Godfather Management? The Role of Leaders in Changing Organizational Culture in Transition Economies: A Hungarian-Romanian Comparison

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The objective of the article is to examine the degree to which national culture and/or the business sector are influencing factors in organization culture change. Furthermore, this paper aims to determine whether the strengths of these factors differ in two national cultures. The subsequent hypothesis was tested on a sample of mainly Northern-Hungarian and Transylvanian Romanian organizations to establish whether there was a basis for conducting further research. If our hypothesis is correct, significant culture change is under way in the region.
The study analyzes whether cultural changes took place differently in production, service and public organizations in the different transition economies.

Key words: organizational culture change, production and service companies, paternalist leader

Introduction

Following the social-economic changes in the post-communist system, many studies have been written to capture the changing culture of Hungarian organizations. These studies either demonstrated the current situation as a snapshot (Branyiczky 1989; Máriás 1989; Hofmeister and Bauer 1995; Simon and Davies 1995; Jarjabka 2002), or focused on the challenges of collaboration in organizations with different cultural backgrounds (Child and Markóczy 1993; Meschi and Roger 1994; Poór 1995; Gaál, Szabó and Lukács 1996; Primecz and Soós 2000). Other authors have defined the characteristics of subcultures of Hungarian organizations (Bokor 2000). Detailed studies have also been undertaken to trace the change process of strategic consciousness and the methods of strategic planning (Balaton 1994; 2003).

The most recent and internationally comparative empirical studies were carried out in the framework of the GLOBE project (Brodbeck, Felix and Frese 2000) which provides a firm ground for further examination of Eastern-European and more specifically Hungarian cultural characteristics (Bakacsi and Takács 1997; Bakacsi 1999; Bakacsi et al. 2002; Karácsonyi 2006; Toarniczky 2006).

This study intends to capture the change process of organizational culture. An empirical model and a related questionnaire served as the basis for this empirical study. The survey was first carried out in Hungary, specifically in the Northern-Hungarian region, which used to be the centre for heavy industry in the communist era. It was assumed that the features of cultural change would be more evident in such social-economic environmental situations. The survey was then extended to regions with a similar background in the neighbouring countries (Romania, Slovakia, Ukraine). From amongst these, the results of the Romanian survey were validated for statistical comparison with the Hungarian one.

In this paper the model and its theoretical framework is introduced, followed by a primary analysis of the findings of the Hungarian survey and a comparison with the Romanian results. The final part considers the results of the secondary analysis in terms of the typical phenomena of cultural changes in the given samples.

The Research Model

Based on the theoretical analyses of the possible reasons for change in organizational culture (Sathe 1985), the role of leadership in the change process (Schein 1992; Nahavandi and Malekzadeh 1993), the types of cultural changes and cultural leaders (Trice and Beyer 1993), and empirical experience of change in Hungarian organizational culture (Heidrich 1999) a model was constructed to synthesize the possible factors influencing cultural change. It is not the intention of this study to differentiate between the intensity of these factors in the change process. The factors that influence culture change can be seen in figure 1.

Leadership

The role of the leader has an influence in creating and changing corporate culture. This is achieved by defining behavioural norms and decision making methods as well as through decisions which affect the organisation's value system.

Studies examining the role of the leader assert that the leader has a significant impact on the shaping of corporate culture. Schein

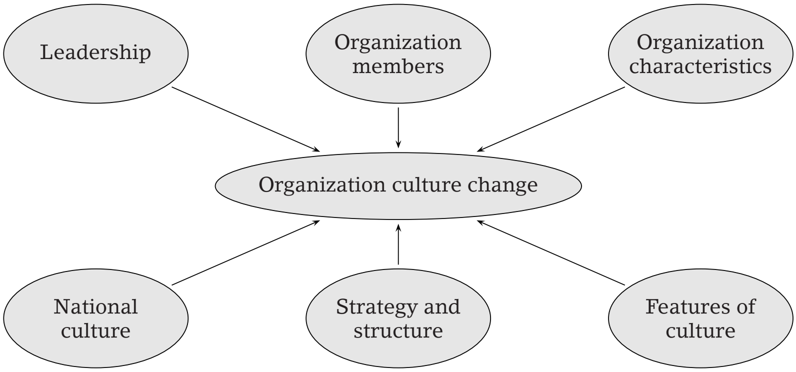

FIGURE 1 Factors influencing culture change

(1985) and Nahavandi and Malekzadeh (1993) observed a 'cultural creator' role of the leader, when founding an organization. The criteria put forward by Schein (1985) that measure whether the leader had a definite impact on the culture are as follows: If the leader's visions are shared unanimously and; If the leader's impact is still felt after the organization's size had increased.

