18

Culture and Change in Developing Western Countries

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… a talent for speaking differently rather than for arguing well, is the chief instrument of cultural change.

Rorty (1989, p. 7)

18.1 Introduction to Culture and Change

There is an inherent assumption in the organization-development (OD) literature that change and leadership in an organization are helped or hindered by the culture that is found among the individuals that populate the "organization." Additionally, layered upon this is the idea that national/ethnic cultures contribute to the dynamics of organizational change. This latter assumption is informed by the idea that different nationalities have "hard-wired" ways of coping with organizational life, and the work of Hofstede (1985, 2001) and Trompenaars & Hampden-Turner (1998) would appear to support the idea that national culture and societal values play a significant role in organizational life via organizational culture. Interestingly, the prevailing assumption is that the US/UK and Northern European models of organizational functioning are the ones that developing countries *should* aspire too, as evidenced by the predominance of neoliberal policies in post-communist countries and the increasing number of managers in developing countries who hold MBAs from the West. Undoubtedly, the latter is related to the former.

Organizational scientists ignore history at their own peril. The organizational models that have evolved in developing countries have carried their history with them, and the results of organizational change efforts in these countries have been both positive and negative. The purpose of this chapter is to disentangle the aforementioned issues. In addition, I will describe organizational change in a number of developing Western countries. More specifically, I will profile recent developments in a selection of countries

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in Central and Eastern Europe (CEE) and the East Mediterranean region: Romania, Bulgaria, Turkey, Greece, Albania, Hungary, the Czech Republic, Slovenia, and Croatia.

It was Denison (2001) who noted that while Europe has transformed politically and economically since the fall of the Berlin Wall, the most dynamic changes have taken place within individual organizations. In this sense, organizations in developing countries have the potential to act as a prism through which macro-economic and social changes are refracted. The target countries of this chapter have experienced two major changes over the last 30 years. First, they have made a transition from communist to free-market economics (with the exception of Greece and Turkey), and second, they have gained or are attempting to gain accession to the European Union (EU). Greece has been a member since 1981, Hungary, the Czech Republic, Slovakia, and Slovenia since 2004, and Romania and Bulgaria since 2007. Croatia, FYROM, and Turkey are candidate countries, and Albania is not a member yet but will most likely seek to be one in the future.

The issue of what constitutes a developing Western country is a contentious one and needs to be addressed before we proceed further. Generally speaking, the designation of "developed" or "developing" is linked to economic and social indicators, but little agreement exists on what delineates the former versus the latter. However, even the United Nations is wary of such distinctions, and states that the designations of "developed" and "developing" are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process (United Nations Statistics Division, 2011). A number of countries that we will be examining have also been classified as "transition countries/economies," meaning they are moving from a centrally-planned economy to a free-market one (Fischer & Gelb, 1991). For the sake of the present chapter, the classifications of "developing country" and/or "transition country" should be viewed in the context of organizational change and the way that the organizations in our target countries are developing towards systems consistent with advanced economies. Our classification groups together a heterogeneous group of countries in terms of history, politics, and organizational infrastructure. Thus, the reader is warned to treat our classification with the appropriate amount of suspicion. This caveat delivered, we proceed with a review of the theories of organizational change.

18.2 Theories of organizational change

There are a plethora of theories, frameworks, and models aimed at explaining and elucidating organizational change. The history and current status of the theories are covered in detail in Chapter 1. Thus, in keeping with the focus of this chapter on change and culture in organizations, we will be selective and review those models that are most useful to our discussion of developing countries.

In terms of the present chapter, we are interested in how theories of organizational change can help us to understand organizations in developing countries. In general, organizational theories of culture and change tend to be positive about the possibility that theories and frameworks can find appropriate solutions for organizational problems and elucidate organizational processes. Change and culture represent powerful forms of learning (in the broadest sense of that word), and learning provides us with a way to appreciate the work of Lewin (1951), Schien (1996), systems theories (Bausch, 2002), and complexity theories (Mason, 2007) in relation to organizations in developing countries.

John Dewey, and his view of organizations as organic, is our starting point. Dewey continually argued that education and learning were social and interactive processes, and he connected organizations with the communities around them. Dewey advocated that organizations must be involved in cultural reform and viewed them as having great transformative power (Dewey, 1930). His approach to change helps us appreciate the avenues through which complex systems teach us the purpose of an organization, and our role within it. Furthermore, he pointed to the importance of removing economic concerns as the main motivation for change. Such viewpoints have interesting echoes when we reflect on the way that developing economies have been shaped towards free-market ideologies.

Dewey viewed organizations as potential centers of edification and warned against using theory alone to change or transform them. He cautioned that theories are no more than a hunch about the best way to proceed (Weaver, 1997). Developing countries have experienced a myriad of social and cultural shocks to their political and social systems. Such shocks "force" organizations to learn what has happened and what will happen. In a sense, they have no choice but to transform into something different and thus learning becomes about survival. Finally, they need to learn what all the forced changes mean for how they relate with each other, in terms of both the internal and external environment. The fact that we tend to experience formal learning on an individual level explains why we find it difficult to imagine how an organization as an entity might learn. This probably explains why we tend to underemphasize the learning component of organizational change. Formal and (especially) informal learning represent important sources of change in terms of affective, cognitive, and behavioral aspects. Thus, the urgency to change in transition countries sharply elucidates the relationship between individual and collective learning, as the evolving organization also prompts individual evolution. Evolution, collectively and individually, is a transition to something different, rather than better.

