

Survival by Subversion in Former Socialist Economies: Tacit Knowledge Exchange at the Workplace

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Introduction

The general Western view of life under socialist regimes was not merely distorted by prevailing images of the ubiquity of the secret police, but by a failure of imagination to grasp that ordinary people in the countries concerned led lives that kept the intrusions of the state at bay. It is major thesis of this paper that the workplace was paradoxically the locale of this rarely recognized form of subtle dissent. This conviction raises important issues about what we can regard as normal behavior in socialist regimes and the cultural standards that are associated with it. One feature of this normal behavior is that people for reasons of survival and self-protection exchanged a considerable amount of tacit knowledge with each other (2).

This tacit knowledge contrasted with the overly explicit nature of knowledge promulgated by the state. This knowledge was risky. It could often incriminate. So people avoided it, preferring to circulate tacit knowledge. But such knowledge was also not without risks, at least as suppliers and users of this knowledge might be informants for the secret police – tacit knowledge refers to economic calculations of individuals but not of politically preformed collective elites. Therefore, tacit knowledge could belong to the politically excluded market

economy, beyond the borders and not inside the planned economy. Market rationality survived as tacit knowledge beneath official planning programs as a kind of silent, implicit understanding. Practical use of it depended on careful management of its difference to explicit knowledge. The effect of this management was an outside-inside turn of economic rationality, which, as we all know, at the very end produced the political overturn what is usually called the 'velvet revolution'. Referring to the romantic tradition, which developed in times of great social transformations in the late 18th and early 19th century in order to create a description of social change, these outside-inside and upside-down turns of knowledge could be called 'ironic management'. Since then, new theories of social evolution call changes like that 'development'. It was and is something like a game with understanding and misunderstanding, with knowing and not-knowing. Such games help to multiply ways and means of perceiving and understanding and create behavioral alternatives. Knowing and not-knowing became questions of communication and negotiation, no longer questions of status and honor. Thus, these innovative processes led to the emergence of knowledge management.

During that 'romantic' period the political program of socialism was designed. The general understanding of the elites was that the masses of proletarian individuals, i.e. those who were traditionally expected to know and produce nothing else than descendants, were to be socially disciplined. From the socialist perspective, the masses now should free themselves and change society. Simultaneously, these masses were expected to perform a kind of self-disciplining or self-control in order to shape themselves into self-conscious classes. With respect to that point, the socialist movement concurred with modern liberalism. The self-conscious individual was brought back into social mind. Both socialism and liberalism produced delineations of masses in terms of economy and, as far as economy was understood as rational decision-making, in terms of knowledge and understanding. The later socialist

states reproduced these suppositions and until their fall in the late 1980ies struggled to distinguish their perception from that of from liberalism.

In that context our hypothesis is that this fall was an overturn, resulting from a particular blind spot of political top-down control. We argue that in socialism economic know-how of people survived by subversion of official orders, both, by affirming and rejecting these orders.

Survival by subversion creates a special cultural standard (1), which is to be found in rigidly controlled organizations. Officially, the expected unconditional loyalty to the leadership is demonstrated. But, this is behavior on the surface, the official outside of a private 'life underneath' (Hahn 2005: 60). Tacit knowledge is a specific form of ironic management of this difference (cf. Rorty 1989). Under such circumstances people's behavior is, of course, always suspicious to their leaders. Thus, one precondition for tacit knowledge to emerge and become really valuable was that participants in any communication could trust each other.

'Socialization' in the sense of Nonaka and Takeuchi (1995) refers exactly to that understanding.

By applying terms like 'tacit' and 'explicit' to socialist society and emphasizing the role of trust in the transfer of tacit knowledge, we come to the proposition that it is possible to study life in socialist regimes from the knowledge management perspective alluded to in the title of this paper. However, in order to put these points into preliminary perspective, we need to examine the nature of the socialist system. We can then fruitfully apply modern concepts of knowledge management to throw unusual light on socialism and practice. That in turn will enable to develop insights into post-socialist societies, which are having variable success in transforming themselves into market economies.