Nahavandi and Malekzadeh (1993) indicate the means by which a leader may have an impact upon shaping culture as follows: as a role model; through the use of the reward system; the selection and recruitment process; structure and strategy and; the physical setting.

Culture changes established by the leader very often outlast the person. However, success stories are needed in order to validate the culture. These success stories are built into the value system of the organization and act as something to lean on in times of crisis and problems.

Some cultural analysts use the term culture change to refer to planned, more encompassing changes rather than those which arise spontaneously within cultures or as a part of conscious efforts to keep an existing culture vital. Culture change involves breaking with the past and, through this, cultural continuity is noticeably disrupted (Schein 1992).

ORGANIZATIONAL CHARACTERISTICS

Due to the major role of the ownership structure, size of the organization, the given branch of industry and the shared values in the transition of the organization culture, the companies in this study have been surveyed according to three aspects:

- organization size (number of employees);
- sector of economy (production or service oriented);
- national culture (Hungarian and Romanian);

Strategy and Structure

The interdependence of strategy, structure and culture confirms the strategy of any organization as a determinant factor in any culture change (Mintzberg 1989). The cultural change process is very often a side issue of the overall strategic change program. Either way it is certain that, just as in the case of structure, culture cannot be treated separately from strategy at any given time. Thus it can be said that it is unrealistic to expect organization members to follow a new mission and goals alongside old values and beliefs. The organization's strategy should fit the defined culture so as to avoid the envisaged dream becoming a strategic nightmare. The best way is, therefore, to manage these two factors simultaneously and not in a sequential way (Szintay 2001).

The relation between structures and cultures is also well established. It is not the objective of this study to deal with the cultures created by the different structural forms nor to consider cultures that reject certain structures.

The change of organization structure immediately initiates changes in culture. New departments are born, old ones die, and subsequently new groups of people emerge. Within the new structure, organization members have to find new ways of communication and interaction with colleagues. This leads to culture change.

Features of Strong Cultures

The terms change and culture are often at odds with one another: the basic elements of many cultures are all against change in any way, shape or form. Their strength is in the stability of shared values and assumptions about organizational behaviour. And these strengths can become the biggest constraints to any change. It can be said that the stronger a culture, the more difficult it is to introduce change. According to Nahavandi and Malekzadeh (1993) there are three elements that indicate the strength of a culture: The first element is all the shared beliefs, values and assumptions the organization shares. The number of these will determine how thick the culture is. For example, the higher the number of shared assumptions, the thicker the culture. Likewise, in thin cultures, few assumptions and values are held; the second element is the proportion of organizational members who share these basic assumptions. The more people agree with and share the various assumptions, the stronger it is; the third element is the clear order of these shared values and assumptions. If assumptions are clearly ordered, it becomes evident to the members which are central to the culture of the organization and which are not. The central ones are hard to change, whereas charge is much easier in the case of the minor assumptions.

Some other factors also have an impact on the strength of a culture. Organizations with a homogeneous and stable membership that has long tenure are more likely to have a strong culture. The number of employees and the geographic dispersion of the company also play a significant role. Thus, a smaller organization with fewer employees is more likely to have a stronger homogeneous culture. Handy (1993) also shares this belief when he points out that the power type of culture is typical for small enterprises managed and led by the founder.

NATIONAL CULTURAL BACKGROUND

National culture can have opposing influences on the organization. This two-fold impact is seen in the implementation of organization change and development programs. Whilst well-defined objectives and activity plans of top management work from top-to-bottom, national culture works in the opposite direction, from bottom-up. National culture appears to be one of the obstacles to organization change in Hungary and Romania (Heidrich 1999).

