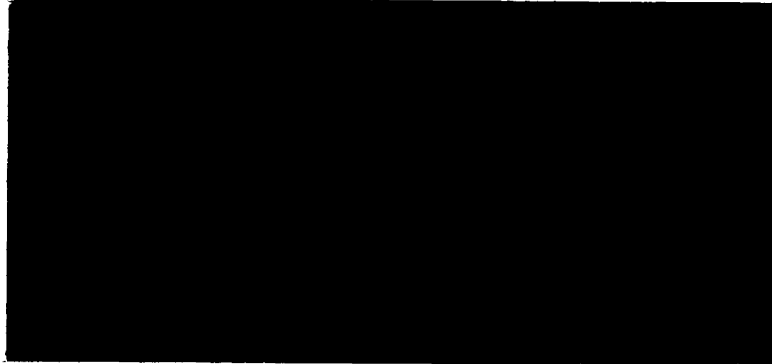




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**"Entrepreneurs and Expertise:  
Making Post-Communist  
Capitalism in Poland"**

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ENTREPRENEURS AND EXPERTISE:  
MAKING POST-COMMUNIST CAPITALISM IN POLAND

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Abstract:

The discourse associated with the making of post-communist capitalism is based in part on the conjunction of entrepreneurship and expertise. In this paper, we examine one variation on this theme: a systematic effort to bring Western business expertise directly to Polish entrepreneurs. While it might be called a transfer of "technical assistance", this encounter between Western business experts and Polish entrepreneurs also generates a more profound cultural transformation of business practices that calls into question the neutral technical image normally associated with expertise. Instead, this assistance should be understood additionally as a kind of missionary work aimed at the empowerment of a small class of Polish citizens whose leadership, the experts believe, is essential to making post-communist capitalism possible.

ENTREPRENEURS AND EXPERTISE:  
MAKING POST-COMMUNIST CAPITALISM IN POLAND<sup>1</sup>

Michael D. Kennedy and Pauline Gianoplus

The discourse associated with the making of post-communist capitalism is based in part on the conjunction of entrepreneurship and expertise. In this paper, we examine one variation on this theme: an exemplary attempt to transmit business expertise directly into Polish enterprises. Our analysis is based on extended interviews with 19 participants in the 1990 and 1991 Michigan MBA Corps, one of the first assistance programs of its type.<sup>2</sup> We use quotations from these experts<sup>3</sup> on matters concerning their perceptions of Polish business

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1 The making of this paper was supported by the National Council for Soviet and East European Research, which however is not responsible for the contents or findings of this paper. We also received financial support for this research from the Center for International Business Education of the University of Michigan and the Rackham Graduate School of the University of Michigan, who are similarly not responsible. We are grateful to Dina Smeltz for the many interviews she conducted in both Poland and the USA. We also wish to express our thanks to Kate Weaver, Stephanie Lixie, Michael Dreiling and Theresa Deussen for their assistance in the transcriptions of these interviews. Pat Preston's editing of this paper was as usual extraordinarily valuable, but we wish to express our deep appreciation for her outstanding coordination of the grants that enabled this paper. Comments by Ireneusz Bialecki, Jan Szczucki and Barbara Heyns on a previous draft of this paper also helped refine the paper before you. A short term travel grant from IREX also provided support for Bialecki's attendance at the working seminar in which this paper was discussed. Subsequent comments by Katherine Verdery inspired a more critical interpretation of the data to be found in this version of the paper, a turn both of us appreciate.

2 The respondents were told that they would be anonymous. Numbers following quotations refer to the number assigned to a particular interview that has been transcribed. In addition to interns from the MBA program, we have also relied on an intern from Northwestern University working alongside one of the University of Michigan fellows, as well as an interview with the MBA Corps director.

3 One reader of this paper objected that we cannot understand these interns as "experts", given that they are "only" students in an MBA program. Although they are not highly credentialed in a Western sense, all but two of our respondents felt that their lack of an advanced business degree was not an obstacle to their consulting practice. Indeed, for a variety of reasons they become more "expert" than many experts who report on Polish business to the West. First, they are with a firm longer than most Western experts who come in as consultants; they are there generally for three months and not the couple weeks most Westerners remain in town. Second, they are generally as old as their business colleagues; most of these Polish entrepreneurs are less than 40

competence, their contributions to their places of employment, the credentials which proved most effective in giving them a foot in the door, and their perceptions of the major obstacles to change in Polish economic reform in order to provide specific information concerning the accomplishments and limitations of this kind of program. We also elaborate the following larger analytical points.

1) While it might be called a transfer of "technical assistance", this encounter between Western business experts and Polish entrepreneurs also generates a more profound cultural transformation of business practices that calls into question the neutral technical image normally associated with expertise. According to our informants, "mindsets" are the object of transformation as often as "techniques" are. We argue, therefore, that the connotations of "technical assistance" or "expertise" may be misleading for many Western experts going to Poland to provide know-how to the private sector. Making post-communist capitalism is not just about merging a global capitalist technique with the domestic entrepreneurial spirit; rather, international capitalism's techniques have a culture embedded in them that is as often the telos of transformation as are the techniques which enable this culture to have an appearance of neutrality.

2) Although direct participation by Western experts in Polish firms is perceived by both Poles and Western experts to facilitate transformations of "mindsets", it is acceptable to both sets of actors because this cultural work manages to retain the connotation of neutrality associated with expert work. This neutrality is possible because the cultural transformation is based on the hierarchical valuation of business cultures in the world system. The expert's mindset is perceived by both Polish entrepreneur and Western expert to reflect the

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and often in their early 30's. And finally, one of the things which impressed their employers most was the previous experience of the MBA interns; all of them had some work experience before returning to get their MBA degree, and very often it was doing work for a firm or handling a measure of value far exceeding the worth of the Polish firm. In this sense, the MBA interns were as much "expert" as the firms needed. And perhaps they were more expert than was necessary.

foundations of a superior capitalist culture, not just another culture. This portrait of technically neutral cultural work by experts is possible then only within a deeper framework that portrays the Westerners' work as that of altruistic missionaries helping Poles realize a superior culture of business.

3) It is important to distinguish between the making of post-communist capitalist enterprises and the making of post-communist capitalism. While the proliferation of private business and heroic capitalists might someday lead to the formation of a capitalist society, our experts are generally pessimistic about the chances for a successful Polish macroeconomic reform in the foreseeable future. Indeed, they don't see the obstacles to be technical at all, but rather a consequence of the combination of a popular culture that opposes the capitalist spirit and a democracy which reflects this opposition. Nevertheless, they see no alternative to capitalism in the long run, and believe that Poles must become better capitalists despite themselves. For these experts, then, helping Poles who have the most capitalist spirit is a way of helping Poland become not only capitalist but democratic, even if it means struggling against the Polish popular culture in the short run.<sup>4</sup>

Our paper is an interpretation of this interaction between entrepreneurship and expertise in Polish business. This interpretation is not based on a representative sample accessing an underlying Polish "reality". Instead, we are trying to understand how one significant effort in transmitting American business expertise on the job worked. We also want to know how these experts understood their roles in the transmission, because we believe that both the consequences of their efforts and the interpretations of those efforts will help shape the image of Polish economic reform in the West. The analysis is thus not about the problems

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<sup>4</sup> Being without business expertise ourselves, but possessing a skeptical sociological imagination, we can't say whether the lack of an alternative is a consequence of limited options or equally limited imaginations. That is a subject for future history.

and needs of Polish enterprises per se; it is about the experts' stories and interpretations of post-communist capitalism as much as it is about post-communist capitalism itself.<sup>5</sup> Our analysis elucidates the cultural assumptions of the Western experts; in doing so, we are better equipped to make sense of the coherence and contradictions of their assessments. Once so schematized, these assessments can be contrasted to claims made about Polish needs by those differently located in the process of transformation, for instance by those in local governments, enterprise councils, and so on. Our principal justification for this kind of research is that it is not only the needs of transition which shape the policies of both the West and the Polish government, but also the cultural filters through which assessments of those needs by experts are made. One of the most important cultural filters is the elevation of this conjunction of entrepreneurship and expertise in making post-communist capitalism.

#### ENTREPRENEURS, SPIRIT AND EXPERTISE MAKING POST-COMMUNIST CAPITALISM

Communists generally came to power in societies where capitalism was less advanced than it was in contemporary Western Europe or North America. Under communist rule, capitalist development was retarded as both the capitalist class and the spirit of capitalism were more or less destroyed. The making of post-communist capitalism is in large part about either making this class and spirit anew, or in renewing and expanding that which a society had before communism. Much of the discourse about making post-communist capitalism tends, however, to

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<sup>5</sup> It is important to note here that the realm of the economic transformation in post-communist Poland is dominated by men in both government agencies and individual enterprises. This paper's analysis reflects our interns' participation as such. Gianoplus is collecting data on the gendering of professions in post-communism's transformations so that the male-streaming of the process can be made explicit, rather than remain implicit, as it remains in the interviews and their analysis in this paper.

overstate the development of both the capitalist class and spirit in pre-communist Eastern Europe, especially when significant parts of that class and spirit rested in nationalities which were destroyed in the Holocaust, such as the Jews, or which emigrated after World War II, such as the Germans.<sup>6</sup> The discourse not only misrepresents the historical problem, but also simplifies the sociological one, as we argue below.

Making post-communist capitalism often puts at its center the making of a "middle class". This "middle class" is understood as a petty bourgeois or, better, a bourgeois class which not only carries with it the economic rationality of a capitalist system, but also the liberal values of political democracy.<sup>7</sup> After the collapse of communist parties, the main obstacle to making this "middle class" is often put in cultural terms. Increasingly, Polish social scientists and public intellectuals argue that the "values" of society are somehow inappropriate for making post-communist capitalism. Society remains too "socialist" or "egalitarian" in its dispositions. The spirit of capitalism is insufficiently widespread, and a culture of "social helplessness" predominates.<sup>8</sup> Edmund

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6 See for instance a discussion in Tadeusz Kowalik, "Marketization and Privatization: The Polish Case" in Socialist Register, 1991, p. 259-78.

7 John R. Guardiano of the Heritage Foundation exemplifies this assumption in his December 12, 1992 letter to The New York Times "Why Political Democracy Hurts Russia's Economic Freedom". He writes that Yeltsin must choose between economic freedom and political democracy, and in order to someday have the latter, he must first build the former. He bases his argument on the following assumption: "...stable and successful democracies such as exist in the United States and Western Europe can only emerge with the development of an entrepreneurial middle class. Indeed, the existence of such a class in these countries made real and sustainable democracy possible". Although not so explicitly stated, this assumption motivates a great deal of research in Eastern Europe. Lena Kolarska-Bobinska and Andrzej Rychard have focused much of their work on this issue. For an early example of their thinking, see "Economy and Polity: Dynamics of Change" Social Research 57:2:(1990):303-20. Ivan Szelenyi has offered a more critical assessment than most commentators, however, when he wrote that "Socialist embourgeoisment also produces entrepreneurs who, contrary to the expectations of dissident ideologues are more 'bourgeois' and les 'citoyen' than petty commodity producers in Western societies. These socialist entrepreneurs have much of the greediness of the capitalists and little of the civic consciousness of the urban burgher" Socialist Entrepreneurs, University of Wisconsin Press, 1988, p. 213.



Mokrzycki has most recently argued that such a collective sense has helped to generate a "neo-socialist" utopia that motivates collective action, especially in the large state-owned enterprises in Poland.<sup>9</sup>

With this opposition between a "socialist society" and a nascent "capitalist middle class", we have two contending spirits or cultures representing different systems of political economy: the conflict between the spirits of socialism and of capitalism. This spirit of capitalism in post-communist countries, however, is a different than the one with which we are most familiar.