In order to apprehend the significance of that assertion, we go back to history, and include some notes on irony and trust. Next, we try to shape a short description of the workplace in socialist economies, and finally will draw some conclusions on observations in the current transition processes.

Knowledge Management in Former Socialist Economies

This paper is based on different sources of knowledge cumulated over many years: own research on communist countries in Europe since the late 1960s, well documented in a few hundreds of publications by the authors, personal experiences of all three authors in either having been citizens of former socialist countries or gaining insights as visiting scholars, having had hundreds of interactions with scholars and inhabitants of the countries concerned, at workplaces, international conferences and in public spheres, and having had training and education in socialist ideology, political and economic thought, and dialectic materialism. In this section we provide insights about the emergence of particular cultural standards as a consequence of ideological thought and political action.

Organization and the socialist system

As the industrial revolution became established in Europe and with it the setting up of manufacturing concerns and financial institutions, the term ‘organization’ which formerly did not refer to the structures of the new commercial enterprises is re-invented. Before, ‘organization’ (just like ‘system’) was understood as a state of order. In the context of industrial enterprise this understanding was supplemented by a notion, which describes a social practice of controlling the unruly masses of the proletariat when inside industrial enterprises. This practice of social control persisted under the name ‘bureaucracy’. After this shift in meaning organization now means a summary of all measures that were to take when

individuals and their ways of life were to be disciplined. Consequently, organizationally controlled lives are perceived as ‘work’, what is understood to be the opposite of ‘real life’, which never can be controlled. The ‘work - life’-difference is maintained up to our days.

Considering the experiences of the 19th and 20th century and, in particular, the industrial model of production with its social and ecological implications and the so-called ‘socialist planned economies’ as a variant of the industrial model, a few modern management methods try to integrate both, work and life, in order to circumvent unbearable conflicts. Nowadays, greater respect for individuals and their potentials has emerged, which did not exist so much before (cf. Weick’s [1976, Orton/Weick 1990] notion of “loose coupling” and Brunsson’s [2002a, b] notion of “hypocrisy”). We find its script in relatively new management disciplines called ‘knowledge management’ and ‘cross-cultural management’. The ‘socialist economies’ and their early forms in Soviet Russia, and revised forms in Eastern Europe, China, Vietnam, or North Korea, which are our topic here, did not avoid such conflicts but, in contrast, aggravated these conflicts in order to totally include everyone into the socialist system. On the one hand, Bebel, Lenin, Ulbricht, and also Mao Zedong expected the traditional families to be the greatest obstacle to their concept of revolution. That’s why they concentrated so much effort on the polemic struggles against religion and against rural societal structures. On the other hand, their own derivation from theoretical Marxism produced both, an overrating and an underrating of individuality and privacy. According to their political design, any individuality is suspicious if it is embedded into privacy. Any household, family, kinship, and friendship could undermine the proletarian revolution. In that perception private individuality is deep, self-conscious individuality (around 1900 for this ‘deepness’ we find scripts like ‘life’ or ‘creativity’ or ‘human resource’). The socialist designers were aiming at a kind of ‘flat’ individuality, a kind of not or only loosely coupled, unreliable element within a social

structure which must be directed and controlled rigidly. According to that perception the 'best proletarian' would have no private chains to lose, because he was technically and physically bounded ('employed') by industrial machinery. A successful socialist revolution had to build on these 'flat individuals' and to ignore any individual deepness. That's the way they did it up to the 1980s. The individuals themselves, being personal people, made their own profit from this ignorance and created their life in the deepness under the surface of official politics. Their private life was their human resource, which sparkled at the workplace, but not in favor of their 'work'. Thus, the designers of socialist economies themselves were the implicit creators of those shadow economies that finally overthrew them.

