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## **Training practices and organisational performance: A comparative analysis of domestic and international market oriented Organisations in Central & Eastern Europe\***

*Michael J. Morley, Agnes Slavic, József Poór, Nemanja Berber\*\**

*The paper explores organisational level training practices in the Central and Eastern European (CEE) region and tests their impact on overall organisational performance. We draw upon data from the CRANET international survey of HR practices in order to provide a comparative overview of training and development in selected CEE Countries. Distinguishing between organisations focusing on the international and on the domestic market, and drawing upon data from 1147 companies in eight countries (Bulgaria, the Czech Republic, Estonia, Hungary, Lithuania, Slovakia, Slovenia and Serbia), we examine training practices and approaches and test their impact on organisational performance. Our findings demonstrate that the use of more developed training practices contributes to better organizational performance assessed by reference to service quality, productivity, profitability and rate of innovation. The market focus of the organisation in terms of serving a domestic or an international one also appears consequential with those operating internationally recording more extensive training practices.*

*Key words: training, human resource development, talent management, organizational performance, internationalisation, Central and Eastern Europe, Cranet (JEL Code: M53, M16, F23)*

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## 1. Introduction

Contextually, our geographic focus in this paper is on Central and Eastern Europe (CEE), something which can be considered timely given that in 2014 we marked the 25th anniversary of the fall of the Berlin Wall and the opening up of CEE. Many of the CEE economies have been on significant development trajectories since the early 1990s. Against this backdrop, CEE is underrepresented in the human resource management (HRM) literature, and given the significant shifts that have occurred at institutional and organisational levels in this region in recent years, more systematic investigations are required (Morley/Heraty/Michailova 2009). Kazlauskaite, Buciuniene, Poór, Karoliny, Alas, Kohont, and Szlavicz (2013) have emphasised that comparative studies of HRM patterns in the CEE region are important and necessary from both a national and an international perspective. Comparative studies specifically focused on training practices in the CEE region could, they argue, serve to establish basic patterns around policy provision in the area and could cast light on practices and patterns at organisational level and their underlying socio-cultural legitimacy. Importantly, beyond training as one dimension of HRM activity and beyond the possibility of serving to document the main trends in practices in the CEE region, unearthing and reporting the experience of more developed CEE countries may also serve to inform and assist other, later transitioning countries in the development of their human capital and talent. There are significant structural, institutional and configurational differences along with significant differences in HRM practices in CEE arising from historical and ideational legacies, along with significant variations in both their point of departure, and their experience with, transition dynamics. The result is that while there are similar movements taking place, national patterns pertaining to HRM and employment relations can be characterised by distinctive enduring elements (Morley/Brewster/Gunnigle/Mayrhofer 1996; Morley/Minbaeva/Michailova 2012), something which underscores the importance of contextual and comparative analyses of these territories in order that evidence regarding both continuity and change might be accumulated to more fully explicate the underlying convergence, stasis or divergence trajectories that may be emerging as paths to development (Mayrhofer/Brewster/Morley/Ledolter 2011; Bogićević Milikić/Janićijević/Petković 2008; Lazarova/Morley/Tyson 2008; Vanhala/Kaarelson/Alas 2006). The point of departure of many of these economies in terms of their transition journey is now reasonably well understood, the unfolding journey over the past 25 years is somewhat known, but the transition to what is not yet entirely clear. Contemporary practice is starting to leave behind the instrumentalist, Taylorist, scientific management approach which characterised much of the region with the result that new theories are becoming increasingly well-known and established among those involved in HRM and related fields (Pléh/Kovács/Gulyás 2003).

Drawing on data from the Cranet international survey (Cranet 2011) of HR practices, this paper provides a comparative overview of the training practices in selected CEE countries. Distinguishing between companies focusing on the international and on the local market, and drawing upon data from 1147 companies in Bulgaria, the Czech Republic, Estonia, Hungary, Lithuania, Slovakia, Slovenia and Serbia, empirically we examine training practices and approaches and we test their impact on perceived organisational performance. We designedly focus on organisational level preferred approaches in training and development practices given their potential in assisting companies in the process of organisational knowledge acquisition and human capital accumulation. Our analytical and empirical distinction between companies focusing on the international market, relative to their domestic counterparts, is underscored by the argument that the importance of systematic training and talent development is central to efforts at adapting products, services and management practices to the idiosyncratic regulatory regimes, marketing principles and employee and customer expectations of different countries.