The most famous "spirit of capitalism" is associated with Max Weber. For Weber, the spirit of capitalism differed dramatically from the spirit that prevailed in previous eras. In European feudal society, for instance, the quest for profit, the lust for gain, was as prevalent as it is in capitalism. The difference is that it was viewed as sinful, and thus was never developed into the rational, calculating and systematic enterprise it became with capitalists. Weber writes,

it is one of the fundamental characteristics of an individualistic capitalistic economy that it is rationalized on the basis of rigorous calculation, directed with foresight and caution toward the economic success which is sought in sharp contrast to the hand-to-mouth existence of the peasant, and to the privileged traditionalism of the guild craftsman and of the adventurers' capitalism, oriented to the exploitation of political opportunities and irrational speculation.<sup>10</sup>

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8 During the past several years, much of Polish social scientific research has been dedicated to demonstrating the inadequacy of Poles' orientations toward motivation and work. One of the earlier and best elaborators of this problem is Mira Marody. See "Social Stability and the Concept of Collective Sense" in Jadwiga Koralewicz, Ireneusz Bialecki and Margaret Watson (eds.) Crisis and Transition: Polish Society in the 1980's, St Martins Press, 1987. In this framework, Poles are not inclined to help themselves out of their own crisis, and more likely to look to politics or the state to resolve their own economic misfortunes. It is important to note that this approach enables its advocate to locate problems squarely on the shoulders of those who are its most obvious victims. This problematic of victim blaming is quite different in Poland of course because it extends to most of the society rather than just to an underclass as it did in the poverty debate in the USA; in fact, the "learned helplessness" argument it might even be applied to entrepreneurs, the harbingers of Poland's capitalist future.

9 "The Vicious Circle of Utopias in Eastern Europe", a paper presented at the conference "Utopian Revisions: Nationalism and Civil Society in Eastern Europe", Institute for the Humanities, the University of Michigan, October 29-30, 1992.

Formal rationality involves the maximization of several principles including calculability and predictability. Because the capitalist spirit is identified with the systematic and calculated pursuit of more and more wealth, it is an example of the rationalization of spirit, the rationalization of economic culture itself.

The entrepreneurial spirit associated with the burgeoning middle class of post-communism also opposes the prevailing spirit of the past system. .But because the former communist-led system was different from the feudal one in important ways, the spirit of this anti-systemic capitalism is also different. Consider, for instance, the way in which Ivan Szelenyi describes the entrepreneurial spirit in Socialist Entrepreneurs, his book on Hungary's "interrupted embourgeoisment":

Values and ideals, particularly those related to autonomy and risk taking, resistance to being subordinated to the bureaucratic order and to accepting ascribed ranks in a hierarchy, desire to be one's own boss, value attached to hard work, and willingness to delay consumption...<sup>11</sup>

While of course there are important similarities between Weber's "spirit of capitalism" and Szelenyi's "entrepreneurial spirit", the distinction is startling. Weber emphasizes the rational and calculating element in the pursuit of profit as capitalism's spirit, while Szelenyi emphasizes the anti-bureaucratic self-reliant side. The difference, of course, lies in how the "ancien' regime" of each society is opposed to the ideal typical capitalist spirit.

In feudalism, merchants were subordinated to an aristocratic ethos; in Soviet-type society, merchants were oppressed by a bureaucratic planned economy. In the former, the acquisition of the capitalist spirit was seen as a cultural transformation of the merchant class, undermining the old goals of leisure and

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10 See Max Weber, The Protestant Ethic and the Spirit of Capitalism New York: Scribners, 1958, p. 76..

11 See Ivan Szelenyi, Socialist Entrepreneurs: Embourgeoisment in Rural Hungary. University of Wisconsin Press, 1988, p. 65.

consumption in the accumulation of wealth, to be replaced by the planned systematic accumulation of wealth for its own sake. For Weber, it was not just a matter of political economic transformation, the rise of a class to power; it was also about a transformation of the culture of the merchant class that made capitalism. For most theorists of post-communist capitalism, however, there is little explicit emphasis on the cultural transformation of its middle class.

The discourse of making post-communist capitalism shares much with accounts of post-communism's ethnic conflicts. The latter are often explained with reference to taking the communist lid off the cauldron of irredentist nationalist cultures. Likewise, by taking the communist lid off of the capitalist spirit, a "middle" or aspiring capitalist class should flourish in Poland. One merely needs to unleash the capitalist spirit by exhuming it from its bureaucratic burial. Such an image is possible because an entrepreneurial spirit of risk taking, profit-making, opportunity seeking and innovation is perceived to be aplenty in Poland. But this spirit does not incorporate in its discourse the technical exactitudes of Weber's rational capitalists. This is where "technical assistance" becomes an important part of the post-communist capitalist project.

International organizations, the states of leading capitalist powers and various private agencies have sought to provide "technical assistance" to post-communist societies. In the first years after communism's collapse, this assistance was especially forthcoming when that society's political leadership claimed to be moving as quickly as possible toward building a capitalist economy. Technical assistance has come in many guises, from the kind of advice that the Organization of Economic Cooperation and Development provides to those implementing macroeconomic reforms to the kind of effort we analyze in this paper.

Despite their differences, all of these forms of technical assistance have a common cultural claim built into them: that the West has a superior form of

knowledge which, when provided to post-communist countries, can facilitate the "transition to democratic capitalism". We call that superior form of specialized knowledge "expertise".<sup>12</sup> Of all the forms of expertise the West might claim, its claim to own a superior business expertise is most convincing given the power and influence of private business in the West, and the weakness of domestic large private capital in post-communist countries.

While the discourse of advanced capitalist countries emphasizes the technical core of competence in the rhetoric of expertise, their assistance to post-communist countries does not necessarily reflect this elevation of the technical. In the name of technical assistance to Polish enterprises, the central "expertise" provided by business consultants rests on the putative rationalization of a broader business culture, providing general concepts and worldviews associated with a *superior* business culture. It does not come in the provision of specific techniques or know-how. In this sense, the threshold for an American being identified as a

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12. Some might object to the use of "expertise" in this context for a variety of reasons. After all, the way in which "expertise" is used in the discourse describing the provision of technical assistance to post-communist capitalism is different from the way in which expertise is used in discussions of the organization of knowledge in advanced capitalism. In the latter, expertise is associated with certain core technical ideas whose relative efficacy has been verified by the lessons of repeated trial and error by expert practitioners. See for instance Elliot Freidson, Professional Powers, New York University Press, 1985; or Andrew Abbott, The System of Professions, University of Chicago Press, 1988. The "expertise" being exported to post-communist capitalism is not so "acultural" as many professionals claim the technical core of their knowledge to be. The "techniques" of Western business experts in Eastern Europe are obviously associated with "foreign" cultures, even though these techniques are perceived by most East Europeans and Western business experts alike to be neutral knowledge. Our point here, that cultural elements are inextricably embedded in the technical cores of all expert knowledge, has been demonstrated marvelously by feminist theorists in their deconstructions of scientific theories. See for instance the following publications by Sandra G. Harding: The Science Question in Feminism, Ithaca: Cornell University Press, 1986; Sex and Scientific Inquiry, University of Chicago Press, 1987; Whose Science? Thinking from Women's Lives Cornell, 1991; see also these by Evelyn Fox Keller, "Women Scientists and Feminist Critics of Science" Daedalus 116(1987):77-99 and Reflections on Gender and Science Yale University Press, 1985. Another criticism of the identification of technical assistance as expertise comes with the argument that expertise demands demonstrated competence. A tried and true solution to the problems facing post-communist capitalism is based on the assumption that the competencies developed in an advanced capitalist social environment are applicable to a post-communist one, which only a future history might be able to assess. Our MBA's suggest that if capitalism is to fail, it is because domestic actors fail to follow Western advice by failing to become sufficiently capitalist.

"business expert" in Poland is much lower than in the USA. Expertise is also more general: relevant expertise in the USA requires far greater specialization of knowledge than relevant expertise in contemporary Polish business practices. The most important expertise to be transmitted to Polish business enterprise, according to the Western experts, is a general business culture taken for granted in the West. While this culture has many elements, much of it resembles the ideal typical capitalist spirit in Weber's portrait: that of a systematic, calculating and rational culture.

Weber's "spirit of capitalism", which combined the effective attitude with the right technical components among those Calvinist capitalists, is split in the discourse of post-communist capitalism: the domestic entrepreneurial class possesses the entrepreneurial spirit, while the international or Western business class holds the rational culture in which technical expertise is embedded. Given this split, the presumption of technical assistance is that the West can teach Polish entrepreneurs to become more competent capitalists. There are several ways in which this might be done.

#### EXPERTISE TRANSMITTED ON THE JOB:

##### THE MBA CORPS FROM THE UNIVERSITY OF MICHIGAN

In 1991, Polish officials associated with higher education believed that it was very important to transform the curricula of higher education.<sup>13</sup> There has been considerable debate over the best way to do this in the case of business education. That is should change come from within established institutions of higher learning, from new institutions of higher learning or from more informal programs instructing business expertise? Most actors recognized two barriers to

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13 See Michael D. Kennedy, "National and International Factors in the Construction of Expertise", a paper presented at the Annual Meeting of the Hungarian Sociological Association, 1991.

effective educational reform: resistance from old tenured faculty who were incompetent for the new era and the absence of competent faculty for teaching the new business courses. While there are a number of ways in which one might surmount these barriers in higher education, one strategy is to avoid formal higher education altogether and teach business on the job.

The University of Michigan Business School was unlike many of its Western counterparts who were rushing to help new business schools and programs get started. Although in 1992 they were planning to talk about exchanges with some universities, between 1989 and 1991 they didn't think it was a good idea. In the words of one of its officials,

We had avoided the educational institutions because frankly, they're not dependable. That's what it comes down to. It's hard to find dependable people in companies, (and) the government, forget it... The educational institutions we visited were a series of economic academies and some university people... and we came to the conclusion that we weren't ready, they weren't... People were saying the right words, ... but you know, they really didn't understand (reform) and in many cases (they) didn't want to understand it (#21).

The Michigan business school thus took a different path and formed the MBA Corps in 1990. The concept emerged from a few meetings of university personnel, who in 1989 and 1990 came up with the idea to "send some young experienced MBA's over there to provide management assistance" (#21).

Participation in the University of Michigan "MBA Corps" was not the only way to get an internship in Polish enterprises. In 1991, the United States Peace Corps and the International Executive Service Corps were placing both young and retired business people into Polish firms. Individual faculty arranged internships for their students in various settings. Kevin MacDonald, head of the Warsaw-based International Task Force for Company Assistance and an associate of the prominent Harvard economist Jeffery Sachs, literally recruited students from the top US business schools to work for him in the summers assessing potential profitability of Polish firms. The University of North Carolina at Chapel Hill was

the home site for a consortium of schools which placed graduates of MBA programs in various enterprises in Poland, Hungary and Czechoslovakia for one- and two-year stints starting in September 1991.<sup>14</sup> The Michigan program, however, was the only program in 1990 and 1991 designed to place business students in Polish enterprises for three-month summer internships. It was thus the first organized effort to offer direct expert help to Polish firms for extended periods of time.

In the summer of 1990, nine students from the Michigan MBA program were placed in Polish enterprises, and in 1991 sixteen internships were established. In the summer of 1992, twenty-five students went to Poland through this program, and two students to Russia. There are plans to expand this business assistance to Ukraine, perhaps Czechoslovakia, and also beyond the post-communist world, to Southern Africa, urban America and Native American reservations in the USA. The principal goal of the Polish program, as presumably it would be in the other programs, is to "providing a unique, professional experience to our MBA" (#21), but in the process they are assuming that they will assist businesses with a concomitant aim of helping local economies.

The Michigan business corps program began in Poland for two reasons. First, Poland moved the most rapidly of all the post-communist economies toward a market economy with its shock therapy implemented in January 1990. "Polish managers and consumers had to respond to market mechanisms... and they were in need of people who had some experience, who knew how to respond in a market-type environment" (#21). At the same time, Michigan had a range of people on its faculty with special Polish expertise; most important, the director of the MBA Corps was himself previously involved in Polish affairs, having been a publisher of a Polish journal in the USA. This gave him important contacts with

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14 In a subsequent paper, we shall compare the Michigan and UNC programs.

members of the Polish democratic opposition from the 1980's. Using these contacts, he was able to find places for nine interns between March and May of 1990, for a June departure. Internships have moved beyond this initial network, and now placements are arranged through local Chambers of Commerce, local industrial societies and a few provincial governors.

Appointments for 1990, 1991 and 1992 are summarized in Table 1 according to firm ownership, size, principal activity (or firm type), location and number of appointments. Fractions of appointment indicate that a single person worked in that firm during part of their summer employment. Although the Table provides data on all three years, in the discussion below we shall refer only to the years 1990 and 1991, because it is the interviews with interns from those years which constitute the data for this paper.