However, on the political surface a permanent struggle was fought against the privately woven deepness of individuality. People always knew that they had to hide their privacy when they wanted to save it. The project of total inclusion of elementary individuals was a great attempt to make individuals 'function' and to segregate from socialism all the possible turbulences possibly caused by highly differentiated and individualized privacy. Consequently and paradoxically, socialism also became a project of exclusion out of socialist economy, even out of rationality, reason, and normality. In that sense it is no surprise that in early 2000 Yegor Gaidar, one of the important reformers in the Yeltsin team, could note that in the writings of the communist Party of Russia 'there is nothing there from Marxism' (interview reported by Desai 2005, p. 92).

Designers of socialism (first of all V. I. Lenin) who made their political experiences in struggle against liberalism probably had hoped that this exclusion could be a practical trick to make real the socialist utopia of a completely egalitarian collective (cf. Baecker 2002). Thus, we may call socialism a kind of 'ignorance management' which, as far as the attempt had

failed, was transformed into politics of suspicion and terror against those who were to be ignored. But, exactly the terrorist practices made it obvious that ignored individuality was an *internal* problem, which never could be successfully excluded. Thus, the greatest hopes were put on 'organization' as the best available bureaucratic means and managerial tool to maintain socialist discipline.

The invention of cadre

Lenin copied the 19th century traditional concept of masses of industrial workers being controlled by industrial organization, but he extended it to a concept of labor that included all intellectual work, too. The intellectuals who cannot so easily be described in terms of masses and classes were described as organizational staff, most of all: engineers. In his thinking Lenin was influenced by German notions of bureaucracy and even American methods of management. He saw the latter not so much as an expression of capitalist exploitation (as many might expect), but as a necessary means of control. Lenin, like Taylor, whom he admired, was suspicious of workers and their potential power to disrupt *any* economic system. For Lenin politics and economy merged into one, and so did society and organization. To resolve all the inherent contradictions, Lenin developed a concept of the state led by one party, the Communist Party, to which everything and everyone were subordinate. Influenced by Weber's concept of bureaucracy and Taylor's notions of organization, Lenin saw that there was a need to supervise the state's arrangements and activities by loyal enforcers. These activists, called 'cadres', and part of their role was to root out the negative influence of 'disruptive elements', individuals who did not conform to the requirements of compliance.

Originally, the cadre was an invention of military politics in 18th century France. It labeled a core staff of armed forces, especially of the republican army. Later, the term was transferred

to the sphere of state administration and signified the core staff of bureaucracy, trained in elite schools. Supposing the proletarians were the leading class of society, Lenin copied this tradition and supplemented it with the U.S. American practice of management, especially Taylor's 'scientific management'. Taylor divided organizational staff in those who work physically (for Lenin: the proletarians, the mass resource) and those who work intellectually (for Lenin: the suspicious individuals). Following his own ideology, Lenin had to create both, a sort of intellectual worker who can be perceived as a proletarian (a mere element of a mass substratum) and a sort of physical worker who can be perceived as an intellectual, at least as someone who is able to follow the ideology (presented as a "scientific" program) for rational reasons. That's why each personal file in socialism was called a "cadre file". In the Soviet Union the cadres were to be found in each and every kind of organization to ensure that the will of the state prevailed. With the Soviet occupation of East and Central Europe as of 1945 the notion of 'cadre' was reintroduced in other languages of socialist countries as if being of Russian descent.

At the outset the so-called 'socialist economy' will be considered as an economy managed by an authoritarian, bureaucratic organization (a party). This management is based on a conventional understanding of economy as a kind of a nation state's household and, therefore, as a single corporation of more or less totally included people. (*Brunner isn't needed here, I think...*) The political task of management is to take individuals and place them inside of this economy, not respecting people's everyday life, values, commitments, and other personal relationships. In earlier times of communist power such measures were deliberately taken for the degradation of intellectuals and humiliating the 'bourgeois', to 'isolate enemies of the working population from the public sphere' (Paríková 2004: 51). Later, this degradation is widened to general ignorance, degradation not only of the intellectuals but of everybody who

made the mistake to get out of the 'flatland' of mass and collective. This kind of management takes people as 'empty', abstract individuals, loosely coupled with a substratum: the masses, which are to be organized rigidly to secure loyalty. By that it produces a cadre consisting of cadres itself, who are separated from the collective in order to control it. These cadres had always to take into account that they could be degraded if they made a politically 'wrong' decision. Besides, while being dependent on the people at the workplace the cadres always lived in latent conflict with the people at the workplace.

