselves as the teachers for (the locals).. . I know that probably the, the business knowledge of Americans, of westerners is bigger than the East Europeans, in, in some areas. But at the same time, the understanding of mentality, or even the contact with clients are not compatible. I mean you can't compare what the expats can do and what the local can do.

3) The global corporation is too much like the past: there is no responsibility because everyone is too much obliged to the narrow vision of their own department, and too dependent on those higher up:

So even if they understand me, they are not independent, this the problem. So, we should have support from the top management. I think, uh, they're always...this is always a problem with a big company. They are not flexible. people work for the big company, but they work for their department. This is the problem, so...I work for my boss, and I...if he comes to me and say I have no problems, for me this is the most important thing. So, therefore I cannot agree with people from outside, even if they introduce logical arguments, but, OK, but my boss wants me to have a product. Some of the processes are, reminds us of forty years of the communists. I mean...it cannot be compared, because they are completely different systems. But something what can occur in a big corporation happened in the past in our country.

4) The global corporation needs a different strategy for its support of indigenous firms:

(At the same time) I feel that we don't have enough support in the beginning from our parent company.... I mean assistance, some kind of set-up procedures, things like that. Mmm, and doesn't have to be done with another manager who works with the company. Could be done to some degree as a consultant, or someone who stays for a month or two or three, whatever, just to help and, you know, maybe give some advice. But not being seen as a decision maker.... an outsider. Just to maybe help us, to help create the system. To put the, uh, procedures in motion. To establish criteria for, uh, you know, for getting your clients..... And but, but this is not a big problem.

In response, however, an intern (985) complained that the company insisted on special treatment from the parent company when in fact that special treatment wouldn't be necessary if they had the right kind of expertise and were more careful in keeping data about what they had on site. More generally, the intern found that the indigenous management was "stubborn and pig-headed" when it came to dealing with the parent company. He found that they thought they could do it all on their own, but they couldn't. From that he took a general lesson about the relationship between the parent company and smaller countries:

one thing that you learn is that they (the indigenous managers) really need to learn, the managers in them because you see how they react, because they really need to be explained things in detail, to lead them along where they're going, and they need a charismatic leader, that they can trust. They don't need the financial people, I don't think that. Financial people, people who are not just willing to listen to them and also someone who has the strength to tell them when they are wrong, and that they respect that is what's really required (985).

More critically,

one of the general lessons is that they need to learn to take care of their own house before they start complaining about what everyone else is doing to them. So, martyrdom is not a good call at all times. And, to work with the corporate office, you

can't always just keep saying what's wrong or else crying Wolf too much can ruin your credibility (985).

This particular set of interviews was among our most interesting precisely because it offered very different perspectives on what managerial accomplishment meant, and how that was dependent on the kind of expertise and reference groups ones enjoyed. In this case, the East European invoked their success, the weakness of multinational bureaucracy, and an expertise based on a fusion of local knowledge with global business practices. The critic could identify particular weaknesses in the way that manager worked, and especially criticized his blaming the parent firm. The transition narrative, here, has exploded. All that is left is the center/periphery model.

This exchange suggests the really terrific significance not only of thinking about the evolution of postcommunist capitalism, and even the completion of certain dimensions of transition. It also suggests the profound importance of thinking about just how varied the perceptions of need and claims to competence are. In the conclusion, I'll take the implications of these various stories forward and identify critical policy questions for those intending to offer technical assistance.

CONCLUSIONS

This paper has been about the mutual implication of cultural politics and technical assistance. While culture is certainly obvious to anyone who has participated in the encounter that technical assistance implies, its implication is not well understood, especially if we can expand culture beyond styles of dress and something that East Europeans have and Western experts don't. Instead, if we can think also about the stories and symbols of transition culture itself, we can rethink the engagement between Western experts and East European entrepreneurs and managers as a peculiar kind of cultural encounter laced with presumptions and power.

From the Western side, claims to competence are typically made within the framework of transition culture. Transition culture's key argument is that postcommunist capitalism lacks key ingredients of the normal capitalist society, and that the job of technical assistance is to fill the gaps. These lacks are best addressed, of course, by a suturing of Western expertise with East European local knowledge, but the Western experience is typically privileged in the conjunction. It offers the lens through which one can evaluate culture and its appropriateness to the new society, rather than the other way around.