The original three stages of change theory (change, unfreeze, and refreeze) proposed by Lewin (1951) have been surprisingly durable over the years. Weick & Quinn (1999) have argued that Lewin's basic assertion that "you cannot understand a system until you try to change it" (Schein, 1996, p. 34) is the foundation of all successive theories. This assertion is particularly apt when one considers the degree to which the organizational and social systems in developing countries have undergone change in the last 30–40 years. Furthermore, the Van de Ven & Poole (1995) typology for theories of OD and change—life cycle, teleological, dialectical, and evolutionary—is useful for understanding why the experiences of organizations in developing countries resist easy categorization. In particular, the dialectical, which refers to conflicts/contradictions, helps us to appreciate the interesting contradiction in "opening" up markets via hierarchical approaches. In addition, their framework is analytically useful and the mode/unit of change pushes our focus towards process issues, which is useful when assessing the institutional tensions inherent in being forced to change while needing to use traditional ways (e.g. informal channels) of garnering support for change. Indeed, organizations like homeostasis or stability and usually only change when forced to or when they see an opportunity that is sufficiently large to warrant it. Otherwise, they prefer smaller evolutionary and incremental change. Chapter 1 reviews this issue very succinctly and discusses whether organizations really have the capacity for the kind of planned change that earlier OD/Lewinian practitioners espoused.

The concept of general system theory (GST) is concerned with how systems operate, and integrates a broad range of systems by naming and identifying patterns and processes common to all of them (Bertanlanffy, 1975). In GST, the distinction between open and closed systems is crucial. Historically, models and theories of organizations embraced the closed approach by assuming that the main features of an organization are its internal elements. Moreover, they probably underestimated the distinction between the structural components of a system and the system's energy transfer/boundary permeability. The open-systems approach, on the other hand, views an organization's connection with the external environment as important to its survival and success. In terms of our review of developing countries, this distinction between open and closed systems is very important, as one can imagine that firms in developing countries initially sought to erect stronger boundaries (in terms of both structure and energy) between themselves and surrounding systems (in contrast to US and North European efforts to build bridges with stakeholders). The ideas of Katz & Kahn (1978), who view organizations as consisting of patterns of behavioral events, help us to appreciate how historic legacy in terms of policy can have such a direct impact on organizational design. Complexity theory (Mason, 2007), which has common points of agreement with GST, looks at the microlevel in a complex system and evaluates how it influences emergent behavior and the overall outcome at the macrolevel (McKenzie & James, 2004). In terms of developing countries, both systems theory and complexity theory encapsulate the uncertainty that is a continuous feature of developing and transition economies, and these theories can be useful in explaining the behavior of organizations in coping with continuous change (Foster, 2005; Sherif, 2006; Sullivan, 2004).

The role of learning in change is evident in the work of Schein (1996) and the induction of learning anxiety as a process of unfreezing. According to Weick & Quinn (1999), organizations that are compatible with continuous change are built around ideas of improvisation, translation, and learning. Learning can be thought of as a change in the repertoire of responses at either an individual or an organizational level, or both (Sitkin et al., 1998). Similarly, learning is required in order for top managers to develop a teachable point of view (Cohen & Tichy, 1997). Learning is also required in order for leaders/managers to develop and convey their stories and ideas about what really matters to them, and the way that these narratives become included in organizational-change efforts. In a sense, our theories of organizational change and culture provide a framework for organizations in developing countries to "learn" what has happened, what is happening, and what will happen in the future.

18.3 Organizational Change in Developing Countries

Is organizational change in developing or transition countries different from that found in more developed countries? Our assumptions about culture would suggest that the answer to this question is "yes." However, a review of the literature provides a mixed response. The recent history of CEE, with the transition from communism to liberal democracy, represents a significant and "natural" example of organizational change. Examining this period from a narrow organizational perspective allows us to view it as an interesting example of forced change. There is an assumption that organizations in developing/transition economies are using old templates and scripts that do not foster adaptive change and organizational transformation. However, Chiaburu (2006) seriously questions such an idea and prompts us to reflect on whether organizational-science researchers are using the appropriate theories to capture the reality of transition economies.

For example, the excellent review by Armenakis & Bedeian (1999) provides a useful framework through which to analyze the organizational-change literature. These authors identify four themes common to all change efforts: (1) content issues—focused on the substance of contemporary organizational changes; (2) contextual issues—the forces or conditions that exist in an organization's external and internal environments; (3) process issues—the actions undertaken during the enactment of an intended change; and (4) criterion issues—the outcomes commonly assessed in organizational-change efforts.

How easily can this typology be applied to developing countries? The degree to which we can use these themes might be limited, as context and process issues may predominate in developing countries. At a basic level, we can think of organizational behavior in terms of formal (e.g. laws) and informal (e.g. ways of communication) rules. The transition of developing countries to market economics has resulted in a significant change in the formal rules. For example, organizations have worked hard to project ideals concerning career development, team-building, formal appraisal systems, and collective vision/mission statements. In short, they have attempted to convince the world that they are governed by meritocracy and equality, like their Western models. However, it is probable that informal constraints survive because they attend to participants' exchange needs (North, 1990), meaning that individuals are still culturally programmed to believe that "things happen" informally. In addition, as noted by Chiaburu (2006), some organizations in developing countries may engage in "ceremonial adoption," meaning that they implement practices that are not internalized.

