This edited volume consists of 16 contributions by managers and academics from East and West. The book investigates the managerial challenges and problems in Central and Eastern Europe (CEE), as its enterprises are transiting from state-owned, production-driven conglomerates into agile, consumer-oriented private enterprises. While there is a rapidly growing body of work on the macroeconomic processes of transformation in the region, much less is known about microeconomic structural, strategic and cultural processes of managing radical change. One of the main contentions of the contributors is that standard theories, models and recommendations for change management have to be reformulated with specific attention to the context.

The volume is organized in three parts. The first part of the book focuses on establishing the framework and discusses the economic and political constraints on business in Poland. The first two chapters (by Andrzej Byrt and Witold Malachowsky) describe the history of postwar German-Polish political and trade relations and conclude that economic relations between the two countries intensified during the 1990s. In the third chapter Reinhard Klein analyzes the experiences of German companies that have invested in Poland, using extensive primary data, and discusses the specific opportunities and risks for foreign companies in this region. An interesting finding is that the majority of German managers surveyed were either satisfied or very satisfied with their operations in Poland, and it seems that expected economic development of, and market potential in Poland (a market with 40 million people) is the overriding reason for German investment. The fourth chapter (by Jan Jezak) investigates the role of the National Investment Fund program (launched in 1995) in restructuring and privatizing over 500 Polish enterprises. What made the program unique was the involvement of highly professional foreign managerial teams experienced in corporate restructuring and closed fund management.

Josef Brada (Chapter 5) continues with the theme of privatization, restructuring, corporate governance and behavior of firms in the Czech Republic, Hungary and Poland, focusing on how firms reacted to the pressures of transition. Even though most firms made short-term adjustments, rather than far-reaching strategic decisions, they were able to implement long-term strategies for survival and growth. A somewhat surprising finding is that successful firms were less preoccupied with large investments in capital, technology or shedding workers, but instead strengthened their marketing
function, invested in human resources, reorganized their internal management information systems and created effective corporate governance mechanisms. The first part of the volume concludes with a contribution by Roderick Martin, who looks at the role of trade unions in the development of the political and economic system in Poland and argues for a unique position of Polish organized labor amongst labor movements in CEE countries.

Part II is the heart of the volume and represents a detailed case study of Beiersdorf-Lechia SA (Poznan), co-authored by two academics (Susanne Blazejewski and Wolfgang Dorow) and two managers of Beiersdorf-Lechia (Frank Claassen and Heinz-Jurgen Stutung). Beiersdorf-Lechia, the product of a 1997 takeover of Fabryka Kosmetylow Poliena-Lechia (Beiersdorf’s former subsidiary) by the German Beiersdorf group, is an example of a successful cross-border direct investment and illustrates many important aspects of large-scale change management in transition economies. In the course of the five years of fundamental change (1997-2001), Beiersdorf-Lechia transformed from a state-owned conglomerate into a market-driven consumer goods company, one of the Beiersdorf group’s top ten affiliates worldwide and one of the three largest producers of cosmetics in Poland. Based on extensive data collected from various primary and secondary sources, the authors focus on the key areas of change management – change in strategy, organizational structure, and the development of a new leadership style and corporate culture – and also discuss problems and pitfalls of complex turnaround projects. The outcome of their study is a framework of change management in the CEE region.

Part III (which consists of short nine chapters) highlights a broad range of specific issues in change management, and, unlike the two previous parts, is more theory-driven. Jutta Emes (Chapter 8) and Arnold Schuh and Harmut Holzmuller provide complementary perspectives on how to operate successfully in CEE markets, with particular attention to a comprehensive analysis of the competitive environment and design of effective marketing strategies which seem to be critical for success in these markets. Tomasz Domanski looks at how Polish-owned and foreign-owned retailers adapted their strategies to the changing conditions of the Polish retailing sector.

The next three contributions – by Gerhard Reber and Werner Auer-Rizzi; Thomas Otte and Krzysztof Konecki – zoom in on three human resource management issues: leadership behaviors, remuneration management, and organizational identity. Reber and Auer-Rizzi use the Vroom-Yetton situational leadership model to compare the leadership behavior of managers in Austria, the Czech Republic and Poland. Despite dramatic changes in the institutional environments of these countries, leadership behavior in the Czech Republic and Poland remains autocratic. Otte concludes that Polish companies predominantly use analytical methods of job evaluation, and are developing their own performance appraisal techniques (with performance-related elements becoming increasingly important). Konecki finds that Polish firms tend to maintain their existing organizational identity in the face of external pressures such as tough competition, change in ownership form and economic downturn.

The contribution by Krzysztof Obloj shifts the reader’s attention to a more strategic issue – the impact of dominant logic on the performance of Polish companies during the 1990s. High performers (firms that attain leadership positions in the markets) do not have coherent strategies and rigid plans, they seem to follow simple rules. Low performers, by contrast, develop their dominant logic at a very early stage, strengthen it over time and eventually become ‘slaves’ of their dominant logic. Stefan Schmid (Chapter 15) shows how multinational firms operating in CEE markets can upgrade their foreign subsidiaries by turning them into centers of excellence, with specific reference to a Slovakian subsidiary.

In the final chapter Klaus Meyer and Camilla Jensen assess the likely effect of EU membership by CEE countries on the corporate strategies of direct investors. This effect will be particularly felt in FDI inflows of new member countries that offer competitive locations and a high degree of legal and institutional alignment with the present EU countries. The short-term effect would be the largest in service industries and sensitive manufacturing industries. The authors conclude that membership is
expected to prompt structural changes and boost economic growth, which will drive FDI flows.

The volume is an eclectic collection of papers, and, as any eclectic collection, has its strengths and limitations. The main strength of the volume is the diversity of perspectives that the contributors bring to the discussion of the change issues. It offers an insider, rather than an outsider, perspective, because its contributors have lived, worked, traveled and extensively researched in the region they are writing about. The volume will be of general interest to IB scholars and well as students who seek information on change management in transition economies.

Despite the obvious strengths, I find several aspects of the book somewhat frustrating. To start with, the title – Change Management in Transition Economies – is misleading, as the setting for the majority of studies (11 chapters) is Poland. Change Management in Poland or the like would seem more appropriate. Part I is overly descriptive, and while setting the broader macroeconomic context is clearly important for the broader IB audience, the first two chapters appear somewhat repetitive and could have been collapsed into one.

Part II – the firm case study – is the core of the book, around which all other chapters are organized. I found the case study interesting and insightful, but could not help wondering to what extent the findings of this single case study are generalizable to other firms and contexts. One way of dealing with this issue would be to generalize to theory, as is customary in single-case research studies. More specifically, it would be illuminating to see whether radical change in Beiersdorf-Lechia is any similar / different from the changes in other corporations as described, for example, by Bartlett & Ghoshal (1996). In general, while I see no problem with a single case study, multiple case studies would have made the framework proposed by the authors more robust and credible (see, e.g., Eisenhardt, 1989).

The volume could also benefit from a concluding chapter, where the editors address two key questions – What have we learnt and how specifically the studies contribute to the advancement of the field of IB and / or managerial practice? In the Preface the editors state that the book contributes to “scholarship on the management of change in transition economies by offering a framework for further research into this area” (p. xiv). I am not sure whether the book actually does this, and putting forward a research agenda in the concluding chapter of the book would have been appropriate. Criticism aside, I welcome the effort of the contributors and the editors in putting together a book on the much needed subject.

References