## **2. Theoretical background**

In a period of global competition and radical economic changes, human resources and their intellectual capital are a vital resource for organisations and the development of a national competitive capability has been linked to organisational learning processes (Tregaskis/Heraty 2012). Heraty and Morley (1998) contend that a training policy can be considered as reflective of the organisation's philosophy towards its human resources and something which may govern the priorities, standards and scope of its developmental activities, while Salas, Tannenbaum, Kraiger, and Smith-Jentsch (2012) highlight that the actual training and development activities engaged in allow organisations to adapt, compete, excel, innovate, produce, be safe, improve service, and reach goals. Training is thus a crucial HRM activity with a wide-range of implications, most especially in the development of a talent pool of human capital (Qin/~~and~~ Baruch 2010; Dowling/Festing/Engle 2013).

Yet the measurement of its impact is challenging with the result, according to Garavan and Morley (2006) that there are on-going underlying ambiguities relating to the question of contribution. Hirt and Ortlieb (2012) do however make the case for a strategic orientation and the likely consequences of that for a performance dividend. They argue that "if trainings are strategically planned they can help the organisation to achieve a competitive advantage by developing competencies, firm specific skill sets and creating knowledge" (Hirt/Ortlieb 2012: 215). Grossman and Salas (2011) maintain that as the nature of work changes, employees are increasingly required to develop a wide, mutable set of skills that are essential to the success of their organisations. Leković and Šušnjar (2010) note that training may be considered as an enabler which accelerates knowledge

acquisition necessary for successful business activity. In terms of the bottom-line dividend Grossman and Salas (2011) highlight that effective training can yield higher productivity, improved work quality, increased motivation and commitment, higher morale and teamwork, and fewer errors, culminating in a strong competitive advantage. On the other hand, it is noted that a poorly trained workforce can lead to errors, injuries and even legal issues, all of which can be extremely costly.

Training has been conceptualised and measured in four main ways (Tharenou/Saks/Moore 2007). In general, the measurement of training has comprised absolute measures (e.g., amount of training employees receive), proportional measures (e.g., percentage of workers trained), content measures (e.g., type of training provided), and emphasis measures (e.g., perceived importance of training to the organisation). Within these identified categories, measurement of training has varied.

Specifically relating to intercultural training and its impact, studies carried out by Tung (1981) and by Eschbach, Parker, and Stoeberl (2001) indicated that international assignees who had participated in well-prepared training adjusted to the local host environment faster than those who had not been provided with training. These employees settled into their new jobs more efficiently. It is, however, important to stress that managerial positions in transnational companies are rather complex and while it is difficult to design totally effective training courses, there is an increased necessity to so do as a result of the changing patterns of global staffing emerging in MNCs and the complex roles these diverse cohorts of expatriates play in increasingly challenging, more varied, and, in many instances, heretofore under-researched locations in transitional and emerging economies (Horwitz 2011; Horwitz/Budhwar/Morley 2015).

Cranet survey data from the 2003/2005 survey period show that companies in CEE region spent about 2-3% of their annual payroll costs on training. The organisations from this region provided 2-10 days of training per year to their employees, with a higher focus on managers and professionals who receive more extensive training than their clerical and manual counterparts in these organisations (Cranet 2005). Poór, Šušnjar, Slavić, and Karoliny (2012) and Poór, Engle, Szlávicz, Kerekes, Szabó, Kovács, and Józsa (2015) analysed training practices in CEE countries based on the following indicators: importance of training and development (T&D) expressed by the ratio of the annual training budget in the total payroll costs; extensiveness of T&D function, characterised by annual training days per year among different type of employees; and the effectiveness aspect of T&D described by the most often used techniques for evaluating the T&D function and found that there were positive developments in terms of the overall perceived importance of HRM processes and, specifically in the training and development domain in the cluster of countries under analysis some 85 per

cent of the responding organisations stating that they engaged in specialist training.

Tanova and Nadiri (2005) emphasise that there are several factors influencing the firms' decision to engage in the provision of training, both in terms of the specialist activities engaged in and in terms of the spread and depth of the intervention. Among these factors are: the improvement of employee performance, adaptability and flexibility of the workforce, investment in new technology, the adoption of new work practices and moves towards more sophisticated systems of human resource management, and changes in business strategy. On the whole, they find that firms performing in growing markets tend to invest more in training. Castany (2010) highlights that firms exposed to more competitive markets invest more in training as a strategy to enhance the competitiveness of their employees. Results show that overall, the technological activities and the geographic scope of the market appear to be the most important determinants of firms' training decisions. Training appears as a key element for small firms that use technology with intensity and that compete in foreign markets.