The distinction between formal and informal aspects of an organization is highlighted by a recent literature review of employee attitudes towards organizational change by Choi (2011). This review identified readiness for change, commitment to change, openness to change, and cynicism about organizational change as being the key variables in the literature. Overall, the review concludes that the accumulated evidence suggests that situational conditions have the most significant impact on employee attitudes towards organizational change.

Examining this review from an attitudinal perspective, Choi (2011) found that change-specific attitudes (commitment to change, cynicism) were better predictors of support or resistance to change than were general attitude variables. The importance of cultural norms in developing countries means that specific attitudinal variables are more likely to be informed by the informal rules, as opposed to the formal ones. On the other hand, we can also find evidence which suggests that transition countries show patterns of organizational change we would expect to find in capitalist countries. For example, King (2001), who attempted to address the question of how we create capitalism, conducted case studies among organizations in Hungary, Slovakia, Slovenia, and the Czech Republic and identified 11 strategies used by public firms when converting to private ownership. These strategies were quite varied and were consistent with the patterns we might expect to find in similar programs in the USA or the UK. Roe et al. (2001) examined the impact of privatization on the motivation of workers in Bulgarian and Hungarian firms. Their data showed that there was no evidence that public-sector workers were less motivated than employees in private-owned firms. We are left with the problem of whether developing countries look more like developed ones when we view them through a "Western" lens.

Clark (2008) suggests that organizational-change processes in transition countries can follow three different patterns. First, they can follow a path of inertia and continuity, which represents a path of reluctance. Second, they can attempt to mimic Western practices—however, such attempts at revolution can lead to more resistance. Third, they can develop a hybrid of the new and old ways of working, laying the seeds of further change.

Clark's ideas have much in common with the work of Prochaska & DiClemente on individual behavior change among individuals (Prochaska et al., 1994, 2012). In essence, their transtheoretical model (TTM) outlines individuals' health-behavior changes as progressing through specific stages: precontemplation, contemplation, preparation, action, and termination. In their stage model, individuals go back and forward through the stages, and can repeat cycles by returning to early stages. The TTM model has been applied to organizational theory (Prochaska et al., 2001) and represents an interesting framework for thinking about how change in developing countries might be characterized by such cycles.

18.4 Country Profiles

In this section, we will review literature from a sample of countries considered Western developing countries. The purpose is to provide the reader with a contextual picture in order to more fully appreciate the factors that might influence organizational change in these countries. Relatively little literature exists on the topic of organizational change in developing countries, and we have confined ourselves to research published in the English language. Thus, the profiles are selective, but they do provide the reader with a picture of emerging trends in this region.

18.4.1 Romania

Romania is located in the south east of Europe and has a population of 21 million plus. It is one of the largest countries in CEE and its transition process is considered more problematic than those of some of its CEE neighbors. Candea & Candea (2001) suggest that transition problems in Romania (post-1989) were rooted in a lack of managerial competence. In essence, the managers who inherited a new Romania after 1990 carried communist ideologies with them, slowing real transition by at least a generation. The authors cite research (including their own) indicating that the majority of Romanian managers were inexperienced with regard to the need for an organization to develop a marketing, strategy, or organizational culture. Grigoruţă (2006), in a study of Romanian managers, explored their readiness to move towards cultural diversity and integration within the EU. The managers studied reported a preoccupation with aspects connected to the dimensions of organizational culture and an orientation towards individual and organizational change concerning the "acceptance" of a new system of values. Additionally, Lederan et al. (2011) interviewed Romanian entrepreneurs, before and after Romania's ascension to the EU, and found that institutional change prompted the copying of Western approaches in an attempt to gain legitimacy. Aioanei (2006), in a study of leadership values among Romanians, concluded that attitudes towards leaders fit the "Military Man" pattern, meaning leaders were inclined towards less involvement of subordinates, frequently retained the final decision, and made use of coercion to gain compliance.

18.4.2 Bulgaria

The history of Bulgaria is marked by its location near Europe's frontier with Asia. Some 85% of the population is Orthodox Christian and 13% is Muslim. Around 10% of the populations is of Turkish origin, while 3% is Roma. Bulgaria has a population of 6.7 million people and is transitioning from communist rule to a political democracy and market economy (Manolova & Yan, 2002). Dadak (1995), in a field study of 45 Bulgarian executives, observed that the problems they experienced were rooted in governmental inefficiency, bureaucratic obstruction, high taxes, and outdated and inconsistent legislation. Equally, Ilieva (1999), in a study of state employees experiencing the transition from 1990 to 1997, found that job satisfaction, involvement, and commitment all decreased in this period, and that employees felt less loyalty towards their organizations. Such research is consistent with our picture of an economy in transition, but it stands in sharp contrast to the research of Judgea & Elenkov (2005). These authors evaluated the relationship between an organization's capacity for change and its environmental performance within manufacturing organizations. They were interested in organizational capacity for change and embedded their research in a resource-based approach to organizational change, and they found that their measure of capacity of change was related to environmental performance. Their research, contrary to some stereotypic beliefs about developing countries, suggests that Bulgarian firms rank environmental concerns highly.

18.4.3 Turkey

Turkey, with an estimated population of more than 70 million, is a developing country that represents a bridge between the East and the West. This means that it is both part of Europe and part of Asia or the Middle East. Commentators acknowledge that while certain subcultural differences exist in Turkish society in terms of the conflict between traditionalism and modernism (Aldemir et al., 2003; Danşiman, 2010; Humphreys & Brown, 2002), certain overarching values and assumptions can be identified (Pasa et al., 2001; Sargut, 2001). Danisman (2010) presents an interesting case study in a construction firm, where a new leader attempted to introduce more professional relationships and roles among the staff (e.g. more clearly defined management roles); these attempts failed, and Danisman concludes that Turkish cultural values were a significant barrier to change.