(Table 1 about here)

Most of the internships were in relatively small firms, employing less than 50 people. This is related to the fact that most of the intern placements have been with private enterprises, although some interns have worked in state firms. The Corps director maintained that while private companies can generally make better use of the interns, some of the students should work in the state enterprises since most of Polish industry is still state-owned. One site in government itself was selected: the Ministry of Privatization. It was an unusual appointment, but "it was a very lean, young group of people... twenty-five people in that office without any bureaucratic structures on it. ... Other than that, we have avoided government ministries" (#21). Interns are no longer placed in that ministry, especially as it has become a large bureaucracy.



Banks became important outlets only in 1991 because it was only during this year that private banks were beginning to open up. Consulting firms have provided the greatest diversity of experiences, and oftentimes present the students with the most challenging tasks and problems. They also have not provided the most constant or steady positions. Sometimes interns at consulting firms work with a single organization that has hired the consulting firm, or they analyze the potential profitability of a range of firms under contract to the Polish government. There have been a few instances, mostly in state companies, when appointments don't work out because the principal employer does not have enough for the interns to do, in which case they will go work for another firm. Successful internships sometimes led to appointments in following years. Three places of employment have received internships in all three years: a consulting firm in Gdansk, a computer sales firm in Krakow and a consulting firm in Warsaw. The appointments have been clustered around Poland's more developed areas and its leading cities. Nearly three fourths of the appointments were around Warsaw, Krakow, and Gdansk, reflecting the initial networks of associates upon which the program was built, and the sites of the most accessible business activity.

Support for this program transmitting business expertise comes from the University of Michigan, the United States Department of Education, and the Polish firms themselves. The University of Michigan, through direct alumni support (providing about one-half of the total costs), corporate funding (about one-sixth), the University's Center for International Business Education, and a variety of other sources, provided stipends for most of the interns. Some students (four in 1990 and in 1991, six in 1992) received \$1,100 for the entire summer; other students received a \$1,500 per month stipend and round trip air transportation (five in 1990, eleven in 1991 and seventeen in 1992). Although non-Polish sources therefore provide for much of the costs, each host Polish firm must pay something

for the consultant. In most cases, the room and board for the students, plus an occasional \$25 per diem, were provided by the host enterprises. In 1991, this was the total compensation received by two interns, and in 1992, the total received by three. The full package, however, was nowhere close to that which most respondents felt their value to be on the international market: about \$60,000 annually. It seems, then, that these Polish firms received a form of technical business assistance that they could never afford on an open world market.

The administration of the Michigan program is supported by the US Department of Education's Fund for the Improvement of Post-Secondary Education, providing \$105,000 per year for three years of training and administrative costs. Part of this money goes through the University's Center for Russian and East European Studies which provides a training course in May of each year. Future interns are given a three-week intensive course in Polish language, history, culture, economics, politics and society. This makes them rather unusual for most foreign business experts. Most experts are either emigres, returning with more or less sufficient language and cultural background, or are completely ignorant of the Polish context, coming in without any language or cultural training. Many from the MBA Corps, while lamenting the problem of language barriers in their work, found that their minimal training enabled them to participate more fully than many of their fellow outsiders.

This language barrier is an important issue affecting the transmission of expertise, however. It generally means that free communication is possible only with those who speak English. And although English is the language of international business, and many of the ambitious and competent Polish managers speak English, interns are limited in their contacts to people who are relatively well educated and oriented to English speaking countries. Some of the interns are provided translators, but even with translators most of their contacts remain with

a particular, rather elite group of people. Even if this elite this group leads Poland through economic reform, as most of our interns think, it does not represent a broader Polish sentiment on business and economic reform. Instead, the dispositions of this group of entrepreneurs are probably more akin to the anti-socialist dispositions of Solidarity deputies in the 1989-91 parliaments or to students in Warsaw's programs on business education than they are similar to the more egalitarian mainstream of Polish society.<sup>15</sup> But while it must be kept in mind that these interns' experiences and evaluations are severely constrained by language and contacts, their contacts are broader and more extended than many so-called Western "experts" who tell Poland and the West what is needed for reform to succeed in post-communist countries.

The perceptions of our American experts are also influenced by other important factors. Our respondents are all white,<sup>16</sup> between 25 and 35 years old, and for the most part male. Additionally, the MBA Corps interns are not working in a random sample of Polish enterprises, and thus their experiences are skewed on the basis of their appointments. As we have discussed, appointments are biased toward the private sector; although a majority of the Polish economy is still comprised of state owned companies, more than 70% of the 1990-91 interns were placed in private firms. This fact is in keeping with Polish and American sentiment that private companies are the salvation of Polish reform. Second, interns are typically not located in heavy manufacturing enterprises, but rather in firms which are more service oriented, such as retail stores and distributors/producers, consulting firms and banks. Third, most of the

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15 See the other papers prepared for our grant from the National Council for Soviet and East European Research: Ireneusz Bialecki and Bogdan Mach, "The Social and Economic Orientations of Polish Legislators against a Background of the Views of Polish Society" and Barbara Heyns and Jan Szczucki, "Educating Entrepreneurs: The New Polish Business Schools".

16 One African American male participated in the 1991 exchange, although he was not interviewed.

appointments are in major urban centers in the most developed parts of Poland, especially in Warsaw, Krakow and Gdansk. Finally, the Corps director made every effort to place the interns in businesses with good, honest managers who might use the interns effectively. In this effort, we presumably have interns working with a more competent class of Polish entrepreneur than would be typical. Therefore, the portrait of Polish business competence we are about to report should be more optimistic than a "representative" sample would have it. At the same time, it might represent the best prospects for a politically liberal capitalist class in the future.

Not only is the placement designed to maximize a positive interpretation of post-communist capitalism's chances, but the explicit cultural model of the program is so implicated. The "MBA Corps" is a direct imitation of the Peace Corps started by President John F. Kennedy. In public presentations describing the Corps, the Business School Dean associated with the program described the "spirit" of the interns in much the same way as he imagined the Peace Corps volunteers of the 1960's. He portrayed these interns as altruistic and idealistic students, somewhat like capitalist missionaries, bringing the benefits of a more advanced and civilized way of life to a primitive world of business. Thus, the formation of the MBA Corps was based in part on the inspiration of a previous program of secular missionaries who promised to bring technical competence and the fruits of the developed world to developing societies. This time, however, these are more explicitly capitalist missionaries, bringing business techniques to aspiring, if primitive, entrepreneurs.

Although the interns never referred to themselves as missionaries, and never cast the MBA Corps in the shadow of the Peace Corps, these Western experts never failed to give the impression they were bringing wisdom to Poland, and not the other way around. When we asked what they learned in Poland, their

responses always compared poorly with what they told us about their contributions to their enterprise. They might have learned about character or the evils of communism, but they never mentioned any kind of knowledge which might be useful for improving their own business practices, or making the West a better place to live. Even when some lauded the depth of friendship and family ties in Poland, they tended to understand it as a thing of the past, difficult to preserve in the advanced kind of capitalism toward which Poland had to move. With this clear imagery of advanced and primitive built into their models of action, it is not surprising that our question about business competence would evoke a powerful response.

### POLISH BUSINESS COMPETENCE

One of the questions we asked of these MBA interns was this: "Are there any Poles who stick out in your mind as being exceptional business people?". A significant minority (six) said either no, or mentioned some people but emphasized the qualities which made them inadequate. For instance, #5 mentioned a woman university professor who had "tremendous potential that was untapped" and another bank president who "was pretty good, although sometimes I think he has a burning desire to do something good for his country and that clouds his judgment". Another (#7) found those who made their first million illegally to be the most "exceptional".

Most interns could respond without hesitation to this question, and recall a name with an immediate justification as to why the person was exceptional. Invariably, these people were top executives of firms, except in one case where an intern mentioned a Polish intern that spoke six languages and was studying in Japan. The qualities that the American interns admired were typically character attributes rather than a specific business competence. They were "visionaries", or

they were "very motivated", or "entrepreneurial". They either had some kind of gut instinct for the market, or they shared the same world view as the interns. Frequently, those who worked with Polish consultants found them to be of like mind, although they may not have had the same "intensity" as their American counterparts (#16). The international sophistication of the entrepreneur was mentioned rarely, but #8 found the management of a firm manufacturing diesel engines for the West to be impressive because their "mindset" was "to make customers happy," and #16 found something similar in a company manufacturing medical products. Or another (#6) was impressed by one CEO because he "was published in the West, and he seemed to know what was going on (in the world)". The academic disposition, however, was often a mark against the Polish entrepreneur because it was perceived by the interns to lead to a general inability to get the job done.

In many firms, especially consulting firms and banks, management has typically come out of academia. Particularly, new managers and entrepreneurs have come from the economics departments and foreign trade faculties of local universities. In such instances, but also in others (nine times overall), managers are praised for knowing the "theory" of what ought to be done, but criticized for failing to execute the task. One intern (#7) said, "They weren't the right people to run a business, some of them were academic types... they didn't know how to roll up their sleeves and actually manage and tell them what to do." Another (#9) said, "They understood all the theory. They had read all the English textbooks. They had just never put it into practice. So, their overall business understanding was fairly poor." Another trait associated with this favor for theory over practice was the tendency to put off decisions, as when #9 complained about long time lags in making decisions.

Interns are constrained in their evaluation of business stars because of their places of employment and language abilities. Those working in consulting firms assessing the profitability of various enterprises had more opportunities to find successful entrepreneurs. For instance, #17 evaluated a variety of state-owned garment manufacturers for their export potential and found quite a range of managerial dispositions:

The employees at (the consulting company) had an excellent understanding of the need for change... The different companies (making garments), we'd find that attitude to a certain, varying degree. Some didn't want to change and you could tell they didn't think the economy should be changed to a market economy and they weren't going to change. I mean that management just wasn't going to change.... Some people knew they had to change but they didn't know what they needed to change to; and then a few people, very few like the management I interviewed, knew that they had to change and knew what they had to change to.

Those working in large state firms without external business contacts were quite unlikely to find anyone worthy of recall. In illustrating the association between managerial incompetence and large enterprises, #16 noted that in one case the search for a manager for a large steelworks company avoided those with previous experience in the state-owned steel industry. Rather, they preferred to hire a man whose past experience lay in running a 35-person computer firm, with his principal qualification being that he knew how to make a profit.

Those working in small private enterprises were quite likely to admire the top management. It was rare for an intern to recall a middle level management person for being "exceptional", largely because most of these firms were run quite directly by the top management. One American consultant in Krakow (#23) explained this phenomenon: "Bureaucracy has been very heavy and slow moving in government (enterprises). Therefore new companies have tried to strip that away and get down to action. So they have one guy with a lot of power. The organization is horizontal. They're very suspicious of bureaucracy." In only one instance (#3) were the abilities of middle level management lauded, but not for

their accomplishments; rather, middle level management was celebrated only because its initiative was crushed by senior management. Their potential in a better organized firm, rather than their accomplishments, was the factor making them "exceptional".

In sum, most of our business experts are likely to return to the USA with real heroes or near heroes in their stories about the Polish road to capitalism, and nearly all of them are at the helm of small private businesses. Their only possible heroes are managers or entrepreneurs, but rarely those in state industry. State industry has few heroes, and where they are found, they often are limited by a corrupt senior management. Our experts' stories are not much different, then, from many of the popular perceptions both in Poland and abroad, of Polish entrepreneurs as the motors toward a post-communist capitalism. In both cases, the hero of post-communist capitalism is the aspiring entrepreneurial manager. Where our experts' stories are better than those to be found in every mainstream journalist's story is in their depiction of what makes these business persons exceptional navigators. If technical assistance is to be of any value, we should learn from our experts what these entrepreneurial heroes lack, and what they could be taught by Western experts.

#### THE CAPACITIES AND LIMITATIONS OF POLISH ENTREPRENEURS

One of the most common limitations identified by our interns came in the field of human resource management. They were typically quite disappointed in the understandable response of many Polish entrepreneurs repulsed by decades of bureaucratic mismanagement in the Polish economy. For many entrepreneurs, the ideal organization was apparently understood as an organizational expression of the entrepreneurial spirit; an organization motored by hard work and individual initiative but laced with opposition to planning, routine, and hierarchies. This



kind of organizational interpretation of the entrepreneurial spirit wound up concentrating the initiative and energy in the top management, leaving lower levels in a position similar to the one they found themselves in bureaucratic mismanagement.