Based on our literature review we formed the following hypotheses:

*H1: There is a statistically significant relationship between the importance accorded to training, measured by the ratio of the annual training budget to the total payroll costs and overall organisational performance, measured by service quality, productivity, profitability and rate of innovation.*

*H2: There is a statistically significant relationship between the extent of training, measured by the annual training days per year provided to different type of employees and overall organisational performance, measured by service quality, productivity, profitability and rate of innovation.*

*H3: There are statistically significant differences between organisations that systematically evaluate their training practices and those that do not with respect to overall organisational performance, measured by service quality, productivity, profitability and rate of innovation.*

*H4a: There are statistically significant differences between organisations with international and domestic market orientations with respect to overall organisational performance, measured by service quality, productivity, profitability and rate of innovation.*

*H4b: In organisations with an international market orientation, the importance, extent and effectiveness of the training practice are higher, than in organisations with a local market orientation.*

### **3. The context for our research**

Turning to the specific context of CEE, Morley et al. (2012) suggested that transition and transformation are the synonyms for the situation in the countries of

this region, all of which are now characterised by a rising economic heterogeneity and a rapidly changing socio-cultural context, underscored by waves of restructuring, privatisation and increasing foreign direct investment. Of significant importance on the policy front is the attraction of a significant amount of foreign direct investment into several of the CEE economies and a parallel developing internationalisation among many historically domestic CEE companies. Lewis (2005), in an account of the roles played by international enterprises in the transition process in CEE, explains that in many respects, the activities of multinational companies in the region have redrawn the labour market maps of these former socialist economies.

Foreign direct investment was very important for economic development, employment and economic growth of Central European countries on their transition towards market economies. UNCTAD (2012) estimates that in the CEE region, foreign direct investment amounted to over some 700 billion USD at the end of 2012. Following their joining of the EU, CEE countries started various support programs for local large and SME companies to develop management and HR activities as part of the overall transition process (Listwan/Pocztowski/Stor 2008). On the matter of transition, it has been noted that whilst it is clear what they are transitioning from, it is not clear exactly what they are transitioning to or what the likely contours of future institutional provision might be (Brewster/Buciuniene/Morley 2010) with the consequence that on-going landscaping and documenting of the situation is required. Nowhere is this truer than in the case of emerging organisational level practices where there is now evidence of significant variation largely explained by different levels of economic and social development, cultural and political factors and the willingness of people to change (Erutku/Vallée 1997). However, while there has been a growing interest in the transition economies in the past number of years, the contemporary nature of HRM policies and practices in these societies is not well documented. Under Socialist rule personnel management had some uniform elements in CEE countries, but also some country specific idiosyncrasies arising from unique contextual factors (Overmann 1991; Pundziene/Bučiuñienė 2009; Brewster et al. 2010; Kazlauskaite et al. 2013). Prior to the '90s, lengthy tenure and relevant work experience were highly regarded, and, relative to other job categories, production and technical positions were well-respected (Pearce 1991; Pearce/Branyiczki/Bakacsi 1993). Garavan, Morley, Heraty, Lucewicz, and Suchodolski (1998) note that the Socialist model of management showed a marked preference for centralisation and placed a strong emphasis on rule development and implementation. Personnel management followed a similar pattern with a heavy emphasis on departmentalisation, centralisation and rule making. They argue that the Socialist system was not conducive to the growth of more sophisticated, value adding, activities, with the result that there was always going to be significant ground to be made up if the emerging, transitioning economies of CEE were going to be able to support, sustain and expand a developmental tra-

jectory based on free market principles. Importantly however, certain country differences did and do exist (Tung/Havlovic 1996) and variations in policy and practice, along with underlying structural contingencies will impact the nature and direction of the overall training and development effort and its overall impact.

One of the first major challenges that the HR departments of transition countries had to face was to cope with the massive layoffs after privatisation (Redman/Keithley 1998). Horwitz (2011) rightly observes that these post-socialist countries now seek to transform their inherited economies and business practices and, in the process of so doing according to Garavan et al. (1998) make up for lost time relative to their more advanced western European neighbours. Many industries have experienced redundancies in employment, primarily owing to depressed local demand or as a result of changing foreign trade and most CEE economies have witnessed the emergence of new types of companies; major international companies have invested and state companies have sought to transform themselves.