In the socialist era millions of people worked under the direct control of cadres. Their task of the cadres was to secure the best performance from workers to ensure that production and other targets were met. Individuals, whether disruptive elements or not, realized that to survive under close surveillance was to do what is ordered – to do everything correctly, to meet the plan, etc. A man or woman who presented himself or herself as a reliable worker who did precisely as ordered without any doubt or question, made no difference to a planning organization: he or she seemed to be a perfect tool, just like organization itself. But he or she only seemed to be so; it's a front stage game with a hidden backstage (cf. Goffman 1959).

What individuals really did was to present a suitable identity that helped to protect them from degradation and humiliation. It is absolutely no surprise that the interest of people was to reproduce the 'flatness' at the workplace as a "scene", such that only cadres but not workers stick out. Interesting life went on underneath. In effect, 'socialist management' as cadre politics couples its ignorance of people's thoughts and commitments with a suspicion concerning those thoughts and commitments. Sociologically speaking, people's communication is under permanent suspicion of undermining organizational control, because it does respect but not accept the boundaries. Thus, people's tacit knowledge embraces the ways of undermining state control: survival by subversion. It brings the forbidden or ignored

outer side back into the closed inner side: it brings society back into the organization. In other words, individuals undermine or bridge every wall by communication. They all “play the game as if it makes sense” (cf. Weick 1976: 1). That’s the ironic turn of the socialist management. People, the supposed elements of the ‘working class’, are tacit managers, while the cadres are explicit controllers. People use ‘work’ and not ‘organization’ as their favorite joker in the socialist economic game – they play a game with this game, working with communication, which cannot be neither completely appropriated nor perfectly controlled by the totalitarian party – this is what we also call the *people’s twist* (Fink/Lehmann 2006, cf. Baecker 2002).

Thus, the take-and-place strategy has to realize that the workplace is the most important locus of communication and as such the most important place where organizational control is required. In this way, to be ‘a worker’ in the socialist concept of society embraced work and life outside work – at the workplace. The modern correlate of this term is to be ‘in employment’, a condition which permits the individual to participate fully in society and its cultural amenities. In a socialist regime the State – in other words the Communist Party – took control of society’s arrangements and dictated what cultural amenities were suitable for the people. From the point of view of the State it was the workplace where people – that is to say, individuals – could be best ‘organized.’ From the point of view of people this is a place to live as communicating – that is to say, networking – individuals.

Irony and trust at the workplace

Accordingly, and paradoxically, the authorities assumed that people were less suspicious at the workplace, where their association with other people could be controlled and monitored. Privacy seemed to be much more suspicious. Outside the workplace people formed other

associations, often based on genuine friendship or shared interest in activities such as sport, music or literature. People were aware that their activities outside the workplace were more difficult for the state to monitor except with huge armies of informers. They discovered that they enjoyed more freedom at the workplace provided that they associated with people that they could trust: that is to say, trust them not to betray them to the authorities for any alleged transgression. That's the one side. The other is, that if the suspicion follows from a closed shop model (you could trust those who are included but you should mistrust those who are excluded) the culture of suspicion contaminated also private life. While there were no 'cadres' in private kitchen, at barbecues and wedding parties, their mode of control was always present, because it was the other side of that life. Everybody could be a snooper, but in private life this problem cannot be shifted outside, like it is done at the workplace. At the place of work there had to be communication to ensure that decisions were implemented, work was allocated, harangues to the workers to achieve and more importantly over-achieve production targets were acted upon. In the socialist context communication was crucial because it acted as form of work linking decisions to implementation. The more sophisticated the operation, the more communication: but the more communication, the more opportunities *to learn how to avoid being suspicious*. It follows from this that workers played a game: they outwardly conformed, professed commitment and loyalty in order to avoid retribution. As long as workers did what the state required of them at the pace of work, they could not be so easily held to be disruptive. Thus cadres turned a blind eye: this was the essence of the paradoxical form of freedom at the socialist workplace. People have a backstage their; they haven't one at home. Thus, the special socialist politics of fear always threatens privacy, not work. You can destroy each individual life immediately their, but not at the workplace. That's why a cadre who is supposed to have no private backstage at all is absolutely unable to use the workplace as an ironic playground like people do: he cannot go behind the scenes. If really everybody