To elevate the other way around is less plausible, given that the indigenous business culture does lack critical concepts and worldviews essential for rational capitalist enterprise. It is also inadequate because East Europeans have been able to acquire Western concepts and worldviews and integrate them into a new kind of vision of postcommunist capitalism, one that emphasizes origins and dynamics of transformation as much as the lacks transition culture emphasizes. It also enables the East European to take advantage of certain competencies that Westerners lack, most notably in the significance of domestic networks and additionally in those places where culture counts demonstrably, as in personnel management or marketing. Thus, those who can combine indigenous and Western concepts are more likely to claim superior competence over those without that package from either East or West.

Nevertheless, it is very difficult to identify the adequate manager, much less the superlative one, before the challenge of transition. Even the most competent managers

express their frustrations and resentments in a myriad of ways, but in ways that are not simply accounted for by either transition culture's lack or an indigenous approach to transformation. Indeed, a central axis of difference to introduce in the assessment of claims to expertise is that informed by the contest between center and periphery. Except this center and periphery relationship is plausibly more complicated than those in other long term capitalist societies, since in this context the presumptions of transition culture reinforce the prerogatives of the multinational vis-à-vis the local. Consequently, it is very difficult to disentangle claims to competence from the power relationships embedded in both sets of asymmetrical relations.

Nevertheless, this paper has taken several strides toward such an identification by relying heavily on the claims to competence made by many different kinds of actors in the cultural encounter enabled by the William Davidson Institute 1995 research projects. Indigenous managers, ex-patriate managers, American interns and local fellows were interviewed about their assessments of expertise in the transformation of the postcommunist capitalist firm. Not surprisingly, assessments differ, and I have drawn from these convergences and divergences to develop those summary points made above.

Rather than focus in this conclusion on developing specific hypotheses on when claims to needs assessment converge, and when claims to competence are recognized, here I should like to take the implications of this work forward in consideration of what kinds of technical assistance might be imagined in the cultural encounter making postcommunist capitalism.

1) How does one reconstruct the relationship between indigenous cultural competence and Western expertise without the presumption of power?

Jozsef Borocz has introduced perhaps the central concept for understanding the dynamics of postcommunist capitalism: fusion. By this he understands the "creative reinterpretation of old and new elements, creating substantively distinguishable qualities of social experience".⁴⁶ He uses the musical repertoire of Bela Bartok to create the image. Citing the Hungarian pianist Zoltan Kocsis, "Bartok's oeuvre is a perfect synthesis between central east European folklore and composed music in the hands of a superbly creative individual". While the making of a new business expertise will unlikely be awarded the same kind of artistic recognition, the imagery of fusion might be one of the most useful metaphors with which a new expertise might be made.

Local cultural competence is variably significant for the management of any task. Here, the management of blat may exclusively be a local expertise, while the making of a business plan for presentation to an international funder or investor might be based entirely on global business culture. In descending order, personnel management, marketing, and accounting but to a lesser extent rely on various degrees of fusion. Accounting is rather technical, but it can be challenged by the very difficulty of translation. Resource drivers and performance measures may only be the tip of an iceberg, but it also seems like a challenge that the fusion of linguistic and business expertise can address admirably.

Marketing too relies on a fusion of competencies, where the difference between marketing and sales, and all of the accompanying notions of expertise, is fused with a sensibility of the population's mentality, and its ability to be transformed. Will East

⁴⁶ Jozsef Borocz, "Social Change by Fusion?," 1995. "Social Change by Fusion?" Paper presented at the XXXII. Conference of the International Institute of Sociology, Università degli Studi, Trieste--Gorizia, July 3-6.

European women start using conditioner as readily as people were convinced that the pizza would arrive hot?

Personnel management seems to be the most challenging, however, for here the challenge rests as much in thinking dynamically about how social relations are constructed, and not only in the application of particular ways of thinking to new data. One might only think of the challenge in the USA of multicultural consulting to think about how culture is implicated in personnel management. This is not only obvious in terms of how mission statements and reward systems can resonate with a delegitimated past, but also how forms of labor's resistance and negotiation are a challenge to indigenous management much less the foreign. On the other hand, the improvement of communications, which ought to be an ingredient of personnel management, might not be a ready concern on the part of indigenous management, even if it is a need readily apparent to indigenous consultants.⁴⁷

These gradients reflect the assessments interns themselves make. The most typical kind of contribution marked was in accounting and especially in analyzing the cost structure of production. Sometimes people would mention their contributions to marketing, and very occasionally matters pertaining to personnel management like communications and the incentive structure. Very few interns identified any change in attitude as a consequence of their activities, but when it happened, it was either because the firms were less transformed, or the interns worked among lower level personnel. This makes sense, given our past work.