Hypotheses

Based on this research model and previous empirical studies the following hypotheses were formed:

- H1 *The culture of production and service organisations differ significantly. Characteristics of leadership and internal organisational features based on human relations are different. Applied technology has a major impact on the procedures. The closed system of production companies leads to the assumption of greater conformity, than service organizations, where the myriads of human interactions result in a more open system.*
- H2 *Organisational size significantly influences the culture. Its impact is not of the same strength along the different dimensions of the model. Dimensions could exist, which are not (or hardly) size-dependent. (Organisational size has been measured by the number of employees in this study).*

H3 *Economic and social environment have an impact on the culture of organisations. Different economic and social development results in different cultural characteristics.*

The Economic Environmental Factors in Hungary

In order to consider the third hypothesis adequately, a comparative study has to be undertaken of the different environmental factors affecting Hungary and Romania.

There seem to be two extreme views in the comparative economics literature on the process of economic restructuring in transition economies: The one is where the collapse of the private sector, which is not adapting to the new market and social environment, is combined with a slowly emerging private sector (Blanchard, Commander, and Cricelli 1995). The other one is where the main force behind transition is the rapid growth of the private sector. The former case appears to apply to Romania and the latter for Hungary (Bilsen and Konings 1998, 430). Companies in the former system worked in quite a safe way. All the conditions of operation were set by the state. This seemed logical since the state had full ownership of every business unit. This meant that the policy of the companies was very much determined by the government. Central planning was the driving force of any company. The strategic branches were pre-determined and no business was permitted to make independent strategic decisions. The sales and supply opportunities were also all influenced by the government. This especially applied to any export activities which were handled by state-owned export-import companies which were set up for every branch of industry.

The success of companies was not measured by profit or performance. The managers of companies were appraised by their relationship with the government and the ministries of the given sector. This relationship was of course very much based on political ideology. This resulted in advantages in terms of access to central financial and other resources (Bakacsi 1989; Máriás et al. 1981; Balaton 1994) The downside of this was that those companies making a profit would not get access to the central resources which were primarily reallocated to those firms with huge losses, as the state automatically helped those companies in financial trouble. A desire for security and an unwillingness to take risks were the norms as a result of state policy. In fact, the guaranteed survival led to the 'moral hazard' of Hungarian companies (Kornai 1993a). This, of course, was not a good incentive, and organizations began to aim for losses rather than profits.

With the changes in society and the economy, the COMECON markets collapsed. The COMECON was the international level of central planning for the former communist countries, where economic policy was set. All trade transactions and collaborations were arranged five years in advance. This safe and secure way of doing business came to an end.

Changes in the environment forced companies to become more market-driven and profit-oriented, both of which were alien concepts. The main problem with this was that there were hardly any existing examples of countries making a change from bureaucratic socialism to a market economy. This resulted in a deep crisis for all the companies in Central-Eastern Europe called 'transformational decline' (Kornai 1993b; Balaton 1994).

Simon and Davies (1995) summarized the characteristics of the radical changes, which demonstrated the discontinuity with the past:

- a multi party system, a new parliamentary system and free elections;
- a new and gradually developing banking and financial system with stock and commodity exchanges;
- the dissolution of the COMECON;
- new educational laws starting with the abolition of compulsory teaching of Russian in schools;
- new company, accountancy, taxation, labour and property laws;
- the beginning of the privatization of the entirely state-controlled industries;
- the privatization of council flats and a new system of local councils which were renamed 'local authorities.'

The Economic Environmental Factors in Romania

In the 1980s, most Communist bloc countries became open to reform. In Romania the situation was a little different as Romanian leader Nicolae Ceausescu took a harder line, adopting an increasingly closed and repressive attitude. Despite this difference, there were some similarities with other countries in that Romania's economy was planned and highly centralized with large state-owned corporations and cooperatives playing centre stage. The economy in Romania was based on heavy industry. According to the Canadian International Development Agency (2005) this was 'a sector that was difficult to reform and caused extensive environmental damage.'

Despite this reluctance to change, 1989 marked the fall of the Ceausescu regime and thus the end of the Communist era as well.

Since this time, Romanian and other transition countries have undertaken massive reforms of their economic systems, transforming institutions, processes, attitudes, and fundamental concepts of individual and organizational behaviour.

According to research undertaken by Scarlat and Scarlat (2007) there were three stages in the transition of Romania:

1. 1990–1997
2. 1998–2001
3. 2002–2005

In the first period (1990–1997), Romania sought to abandon the socialist model. This stage of transition came at great cost: Romania's standard of living declined dramatically; public services suffered; unemployment and inflation increased simultaneously and Romania's currency was devalued.

Several other improvements occurred in the economy during the second stage when growth policies were adopted. Certain austerity measures were undertaken in fiscal policy as well as a number of structural reforms.