had an own workplace and spent most of his or her time there (also schools were designed like workplaces for children) then the workplace was the place where the complex twist of cadre control and individual communication functioned (where it worked, indeed). Thus, the workplace and not the private home was the locus of individual networking. Freedom at the workplace is an outcome of the routines in dealing this complexity.

To summarize, we could say that trust in socialism was based the perception that everybody was included in this duality of surface life (flatness of scenes and front stages) and subversive survival (deepness of backstage rooms). This inclusion into an abstract equal situation made everybody somehow predictable (by that trust was possible) and somehow unpredictable (by that mistrust was reproduced). Officially demonstrated behavior was always perceived as a spectacle (a show) with a hidden deeper meaning. Insiders knew it, strangers could not perceived it, cadres suspected it, everybody who wanted to be included tried to learn it. The workplace was a kind of market place for this great exchange of tacit knowledge. We can mark this everyday translation of 'workplace' into 'marketplace' as the subtle irony of socialism, but hasten to add that this irony was a very serious problem for everybody's life under socialist circumstances (cf. Baecker 2000, Kittsteiner 2000). Economic rationality in planned structures was re-establishment with exactly these structures. Every attempt to transform cadre politics into 'modern western management' would have take into account the related issues (cf. Best 2005). In that context we must not forget that Lenin's design was result of his admiration of American managers like Taylor and Ford.

Socialist-style knowledge management

Two considerations follow from this. One is obvious, the other less so. The first concerns the nature of work attitudes at the socialist workplace; the second concerns what we might call ‘socialist-style knowledge management.’ As we have noted, the authorities in socialist countries had a fear of individuals, who were seen as disruptive, uncontrollable and unreliable. So it was that workers would learn that the important thing was not to stick out, not to become even unwittingly conspicuous to the authorities, who were always on the outlook for scapegoats to protect their own positions. But note: these tactics of evasion for personal survival had to be learnt at the workplace. One tactic, and its legacy still exists today in former socialist countries, is to avoid knowing anything even by accident that could prove to be disadvantageous.

This brings us to a consideration of ‘socialist-style knowledge management’. As we have noted, socialist society observed various crucial distinctions between public and private, family and work, reliable and unreliable people. We suggested that personal survival depended on a game of survival that was outwardly conformist, but was often subversive: ‘the people’s twist.’ To operate in these conditions, one needed knowledge of a special kind. It was tacit knowledge that has nothing to do with creativity to improve a work process in the normal sense of the expression. It was tacit knowledge that took many forms, but it was in essence the knowledge of how to communicate in official ‘party’ language to transmit private information and how to screen, filter and employ publicly available explicit knowledge for private use.

Thus there was tacit-tacit transfer at the workplace among friends, and there was also explicit-tacit transfer of knowledge made publicly available, but at the workplace there was no tacit-

explicit conversion from workers to supervisors, and there was no explicit-explicit transfer from workers to supervisors. In short, the workplace was a knowledge-creating domain, to which the Nonaka/Takeuchi (1995) model applies, but only very selectively. Seen from this perspective, the socialist system was one in which communication channels were reduced to tacit knowledge transfer embedded in the official political language, which had a double meaning, or better a meaning as a vehicle for knowledge transfer only to those who knew the context. Those, who knew the context, could internalize new tacit knowledge; those who did not know were excluded from the communication channels. Survival was only possible by subversion, whereby the socialist economy itself established as a system in which the cadres and the workers engaged in mutual undermining of each other's efforts for mutual survival. In the end the system imploded on itself, exhausted.