Danisman's research can be contrasted with work by Aycan & Kanungo (2000) on the relationships between organizational culture and human-resources styles in Turkey. Their research indicated a preference for a paternalistic style. According to the authors, in accordance with Turkish culture, employees expect their manager or leader to be open and participative and to protect the interests of employees, share their problems and achievements, foster their professional development, and create a family-like environment. The leadership styles described by these authors are consistent with the open/supportive and participative leadership approaches that might be extolled in the *Harvard Business Review*. Thus, one can imagine the confusion between the expected managerial roles in Turkish organizations and the private and family roles valued by Turkish society.

18.4.4 Greece

Greece, with an estimated population of 11.2 million, represents a special case in our discussion of the region. It is certainly not a transition economy, and the definition of the country as "developing" is not quite correct. This problem is partly due to the fact that Greece entered the EU quite early on, compared to the other countries in the region, and its cost and standard of living are more comparable with Italy and Spain than with Bulgaria or Albania. Interestingly, the ambiguity as to which economic "club" it belongs to is mirrored in the existing research on organizational change, whereby some researchers (e.g. Bellou, 2007; Tomprou et al., 2012; Vakola et al., 2004) take a relatively context-free approach to organizational change, while others (e.g. Joiner, 2001) view the context as being central to understanding such a process. Vakola et al. (2004), in a study of willingness to accept organizational change among professionals, found that emotional intelligence and personality were important factors. Similarly, Bellou (2007), in a study of nonmanagerial employees who had undergone a merger or acquisition, found that such changes had an impact on their psychological contract in the new organization. Additionally, recent research concerning Greek bank employees by Tomprou et al. (2012) found that experience of organizational change was not related to perceptions of the breach of a psychological contract, but rather to feelings of contract violation. The authors speculate that this unusual result might be related to the fact that bank employees experience organizational change as commonplace. Interestingly, close reading of all the aforementioned research indicates little discussion of Greek cultural values as a factor in organizational change. In stark contrast, Joiner (2001), in a small sample of middle managers, found that centralization and high levels of formalization were associated with lower reported job stress (but not managerial performance). Joiner (2001) argues that this organizational culture is congruent with Greek societal values of high power distance and strong uncertainty avoidance. The Joiner (2001) findings suggest that Greek societal values are important to understanding organizational change. Ultimately, such contradictions are celebrated in a well-known Greek joke that Greece has inherited the worst aspects of both capitalism and socialism. The joke symbolizes the contradictions found in trying to elucidate organizational change in a country at the crossroads of the EU and Asia Minor.

The current financial problems in Greece are having an enormous social and psychological impact on both public and private organizations. The psychological contract between employers and employees has been torn to shreds and the informal arrangements which previously held organizations together are now the source of conflict. For example, in the private sector, the common (illegal) practice of delaying monthly salary payments until some future date is no longer tenable as employers rush towards bankruptcy and employees initiate robust industrial action. In the public sector, there are attempts to rationalize all areas, and hiring/salary “freezes” are pushing morale to low depths. Greece is now undergoing a transition that might look somewhat like the transition that its Balkan neighbors experienced in moving from communism to Western capitalism. A mix of unpredictability, mistrust, and the feeling of not having autonomy means that private life and work life are more integrated than ever before, but not in a positive way.

18.4.5 Albania

After the collapse of communism in the early 1990s, Albania, with a population of 3.6 million (this probably underestimates the movement of Albanians to neighboring countries), made a decisive choice for democracy and free-market economics. Since then, its progress towards these goals has been variable, and it is considered to represent a “difficult case” when compared with other post-communist countries (Duffy, 2000; Elbasani, 2009). Albania tends to rank low in conventional sociopolitical integration indices because it is a country with a complex religious configuration, comprising a Muslim majority (a Sunni and Shiite community) and substantial Christian communities. Llaci et al. (2003) present some interesting reflections on what leadership looks like in Albanian organizations. According to these authors, the belief that businesses need to develop leaders is quite new and the prevailing model of leadership in enterprises is a nonparticipative one. Sinanaj & Dollani (2010) attempt to evaluate the organizational challenges for Albanian exporting companies and identify the following issues as being critical: human-resources skills, knowledge of foreign languages, and management of export documentation. Reflecting on these aspects, the authors conclude that external and not internal forces represent the only hope for change. The future for Albania is uncertain, but it did join NATO in April 2009 and it is a potential candidate for EU accession. Although Albania's economy continues to grow, the country is still one of the poorest in Europe, hampered by a large informal economy and an inadequate energy and transportation infrastructure (World Factbook, 2011). Albania's dependence on external influence is highlighted by the fact that remittances (from Albanians mainly in Italy and Greece) are a significant catalyst for economic growth (9% of GDP in 2009).