In short, one of the central conceptual issues before a theory and practice of technical assistance should be an assessment of how fusion does, can, and ought to take place in different areas of expertise. This assessment, however, must take place in the context of a critical theory of transition culture.

2) Where is the local culture and particular firm in the transition and how does one assess the value and consequence of technical assistance?

While in 1990 those Americans working in Poland might have had recognizably similar experiences as those working in Ukraine, by 1997 the difference is greater. The degree to which expertise must be specific and accomplished in those firms and countries furthest away from a communist past means that the nature of consulting or internships has become little different from that which might be held in any cross cultural assignment in the West. Or it has become even more demanding, if one takes seriously the wish of East Europeans that not only should the consultant be technically proficient but also understand the lessons of the transition as they have known it.

One of the critical problems of much of this work, however, has been the tendency to imagine societies as the unit of transition analysis, even when firms are the focus. But it is also obvious that the national space is not homogeneous in terms of the 'transition'.⁴⁸ Transition is certainly uneven not only functionally but also geographically within a society. Should one work only with those firms located in the capital city? Or should one go to the provinces where English is less likely, and the transition less 'complete'?

⁴⁷ "The Value of Business Expertise in Eastern Europe" *ii: The Journal of the International Institute* 4:1(1996):10. See also Videotaped Interviews with Aleksander Plotkin and Bogdan Siewierski for the University of Michigan Center for Russian and East European Studies Series entitled "The Needs and Value of Expertise in Transitional Economies", 1996.

⁴⁸ Grzegorz Weclawowicz, *Contemporary Poland: Space and Society*. London: UCL Press, 1996.

In other words, to what extent should technical assistance be an exercise in 'changing mindsets', as it was in the beginning of the transition across the postcommunist world and is now a challenge only in those places where the transition has yet to trickle very well, or to what extent should technical assistance be an exercise in offering very specific competencies, or even labor time, to resolve very particular problems? The internships sponsored by the Davidson Institute in 1995 were both.

In particular, it seems that if the goal of technical assistance is to facilitate the transition to market economies, one must develop a powerful theory of consequence. In the beginning of transition it was relative easy to have such a theory, since one could work with those areas and firms that were most inclined to resemble and benefit from Western experience and vision. But one might suggest that in the later stages of transition, it is precisely those places which least resemble the best of the West, and rather the deindustrialized and impoverished regions of the West that ought to be the focus of transition efforts. Many in Donetsk, Ukraine, for instance, sees Pittsburgh's turnaround as an exemplar for its own future. And here, transition involves not only the application of new management techniques, but a profound shift in a military economy and manufacturing base whose results in the West are mixed, and which challenge in postcommunist lands is even greater given the greater volatility of the imagined alternatives.

3) How does one recognize competencies and expertise?

Expertise is not self evident. Or at least it is only recognizable with a sufficiently legitimate credentialling system. And even a legitimate credentialling system does not always rest on the discovery of talent and acknowledgment of expertise, but rather on the basis of a kind of 'homosocial reproduction' where the virtues of the assessed are the mirror of the self-perception of the assessor.⁴⁹ This problem of recognizing expertise is apparent in a number of ways.

First, it is apparent in terms of the assessment of the projects themselves. Interns could of course recognize their own contributions better than the managers who attended the seminar might. Now this does not have to be obvious; in some of the interviews we have done several in 1993 and 1994, in smaller firms and also in firms at earlier stages of transformation, interns has more access and more regular interaction with higher level managers. But in larger firms and especially in those firms that had more developed forms of expertise, managers were less likely to recognize the significance or distinctive contribution of Davidson interns. The only case where the manager could report in detail and in appreciation the contributions of the interns was one that was both small and where the interns had regular contact with all levels of the organization (988).