Issues of transition to market economy

In the light of the previous section of this paper, it is obvious that the modes of communication, which persisted throughout the communist era, could not be sustained. They had to be adapted to the requirements of firms and corporations acting in a market economy context.

Given the complexities of subversive survival, it should not be surprising that that there were – and indeed still are - substantial obstacles to effecting a smooth change process. A case in point concerns the translation of Western management textbooks as well as business guidelines and decision procedures into the languages of former socialist countries. It has often proved extremely difficult, occasionally virtually impossible to produce accurate translations.-A survey of translations of Western management texts, for example has

identified the following causes for mistranslations of case studies concerning three major European corporations (Holden and Fink, 2006 forthcoming):

- complete misunderstanding of a term in the original (example: mapping/kartografiya; learning history/history of learning; sense-making/understanding; assumptions/axioms)
- absence of close lexical equivalent in Russian (examples concern the verb 'to facilitate' and the nouns 'excellence' and 'vision')
- Use of circumlocutions and/or free translations, which do not convey the meaning of the original (examples in Holden 2002 and Holden 2005: the mission statements and other promotional material from Novo Nordisk and Sulzer Infra)
- Creation of loan-words based on the English originals which in russified form would be not readily understood (example: fasilitatsiya)

Reviewing the last twenty years, it is possible to identify classes of Western management terminology that have proved difficult to be translated into Russian (Holden and Fink, 2006 forthcoming):

1. Figurative language

Terms like 'benchmarking', 'the bottom line' and 'sticking to the knitting' defy literal translation. They become circumlocutions, which reflect the core idea in neutral language.

2. Terminology that refers to 'soft management'

Modern management uses a vast range of words to cover aspects of communication and motivation (currently fashionable are word like 'team-player', 'coach', 'mentor', 'facilitate',

‘empower’, ‘vision’, ‘mission’, etc). Many words of this class are virtually untranslatable (except by wordy circumlocutions). Native words, which might be used for literal translation, are completely inappropriate. For example, the standard Russian word for ‘empower’ confines its semantic area to high politics, whereas *nastavnik*, meaning ‘mentor’, is very much someone who is going to guide you to a more upright and ascetically conditioned life.

3. Terms used in models

Terms in models are often a kind of short-hand for a weighty or complex notion. A good example concerns the Hofstedian notion of ‘power distance.’ Pschenichnivoka (2003) has attested four different translations of this term into Russia, all of them unsatisfactory when back-translated into English. A fifth variation is to be found in Holden (2005). In this work two separate Russian words are used to translate the word ‘assumptions’ in models. Terms are often figurative, as are ‘cash cow’ and ‘dog’ in the Boston Consulting Group’s growth-strategy matrix. They too prove exceptionally difficult to render into Russian. Models are widely used in management education and research. A survey of Russian-language versions of Western management would very likely reveal substantial variation in the translations of terms used in models. Iconic terms like ‘cash cow’ or ‘power distance’ can be taken to be the tip of the iceberg.

4. Terminology that refers to aspects of organizational life, which were radically different in Soviet society.

Two obvious areas are human resource management and marketing, for which entirely new areas of vocabulary are being created based on foreign loan-words, especially from

(American) English, and reconstituted native word-stock. The absorption of these special functional languages - and the attitudes that go with them - will take many years, perhaps decades, to be accomplished.

Beyond the purely linguistic aspects the transition to the market economy involves CEE societies in a major knowledge transfer process at governmental, institutional (organisational) and personal levels of interactions with the West as direct or indirect source of knowledge. In the case of business, the process entails strategic changes from the corporate cultures of old-style socialist enterprises (which we have described) to new ones in tune with the behaviour of market economies (May et al. 2005). A key method facilitating this particular kind of 're-engineering' are mergers and acquisitions. Privatizations, which do not always involve foreign partners, are also driven by a perceived need for market orientation. Evidence suggests that the new knowledge does not so much replace the old knowledge as displaces it. This means in practice that in companies located in CEE countries including Russia a new knowledge system is evolving which is better understood as a hybrid one and not just a transitional one. Let us add substance to these observations by studying an acquisition by a foreign corporation.