The third interval marks the end of the transition period. In effect, a transition period ends for a country when the EU writes in the Country Report that the economic system of the country has achieved a 'functional market economy' status. In the case of Romania, the European Commission wrote in its report in 2003: 'Romania can be considered as a functional market economy once the good progress made has continued decisively.' According to Bilek (2003), the second condition referred to in the Report appears to indicate that the Romanian economy cannot be considered a fully functioning market economy in every respect.

From an economic point of view: the economic transition is over when the country's yearly GDP reaches the pre-transition maximum level. The Romanian economy achieved this in the year 2002–2003, according to the World Bank (see United Nations Common Database at http://unstats.un.org/unsd/cdb).

After the end of the transition period, Romania strived to alleviate poverty and to meet EU integration requirements. Romania became an EU member on 1 January 2007. However, it faces a number of challenges, which the World Bank lists as follows:

- Accelerating structural reforms.
- Reforming public institutions and improving governance.
- Reforming the legislative process and the judiciary.

- Reforming the pension system.
- Developing rural areas and reducing poverty.
- Reforming the energy sector.

Methodology and Discussion

In order to test these hypotheses, an analysis was required of the organizational culture of the North Hungarian region to be compared with Romanian companies from Transylvanian region. Both regions' economies used to be based on heavy industry. This study is based on primary information sources which were collected by sampling 436 firms. The Hungarian sample contains 100 companies and the data was collected between 2001 and 2003. The sample for Romania contains 336 companies and the data were collected in 2004. The research questionnaire was constructed within the frame of comprehensive OTKA-research based on the section examining the organization culture (Szintay 2006). The questionnaire was divided into 6 question groups with a total of 40 statements. These question groups are as follows:

1. *Personality of the leader* (KI): culture-forming and shaping role of the leader, representation of the employees, representation of the interests of the group, sources of leadership credibility.
2. *Employees* (KII): typical behavioural norms, motivations, criteria of individual success, transfer of norms and scores, clan vs. competitive (market) organizational culture.
3. *Strategy and (organization) culture* (KIII): strategic consciousness, application and acceptance of strategic methods, evaluation of the social and market environment, acceptance of change.
4. *Structure and co-ordination* (KIV): organization adaptability, methods of decision-making, technology and standardization, rules and procedures as cultural elements, information and power.
5. *Organization climate* (KV): informal relationships, out-of-work relationships, level of trust, level of mutual loyalty (organization vs. members), ceremonies and rituals.
6. *National culture* (KVI): universalism vs. particularism, monochronic vs. polychronic cultures, feminine vs. masculine scores, individualistic vs. collective society, performance vs. ascription.

In the latter question group the dimensions of Trompenaars (1993), Hall and Hall (1989) and Hofstede (1995) were applied which were most related to the original research model regarding work values. However other dimensions (i. e. uncertainty avoidance, power

TABLE 1 The structure of the Romanian sample

	Small	Medium	Big	N. a.	Total
Production	52	76	71	—	199
Service	94	35	7	1	137
Total	146	111	78	1	336

TABLE 2 The structure of the Hungarian sample

	Small	Medium	Big	N. a.	Total
Production	3	11	32	—	46
Service	5	13	24	—	42
Public service	—	—	13	—	12
Total	8	24	68	—	100

distance, specific vs. diffuse) were measured in previous question groups as related concerns.

The Likert scale was used with seven grades: 1 means total disagreement and 7 total agreement. The last question of each set of questions was an open question. The 'expert opinion-method' was used in the course of the research, where only one respondent from each and every organisation filled out the questionnaire, so only an overall picture of the sectors of economy can be examined rather than individual companies.

LIMITATIONS

The sample used is not representative for the entire Romanian and Hungarian economy. Only companies from one geographic region have been sampled. Furthermore, the sample does not reflect the structure of the economy in terms of the main sectors. It should also be noted that the questionnaire was filled out by managers and the subordinates' point of view was not taken into consideration.

The data from the Hungarian sample were collected one year before the Romanian one. In this way the comparative analysis will further heighten the differences in economic development between the two countries.