Although most of the East European managers hardly recognized the distinctive contribution of the interns, the interns themselves could recognize their contribution in a way the East Europeans might not. As one person said,

They would say that we reconfirmed many of the things that they were thinking, but we actually formalized it, put it down on paper in a logical way so they could see it and act on it. None of these things were revolutionary to them. Things that were

⁴⁹ This is of course one of the most powerful arguments of Rosabeth Moss Kantor, Men and Women of the Corporation New York: Basic Books, 1977.

floating around in their firm, and they knew it. It was just a matter of seeing it in a presentation, and seeing it laid out, this is what the impact is going to be (999).

Clearly, then, there is a contest over competencies, and variation in the degrees to which codification of knowledge, as well as other ingredients that go into the identification of expertise, are valued.

This extends, of course, also to recognizing the competencies of East Europeans themselves. And the first matter to build into a theory and practice of technical assistance is the variability of East European managerial expertise.

This was a major change from our interviews in 1990 and 1991, where Westerners, even if admiring a manager for some quality, always qualified their praise. In 1995, several interns readily identified several who were competent and even "savvy". And of course the East Europeans recognized this variation in expertise themselves, and emphasized it.

Several of the East European managers who participated in an executive education course on transitional firms found the training to be a "review" for them or their associates (956, 955, 968), and would have preferred that some kind of seminar be introduced that reflected their various backgrounds more accurately. One person, for instance, said that he had learned most of this already in his university education (943). Nevertheless, one manager recognized that being at a training seminar was something of a reward for his employees (955), and given the hospitality, at least one felt like a *gruba ryba* (968) which might be translated as a 'fat cat'.

Beyond variations in competency among East Europeans, several interns emphasized that it was difficult to recruit the right kinds of people for the seminar. Those who could speak English, a prerequisite for participation, were not always the people who could lead the changes at the firm. At least two East Europeans emphasized that extended interaction among top members of management was more important than training lower level supervisors (961, 968). However, it is difficult to draw a single lesson about which level of management is key to the implementation of successful projects.

Success certainly depended on having support from above to encourage lower level personnel to cooperate (977, 961). But without having the good will of the lower level personnel, one could not obtain the necessary information (961, 965). This suggests that one of the prerequisites of effective technical assistance might not only be knowledge of who can implement change, but also how conflicts channel and derail that implementation. One can't assume, for instance, that support from the external owner will produce cooperation from the indigenous management (965). Indeed, sometimes the foreign actor seemed to be the barrier to change, even as the indigenous management were seeking methods to cope with their firms' difficulties (978; 982). In short, the recognition of expertise requires a theory and good thick description of conflict over claims to competence. And that is best done at the case level through extended ethnographic observation.

One of the key processes to observe in this close observation is the transformation not only of claims but the credentials that enable them. From the beginning of technical assistance, and even in some cases still, being an American in Eastern Europe is perceived, at least by Americans, as a real asset.⁵⁰ One person in 1995 recalled,

⁵⁰ Kennedy and Gianoplus, 1994.

We were from America, and you know the business here --- everyone just assumes that it's much more developed and much more professional here. So, if we come over there, then, (East Europeans think) they (Americans) must know more about business than we do... The fact was, is, it wasn't true. Because we -- they knew their business better than we did. But they did give us a lot of respect.... (979)

We cannot tell from our interviews whether this credentialing of *American* expertise is based on a belief in the genuinely superior technical skills or competencies Americans have, or whether it is based on a belief that if advice comes from an American, it will be valued more. Certainly the valuation of the carrier of expertise must be true; but it is difficult to assess independently of that whether the message itself is distinctive from what East Europeans offer. It is manifestly the case that East Europeans are claiming today that they have all that the West can offer and more, because they can fuse it with local expertise even as they acquire Western know-how.⁵¹

4) What is the future of technical assistance?

In short, rather than simply moving east or south to reproduce old patterns of technical assistance, or simply redefining the project of technical assistance to become one where ever greater specializations of Western expertise can contribute to the resolution of ever narrower problems of transitional firms, the great challenge might be to think anew.

How might the fusion of different competencies generate new problems and approaches to the making of postcommunist capitalism? Although the identification of those issues is certainly beyond my expertise, I would at least point to three: How might a greater awareness of the implication of cultural politics in technical assistance clarify the range of competencies that either transition culture or its antagonist makes invisible? And how would the elevation of East European claims to competence and definition of need alter the kinds of expertise that Western consultants themselves seek to cultivate and provide? And how can one move beyond homosocial reproduction and identify the most generative partners for that prospective fusion?