Several interns mentioned that managerial authority was wielded poorly. It neither created a team spirit within the firm nor encouraged employees to take much initiative and responsibility. The interns also thought that while the ostentatious displays of wealth by upper level management may have convinced potential customers of an owner's success as a businessman, they also drew strains of resentment from employees who may have been paid well by Polish standards, but poorly in comparison to the president (#2,20). More often, interns mentioned the executive's failure to delegate responsibilities and a general climate of disrespect for middle to lower level employees. One intern in an otherwise glowing report noted, "no one ever told the salespeople they were doing a good job" (#11). Or as another (#4) commented about his boss,

Among a lot of people there, (there is) a great deal of dissatisfaction with the president... He wasn't exactly shady, but no one ever knew what he was doing or where he was. He never talked to the staff or solicited opinions on anything. He was the quintessential kind of Eastern European manager where it's "this is the way we're going to do it." He was always very polite, but he would dictate and sometimes he would go crazy, and he would start running around and screaming about things.

One of the competencies developed in business schools, human resource management, is one of the qualities least developed among the Polish business people with whom the interns worked. In the large state firms, middle level management couldn't work well, but even in the smaller firms, middle level management was limited, and the delegation of responsibility was virtually absent. If the chief executive was a good executive, this hands on management style was not received so critically; but in several instances, the authoritarian quality of the CEO was one of the worst characteristics of Polish managers noted

by the interns. One of the major foci of future technical assistance within Polish firms ought to address improving human resource management.

In this critique of human resource management, the job of these interns in the Polish firms was no different than any "general managerial consultant" anywhere in the world. Indeed, much of the work the interns described was typical consulting work. For example, they were often "sounding boards" for executive judgments or they were frequently responsible for organizational streamlining. In requiring this type of advice Polish firms don't differ from any Western firm which brings in a general managerial consultant, although they do have specific needs shaped by their context which are fundamentally different from countries outside the communist legacy. Specifically, the interns thought most Polish entrepreneurs required a change in outlook, a radical shift in "mindset".

The word "mindset" was one of the interns' favorite terms to describe both the problems of economic reform and the orientation of the effective manager. Mindset is apparently narrower than "values" or "culture", for it implies an orientation toward a particular problem, in this case business. But at the same time it is more stable and coherent than specific orientations, for it was often either something the entrepreneur had or didn't have, and was very difficult to instill or transform. The problem of transforming "mindsets" is nicely illustrated with regard to notions of production.

Given the reputation for disorganized and shoddy production under communism, one would expect that the Western experts would frequently evaluate Polish business competence with reference to its technical and organizational inadequacies. Production was mentioned rarely by our interns as an area where their Polish colleagues were lacking knowledge. This is for a variety of reasons. First, and most obvious, less than 20% of the internships are in production-

centered firms. And when interns are placed in manufacturing units, they are typically restricted from contact with the shopfloor by language and by their managerial status.<sup>17</sup> What is more, although some of the interns had engineering backgrounds, none of the engineers had particular expertise in work organization, although a couple (#2,3) noted in their achievements that they managed to convince their employers to end piece rates given its negative effect on production of quality goods.

Rather, the organization of production entered into interns' discussions only when it was linked to marketing and sales strategies, an area of "expertise" that we will later show is inextricably connected to the celebrated mindset which Poles lack. In particular, several interns (#16,17) were dismayed by otherwise competent entrepreneurs' notions of "capacity production". #17 recalled typical conversations as follows:

"We think we can match you up with some customers and help increase your sales." Some of the companies would say, "Well, I'm already making as much as I can." Some would even say, "Why do I want to increase my sales, I'm doing pretty good," without even thinking. And then the ones that would say that I'm at capacity, I can't make any more, they would think that they were at capacity even though they were only running one or two shifts and they were overshipping ten percent of their products because they knew there was going to be some quality problem in it and twenty percent of the product was being worked within their system. So they really weren't at capacity if you look at all those factors. So they start talking to them about that and then, if even if you get beyond that, whether you think there's enough market out there to justify more capital investment. Those were things that they just didn't think about before.

This orientation toward "capacity production" illustrates the kind of "mindset" the Western experts found most inconsistent with good business practices. The interns did not find their principal challenge to lie in the

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17 The value of Burawoy's work on the shopfloor of Hungarian and Russian firms is all the more apparent in this contrast. See for example Chapter 3 in Michael Burawoy and Janos Lukacs, The Radiant Past: Ideology and Reality in Hungary's Road To Capitalism (University of Chicago Press, 1992).

introduction of a particular organization of shifts or concrete technical advice. Instead, they had to change the more general "mindset" of the managers themselves in order to get them to think directly about maximizing their profits and more flexibly about "capacity production". This illustrates rather well the inaccuracy of speaking of this internship merely as one of "technical assistance".

Changing a mindset is vastly different from introducing a specific technical innovation. A "consultant" or "technical advisor" is typically one who increases the efficiency of realizing commonly agreed upon goals. What our experts suggest is that, at least part of the time, their principal task was to *transform* the goals of the Polish entrepreneurs. If there is a central creed to which the interns' technical expertise is tied, it is "maximizing profitability". According to the interns, this creed was often not sufficiently central in the faith of the Polish entrepreneur. This is even apparent in that most "technical" aspect of business expertise: accounting.

Of the respondents sent to work in Poland, six were accountants by training, but it was not only accountants who found accounting systems inadequate. Most found that a general accounting sensibility was missing in their places of employment. As #1 said, "As far as accounting-type knowledge, I found that it was very limited. Any type of finance. So the basic thing is to simplify it a lot, to show them how to do a discount or a cash flow and how to make predictions. *And this whole idea of predicting anything in the future was to them impossible...*"<sup>18</sup> According to our experts, it was not understanding how to do a discount or cash flow analysis that was a problem for the Poles; rather, it was understanding the underlying rationale.

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<sup>18</sup> There was some rational motivation for their resistance to using accounting records for financial planning. Several interns mentioned that managers had dual sets of accounting books, one for tax purposes and one for every day business use (#6,11).

Polish accounting under communism used a different system, but even more important, it occupied a fundamentally different role in enterprise management. Rather than be a key tool for making decisions, accounting was more of a bookkeeping function designed to keep enterprise organization more or less consistent with planning instructions. In the new business enterprise of post-communist capitalism, accounting is playing a new role.<sup>19</sup>

The ascendance of accounting in post-communist capitalism means two things. First, a new system of organizing financial information is introduced that makes it more compatible with either West European or North American forms of accounting for purposes of import and export. Each firm has to make this technical transformation, especially when Polish enterprises are seeking joint ventures with foreign investors (#11). Spread sheet computer software was one of the more material tools that the interns could leave that helped with the technical transformation of Polish business (#5,20). The interns recognized these technical issues to be important, but they identified a less technical but more necessary transformation: another change in mindset.

The "accounting mindset" does not mean the ascendance of the certified public accountant to the helm of every enterprise. Rather it means that enterprise directors have to operate with certain very basic accounting concepts when deciding how to manage their enterprise. They have to know, for instance, what "cash flow" is, and to organize their business operations around it. For instance, one firm manager acted as if the delinquency of his debts from Russian customers was irrelevant, failing to recognize that poor cash flow can actually force an enterprise into bankruptcy (#19). Accounting sensibility is not only important for avoiding bankruptcy, but also for building a business.

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<sup>19</sup> It was also a heavily feminized profession under communism, which reflected and reinforced its subordinate role in the enterprise. With the ascendance of accounting as a profession in post-communist capitalism, the profession's gender also should change substantially.

The new private businesses are constructed as much along principles of anti-communism as much as they are constructed with good business sense. Top down operations in which a single entrepreneur is held responsible were supposed to be the antithesis to bureaucratic mismanagement by communists, even if they are not good business sense. One intern speculated that businesses avoided planning because it smacked of communism (#20). The spirit of anti-communism means something of an aversion to planning and formalized information, which of course can be accomplished only when the entrepreneur is familiar with cash flow analysis and other basic accounting knowledge. Such is the case despite planning's utility for building business and long range strategic goals in Western companies. As #11 said,

They didn't have anything down in writing. They weren't doing formal planning, they weren't sharing information as well as they could, and they were doing a lot of fire fighting. And that happens in a lot of small companies in America too, but I say that, .. it's like they knew what they had to do but it was very hard for them to sit down and say OK, I'm going to write this stuff down and I'm going to pass it around so that everybody else knows what I know...

Indeed, it was the writing of a business plan which marked the greatest financial contribution any one intern made to a company. In 1990, one intern wrote a business plan for a firm which, when submitted to the Polish American Enterprise Fund, netted a 1.2 million dollar investment. Not surprisingly, that firm extended a a very gracious welcome to the next intern in the following summer.

Other kinds of basic accounting knowledge which are more conceptual and less concrete were also notable and significant in their absence. One intern (#20) stressed that his employers had no sense of "opportunity cost" or "sunk costs". The owner of a retail store had a warehouse full of cookies that were going stale. The intern argued with him that he should cut their price below cost, or even better, offer a "buy one get one free" deal rather than get nothing for them at all.

Then they had to convince the customers that in fact this was a "free box" they were getting when buying the first one; apparently, it was hard for many customers to believe that they were getting something for nothing, accustomed as they were to the uncreative limited initiatives of communist-style retailing.

The changing position of accountancy in Polish business illustrates nicely the kind of technical assistance the interns were obliged to offer. The infusion of specialized technical competence was only of secondary importance to the larger change in mindset the interns thought they had to introduce. Cash flow analysis and notions of sunk and opportunity cost are not only techniques basic to accounting, but also ways of thinking about how to run a business.

These examples of shifts in "mindset", toward thinking about flexible capacity production, business plans, sunk costs and cash flows, indicate something important about the Polish entrepreneur which is not caught in the connection between entrepreneurialism and expertise, in the connection between a spirit and narrow technique. Even if the entrepreneur has the spirit, even if he is risk-oriented, hard-working and self-directed, he may not have a sufficiently developed capitalist schema for processing and taking advantage of the more technical forms of expertise in accounting the interns were prepared to offer.

We were surprised to discover just how much more important mindset was than technique. This elevation of mindset over technique could damage the image of technical assistance our experts are assigned to offer were it not for the importance of the missionary image in our experts' work. For they weren't just offering Poles *another* business culture to legitimate themselves as experts or as consultants. Rather, they offered a *better* one. This ranking of competence is most apparent in the "mindset" experts deemed most important for a successful Polish entrepreneur to have: a sense of the market.

## THE POLISH ENTREPRENEUR AND THE SENSE OF THE MARKET

When asked about Polish business competence, a "sense of the market" was one of the most important qualities marking a good business person, while its absence denoted someone who had a lot to learn. Most of the interns learned in their pre-Poland intensive training course that communist economic policies destroyed Poles' sense of the market, and subsequently perceived one of their summer's significant contributions to be reintroducing the "market mentality". One person working in retail found that the pent up consumer demand associated with communism spoiled retailers into thinking that they could sell any product, and the customer need not really be satisfied (#20). Although several others talked about this (#7,8,19), #5 was most graphic, and so we quote him at length:

They never did understand the idea of marketing too well. I think it was because under the old command system whatever you made had to be taken by the next person down the line because that was what the government told you that you had to do. I guess a good example was that when I was working there the company was in serious trouble. They had cash flow problems that were very serious. And I went in there and I said to them, "Well, you have cash flow problems. What are we going to do?" And he said, "Well, we can make thirty-three of these air handling units so we will sell thirty-three of these air handling units." And I said, "Whoa, time out. How many did you sell last month?" And he said five. "So what makes you think you're going to sell thirty-three next month?" And he had no answer for me. It didn't even cross his mind. He just assumed that if he made it someone would buy it. ... I would ask them (a bank) why they would lend this particular company money. And they would say, "He's good at this, he can make it." But I said, "Who's going to buy this stuff?" And it was stuff that I thought was generally pretty useless. And they just said that somebody will. They didn't give it a thought that it might be hard to actually sell this stuff.