Findings: The Hungarian-Romanian Comparison

H1 *The cultures of production and service organisations differ significantly. Characteristics of leadership and internal organisational features based on human relations are different. Applied technology has a major impact on the procedures. The closed system of production companies leads to the assumption of* *greater conformity than service organizations, where the myriads of human interactions result in a more open system.*

H1 hypotheses were strongly validated in the Hungarian sample along all question groups. Service and also public service companies proved to be more focused on human relations with a more democratic style leadership than in the production sector. However H1 hypotheses were not reinforced in the Romanian sample.

H2 *Organisational size significantly influences the culture. Its impact is not of the same strength along the different dimensions of the model. Dimensions could exist, which are not (or hardly) size-dependent (organisational size has been measured by the number of employees in this study).*

H2 hypotheses were validated in both the Hungarian and the Romanian sample. SMEs proved to be more family-like places to work at, with a friendlier organizational climate. In the Hungarian sample production SMEs were the most preferred organisations to work at and large public service companies. The cultural difference based on size was less evident, however still present in the Romanian sample.

H3 *Economic and social environment have an impact on the culture of organisations. Different economic and social development results in different cultural characteristics.*

Considering the total of the results, it is shown that Romanian organisations are at a different stage of cultural change than Hungarian ones. In conclusion a transitional state of organization culture appears to exist in Romanian organizations. While in Hungarian organizations family type organizations are less frequent, in the Romanian sample contrasting values such as friendliness and competition go hand in hand. At service and especially production companies, the heritage of the communist past seems to be present to some degree. The collective mind and caring-organization contrasts here with the espoused values of the competitive company. A longitudinal survey in 5–10 years might prove competitive values to have greater dominance, with the fading of family values.

Key Findings

THE PATERNALIST LEADER

The paternalist type leader is even more appealing in Romanian organizations than in the Hungarian ones. This type does not operate in partnership with the followers but rather as a father with his children. Therefore, on the relationship level, loyalty is high and mutual.

TABLE 3 KI – leadership

	Romania				Hungary					
	Services		Production		Services		Production		Public serv.	
Q	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
KI1	5.88	1.10	5.93	1.14	4.81	1.85	4.48	1.80	5.25	1.29
KI2	4.98	1.60	4.63	1.75	4.81	1.55	4.95	1.61	5.17	1.70
KI3	5.45	1.21	5.52	1.25	5.17	1.50	4.75	1.67	5.58	1.56
KI4	5.58	1.20	6.06	0.98	5.52	1.15	4.93	1.40	5.92	0.90
KI5	5.31	1.59	5.62	1.37	4.17	1.87	4.27	1.81	5.25	2.18
KI6	5.01	1.70	5.51	1.54	4.17	1.87	4.50	1.75	3.58	2.15
KI	5.37	0.35	5.55	0.5	4.77	0.54	4.65	0.27	5.13	0.81

NOTES Q – question, (1) average, (2) standard deviation.

TABLE 4 KII – employees

	Romania				Hungary					
	Services		Production		Services		Production		Public serv.	
Q	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
KII1	4.20	1.66	4.21	1.61	4.60	1.61	4.30	1.70	4.33	1.97
KII2	5.81	1.21	5.87	1.13	5.83	1.45	5.84	1.49	5.92	1.16
KII3	4.85	1.53	4.68	1.49	4.21	1.47	4.00	1.62	3.92	1.83
KII4	6.06	0.89	6.13	0.93	5.00	1.50	4.82	1.32	4.92	1.68
KII5	5.51	1.46	5.56	1.30	4.81	1.70	4.33	1.97	5.33	1.37
KII6	5.37	1.45	5.31	1.45	4.19	1.73	3.47	1.78	4.00	1.60
KII7	5.02	1.57	5.02	1.53	4.02	1.65	3.73	1.50	3.33	2.06
KII	5.26	0.68	5.25	0.73	4.67	0.62	4.36	0.79	4.54	0.9

NOTES Q – question, (1) average, (2) standard deviation.

The paternalist leader proved to be industry independent. Another characteristic of the paternalist leader is that (s)he is not managing the organization based on the transparent organizational norms, but there is a continuous 'personal game' with each and every follower within the mutual circle of loyalty. This game is operated within the framework of the 'psychological contract,' based on mutual expectations.

The Paternalist leader as one of the most accepted types has been identified and validated by the Hungarian sample as well. This type seems to have survived in post-communist countries. While the self-interested dictator type is strongly rejected, the paternalist type with a more relation-oriented style remained as a desired one. This type of leader was analysed in detail by Pellegrini and Scandura (2008) and can be seen in figure 2.