18.4.6 Hungary

Hungary is a landlocked state with many neighbors—Slovakia, Ukraine, Romania, Serbia, Croatia, Slovenia, and Austria. It has an estimated population of 10 million and it entered the EU in 2004. Czaban & Whitley (2000) argue that Hungarian enterprises are among the most likely to have moved away from the state-socialist past, due to increasing foreign ownership in the manufacturing industry during the 1990s (Radice, 1995) and market reforms between 1968 and 1989 that led to the growth of quasi-private and private firms in the small- and medium-sized-firm sector (Berend, 1990). In essence, Hungary was moving towards market liberalization before the 1990s, and by 1991 Hungary had a significantly larger proportion of foreign joint ventures and foreign investment than its formerly state-socialist neighbors (Pearce & Branyiczki, 1993). Pearce & Branyiczki (1993), using longitudinal case studies, charted the successful transition of an advertising agency and the unsuccessful transition of a porcelain factory from state-owned enterprise to market liberalization. Interestingly, the case studies revealed that both organizations experienced very low levels of resistance to change. The authors ponder as to whether this was a result of the change being personally threatening and thus leading to a "sink-or-swim" mentality, or whether the lack of resistance was simply a reflection of employees who had been "educated" in a state-owned culture where questioning was not encouraged. Overall, the Hungarian picture is a mixed one, and Czaban & Whitley (2000), who evaluated the impact of market liberalization in the 1990s in 18 leading Hungarian enterprises, concluded that the behavior of the Hungarian enterprises displayed more continuity than qualitative changes.

18.4.7 The Czech Republic

The Czech Republic, with an estimated population of 10.5 million, became an independent state in January 1993 after Czechoslovakia split into its two constituent parts (the other being Slovakia). Before World War II, Czechoslovakia was one of the 10 most industrialized states in the world, and the only central European country to remain a democracy until 1938. The Czech Republic and Slovakia underwent significant changes during the period 1969–1985, following the reestablishment of hierarchical and autocratic structures after the revolt in 1968.

Danis et al. (2011) have argued that because of the nature of the Czech transition, which was unique in many respects, the country experienced a sharper break from its communist past than did most other transitional countries. The authors, in their comparative analysis of generation cohorts of Czech managers, show how pre- and post-1989 generations differed in terms of values and ideas about upward influence. Such observation are also reflected in the earlier research of Soulsby & Clark (1996), whose interviewees displayed a strong sense of Czech identity, but also demonstrated a feeling that they ought to take control of their own destiny and exhibited a certain suspicion of foreign business. Skoda-Volkswagen is often cited as the positive example of transition, but the record in the Czech Republic is mixed. Newman (1998) provides a detailed analysis of Czech success stories, such as Aero Vodochody and PBS, and of the less-than-successful transitions of Zetor and Královopolská. Interestingly, Neman (1998) detailed analysis can be read either as an exemplar for strategic alliances with foreign multinationals or as a cautionary tale of how such efforts can falter.

18.4.8 Slovenia

Previously one of Yugoslavia's six constituent republics, Slovenia became independent in 1991 as Yugoslavia broke apart. It is bordered by Italy, Austria, Hungary, and Croatia. Slovenia joined the EU in 2004 and has an estimated population of 2 million. It is considered the role model for how to successfully move from a socialist to a market economy (Edwards & Lawrence, 2000; Reardon et al., 2005). For example, it became a full member of both the EU and NATO in 2004, and adopted the euro in 2007. It is considered the most economically developed of the "new" countries, and has overtaken two old EU member states (Greece and Portugal) in terms of per capita GDP. This successful transition was not without bumps, and initially Slovenian managerial expertise with respect to core commercial activities such as marketing, general management, and financial management was notably deficient (Edwards & Lawrence, 2000). However, the subsequent success is highlighted by the research of Cadez & Guilding (2007), which indicates that Slovenia's adoption of strategic management accounting is quite advanced and compares favorably with that of countries such as Australia.

18.4.9 Croatia

Croatia became an independent state in 1991, following the break-up of the former Yugoslavia. It has an estimated population of 4.4 million. Croatia is set to become the 28th member of the EU in 2013. Much like Slovenia, it represents a success story in terms of transition, and research indicates (again like Slovenia) that top-down approaches and informal routes are still characteristics of the organizational landscape. For example, Perkov et al. (2008), in a study of Croatian managers, reported a hierarchical approach to change processes in enterprises, with CEOs and board members directing change. Additionally, Dimovski et al. (2008), in a study of organizational learning that compared Croatian, Slovenian, and Malaysian organizations, found that Slovenian and Croatian companies more frequently used internal sources (such as previous decisions and their own employees) and that Slovenian and Croatian managers were more likely to use personal contacts and informal team meetings when trying to understand the meaning of information they had acquired. Croatia, much like Slovenia, is expected to be one of the success stories of transition. However, both countries still rely on heavy state involvement and thus the future is still somewhat fragile.

18.5 The Model of Organizational Change in Developing Countries

The relatively small amount of literature available makes it difficult to arrive at a model of organizational change in developing countries. Economists, sociologists, and political scientists have dominated the analysis of organizational change, with relatively few organizational scientists contributing to this literature. This represents an important opportunity for organizational theorists. According to Chiaburu (2006), many of the current frameworks of analysis are limited in part because they are presented as value-free, ideologically-neutral, and natural rather than constructed. As a result, they sometimes fail to capture important factors related to transition. For example, Aioanei (2006) argues that diversity in Romania can be explained through the different kinds of occupation that the Romanian people have had to bear during their history: Russian influence, especially in the eastern part of the country; German influences in Bucovina due to the Austro-Hungarian occupation; Ottoman occupation, with influences that can be seen in the southern part of the country; and Hungarian influences in the western part. Thus, organizational-change models are limited by the embeddedness and pervasiveness of the culture.

