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Operating in "Economies in Transition" / Adjustment and Management Issues Faced by Finnish Expatriate Managers in CEE

Central Eastern Europe (CEE) is one of the interesting emerging markets in the world at the moment. Just a decade ago countries in CEE were so-called command economies, where the Communist Party controlled every aspect of business activity. After the collapse of Communism, the business environment and organizations have been going through an extensive transformation. Even though the transformation has been quite impressive, the influence of the previous system can still be seen within many organizations. Due to increasing West European investments in CEE, more companies and expatriates had to learn to operate in those so-called "economies in transition". Thus, Western expatriate managers have to operate in a different environment from that which they were used to. Although research on the business interaction across European borders has been increasing in this new situation, our understanding of these issues is still fairly limited. In the light of this, this paper presents findings on the experiences of Finnish expatriate managers in the Czech Republic, Hungary and Poland. The study covers both adjustment and company-level management issues, which Western expatriate managers face in Central Eastern Europe.

Adjustment difficulties outside the workplace were most commonly faced with regard to practical arrangements. Families and spouses had also faced some difficulties. Social interaction with locals was not always found to be an easy task, partly due to inadequate language skills. At the workplace the manager-subordinate interaction was the most common area of difficulties due to the differences between local and Finnish employees. Sometimes differences in the functioning of organizations and different time perspectives among locals were also found to cause troubles. As regards company-level management problems, such appeared in particular in human resource management issues, in interaction with local authorities and in the capability of following legislation which was frequently changing. As an outcome, expatriates for example stressed the importance of local help when dealing with public authorities and the importance of careful recruitment. Corruption was also reported. Inadequate preparations of companies before entering these markets was also found to be one of the reasons for difficulties. As advice to future expatriates, the importance of patience was stressed because everything takes more time than expected. Furthermore, the expatriates stated that one should also himself adapt to the local culture and not only expect the locals to adapt themselves. The learning of local language skills and the basics of the local culture was also seen as essential. In addition it was for example stressed that one should not behave as a -Great Western master- who knows everything since this will cause problems.