This process is usually initiated by headquarters of foreign corporations which want to transfer management techniques or management know-how to the subsidiary or a joint venture. The manoeuvrings of the acquiring corporation often induce culture shock at the local end, which usually leads to resistance and passivity at all organisational levels (Fink and Feichtinger 1998, Fink and Holden 2002, Fink and Holden 2005a, Fink and Holden 2005b, Hurt and Hurt 2005, Napier 2005, Javidan et al. 2005, Lunnan et al. 2005, May et al.2005).

Since an elementary cause of the collective culture shock is collective lack of orientation or even disorientation (Fink and Feichtinger 1998, Fink and Holden 2002), several sets of issues aggravate the related problems:

- Prospective receivers of ‘new and valuable knowledge’ are incapable of making sense of verbal and non-verbal communication. Given the modes of communication as they were developed at the work place during communist times any explicit form of communication provided by new supervisors (Western managers) is suspected of carrying a much more important tacit component – in other words, a hidden agenda - which needs to be known before anyone dares take any action.
- The (Western) senders consider their knowledge as useful, sometimes even infallible. The fact that receivers do not understand this knowledge or are not willing to adopt it as the suppliers of new knowledge think they should (may be, the people reproduce their backstage politics) constitutes a shock - an often-unanticipated shock - to the senders, too.
- Power games aggravate the issues: More often than not Western managers react unwillingly and arrogantly to the perceived rejection of ‘their superior knowledge’, they are inclined to consider the refusing receivers as simpletons, malcontents, moaners and whingers.
- Deliberately misleading communication by those who pursue specific personal or group interests are aggravating the collective culture shock.

Experience shows the observed hesitancy to act or outright resistance begins to fade after about 18 months to two year. Local staff begins to take the initiative. This makes it possible to generate a ‘common space’ for knowledge transfer between the acquiring corporation and

local staff (Hurt and Hurt 2005, Fink and Holden 2005a, Lunnan et al. 2005) or local staff is generating its own subsystem in the 'global setting' of their firm (Paik and Choi 2005).

Recent research has demonstrated that these processes of management knowledge transfer are more effective:

- if local managers (staff) have had the opportunity to learn about the managerial practices at the headquarters (Vance and Paik 2005, Glisby and Holden 2005.)
- if there are favourable conditions for socializing *and* reverse learning (Napier 2005, Hurt and Hurt 2005, Kayes et al. 2005) and
- if the tacit components of the transferred management knowledge are appropriately addressed (Kuznetsov and Yakavenka 2005, Fink and Holden 2005b).

Under such conditions, a hybrid corporate culture can emerge in a local subsidiary of joint ventures. In several instances, these hybrid local cultures could only be created after large parts of previous staff had left the subsidiary or had been dismissed, and after new local people had been hired (Hurt and Hurt 2005). The responses by those who had been dismissed might have been different from those who were promoted in order to settle the power game in the interests of headquarters. In such circumstances it is hardly surprising that the issue of finding and selecting the 'right people' come to the fore (May et al. 2005). The critical nature of this issue is reflected in one particular case where the 'right people' could not be found within the expected short time frame and a venture collapsed (Friel 2005).

However, in several instances these hybrid cultures are not stable. They will be finally dominated by a new local corporate culture seemingly closer to the headquarter culture (Hurt and Hurt 2005, Lunnan et al. 2005). In other instances, when the corporation explicitly

decides to leave the local culture untouched and to establish the cultural crossing at the headquarters (Koivisto 1999), then the local corporate cultures prevails. This is definitely the case if supplier customer relations are at the core of cross-cultural interaction (Glisby and Holden 2005). Importantly, seven to ten years are required for the processes we have described to resolve themselves (Hurt and Hurt 2005, Napier 2005, Fink and Holden 2002).