⁵¹ Burton Bollag, "Business Schools Flourish in Post-Communist Eastern Europe" The Chronicle of Higher Education January 17, 1997, pp. A47-48.

APPENDIX: THE DATA AND THE METHODS

What is my 'expertise' for writing such a paper? I am neither East European nor am I an expert in business. Instead, my "expertise" in writing to talk to you lies in my own unusual relationship to both business and East European cultures. I am something like Georg Simmel's "stranger";⁵² because of my main sociological focus, I am familiar with East European lifeworlds, and because of my research, I am also familiar with the experiences of experts and the managers with whom they work in East European enterprises. Because I am neither East European nor a business expert, I have little stake in advancing the claims of either sphere, and I might be able to render more impartially and more critically some of the competing claims of each sphere, much as Simmel's stranger could adjudicate more neutrally the competing claims of those who know each other. Second, I am more than just a stranger, for I bring to this analysis a sociological expertise in the study of collaboration across different power positions in Eastern Europe.⁵³ These two competencies -- as stranger and as sociologist⁵⁴ --should be apparent in this paper. But I hope it doesn't overwhelm the paper. For above all, I would like to use *my* expertise to facilitate *business* expertise, whether Western or East European, in Eastern Europe by enhancing its cultural awareness.⁵⁵

Since 1991, I have been studying the cultural encounter between Western and especially American business experts and East European entrepreneurs and managers by interviewing people on both sides of the expertise and experience divide. I have not done this alone -- I have worked with several students from the University of Michigan in this, including Pauline Gianoplus, Dina Smeltz, Margaret Foley, Magdalena Szaflarski and Naomi Galtz, and together we have collected over 100 semi-structured interviews with interns, local fellows, East European managers and ex-patriate managers. And I have received grants from the National Council for Soviet and East European Research, the Rackham Graduate School, the Center for International Business Education and the William Davidson Institute at the University of Michigan Business School. We have interviewed entrepreneurs, consultants and managers from China, Russia, Ukraine, Hungary, Estonia, the Czech Republic, Slovakia and especially Poland, and have interviewed business consultants or advisors -- I call them all business experts because in the context they certainly justify the term -- from the Peace Corps, the International Service Executive Corps, the Enterprise Corps of the University of North Carolina at Chapel Hill, the University of Michigan MBA Corps, and most recently, the Davidson Institute. In this paper, I shall focus on the interviews Foley, Galtz, Gianoplus and I made

⁵² Georg Simmel, "The Stranger" (1906) in Individuality and Social Forms Chicago: University of Chicago Press, 1971.

⁵³ My first book, Professionals, Power and Solidarity in Poland: A Critical Sociology of Soviet-type Society (Cambridge University Press, 1991) was an analysis of the alliance between professionals and workers in the social movement, Solidarity.

⁵⁴ No sociologist, (the discipline claiming expertise on the general problem of expertise), ever tries to assess the *genuine* expertise associated with a field of inquiry, and rather investigates its forms of organization (e.g. Abbott) and its association with power (e.g. Derber). They will not debate what is *really* expertise because nobody outside the field of expertise is in a position to judge.

⁵⁵ For another argument about why culture matters in business, see my article, based on interviews with Estonian business consultant Aleksander Plotkin and Polish consultant Bogdan Siewierski in "The Value of Business Expertise in Eastern Europe" ii: The Journal of the International Institute 4:1(1996):10.

in 1995 among Davidson Institute participants, although I shall rely on other interviews when appropriate.

The William Davidson Institute was founded in 1992. It is an independent educational and research institute located at the University of Michigan Business School. The Davidson Institute has the mission of understanding and promoting the transformation of planned economies into market-oriented economies. As part of its mission, the Davidson Institute works directly with companies and managers based in the transitional economies of Central and Eastern Europe, the Newly Independent States, China, and other countries. The two groups of participants referenced in this paper were managers at these companies and graduate students who had worked on a project at the company. The graduate students were both U.S.-based (called interns or internship fellows) and from the transitional economies (called local internship fellows or local fellows). During the time of the interviews, the managers were involved in a Davidson Institute program called the Executive Development Program (EDP, a general management course); and the graduate students were completing work on their projects, assisting the managers, and occasionally attending EDP classes.