Newman (2000), who is a rare example of a researcher who has attempted to conceptualize organizational change in CEE, concludes that organizational transformation by indigenous managers will be rare until "the institutional context becomes more predictable." This assessment may be pessimistic, but it is consistent with the views of researchers who suggest that the conventional research cycle (conceptualize, design, measure, analyze, and report) does not work very well in hyperturbulent environments (Meyer et al., 1993). The entry of multinational organizations into the markets of developing countries is a large part of the story of transition, and Xia et al. (2009) examined the experience of 219 US firms that entered the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Slovak Republic, Slovenia, Bulgaria, Romania, and Croatia, finding that hierarchical approaches to entry dominated. Thus, we might wonder to what degree foreign firms are reinforcing preexisting organizational cultures. It's a "chicken-and-egg" situation, whereby uncertainty makes hierarchical approaches more attractive, but hierarchical approaches are reinforcing uncertainty.

One possible way forward can be found in the recent review by Oreg et al. (2011), which looked at individuals' reactions to organizational change. These authors encourage researchers to make distinctions between pre-change antecedents, change antecedents, explicit reactions, and change consequences, and to reflect these distinctions in the terminology they use. Care must be taken with this approach, and the authors themselves cite organizational commitment and job satisfaction, which can be considered an example of a pre-change antecedent as well as of change consequences. Additionally, the authors recommend that researchers should distinguish between affective, cognitive, and behavioral aspects when analyzing explicit reactions to organizational change. Overall, the proposed model represents an interesting way for researchers to more fully capture the cultural and informal elements present in developing countries, while also restraining themselves from adopting a perspective that inflates the influence of local color.

The study of organizational change in developing/transition countries provides an opportunity for us to study enterprises in "extreme" political and economic circumstances, which can reveal theoretical issues in new ways by making apparent normally hidden factors and processes (Eisenhardt, 1989; Soulsby & Clark, 2007). It's far too simplistic to characterize these countries as places where organizations were feverishly "playing catch-up" to transform themselves into a resemblance of more-developed Western organizations. The socialist system from which they emerged was one that extolled the virtues of labor and the social role of organizations.

Socialist systems also contained some interesting aspects with regard to their attitudes towards equal opportunities and gender. For example, the Bulgarian socialist government, like other socialist governments, invested great effort into projecting the image of "the socialist woman" as a worker, an activist, and a mother, to such an extent that some researchers have suggested that public space and discourse were overwhelmed with "womanhood" (Kotzeva, 1995, p. 73; Kotzeva & Todorova, 1994, p. 30). Such notions have an interesting resonance now, when we consider the contemporary gender problems in the workplace.

As noted by Soulsby & Clark (2007), organizational processes perceived from a Western perspective as economic and instrumental mechanisms, when placed within a post-socialist context with strong and continuing cultural resonances can become issues of wider human meaning and moral commitment. Ironically, the need to change probably led to organizations initially adopting defensive positions. Indeed, Newman (2000) argues, counterintuitively, that beyond a certain level of institutional change, instead of increasing the likelihood of organizational transformation, as suggested by some organizational-change theories, the intense need to change in a new free-market environment probably made organizations more likely to resort to the comfort of familiar routines. This idea is certainly consistent with the observation by Weick & Quinn (1999) that in order to understand organizational change, one must first understand organizational inertia, its content, its tenacity, and its interdependencies.

The evaluation of the evidence in developing countries is severely limited by the fact that we have little information concerning the really significant and inevitable organizational changes that must have occurred in state institutions such as the police force and civil service. There is no doubt that the way that police forces evolved (especially in post-communist regimes) provided a social thermometer as to how effectively Western approaches were being adopted. For example, Gorenak's (2006) paper regarding the organizational changes in the Slovenian police force from 1989 to 1996, while largely descriptive, still fuels our imagination as to the probable level of change that the organization *had* to undergo post-communism. Overall, the difficulty of locating literature on organizational change in developing countries may partly reflect the fact that certain experiences were difficult to capture using standard organizational analytic methodologies.

18.6 The Special Case of Health Care

Thus far, we have recognized the limitations inherent in the exploration of culture and change in developing countries. In the interests of attempting a more systematic analysis, we will now examine the health-care industry, which represents a significant employer in developing countries.

The relatively little literature available on organizational change in developing countries means that analyses comparing theoretical approaches taken or methodologies used to accomplish change are difficult. This limits our ability to reach meaningful conclusions with regard to specific aspects of organizational change and culture. The health-care sector, however, allows some comparison and analysis. The health-care sector is one of the major employers in the Central European and South East European region, and the changing landscape of health care represents a significant sector for organizational change, with these change efforts predicted to accelerate. For example, between 2003 and 2007/2008, per capita health-care expenditure rose in all European countries (European Foundation for the Improvement of Living and Working Conditions, 2011), and some countries had dramatic increases, such as Romania (171%), Greece (91%), Bulgaria (51%), and 22% Hungary (22%). Some of these countries may have been starting from a low base, but the trend upward is noteworthy. Hospitals in developing countries, in tandem with global trends, are faced with a need to initiate organizational systems that address quality of care and health-care professional well-being. Patient care is moving towards a customer-focused approach, and health-care professionals are under increasing pressure to improve their ability to demonstrate teamwork, interprofessional cooperation, leadership in a medical team, and effective management of medical mistakes.