Discussion

We noted how under socialism the people's twist involved irony at the workplace. This problem is reproduced in present post-communist era when management is nothing more than a replacement of control instances. If the West assumed (like the communists before them) to have the right answers for the individual, people will use the ancient ways of survival. When the communists took over power, they introduced a new socio-economic and politico-cultural discourse. Presenting management methods as undoubtedly right programs to impose the new thinking, the West somehow does the same because it (unintentionally or not) copies the socialist ideology of 'scientific knowledge'. Socialist thinking has not disappeared without a trace: indeed entire sections of the populations miss some aspects of socialist life, not least the low prices. Indeed in Eastern Germany 'Ostalgie' has become a branch not only of the German entertainment industry; it is widely – more or less successfully - used in marketing and advertisement to create a special internal market for "our original products", of course referring to 'our original way of life'. Western firms, which e.g. are implementing management by objectives, are in fact introducing much more rigid and effective management control systems than the so called 'planned economy' ever had.

Just as people under communism needed survival strategies, so those same people need survival strategies to cope with the turmoil of transition and later with the market economy system itself with its perceived unpleasant competitiveness and even uncivilized social behavior. Is it any wonder then that Western management textbooks come in with concepts for which every so often no local equivalents can readily be found in the local languages? And is it any wonder than that people follow the Western style ironically, 'playing the game as if it makes sense'?

This paper is conceptualized as a retrospective study. From the perspective of rigorous methods this certainly would constitute a weakness, because to those, who belief in questionnaires the insights derived in this paper may seem difficult to validate and replicate. However, there are no alternatives. At communist times it would have been impossible to make interviews or to send out questionnaires to workers in socialist countries. Times have passed and changed. People (individuals, workers, managers) reconstruct their social realities to gain a new basis for survival in a new, yet transitory system: the system of and in economic transition from plan to market. Again, it would be difficult to formulate questions, which would render 'unbiased and true' responses. The 'socially desirable', e.g. from the perspective of Western managers active in the East European economies, would largely differ from the 'actual' behavior as perceived by the workers who over the last 15 years may have lost their jobs several times.

Thus , the retrospective method of comparative study of texts seemingly is the only available method to gains insights into that past period, not yet remote, but still having an impact on the present forms of communication, action, and interaction. Klaus Roth (2004) who directs an impressive retrospective project on 'everyday culture in socialism' and Padma Desai (2005)

did the same. We consider the similarities of their insights with ours, although these studies start from completely different angles, as reasonably strong hints that the insights, which we can provide, provide a valid picture of life at the workplace in socialism.

Conclusions

The study of socialist societies has been dominated by economists and political scientists. What we are suggesting is that there is scope for a sociological theoretical approach which highlights a 'cultural-organizational' concept of behavioral attitudes at the work place in socialist economies. We have argued that loyalty was more important than efficiency and that there was a collective connivance involving both cadres and workers to maintain this particular status quo. The workers operated their people's twist. The cadres reacted by not imposing excessive demands on their subordinates, as this might lead to disruptive behavior which the cadres to their potential detriment could not control. It was a game of skill and cunning, fraught with danger for both sides. For their part the workers made it all more tolerable by gaining a certain freedom at the workplace to develop friendships with their fellows and create powerful bonds of solidarity in the face of ever-present retribution.

The most striking feature of our analysis has been to apply concepts of knowledge management to our understandings of workplace relationships in socialist societies.

In the socialist world, tacit knowledge was generated as a counterpoise to explicit knowledge as a means of self-protection. But it also served to undermine the cadres. All in all we may conclude that the experience of millions who lived under socialism conditions suggests a wholly unknown conception of the term 'knowledge worker' and a very specific perception of what 'tacit' knowledge is about.

Endnotes

- (1) “By cultural standards we understand all kinds of perceiving, thinking, judging, and acting, which in a given culture are considered by the vast majority of the individuals for themselves and others as normal, self-evident, typical, and obligatory” (Thomas, 1993, p. 381, translation by G. Fink).
- (2) The notions ‘tacit’ and ‘explicit’ refer back to Michael Polanyi (1966). This distinction has gained particular importance, since Nonaka and Takeuchi (1995) built their model on that distinction.

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