While many of the interns found the sense of the market among their Polish colleagues to be most deficient, many also found the "entrepreneurial spirit" of their associates to be the most impressive. While incorporating many of the aspects Szelenyi identified among his socialist entrepreneurs, the spirit the interns described also was identified in terms of recognizing sales opportunities and temporary market niches which the entrepreneur could fill. One intern (#16)



actually found the whole of Polish culture to be "entrepreneurial", and characterized by this disposition: "I see an opportunity and I'm going to pursue it. I'm going to take risks because what I have now is nothing. So I'm more than willing to step forward and risk my life savings." Another (#4) provided a good example of this opportunity seeking when he recalled how his banking colleagues set up a stall to do a currency exchange when the Pope visited town in June 1991. Another (#20) found the owner to be able to "sell himself in any situation". Intern #15 had this to say:

I think the directors I worked with were amazing, because they were so entrepreneurial-minded they just feel a new opportunity coming up. They'd come in and they'd have this idea that things were going this way and the trend would start turning... They really were in their minds and their actions at the forefront. And this wasn't based on a lot of marketing research studies or anything. They could just feel the market and they knew their own population and their people so well. I'm not sure you can learn that in a business program, in fact I know you can't. But I think they had just that natural ability to gauge the market and find new opportunities.

This kind of entrepreneurial inclination seems to have been constituted in part by the marketing sense fostered by the exigencies of the shortage economy during the communist era. The fact that the interns didn't label this entrepreneurial bent as marketing savvy, and even argued that their Polish business associates lacked a strong understanding of the market, can be explained by several factors. While it may be that this marketing sense was quite unevenly distributed across the Polish population, it also seems to be the case that the interns were observing different levels of marketing sensibilities. For instance, the seemingly constant changes in focus through "niche-hopping" led some interns to a rather skeptical attitude toward the business competence of their Polish colleagues. As #4 noted,

Marketing was a problem in general. I don't think that any of them really had a concept of how a bank should market themselves. ... We did some advertising and sloganing and things like that; it was real rudimentary marketing. They didn't seem to have a focus. I never got a clear answer either because there wasn't one or because no one

that knew the answer would tell me. They had no concept of what their target market was, what kind of customers should they focus on. They wanted to do import and export, venture capital, JV's, issue stock. They were trying to assist starting a stock exchange for local companies. And it's like, "Guys, you just don't have that much capital. You have to be a little bit more focused. Do you want to be small business, do you want to be consumer-oriented, do you want to do mortgages?" I think that was how I was trying to direct them. And nobody really wanted to listen to that. They just wanted to grab as much business as we (they) can.

Polish entrepreneurs are operating in a different kind of environment than that to which Americans are accustomed. The Poles were accustomed to the shortage economy where demand always exceeded supply, and consequently consumer satisfaction was not much of a factor. Under these circumstances, most Polish business people seemed inclined to find immediate opportunities and take advantage of them, rather than build up steady long term clientele to assure demand. In this they are reflecting the entrepreneurial spirit of the old second economy, where wheeling and dealing to fill gaps in the market were more important than establishing good relationships with customers and building quality products that would make the customer return again and again. To some extent, this old entrepreneurial spirit remains useful for grabbing capital. As one intern (#7) recalls,

They told me there's an expression in Poland, "your first million is always illegal"... I guess when you're in a transition there are a lot of loopholes and a lot of opportunities. They had a change in the law in terms of import duty on liquor. And supposedly there was like a two-day window when there was no import duty on liquor. And this guy knew about it and planned on it and imported just hundreds of thousands of bottles of vodka and beer. And he made a lot of money. ... These people stand out in my mind in terms of taking advantage of a situation. And I think that in a way that in a market economy you need that, you need people to be entrepreneurial in nature. It just struck me that these people you couldn't trust. You would slide right off of them, they were so slimy.

But for the Western experts, this is not the kind of marketing sensibility that is good "business practice" in the long run, even though it can provide the capital foundation for building a business. The man about whom #7 spoke used

his profits to become a distributor for a foreign electronics firm and, in 1990, was the largest private company in Poland, employing 1,300 employees all around Poland. He moved in one year from a ten thousand dollar a year company to one with 100 million dollars in turnover. And according to #16, he used an American intern to increase his status in the legitimate business community!

The kind of market sensibility the interns wanted to inculcate among their colleagues was one based on long term customer satisfaction, on the one hand, and discovering through market research niches that Polish producers might fill, on the other. One example of the latter is the market research intern #7 did for the potato chip industry. His consulting firm was paid a considerable amount to study whether potato chips, a snack that is not eaten in Poland despite their considerable potato production, could make it on the Polish market. The intern designed their study, which the consulting firm said "was something that they didn't know how to do, had no concept of." The intern was subsequently told by his employers that this contribution was the thing they most valued in his summer's work. Another intern's (#17) description of exceptional business people conveys best, however, this professional market sensibility that combines market research, customer satisfaction and production:

They also understood the need for satisfying the customer. Also understanding what the customer wants and responding quickly to that. Going out and seeing what the market wants and then designing a product to that. They came up with a particular shirt and designed it and it just took off all across Poland and then people started making shirts very similar to theirs because they were doing so well. But they were out looking for the next big thing.

The apparent inconsistency of the evaluation of Polish marketing competence can in part be attributed to its differential distribution across the population. Some Polish business people had not acquired the sense that effective demand for a product, and not the quality of the product per se, determines its potential profitability. Other entrepreneurs already were focusing on how to

identify customers for a product, and then staying in touch with the customer to make sure that the product is satisfactory, thereby cultivating customer loyalty. But there is another reason for the varied take on the Poles' sense of the market.

There are two kinds of market sensibilities that the interns encountered: A sense of opportunity and a sense of competitive consumer markets. A person possessing the former sense is characterized by initiative, the energy to rush to fill temporary consumer needs much as entrepreneurs in communism's second economy operated. The latter sense is important in an economy where production supply exceeds consumer demand. Under these new conditions, production must be geared toward consumer satisfaction.

This kind of criticism of Poles' marketing savvy reflects as much the experience and prejudices of Western business experts' sense of business professionalism as conditions in Poland's economy. It is certainly the case that warehouses are filling up with unwanted goods, indicating the growing importance of estimating effective demand for a product; but it is also the case that Poland's post-communist economy has not yet effectively established fixed markets. Thus, the old opportunity seeking entrepreneur has not yet become an anachronism.

The Western experts thus applaud the entrepreneurial mindset Poland's capitalists acquired under conditions of unlimited demand, but in the emergent post-communist capitalist economy, they don't believe it is enough. Unless the domestic entrepreneurial spirit is harness to a business mindset suitable to an economy with limited demand, as the experts' economy is, even the most tireless entrepreneur is likely to fail. They are no longer working in the barter-based, locally networked second economy in which Szelenyi's "socialist entrepreneurs" thrived. They are now beginning to encounter a different kind of market, where foreign competition and other Polish producers can outsell them. Because both Western experts and Polish entrepreneurs believe that their economy is moving

toward a system more or less like that of the West, the Polish entrepreneur who acquires the mindset of the successful Western business person has a greater chance of survival. They believe that the Western business disposition is the superior one. At least that is the claim our experts make, buttressed with elaborate accounts of their contributions to their host enterprises.

### THE CONTRIBUTIONS OF THE EXPERT

Interns contributed in a variety of ways to their places of employment. We have already mentioned that they were general managerial consultants. More specifically, they wrote up business plans, designed market research, and implemented and taught their Polish colleagues about American accounting practices, cash flow analysis and spread sheets. They contributed in a number of other ways as well, although their contributions varied depending on the site of employment.

The most general kind of contribution the interns made was that of being some kind of "example". Several (#1,5,6,9,10,16) mentioned being a "role model" for their associates, even at the most "Western" enterprises and consulting firms. Working intensely for long hours was something that most of the Americans thought they taught the Poles about Western business. The example also went beyond strict behavior to the different kinds of symbols and codes indicative of successful business. For instance, #7 consulted them on the style of their business card. Two people even mentioned a style of dress: "You wearing a suit to the office... I'm not saying it's right to wear a suit, however, by the time I left everybody was wearing ties ..." (#6) or "It was amazing how the people that I worked with just started dressing better" (#1).

Familiarizing the Poles with American business practices was not just about business mindset, but also about learning English which is the international

business language. This increased their competence to deal with representatives of foreign capital. Several interns (#2,7,10,15,19) explicitly mentioned their help in, as #10 put it, "wordsmithing", or "fixing the things that they want to go out and look spiffy, sound spiffy". Wordsmithing and editing were especially important in applications to international foundations for business assistance. In addition to the interns' ease with English, their knowledge of standard American business practices was of instrumental importance when it came to dealing with foreign investors.

The main job of some interns (#17 and #19) at consulting firms was to match foreign investors with potential profit making enterprises, but even this was not just a technical matter based on accounting expertise. For instance, one intern (#5) worked directly with the enterprise director in his negotiations with a German firm to establish a joint venture. The Poles were apprehensive about dealing with a firm that was so much wealthier and more savvy, and thought that the presence of an American at the negotiations would only be helpful. Their fears may have been well founded, for a joint venture was never established, and the Polish firm was instead "swallowed up" by the German firm after the intern left. The connotation of this intern's story, as well as of several others in similar positions, was that the Poles' business competence was inadequate before sophisticated Western capital. The only chance of realizing fair deals for the Poles came in having another Western expert on hand to balance the distribution of business expertise in making the deal. Of course not all of the interns were mediating between Western and Polish capital, but for all interns, their "Western" identity was crucial to their authority.

In the consulting firms run by Americans that also employed some Poles, the interns did not find their business competence so distinctive; as one intern (#19) said, "they were just another pair of hands". Nevertheless, their identity as

American was crucial to their job, especially when it came to assessing the profitability of Polish firms (a service performed by #8,12,13,19 and 16). In describing work he has done for another accounting firm in Czechoslovakia, #12 commented that

The Czech government wanted somebody outside the government to say these companies are not going to make it, they should be liquidated rather than allowing the Czech government to just let them go bankrupt. So, it kind of solidifies their position in the government. Because of the outside expertise, it's less likely the companies will say, "You're wrong in doing this to us."

It is quite plausible to believe that the consulting firm contracted by the Polish government, for which several interns worked, had a similar mission: to create the impression that a neutral foreign expertise and not a domestic political bias established which firms should get help, and which firms should fail. In this case too, then, Western identity was inseparable from "expertise". This was on two grounds: its relative insulation from domestic politics, and its superior culture for making business.

Interns working for private businesses found themselves working more on personnel and hiring (#4,9,20) than those working for state enterprises or consulting firms. One person (#4), for instance, helped to hire those who would work in a newly established bank and taught them about capital markets, how to set up credit policies, lending practices and so on. Teaching about Western markets and finance was something done by several interns beyond their regular employment too. In addition to helping assess firms' profitability, #12 also taught classes in Lodz to about 90 people on "beginning business stuff that you would learn in your introductory MBA courses".

Finally, it is important to note that several interns found that the Polish companies didn't know how to use their knowledge and experience, especially at the beginning of their stay. While some firms eventually figured out what the interns could do, other firms apparently never did use them very effectively (#1,5).

The reasons for this underutilization varied. Most often, as in the case of #1, the sheer scale of the larger enterprises made the intern feel her contributions to be rather limited. Scale is not the only factor, however; #5, for instance, found his expertise untapped at his first job at a small private firm. He was not sure why, but he suspected that the firm didn't trust him. Lack of information concerning an intern's abilities also led to the opposite problem: sometimes the Poles expected too much (#10).

In sum, the interns contributed to their places of employment in a variety of ways, depending on the character of their enterprise. Those in larger enterprises generally found it more difficult to make a difference, because of the firm's organizational complexity and magnitude of problems, and because of the relatively greater inaccessibility of key decision makers (#1). In smaller Polish firms the interns made a more significant impact, most notably in writing up business plans, designing marketing studies and working with international agencies and purchases. In some instances, the intern even helped the Polish firm obtain an investment or make a large financial deal. In consulting firms where many Westerners were already present, the interns were more or less "another pair of hands", but it was significant that these hands were not Polish. Not only was their particular expertise important, but their status as an American was also important for the job they needed to do. This "credential", in fact, turns out to be far more important than we expected. This finding, however, is consistent with the centrality of the cultural transformation in defining technical assistance, and image of the interns' role as missionaries from a country with superior business culture.