Health is a good example of an industry requiring effective teamwork. Whenever things go wrong in health care, reports (Institute of Medicine, 1999), inquiries (Special Commission of Inquiry into Campbelltown and Camden Hospitals, 2004), and studies (Forster et al., 2004) show that a significant factor undermining the quality of patient care is the delivery of medical treatment in a fragmented, isolated way, with health-care professionals failing to collaborate effectively. It seems reasonable to assume that similar patterns will be observed in developing countries, where health-care professionals have less organizational resources available to them. In health care, at least, organizational culture and role behavior are significant levers influencing organizational change (Montgomery et al., 2011).

To date, the majority of the evidence concerning health-care change and quality of care has been collected in Northern Europe and North America. Developing countries represent a relatively unchartered area with regard to the monitoring and benchmarking of organizational hospital culture, employee well-being, and quality of care. The evidence which does exist suggests that the work conditions of health-care professionals in these emerging countries are likely to be even more demanding and challenging than those in Northern Europe and North America. For example, an EU survey (European Foundation for the Improvement of Working and Living Conditions, 2002a) asking individuals whether they were satisfied with their national health-care system indicated significantly lower rates of satisfaction in CEE countries such as Turkey (24%), Greece (24%), and Romania (26%), than the EU-15 average of 62%. Additionally, evidence from Croatia (Mastilica & Chen, 1998) revealed that Croatian citizens were dissatisfied with health services in general (44%) and with the quality of health facilities and equipment in particular (48%).

Such statistics strongly suggest a less than satisfactory environment for both health-care professionals and patients in CEE. Dramatic changes in health-care policy, and the organizational change that they prompt, have been identified as important factors. For example, Szócska et al. (2005), analyzing health care in Hungary, chart the negative and direct impact that policies lacking strategic goals have on organizational change within health care. Indeed, data from a country such as Bulgaria indicate that employment and working conditions in health care have been strongly affected by the "neoliberal" public-sector reforms introduced under pressure from the international financial institutions (the International Monetary Fund, World Bank, etc.), which have imposed budgetary stringency. The health-care sector in Bulgaria has witnessed a drastic reduction in number of jobs, along with falling wages. Between 1990 and 2002, more than 47 500 jobs were lost, with nurses, midwives, and similar groups most affected (Daskalova, 2006). The major social and political changes in developing countries have given rise to a special need to examine the issues concerning work, employment, and well-being. More specifically, globalization and the need to adapt to the EU marketplace have prompted both rapid economic development and technological advancement in this region. The pressure to adapt to changing market conditions, layered on top of the already-existing cultural and political history, presents challenges for both policy-makers and researchers interested in the successful adaptation of individuals to a satisfactory and productive working life.

In some instances, the adaptation of countries to the EU and free-market economics has had the net effect of reducing quality-of-work conditions and increasing stress levels. A survey of all occupations within Europe (European Foundation for the Improvement of Working and Living Conditions, 2002b) suggests that developing countries report higher stress levels than their EU-15 counterparts, with 40.2% of individuals in Turkey, 47.8% in Greece, 40.3% in Romania, and 32.4% Slovenia reporting that they found their work stressful, compared with an EU-15 average of 31%. The reported data are from the whole working population, but they are suggestive of a qualitatively different working experience in developing countries.

18.7 The Hospital: A Unique Organizational Environment

Organizational culture determines how individuals behave, what people pay attention to, how they respond to different situations, and how they socialize with new members and exclude those who do not fit in (Spataro, 2005). The Institute of Medicine (IOM) in the USA has repeatedly highlighted the link between patient safety, physician well-being, and organizational culture (Institute of Medicine, 1999, 2001). Although hospitals represent a unique organizational environment, relatively little systematic research exists with regard to how this contributes to stress and well-being (Montgomery et al., 2011). Hospitals staffs consist of a wide variety of professionals, both medical and nonmedical, and the stressors/strains experienced by health-care professionals are a combination of patient-driven demands and organizational factors specific to the hospital environment.

To date, workplace interventions aimed at physicians have focused on the professional role rather than the organizational context. The lack of concern given to the organizational context has important implications for health-care professionals globally, but may have special significance for developing countries given the societal pressures already noted there. In a comparison of Turkish public and private hospitals, Seren & Baykal (2007) found that health-care professionals in hospitals dominated by power cultures were less likely to accept change than those working in collaborative cultures. Not surprisingly, a collaborative culture was more likely to be found in private hospitals, as opposed to public. Similarly, Türköz (2004), in a private hospital, found that a positive attitude towards organizational change could be encouraged by participation in quality circles, commission studies, and project teams. In studies among Slovenian health-care professionals, researchers have reported that health-care professionals indicate low levels of personal involvement in the hospitals where they work, and tend to view the culture in their hospitals as being stable, having an internal focus, and being controlling (Savic & Pagon, 2008; Savic et al., 2007). This resistance is also echoed in the research of Szócska (2004), who in a review of organizational change in Hungarian health-care organizations concluded that failure was due to the managerial failures of change managers and to organizational resistance that change managers generated through their actions.

Overall, the trend in Europe is towards more privatization, and there is a growing movement towards making hospitals more self-managed and placing a greater emphasis on attracting patients and improving efficiency, quality, and the responsiveness of services (Busse et al., 2002). It's probably too early to make predictions about the impact on hospitals in developing countries, but in Greece private hospitals are already increasing their market share compared with public hospitals, mainly because of the perceived shortcomings of the public health-care system.