Our interviews with Davidson Institute participants in 1995 promise quite different possibilities from what we have done earlier. Firstly, these projects are taking place in large firms, either multinational or indigenous; most of our earlier interviews were managers or interns with smaller private firms. Second, our interviews were first with interns only, and then later we interviewed some of the managers and entrepreneurs with whom these interviewees worked, but these were often spaced by at least several months and occasionally years. Thus, our comparisons of their views are affected by problems of recall and non-contemporary assessments of conditions. The interviews we conducted with Davidson project participants were all conducted in the summer of 1995 while they were in Ann Arbor. This allows us to obtain people's views on contributions to the transformation of business enterprise within a relatively small period.

We focus on 27 interviews conducted in the summer of 1995. Each interview lasted from 1 to 3 hours. Three of my collaborators and I conducted the interviews, relying on a common interview schedule for each type of respondent (manager, intern, local fellow) to guide our semi-structured interviews and assure that we covered the same ground, if not in exactly the same fashion. Here we were willing to suffer replicability in favor of allowing a more 'natural' conversation to emerge, and thus gain more interesting narratives about business transformations. These interviews were transcribed, and then analyzed.

The interviews my colleagues and I have collected are ethnographic in spirit, but semi-structured interviews in form. They are not in any sense 'representative' of the total of business entrepreneurs or managers developing postcommunist capitalism, nor are they representative of the experts who have gone to advise business in Eastern Europe. Instead, these interviews are highly skewed toward exemplary businessmen and women, those who can win the contacts with projects in business advice subsidized by their location in academic institutions that emphasize their educational mission. Likewise, the interviews with Americans are skewed away from those working in private consulting

firms, and toward those still in school. That clearly affects the findings, but how they affect our conclusions depends on our interpretative methods, rather than the sample we have drawn. Nevertheless, I must emphasize that these findings can not be mechanically extended to all Western advisors and businessmen and women in postcommunist capitalism. I don't aspire to establish a pattern underlying cultural encounters, nor its evolution. However, I hope that the thicker description allowed through the in-depth interviews conducted here might generate new insights and questions for practitioners, and in this sense, go beneath and beyond the patterns that might be established through survey work to assess the different layers of cultural engagement present in the encounter.⁵⁶

Secondly, as in any project, this project has had its share of technical difficulties. Although we tried to maximize consistency across interviews by using an interview schedule (See Appendix I), because different people interviewed different respondents, the comparison of cases not only involves different recollections of our subjects, but also different interviewing styles and relationships between interviewers and subjects. We also were not able to interview everyone we wished to interview. Tape recording of interviews sometimes faced technical problems that meant portions of interviews were lost.

Thirdly, my mode of engaging these interviews is influenced by my own location of these activities in a larger framework of analysis. Certainly that framework has been challenged and altered by the interviews, and my own position shaped by the deeper ethnographic engagement of some of my colleagues in collecting these data.⁵⁷ In this sense, I am not allowing the interviews to simply speak for themselves, but rather I am filtering the interviews through a theoretical lens that allows me to identify certain themes as central, and others as marginal, and to recognize some statements as clearly valid, and others as more dubious reconstructions of experience nevertheless important for making another point in the interview.⁵⁸ The basic points of that larger framework are presented elsewhere.⁵⁹

⁵⁶ Sherry Ortner, "Resistance and the Problem of Ethnographic Refusal" in Terrence J. McDonald (ed.) The Historic Turn in the Human Sciences. Ann Arbor: University of Michigan Press, 1996, pp. 281-304.

⁵⁷ Here in particular Margaret Foley and Magdalena Szaflarski worked in these projects, and their own observations of everyday life have influenced the interpretation of the interviews too.

⁵⁸ In this sense, I am departing from some sociologists' methods of interpreting qualitative data that are 'grounded' in what the data say. This difference is of course a familiar one in the social sciences, and I only mark my position on it here to acknowledge that I have chosen to depart from it.

⁵⁹ This larger account of postcommunist capitalism is Chapter 3 in my Communism's Collapse, Postcommunism's Alternatives: A Critical Sociology (in preparation for St. Martin's Press).