#### CREDENTIALS OF THE EXPERT



"Credentials" are the sign used in modern societies to indicate a certain kind of competence, and educational degrees are the principal indication of that credentialing.<sup>20</sup> Although the experts in this study are students, and therefore not as highly credentialed as they might be, only two interns (#3,19) found their age and student status to be a hindrance to their transmission of expertise. Instead, the level of general education these interns already had was considered a definite asset when it came to dealing with Polish business people. Two of three engineers found their engineering education to be a credential their Polish associates appreciated; five of the six accountants found their degree to carry some weight with their colleagues.

It was surprising, though, that many of the interns found that their status as an MBA student didn't matter (#1,2,7,13,15,17), mainly because the Poles did not "really understand the MBA too much" (#15); "usually you have to explain what the MBA program is or whatever because most people don't have a concept of an MBA" (#13). Only one intern specifically stated that the MBA credential mattered (#11), and that was because she was employed in a firm which had a Michigan MBA in the previous year who did an especially good job. We did not anticipate discovering the relative unimportance of the MBA degree given the efforts undertaken by Polish higher education administrators to build business education programs in Poland. In the conclusion, we shall consider further this gap between the emphasis of higher education officials on the degree, and the experience of Western experts among their associates in Polish business.

Two other kinds of credentials were far and away more important for these interns than those associated with education: work experience and nationality. Whatever skepticism met these interns initially, their business experience before

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20 See for instance Randall Collins, The Credential Society. Academic Press, 1979.

returning to school was often enough to convince their Polish associates of their capacity to contribute (#2,3,8,11,12,16,17,20). As #2 recalled,

Going in and saying "I go to business school and I'm an MBA," that doesn't mean anything to them. They don't understand what that is. But the first day they found that I worked in a company in the United States that made parts, then I reached into my little briefcase and I pulled out a bunch of parts and they looked and they were amazed at some of the things we did. Like, "How fine those circuit tracers are." And they would be asking how we did that. And I think in a way that meant something to them. They also realized this guy understands how to make parts in the circuit boards. That meant something to them. So I think those kinds of things were the most important. And you have to make that connection on their level and show them that you have some kind of expertise that is related to the expertise they have.

Their work experience did not have to be in the same field or industry as their Polish companies in order for it to carry weight, however. For instance, #11 recalled that "It was really interesting because when they asked me about the company I had worked for and found out that we had managed sixty-three billion dollars in assets. I mean that was like WOW, okay, this person obviously is not just a student ...", or #12: "Being able to say that I worked for this international CPA firm, and they know of them now. When I walk in there and say that I spent a few years there, and ask if I can name some of the companies I've worked for in the US, and they've heard of them, like Chrysler Corporation, that earns credibility immediately". Credibility in Polish business therefore is much less likely to be won with educational titles, and more likely to be associated with one's work experience in a prestigious and powerful firm. To date, most of these firms had to be US or international, but two interns (#12,19) found that their employment by a Western-owned consulting firm located exclusively in Poland did carry some weight with the Polish managers for whom they consulted.

The experts' interpretation of Poles' reception of their credentials further undermines the image of this program as mere technical assistance, as simply the transmission of expertise. Competence was not found in their holding an

appropriate education, the typical credential for recognizing expertise. Instead, it was found in an experience that was not translatable into a standardized body of knowledge that could be credentialed with a degree.<sup>21</sup> Indeed, this elevation of work experience over educational credentials is all the more striking given that the interns' presence in their firm was a consequence of a business school's efforts.

The features that are normally associated with "expertise" -- higher education and technical cores of demonstrated competence -- are not sufficiently central in the the "experts'" accounts of their work to allow us to use notions of "technical assistance" without some qualification. Given the centrality of cultural transformations in their work, another image of this international aid should be considered, especially when one considers the most important "credential" upon which our "experts" relied.

By far the most important claim to competence that these experts (#1,3,4,5,6,7,9,10,11,12,13,15,19,20) noted was their American or Western identity. The significance of this status has been mentioned already in a couple of ways. First, it allows the expert to create an even more "neutral" claim to competence because the foreigner is oblivious to the internal political games being played out in these post-communist transformations, even while they are very important actors in the more global political economic transformation the making of post-communist capitalism represents. Second, in as much as the money and the business savvy are perceived to rest outside of Poland in the advanced capitalist world, these experts carry with them a culture of success whose emulation by Poles might grant privileged access, or whose employment by Poles might enable better negotiations in joint ventures. And third, more purely practical skills such as writing business plans are associated with Western

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21 At least this is how our experts understand the reaction of the Poles; it reflects their own rather anti-academic approach to business, apparent in their accounts of competent Polish business professionals, in which they criticize business orientations for being too academic.

business practices which Poles are not accustomed to doing. With all of this comes a new and important status for the representative of capitalism's core. In what follows, we reconstruct how our experts understood the celebration of American business competence.

### THE CULTURAL POWER OF THE WEST AND AMERICA

Seven interns (#5,9,10,11,13,15,20) found that they were encountering stereotypes of Americans: that Americans know all the answers to business needs. One person (#13) who worked in Poland for a large state firm in 1990, and then in 1991 for a consulting firm, said this in response to a question in the summer of 1991 about his list of credentials:

Again it seems more as a representative of the United States. That's your biggest credential usually... So it is more of that you come from a country that is very much looked up to in the eyes of Poland. I think in some instances overly looked up at, because nobody believes that the US has problems. Or a lot of people don't believe that the US has problems. And that's probably the number one credential. And we use that a lot to leverage our ideas when we're telling people about new ways of doing business that are foreign to them and doesn't sound quite right, like selling the rights to the ownership of money -- that their customers own it.... You put them at ease by saying that it's very common in the West, that it's a typical everyday thing and there's no need to be concerned about it. And that kind of puts them to rest...

Thus, Western or American status gives the expert an additional power to reinforce their advice: Not only is their knowledge technically superior, but it comes from a broader culture and world that is successful and "normal", which in this context means a society that has not been tainted by more than four decades of communism. But while it gave the American experts an additional form of authority, it also led their associates to expect more of them than the Americans were prepared to offer; #10 called it with a familiar laugh, "the magic wand thing". As #9 elaborated,

They thought I knew all the answers. They would all have really difficult problems and expect a thirty second answer because they're

used to the sound bites on TV of American politicians. I just couldn't do it. I don't think I met their expectations by coming up with quick answers... They didn't know what we could do, so they assumed we could do everything which is sort of amazing!

Built upon this respect, even awe, of American business competence, was a generally positive disposition toward American culture. Poles have an important link to the USA through the very large Polish American community built over the last century, but the cultural tie goes beyond one of migration-based sentiment. The USA, especially under Reagan, was seen as the cultural and political force most realistically opposing communism in the world, and thereby supporting Poland. But in general, as #4 noted: "They have a very nice view of America and they really like anything American and they think every American is a genius, basically. That they've had all these great opportunities and that we have gold on the streets and the whole thing. But they see you as sort of this icon almost." This was in especial comparison to their attitudes toward Germans.

Most of the Americans found that their Polish associates disliked, distrusted or feared Germans (#3,5,6,7,9,11,12,13,15,16,17). One (#17) recalled that she was in Poland at the time of German unification, and "every single Pole I talked to was extremely nervous about that. They were also extremely nervous about West Germans coming in, buying Polish companies or doing business with Polish companies." Another (#9) said, "They tried to distance themselves from German culture. In fact, the bank didn't want to make loans to German companies so much.... They're fearful of being exploited by the Germans in terms of business." Still another (#6) recalled "We had very lucrative deals with some German counterparts and they were turned down because they (Poles at the intern's firm) felt that the Germans would be a threat to their culture." The transmission of business expertise to Poland may thus not just be something that can be done equally well by any "Western" nationality. At least it seems that Americans have a kind of national cultural capital that advantages them considerably over

Germans. The experience of these American consultants is not unusual. When Poles were asked in a nationally representative survey with whom they preferred to do business, Americans came out on top in 1990.<sup>22</sup>

The only other nationality to receive much mention was the Russians. Most of the Americans found that their Polish colleagues looked down upon Russians: "As for Russia, (my friend) told me, 'If you think its bad here, you should go to Russia.' He said the people from Russia come over here and think they're in Western Europe" (#12). The French and British received scant mention despite their considerable assistance to Polish reconstruction--the French and British governments each give more overall aid to the Poles than the United States government. Of course these American experts were likely to note and evoke positive comments on American society, but the positive disposition toward the US, especially in comparison to Germans and Russians, is hard to miss. This positive disposition towards Americans may be subject to change, especially as Americans become more common, come to be associated with the rich, and the standard of living for the common Pole continues to plummet. One expert of Polish descent (#13) who worked in Poland through the Michigan program for two consecutive summers noticed a difference between summers:

I feel resentment a lot of the time directed at me and I take a tram to work or whatever and I'm dressed in a suit, and I don't know if that's directed at me because I'm a foreigner or if it's directed at me because I'm wearing a business suit and carrying a briefcase. I'm a model of capitalism and I'm cued as having money and they don't have it. ... Last year I felt like I was more of a curiosity and there really wasn't any resentment. This year I think I feel more resentment. I had someone who was in management in one of the companies kind of telling me about his philosophy about foreign investments in the company, and them saying that he didn't really want foreign investments in the company. They wanted to keep it all for themselves; saying, "I'm sure you'd understand this because you're Polish..."

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22 See W. Adamski, et al. Polacy '90. Warsaw: PAN IFiS, 1991.

Another factor that could in the future deflate the image of American business experts in Poland is the prevalence of Western "carpetbaggers"--people who take advantage of the Polish economic difficulties, their relative business inexperience, and the general admiration of things Western, in order to gain financial advantage. As an intern (#19) from another business school remarked,

The problem is also that Poles need to know, be told, who to listen to. The problem is that there's a lot of people giving advice which is inappropriate. That's a serious big problem. The best thing that could happen to Poland is that there would be someone here to tell them whose advice to take. There's a lot of people out here hawking bad advice. There are really a lot of carpetbaggers.

Many Poles' admiration for things Western leads them to be taken advantage of by these carpetbaggers, as #9 recalled.

They (his firm) spent a lot of zlotys on the training program to hire an outside firm from Switzerland, because they felt that anything Western was inherently better than anything Polish. And so this firm came in and they had no experience dealing with consultants. They put on a slide show and took them to dinner. And they (his firm) were so impressed with the professionalism, they didn't look at the content of the course. And when I actually read the books that they were going to be using, I didn't think they were worth the money they were being charged. But the Poles couldn't quite see through that.

Although this intern's associates didn't see through the Western professional veneer, and in fact were still smitten by it, other interns found their colleagues beginning to express some resentment of Western interference. One enterprise president

expressed resentment toward Westerners who think they know everything, coming in, changing the Polish system, and then leaving their dirty work for other people to do...Jeffery Sacks--despises him, absolutely despises him. Thinks he is a confused ivory tower academic who is too full of his own self to see the real problems that are going on in Poland, and has neither the ability nor the intelligence to fix them.. and that (attitude) kind of spread to the Westerners who were involved in the politics. He didn't care so much about Westerners in business, in fact the more the merrier...(#10).

It is likely, therefore, that as the love affair between Western experts and Polish business begins to fade, the glow of American culture might fade along with

it, and not just because of bad advice or ignorance. It is quite plausible that the kind of expertise and wisdom the West has in abundance may not be adequate to the task of making the post-communist transition successful. Bad advice, presumably, is advice that is somehow ineffective. It is possible, however, that "good" advice may be helpful in general, or in the long term, but in the short term, disastrous for particular companies or particular employees. As #13 recalls,

All they (the company being studied by this consulting firm) know is that (we are) a group of Western consultants sponsored by the Polish government. So I really, ... I'm not sure what the people think in the company of why we're there. ... that we're there to help them. It's something we're always trying to stress in our interviews. ... They see somebody in a suit and tie taking notes around the factory and they think you're there either to buy the place up or shut it down; which may happen as a result of what we do. But we're really there in the best interests of the company and the country...