TABLE 5 KV – organizational climate

	Romania				Hungary					
	Services		Production		Services		Production		Public serv.	
Q	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
KV1	4.83	1.51	4.67	1.44	4.30	1.61	3.93	1.77	4.25	1.66
KV2	3.92	1.71	3.61	1.79	4.68	1.86	4.30	2.31	5.00	2.04
KV3	5.37	1.37	4.92	1.47	4.57	1.42	3.95	1.92	4.42	1.56
KV4	5.22	1.56	5.42	1.36	5.14	1.61	4.84	1.67	5.75	1.36
KV5	5.12	1.32	5.03	1.35	4.54	1.45	4.20	1.66	4.92	1.08
KV6	3.26	1.65	3.59	1.74	3.32	1.83	3.61	1.63	3.33	1.67
KV	4.62	0.84	4.54	0.77	4.42	0.61	4.14	0.42	4.61	0,82

NOTES Q – question, (1) average, (2) standard deviation.

TABLE 6 KVI – national culture

	Romania				Hungary					
	Services		Production		Services		Production		Public serv.	
KVI1	3.66	1.53	4.17	1.48	3.93	1.57	3.60	1.68	4.75	1.96
KVI2	3.55	1.75	3.87	1.73	4.40	1.95	4.87	1.42	4.33	1.97
KVI3	4.48	1.63	4.47	1.64	4.40	1.34	3.64	1.60	3.42	2.50
KVI4	4.66	1.90	4.80	1.84	5.10	1.59	5.33	1.64	5.17	1.95
KVI5	4.12	1.62	4.37	1.57	3.83	1.54	3.78	1.43	4.08	2.11
KVI6	4.35	1.68	4.23	1.82	4.00	1.55	3.80	1.59	3.42	1.38
KVI7	4.00	2.04	4.04	1.93	4.95	1.78	4.93	1.53	6.25	0.87
KVI	4.12	0.45	4.28	0.31	4.37	0.5	4.28	0.73	4.49	1.01

NOTES Q – question, (1) average, (2) standard deviation.

Interestingly, the Paternalist leader type is independent of the size of the organization and there is no significant difference between SMEs and large organizations. However the appearance was more common in smaller organizations in the primary analysis.

The analysis by sector has not shown significant difference between production and service companies, but the paternalist leader was less common in service companies.

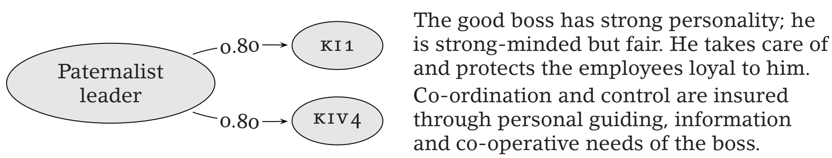

FIGURE 2 Paternalist leader and co-ordination

ADDITIONAL FEATURES OF PATERNALIST LEADERS IN SMES

A typical phenomenon was identified as an obstacle to organizational change and to growth in SMES:

- Very often the leader of the company is the owner as well. Therefore whatever decision is made, it is about private property. Trust becomes a decisive factor in terms of whom to involve in managerial decisions and thereby sharing information about the company. To do so the leaders would need to employ managers trusted on both a human and business level. In this way direct, daily control, which was taken for granted when the company used to be smaller, would not be needed.
- Success is an obstacle to organization change. The paradox situation is that a company facing a growth problem usually has a successful past. Based on financial and economic success, the owner-manager's beliefs about the suitable leadership style are enforced. However these beliefs and ideas are rarely self-conscious. Therefore failure in growth does not occur as a managerial problem, where leadership style or, even more, the leader needs to be changed or replaced.
- It would take a high level of self-reflection and humility for a key player of a success story to take a step back and let somebody else manage the business, thereby admitting that his/her skills are not enough for a larger size organization. There is not much chance of this, since often these owner-managers are 'hands-on' men.

FAMILY-TYPE VS. COMPETITIVE ORGANIZATIONS

Competition is motivated both by task-based performance and by informal, relationship-power. Interestingly enough respondents also perceived their organizations as big families. A positive correlation could be found in the questions regarding family features of the organizations, where trust and informal relations were present.

With regard to competition, no significant difference could be distinguished based on size; however competitiveness increases with the size of the organizations. Competitiveness is not dependent on sectors.