Stress-management interventions for health-care professionals are based upon work-stress theories, such as the Karasek job-demand control theory (Karasek, 1979), that place particular emphasis on job control/job autonomy and undervalue the role that the hospital culture can play. Interestingly, a recent study evaluating work stress among eight hospitals in the EU (Pisljar et al., 2011) found that neither work control nor job/time autonomy was associated with the health of hospital employees. It concluded that interventions to prevent work stress must look more closely at interventions that help all hospital employees cope with their growing workload, longer hours, and unsocial schedules. This is in agreement with research showing that work control reduces the impact of work stress on health only when employees cope actively with work stress (De Jonge & Kompier, 1997). According to a review of sickness absence among health-care workers by Michie & Williams (2003), intervention studies have focused mainly on staff training, to the detriment of employment practices and management style.

Finally, a review of interventions aimed at the reduction of burnout among physicians (McCray et al., 2008) reports that there is a paucity of evidence on what actually works. All the data that we have reviewed suggest that understanding and prevention of job stress among physicians can be aided by looking at the hospital organization as a unique point of analysis. For example, the growing literature indicates that disruptions in the operating theater in hospitals (Rivera-Rodriguez & Karsh, 2010) are an added stressor that has the potential to contribute to errors (Sevdalis et al., 2008). Since such stressors are hospital-specific, it would be valuable to have data on operating-room interruptions in developing countries. We can speculate that interruptions are probably more intense in environments with close family relationships and more-fluid professional boundaries.

Looking to the future, the National Health Service in the UK is attempting to reduce visits to hospitals by promoting more home-based treatment. Such changes might actually be more easily achieved in developing countries, where families live in closer proximity to one another (compared with Northern European countries).

18.8 Conclusion

The ongoing transition of developing countries in Central and South Eastern Europe represents an important vantage point from which to examine questions concerning organizational culture and change. The limited study of the societal and work values and cultures of organizations in the region should cause us to wonder how adequately our organizational theories account for the history of organizational change in this region. As noted by authors like Chiaburu (2006), organizational theories imported from Western experiences, which have a high emphasis on instrumental rationality, are less likely to offer a plausible account of organizational patterns. Stark (1996) makes the interesting observation that individuals in a post-socialist context are rebuilding organizations and institutions "not on the ruins but with the ruins of communism" (p. 995) as they redeploy available resources in response to their problems.

In terms of OD and change, our review of the literature allows us to conclude that the assumption that the rapid liberalization of the former state-socialist economies will lead (eventually) to efficient capitalist enterprises is not supported by the research. If anything, this process has generated uncertainty and a siege mentality, which has tended to inhibit organizational restructuring and strategic change. That said, we must be balanced in our assessment and acknowledge that even in US and European companies, success rates are not spectacular regarding efforts to change vision, values, and culture or business systems and processes (Beer & Nohria, 2000; Beer et al., 1990; Carr et al., 1996).

Management style is an important factor in the way that organizations change and organizational cultures develop. It is difficult to assess to what degree managers within developing countries have evolved. Management education, utilizing developed-nation models, has flourished in the region. However, the observation by Edwards & Lee (1999) that it is difficult to identify whether foreign practices are simply being adopted or a distinctive regional model of management formation is emerging is still appropriate. Indeed, it is important to remember that managerial training was an important element of the Soviet system, and that specialist centers were established in East Germany, Romania, and Yugoslavia under the communist regime (Granick, 1975; Warner, 1990). There is no doubt that these centers were ideologically different from Western models of management, but one shouldn't assume that in the early days of transition MBA's were being imprinted on *tabula rasa* managerial minds. The history of management development in developing countries, pre- and post-transition, could elucidate much regarding how we understand organizations in developing countries.

Future trends will undoubtedly be influenced by the explosion of social networking sites on the Internet, and a flattening world is providing new opportunities for different values to emerge. We look forward to seeing how this new medium will change identity and the way we feel about organizations. The frameworks reviewed in this chapter (Oreg et al., 2011; Van de Ven & Poole, 1995; Weick & Quinn, 1999) provide good analytical tools for organizational scientists to use in capturing culture and change, and we should always have in mind Dewey's belief that theories are merely a hunch about how we should proceed (Dewey, 1930). Heraclitus, the philosophical father of change, is credited with the observation that one cannot step into the same river twice. This observation rings true when we consider that river water is continuously changing, but it shouldn't obscure the more interesting psychological fact that we as people are never the same. Thus, the very act of plunging our organizational lens into the river of developing countries transforms both us and them. The call to study organizational becoming over organizational stability (Tsoukas & Chia, 2002) recognizes that a focus on process in future research has a better of chance of identifying the microflux that is the ongoing work which individuals need to do in order for organizations to be *organized*. Such ideas have particular resonance for developing countries, where the process can be everything.

We have reviewed health care and hospitals from an organizational perspective. Hospitals are very interesting organizations because the culture of medicine is similar across the globe and physicians (especially) are educated to take a very specific role in an organization. Unlike other professionals, physicians are educated to be clinicians first, and their role as a leader, team member, or manager is secondary. Thus, physicians have a tendency to view the purpose of a hospital as primarily to support their clinical work. Mintzberg (1997) has written directly on the issue of hospital cultures, and strongly insists that real organizational change can be effected only by a gradual bottom-up approach that doesn't threaten the roles that individuals have established within the organization. Public hospitals, with their bureaucracy, hierarchical nature, and well-established systems, are good places to observe transitions towards a more market-based and customer-led culture. They crystallize for us the problem that remains: what should developing organizations develop into?

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