There are two basic models within which cultural relations between the "Advanced" and the "Primitive" might be understood: that of missionary work and that of cultural imperialism. The difference between these two forms of cultural interaction not only lie in objectively different forms of interaction, but also in the perceptions of the providers and especially the recipients of cultural assistance.<sup>23</sup>

These American interns could maintain the role of missionary fairly well because they were generally working with Polish colleagues who were relatively well off. Given the very positive disposition toward American culture these Polish colleagues displayed, the image of business expert as capitalist missionary could be retained. It is likely that the appeal of American culture could continue among

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<sup>23</sup> The Hawaiians initially received Captain Cook as a god, positively disposed as they were to outside cultural influences. Although East Europeans hardly accord Western business a divine status, their reception of "technical assistance" has likewise been exceptionally positive. It is quite possible, too, that as the Hawaiians lost faith in Captain Cook, so East Europeans may transform the cultural model with which they interpret this Western aid. For a fascinating account of the cultural transformations involved in the Hawaiian case, see Marshall Sahlins, Historical Metaphors and Mythical Realities: Structure in the Early History of the Sandwich Islands, Ann Arbor: University of Michigan Press, 1981.



the economic and entrepreneurial elite as the experts continue to help these relatively privileged Polish firms.

Though for many, especially for those whose jobs are lost or whose firms are shut down as a consequence of American and Western expertise, the resonance of Western culture might become quite different. The negative disposition toward German culture and its economic interests, based on historical memories of German oppression, make German expertise less appreciated. The positive association of American interests with Poland's liberation has helped Western experts cultivate an apolitical missionary status which has helped their consulting role. But that apolitical positive image may not last.

#### THE OBSTACLES TO POLISH ECONOMIC REFORM

We asked each of our experts their opinion on the "biggest obstacle in Poland's transformation to a market economy". This question was designed to move our experts outside the world of their firm, to have them evaluate how the needs of the general transition were connected to their own efforts and experience.

Many of the answers had to do with inadequate infrastructures for foreign investment, such as the telephone and banking systems (#3,5,7,11). Several mentioned the continuing existence of large state factories and/or workers' power in them (#3,4,9,11,10,19). Although these problems were considered significant, politics and government practices were mentioned as the major underlying factors preventing the successful resolution of the more substantive matters relating to business.

Many of the interns found the legal infrastructure too uncertain, and the government itself too indecisive. "The government cannot make a decision, or will not make a decision", commented #12. Very often, the interns thought that both

national and local governments were neither staying the course of economic reform nor encouraging foreign investment sufficiently (#5,6,8,10,13,15,17).

Many of the interns and their Polish colleagues considered the Balcerowicz plan of shock therapy to be the best course of action (#6,8,12,19), and found the politics of former prime ministers Tadeusz Mazowiecki (#8,12,15,16) and Jan Krzysztof Bielecki (#7,9) good. Their colleagues never thought highly of Lech Walesa, and when our interns mentioned him he was never considered to be adequate for leading the country toward reform (#2,3,5,7,9,11,12). For some of these experts, the government and even their colleagues were too sensitive to the political consequences of economic reform (#8,19). Some thought that the country was even "too democratic" for the success of economic reform.

Poland is more democratic than the United States, and that's a problem when you're trying to lead a country through a very difficult time. They can't stick to one policy. The foreign investment laws are very attractive to outside companies because it allows full repatriation of profits, it allows one hundred percent ownership, lucrative tax incentives, etc. But there is no guarantee that's going to stay. So, if I were investing, it's just too risky. You just don't know what's going to happen in the next week. And my feeling is that it is too democratic. People have too much of a say in what their future is going to be. ... I think that you just need enlightened people. Enlightened despot is the best type of government, my feeling is, and they just don't have it (#7).

Another intern (#10) found that the problem of "self-inflicted pain" in the guise of economic reform was impossible with a democracy like Poland's, and she thought that a "benevolent dictatorship", like that of Singapore, might be the only way.

The contradiction between democracy and economic reform in the minds of these experts was most apparent in their number one problem for the success of economic reform: the "mindset" of the general population of Poles, a problem mentioned by nearly all of those interviewed. Of all the responses to our questions, the problem of the *popular* Polish "mindset" as an obstacle to economic reform was the most consistent, and was often identified as people needing to

"embrace change," but failing to. This popular mindset is different from the problematic mindset associated with their Polish business associates, even though the same word is used.

The popular mindset<sup>24</sup> is clearly much further from the experts' valuation of business sense than that mindset of their entrepreneurial colleagues. According to our experts, the mindset characteristic of the general population is close minded with a poor work ethic. It fails to take bad news seriously, and fails to recognize how much really needs to change. It fails to recognize that in a market system, one gets ahead through talent and effort. Many Poles don't understand just how hard they have to work for the reform to have a chance of success. They don't recognize just how much initiative, company spirit, sacrifice, and training in modern business practices is necessary. Implied in the notion of mindset is a normative standard, an American standard, against which the majority of Poles do not measure-up. It is, however, fortunate for the development of private business activity that such a mindset is not distributed evenly across the Polish population. Most of the interns' colleagues do have a mindset that is more conducive to developing a capitalist business, but their entrepreneurial spirit and energy need to be channelled in a "rational" (Weberian) way. It is only possible to train those

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24 This general mindset might be considered the "basic" orientation in need of change throughout Poland, even while more specific problematic mindsets are held by Polish entrepreneurs. The ingredients upon which this generally problematic "mindset" rests include these quotations: being "close minded" (#1), not knowing "what it's like to work in a society where you get ahead based upon your abilities and actions" (#2), not having a class of "effective business people" (#3), having "big expectations" (#4), "how you change your thinking on the market, work ethic" and that they "don't realize the amount of sacrifice and change in the culture that's necessary" (#5), "sense of self worth not as high as it could be... work ethic is totally screwed" (#6), get people "on board to understand what is going on in modern business" (#7), "lack of initiative, of drive, which translates into a strategy of growth" (#8), "often felt powerless and helpless" (#9), "attitudes that need to change... the general manager may be very accepting of recommendations and advice form consultants of a new outlook... all the people under him are not... not recognizing that their company is already technically bankrupt" (#13) "way of thinking" about individualism (#15), "understanding the need for change" (#17), "refuse to believe bad news" (#19), "hard to have company spirit" (#20).

with potential, those with the appropriate entrepreneurial spirit. In fact, one expert said explicitly,

These (business training programs) are really valuable to me because you need to train somebody with a lot of motivation because it takes a lot of hard work and sacrifice to get a business started. You should train those who have the drive rather than the current employees of like state-owned enterprise who may not have vision or drive. It's foolish to put your effort and training into those people. You need to put it into people who WANT to do something (#8).

The identification of "mindset" as a main obstacle to both general reform and to the making of a successful business person exemplifies the overall missionary role played by our Western experts whose aim is to inculcate the capitalist mindset. In this civilizing effort, however, only some of the population can be saved; and it is the values of this leading class which must dominate the business sector and define the role that the state and politics should play.

In the center of the world capitalist system from which our experts come, democracy can be associated with capitalism and our experts can find the linkage natural. But it is hard for them to associate democracy with a successful capitalism in Poland because the major obstacle to a successful economic reform that most of the experts find is the "mindset" of the majority of the population. This mindset translates into a democracy and government which fail to support radical economic change, which in turn discourages foreign investment. The MBA interns intuitively recognize, then, what Bialecki and Mach found in their analysis of the values and priorities of Polish society and its political elites. Polish communism has infused Poland with a culture positively antagonistic to the way of the advanced capitalist market (#5,7,8,10,11,13,16,17,19,20). Although there may an entrepreneurial culture (#16) among some, it is not sufficiently widespread. Even these entrepreneurs often don't have the Western capitalist mindset that can develop business and the economy in the long run. There are a

few Poles who are able to acquire the mindset to make capitalism work in Poland. The experts work with them.

If one extends the logic of these experts' experiences, there is only one way for post-communist capitalism to thrive: if these like-minded experts and Polish entrepreneurs can guide the country, establish a new system run on market principles, and thereby discipline a new generation of Poles into a market mentality. For the time being, democracy, politics or both appear to stand in the way. But by casting the economic problem in terms of an inadequate mindset that is common to both the general population and entrepreneurs, the experts partially overcome their apparent opposition to the politics of democracy.

For our experts to identify these two very dispositions as "mindsets" does not seem appropriate. The "popular" mindset, after all, refers to the virtual absence, or even antagonism, to the capitalist imagination. Their employers' mindset, by contrast, only refers to a limited, if nascent and therefore redeemable, capitalist imagination. The interns' common usage may simply reflect a limited conceptual vocabulary, but it might be more than that, too. We believe the following reconstruction embodies the deep cultural logic of our experts' capitalist missionary work.

By identifying the mindset problem as common to both entrepreneurs and the general population, our experts reinforce the notion that both entrepreneurs and the larger population have had the same experience, and are therefore of the same group. Since they are struggling to leave the same past predicament, they have the same interests because they are are headed in the same direction. Therefore, Poles don't have different interests based on positions in the new political economic order; they just have more and less adequate spirits for the new capitalist order, depending on the distance of their mindset from the thinking associated with the old system. By assisting those with mindsets closest to their

own, the experts just help to strengthen the position of people best suited to bringing civilization as they know it to Poland. For our missionaries, capitalism and democracy implicitly go together in civilization, although their "job", their "expertise", is to think about making capitalism, not democracy. Thus when pressed about their "opposition" to the general mindset in Poland, they can defend themselves from a charge of undermining democracy by claiming that the popular mindset is not so much the expression of democracy as it is the expression of the old socialism. That orientation must then be transcended in order that capitalism and democracy can thrive in post-communist society. In the view of these missionaries, capitalism and democracy are implicitly linked, even though it is most clearly capitalism that takes precedence.

#### TRANSFORMING CULTURE, TRANSMITTING EXPERTISE AND MAKING POST-COMMUNIST CAPITALISM

Post-communist capitalism is a new social formation in world history. The visionaries of this formation<sup>25</sup> know what they want, more or less, for the model lies in some form either in North America or Western Europe. They also believe that they know how it can be built, more or less. They know that the economy must have competition, that private businesses must be allowed to grow and flourish, and that a new business class must develop. The West generally agrees with the direction of change posited by post-communist capitalism's visionaries, and is offering technical assistance to facilitate that movement. This paper has been an analysis of one such effort in the transmission of expertise, in the provision of technical assistance.

We have studied this transmission of expertise by interviewing most of the Western experts who participated in the 1990 and 1991 University of Michigan

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<sup>25</sup> see Bialecki and Mach, op cit.

MBA Corps, as well as other key actors in the program. We have studied documents produced by these experts, as well as publications that were written about them. We were not with them in their work, nor have we had the opportunity to interview their Polish associates. Our data, then, don't allow us to say very much about Polish businesses per se. But these data are important sources for understanding the interaction between Western business expertise and Polish entrepreneurs from the perspective of the West. We think this kind of data is important for several reasons: 1) it provides a rich source of qualitative data whose primary collection by participant observers would take years, even if those observers were themselves sufficiently competent in business to understand what was happening; 2) the way in which these Western experts and others like them "represent" their experiences will have an impact on the response of foreign capital to Polish economic opportunities; 3) this kind of program represents a fundamentally different kind of international aid than either financial assistance or top level experts assisting in macroeconomic adjustments, and thus deserves special note.

This program was designed to help make a business class that is central to the popular conception of post-communist capitalism. And while this is a small program, writ large it could be essential to the formation of a new class to the extent it makes them more competent business people. Even within this small program, it is important to reiterate that an intern's success in developing more competent business people varied tremendously according to work environment.

The Michigan MBA Corps placed MBA students into a variety of Polish enterprises. Those students placed within large state firms felt less consequential in their contributions. Those students working aside other Western experts or Polish consultants with considerable Western experience felt valuable, but just like another pair of hands. Those who interned in small private firms were generally

best able to explain specifically how they helped their companies improve their performance. The recollections of the interns reinforce the disposition of the Corps director: internships might be most consequential in small private firms which have had limited contact with Western business.

These small firms were also quite likely to have at their helms entrepreneurs who impressed the interns with their business ability. But this impression was typically not based on personnel management skills, knowledge of their product, or international business savvy. Instead, the interns were impressed with Polish entrepreneurs for their entrepreneurial spirit and their ability to exploit their intuition to develop their business.

At the same time, these interns were able to help the entrepreneurs build better businesses. Although some kinds of technical knowledge were important, the degree of sophistication needed to teach it was not that great. Although Western accounting knowledge was important, the Polish colleagues were at such a rudimentary level that any business student with work experience could provide it. Nevertheless, one can identify specific fields which business consultants should be prepared to advise: personnel management, accounting and marketing techniques.

These technical specializations that the interns brought to their firms were inseparable, however, from more general cultural transformations of business practices the interns sought to engender. Indeed, some of the cultural transformations they encouraged were at odds with that entrepreneurial spirit they so much admired.