National culture and organization culture seem to be related, in terms of the masculine features of the society. Competitiveness as a typical masculine value proved to be related to organization competitiveness.

The seemingly contrasting value, family type, seemed to apply to

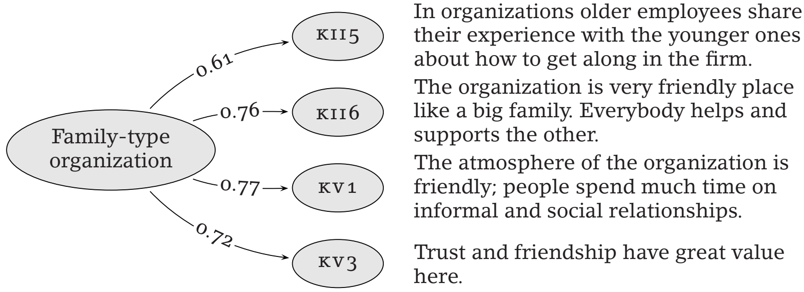

FIGURE 3 Factor analysis of questions regarding family-type cultures

smaller organizations: the larger organizations are, the less friendly the cultures appear to be. Sector however is not an influential factor for the friendliness of organizations. In the Hungarian sample service organizations in general and small production organizations proved to be significantly friendlier places in which to work.

The informal development of organization culture is linked with friendly organizations, just like trust in the organizations which the Hungarian sample was lacking. Therefore it seems that cultural features of a friendly organization are not necessarily derived from conscious management efforts in the Romanian sample.

Conclusions

- On the basis of the findings the following could be claimed: In the Hungarian sample significant differences appear between the organization cultures of production and service companies. This relevant variance has appeared sharply in the entire 6 question groups. However this phenomenon did not register in the Romanian sample.
- Comparing the culture of Hungarian production and service companies we can say that in the production sector the role of the leader is less caring, the level of informal relationships is lower, and the organizational climate is not so friendly (lack of readiness to help and lack of a climate of intimacy). Leaders and employees hold information back as a means of retaining power. In both countries the characteristic type of leader can be defined for the whole of the sample as *paternalist*. This is especially significant at production SMEs.

There are significant differences between the public and the production/service sectors in the Hungarian sample. This raises the question of whether a real cultural change has taken place in these companies since the change of the economic and political system or not. On the one hand, we can find here the most positive results in several question groups (the culture-forming role of the top leader, organizational climate, etc.); on the other hand, there is the monopoly or quasi-monopoly market situation of the organizations. Although they consider the market and social environment suitable for their work, some of the methods of strategic planning are completely lacking in practice. These companies find the changes taking place in their environment the least predictable. This passive strategic behaviour of these now private companies assumes constant faith in the 'omnipotence of the state'; interestingly, this type of culture appeared in the Romanian sample at production and service organizations as well. In that sample public service organizations were not involved. Therefore this culture type seems to be the heritage of the communist past and could be considered as a transitional culture. Old values of the past have not faded away completely, but new ones of the market economy are emerging. This explains the simultaneous presence of seemingly very contrasting values, such as friendliness and competition.

Summary

The objective of the study was to identify cultural characteristics of service and production companies of two transition countries: Hungary (the Northern region) and Romania (the Transylvanian region). Six dimensions were used for comparison. Significant differences could be traced between the two samples based on cultural background. The sector of business was a more significant factor in the Hungarian sample. Service organizations tend to have a significantly different organizational culture than production ones, although this difference was less evident in the Romanian sample. The size of the organization appeared as an influential factor in both samples.

Acknowledgments

The research has been a part of the research study 'A Complex Study of the Factors Influencing the Efficiency of Strategic Control in the Mirror of Globalization and Regionalism,' which has been carried out at the Institute of Management Sciences at the University of Miskolc, supported by OTKA. The research was carried out in 2001–2003.

The authors would like to thank László Berényi and László Molnár at the University of Miskolc for their help.

The Romanian survey took place in 2004–2005, based on the Hungarian questionnaire with the support of the Faculty of Economics and Business Administration, Babes-Bolyai University of Cluj-Napoca.

The authors wish to thank colleagues from the Babes-Bolyai University, Prof. Dumitru Matis and Prof. Mária Vincze for their support. The authors would wish to thank Nick Chandler (Budapest Business School) for his intense assistance in formulating the English version of the paper.

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