If the old entrepreneurial spirit was based on an instinctual feel for the market and the ability to switch gears and take up new lines of business at the drop of a hat, the more "professional" business disposition was oriented toward accumulating capital through business plans based on cash flow analysis and



market research. The "technical assistance" offered by the interns was not just the introduction of new techniques; rather, it was an attempt to help develop a new kind of business person, one with a "mindset" presumably more suitable to a developed capitalist market economy. They sought to engender a capitalist spirit like that described by Weber, one that combined initiative with calculation and rationality based on techniques and their associated concepts characteristic of advanced capitalism.

In the old command economy, demand always exceeded supply and one could be assured of finding a customer. In the new economy, supply is beginning to exceed demand. Warehouses are filling up with unwanted goods. Even improving the shoddy quality of products associated with communist practices does not guarantee sales; now, entrepreneurs must plan ahead and decide whether a product could be sold. And in an economy of increasing competition, the business person must figure out which niche they can occupy in the economy, and how they can make their customers loyal to assure continued profitability. To survive in the new economy, one must not only have an entrepreneurial spirit, and not only the techniques of international capitalism, but also the mindset or culture that is embedded in those techniques. The interns were helping to cultivate such a group of Polish business professionals with their advice.

The interns identified their work as general managerial consulting. That they were working on a MBA was more or less immaterial for the Poles, but given the salaries the MBA students could have commanded on an open market, the Polish firms got quite a deal. Most of the interns were not interested in working in Poland after receiving their degrees. Thus the Polish firms had the opportunity to work with Western business people who would not otherwise work in Poland, and for a good price. It is a very sensible strategy for aiding Polish business development.

It was surprising, however, how little Polish entrepreneurs knew about the MBA degree, for that does not resonate with the considerable interest we have found in business education among the officials of Polish higher education. Although this requires further research and reflection, one might consider business education to be a fundamentally different strategy for building a business class in Poland than the on-the-job training offered by the Michigan program.<sup>26</sup> Business schools are providing business education to entrepreneurs, managers from state enterprises and students aspiring to be entrepreneurs, not to those necessarily succeeding in private business. They are also providing important and relatively lucrative teaching opportunities for academics suitably trained to offer business courses. Finally, formal business education is a conduit for Western agencies to provide assistance to help build business in Poland when they don't have direct links to the emergent business class itself, as the Michigan program did.

The Michigan program was a much leaner operation than most of the business schools we have studied, and had a definite anti-academic bias in comparison to the new business education programs. The Michigan program was not concerned with educational credentials nor with academic styles. Instead, "practical" lessons for making better business were provided to Polish entrepreneurs by these young experts. The interns felt, however, that they could cultivate that "superior" business disposition only among those already so inclined. Without the entrepreneurial spirit, the professional business expertise of the West cannot help. And indeed that may be one of the most profound problems facing Poland.

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<sup>26</sup> Jan Szczucki and Michael Kennedy are working on a paper to explain the dynamism of business education in Polish higher education.

When asked about the obstacles facing Polish economic reform, the instability of Polish politics in 1990-91 was considered to be the foundation for other more technical problems like inadequate foreign investment and poor business infrastructures. But even the instability of Polish politics itself is grounded in an assessment of Polish culture that resonates with other sociological research.

Our Western experts find the "mindset" of Polish society to be among the most serious obstacles to the success of post-communist capitalism. While there is an entrepreneurial spirit among some, most of the population appears unready and not willing to adopt the practices that make capitalism work. The majority may be too socialist or egalitarian for reform to work in the near future.

At the same time, however, the interns are usually confident about the prospects of their own firms. Most of the firms were able to use their interns quite effectively, and in some cases, actually make a lot of money on the basis of the interns' consulting. And as they are exposed to interns like these, who have no special interest other than to aid their firm, these firms will become better able to cope with future economic problems and negotiate better with those business people who come from abroad eager to make money.

If there is a policy recommendation that might be made on the basis of this research, it is for more of the same. Very few enterprises have benefitted from this type of infusion of Western business expertise. The more that can benefit, the sooner will the Polish entrepreneurial spirit be hinged to Western business expertise and mindset. And the United States of America may be in an outstanding position to make that union.

Of all the credentials the interns found important for their work, their American citizenship was most important. In Poland, the "West" was perceived to have been communism's opponent, and an example of what society should be like.

The USA, in particular, is highly regarded given its prominence in the anti-communist struggle and its willingness to accept so many generations of emigre Poles. Additionally, this positive perception of Americans is defined in opposition to Poles' decidedly negative perception of Germany. Extensive German business investment coupled with the cultural rift between Poles and Germans makes American business associations even more appealing. US business has a great opportunity in Poland. If Western business practices are to develop most rapidly, the USA, and not only Germany, should be identified with foreign capital and business. This is obviously not only of benefit for Poland. Cooperation with Polish business may yield US capital the best point of entry into the new Europe. The economic interests of US business in Europe may depend on developing more programs like that which the University of Michigan began. Several important lessons might be taken from an examination of this program for the development of others.

First, programs that provide Western business consultants must work through reliable Polish colleagues to recommend reputable places of employment. There are too many corrupt and illegal business practices in Polish post-communism for naive Western experts to avoid on their own. Second, the more cultural and linguistic training that can be provided to Western interns, the better. For without this kind of familiarity, it is more likely that good advice could get bottled up in a corner, especially in large firms where translators can act not only as facilitators but as barriers to important decision makers. Third, to the extent that English language training programs in Poland can be expanded, the potential pool of Poles with whom these interns can speak will grow. Poland already has taken giant steps to make English as a foreign language available, as have the United States Peace Corps and the British Knowhow Fund. These efforts should

be extended and supported as one of the most valuable forms of technical assistance the US can offer.

The generic term "technical assistance" implies a wide range of activities. At their foundation lies the quality of knowledge we call "expertise". Expertise implies something both specialized and technical, on the one hand, and apolitical or neutral, on the other. It is conceivable that this connotation of apolitical specialized competence can be applied to the insertion of Western experts into relatively formalized structures removed from the everyday worlds of Poles.) Expertise can be recognized among the experts who participate in Western consulting or accounting firms deciding which firms should be given a chance to live and which should be liquidated. But those experts working alongside Poles for extended periods of time are not only transmitting expertise in a narrow field. They are partly transforming Polish culture by helping to create a Polish business class that is more aware of capitalist practices in the West. The experts don't bring entrepreneurial values, although they may inspire Poles to work even harder. They do however bring a different kind of business disposition, a new "mindset", that reflects practices of business in a mature corporate capitalism, not the practices of the primitive "buccaneer capitalism" characterizing early Polish post-communism. The Western experts in our study are providing technical assistance, but within a larger cultural framework that transforms the way Polish entrepreneurs think about business. To think about this larger cultural framework as "technical assistance" is misleading.

All forms of expertise are encoded within larger cultural frames that both empower the expert to act, and defend the expert from charges of incompetence. In this case, business expertise is not encoded within a well organized profession or within a rigorous program of higher education, but within the ideology legitimating the economic systems of the Western world. The program in the

transmission of business expertise that we have analyzed in this paper must also be understood as one based on a capitalist mission. Capitalist missionaries are bringing a superior culture of business to a world of Polish entrepreneurs eager to acquire the knowledge of the advanced. That these experts come from the USA, a society whose culture is in general positively valued by Poles, makes their missionary work all the more plausible.

This missionary work, however, does not have the same broad ambition of the missionary work of the Peace Corps, or even that of religious missionaries eager to convert whole communities to their religion. This capitalist missionary work is designed only to convert, or rather empower, a few. Only those with the entrepreneurial spirit, whom most of our experts consider to be a distinct minority, have the capacity to absorb the wisdom our experts have to offer. And only if the newly empowered entrepreneurial class adopts the larger faith of capitalist ideology with which this missionary work is associated is it possible to imagine them solving the problems of post-communist capitalism. But even this larger ideology shows its strains before the contradictions of post-communist capitalism.

The interns are skeptical about the short term viability of the post-communist transition. They are not skeptical because there aren't entrepreneurs, or because the entrepreneurs can't learn a new and appropriate mindset. They are skeptical because the Polish government is insufficiently supportive of the capitalist turn. And one reason this government is insufficiently supportive of that turn is because it is to some degree beholden to the larger society which is far less capitalist in its faith than its elites or its entrepreneurs.

For post-communist capitalism to develop in the way our experts want, the post-communist government must not act according to the expressed wishes of the majority of its demos, but rather it must convince the majority that it should act according to the advice of experts who come from a land where the good life

reigns. The majority must trust the elite to govern according to its better sense of what is necessary. That trust can only be derived from the faith that what exists in the home of the Western expert can be imported to post-communist capitalism. Faith is not a metaphor in this instance, but rather central to the missionary role this transmission of expertise demands. It is on the basis of this faith that Western experts and Polish entrepreneurs claim leadership in the making of post-communist capitalism.

As Bialecki and Mach show, the trust of the majority in the leadership of this minority has already declined, and likely will continue to decline as the gap between the faith and the reality fails to close. Post-communist democracies will likely become less able to implement shock therapy to induce capitalism. Western experts will become less appreciated as capitalist missionaries, and more may consider them cultural imperialists. Instead of more post-communist capitalism, there may be more post-communist class conflict. Aid focused on making a post-communist entrepreneurial class will have strengthened one side in this conflict, but it does not necessarily make the viability of post-communist capitalism more likely. Instead, perhaps, new models of a politically viable, compromise-based, post-communist economy may emerge as the ideology of Western capitalism and its missionaries gives way to the imagination of Polish post-communism and its citizens.

TABLE 1: MBA Internship Appointments for 1990 Through 1992

<u>Ownership</u>	<u># of Employees</u>	<u>Firm Type</u>	<u>City</u>	<u># of Intern Appointments</u>
<u>1990</u>				
State	<50	Privatization of enterprises	Warsaw	2.0
Private	<50	Consulting	Warsaw	2.0
State	<2500	Manufacturing/Transportation equipment	Krakow	1.0
Private	<50	Consulting	Gdansk	2.0
Private	<100	Computer sales & distribution	Krakow	1.0
Private	<1500	Trading/Consumer goods	Bydgoszcz	1.0
<u>1991</u>				
Private	<50	Consulting/Chocolate Fact./Wool Proc.	Krakow	1.0
Private	<100	Manufacturing/Circuit Boards	Krakow	1.0
State	<1500	Manufacturing/Transportation equipment	Krakow	0.5
State	<2500	Steel Production	Krakow	0.5
Private	<50	Bank	Wroclaw	1.0
Private	<20	Computer Software	Gdansk	0.3
Private	<50	Bank	Szczecin	1.3
Private	<100	Computer sales & distribution	Krakow	1.0
Private	<20	Financial consulting	Lodz	1.0
Private	<50	Consulting	Gdansk	1.0
Private	<50	Bank	Gdansk	1.3
Private	<200	Department Store	Bytom	1.0
State	<50	Privatizing state enterprises	Warsaw	1.0
<u>1992</u>				
Private	<250	Bank	Szczecin	2.0
Private	<50	Consulting	Gdansk	1.0
Private	<50	Bank	Gdansk	1.0
Private	<20	Commercial real-estate development	Warsaw	1.0
State	<50	Privatizing state enterprises	Warsaw	2.0
Transition*	?	Arts management	Warsaw	1.0
State	<5000	Manufacturing spark plugs	Kielce	2.0
Private	<100	Computer sales & distribution	Krakow	2.0
Transition	<5000	Construction management	Krakow	1.0
Private	<20	Jesuit publishing	Krakow	1.0
Private	<250	Education/School of Public	Krakow	1.0
Private	<50	Consulting & Advertising	Katowice	1.0
Private	<20	Consulting & Leasing	Katowice	1.0
Private	<100	Marketing	Warsaw	1.0
State	<2000	Bank	Wroclaw	1.0
Private	<50	Construction manufacturing	Bielsko-Biala	1.0
Private	<20	Publishing	Wroclaw	1.0
Private	<50	Financial consulting	Lodz	1.0
Private	<200	Insurance	Sopot	1.0

\* "Transition" describes those enterprises which are in the process of privatizing. As this process often involves substantial restructuring and streamlining of staff, it is nearly impossible to present a figure which accurately represents the size of some privatizing companies, depending upon how far along they are in their transition.



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