Specifically in the domain area of training and development, Garavan et al. (1998) have argued that historically there is clear evidence of selectivity and a lack of coherence and investment in the area of training and development. Training periods were short – usually one to three days – and there was a tendency to train senior, general management before focusing on lower staff levels. There was, in general, no specific budget for training and development and expertise was lacking in the training area. Very few specialists had tried to adopt or consider “learning organisation” approaches. In terms of preparation for promotion there was limited understanding of the value of planned job rotation and career development and neither was perceived as preparation for promotion or as an opportunity for development. The cumulative effect of this was a deficit, both in terms of the emergence of a strong HRM function operating at a strategic level, along with skills and talent deficits in terms of preparedness for operating in market economies. More laterally however, there is evidence of change. Bokor, Bíró, Kováts, Takács, and Toárniczky (2005) had unequivocally confirmed that the HR function is a lot more than an administrative record keeper in contemporary CEE bearing relatively little resemblance to its forerunner, while Karoliny (2008) notes that in most countries of the CEE region HR has become a top management function, most especially in large companies, as well as at subsidiaries of multinational companies. However, Kazlauskaite et al. (2013) remind us that CEE countries are not homogenous and their HRM patterns should not be taken as a uniform management model, something which is evident from the country specific literature on the region.

In Bulgaria the majority of organisations have HRM units and HRM managers. By 2003, the percentage of companies whose annual training budgets exceeded four per cent of annual payroll costs more than doubled, when compared with

1996 data. It has been suggested that as companies started to view training needs more systematically, this resulted in a more positive investment in training overall (Poór/Karoliny/Alas/Vatchkova 2011). But still line managers have significantly more responsibilities for decision making in the HRM field than human resource managers (Poór et al. 2012).

Koubek (2011) emphasized that before the Second World War the Czech Republic had a very developed personnel management system. After the transition process began and foreign companies began to establish operations, their HRM practices significantly influenced the human resource management practice of local Czech companies (Gutmann 1995). In part at least this process was facilitated by a cadre of well-educated Czech managers. On balance however, HRM was not a priority, manager turnover was high and the majority of CEOs did not have deep HRM knowledge.

On the basis of the survey results obtained in Estonia Zernand-Vilson and Elenurm (2010) conclude that foreign investors are not in the role of sole leaders in the introduction of innovative management practices there. Foreign-owned companies are more likely to adapt their management practices to local conditions and emerging labour market situations. Vanhala et al. (2006) based on Cranet survey data obtained in 2002 show that the average expenditure on training in Estonian organisations was 3.5 per cent of annual labour costs, while blue-collar workers received four training days in private companies and only two in the public sector (Kaarelson/Alas 2008). Estonian organisations tend to base employee training on identifying training needs, while the results are assessed via performance on the job (Poór et al. 2011).

With respect to Hungary Csath (2006) notes that there is a political, cultural, economic and social environment in which people are discouraged from engaging in wider learning and development activities inside and outside organisations. Richbell, Szerb, and Vitai (2010) find that the overall low level of training, especially in small and micro firms, could be one of the reasons for the limited competitiveness of SMEs in Hungary. Karoliny, Farkas, and Poór (2009) similarly stress that there is a rather high proportion of Hungarian organisations that spend relatively little on employee development. In the phase of defining training needs the role of the line manager is crucial, but when it comes to the design of the training interventions themselves and the key decisions surrounding them, this remains the preserve of the specialist of the HR department.

Gaiduk, Gaiduk, and Fields (2009) argue that the retention and commitment of Lithuanian employees requires organisations to provide training and promotion opportunities, to ensure that employees are provided with information, and to encourage employees to speak out about how things could be improved at work. Kazlauskaitė and Buciuniene (2010) find that the majority of organisations have HRM departments and an HR strategy, and in about fifty per cent of cases HR is

represented on the board and is involved to some extent in business strategy development. Training and development practices are predominantly handled by the HR department in consultation with line management.

Bogićević Milikić et al. (2008) analyzed the position of HRM in Serbia and found that the role of HRM function is very weak, but a growing number of companies are introducing HRM departments. Leković and Šušnjar (2010) claim that the majority of HRM responsibilities (staffing, compensation, training) are in the line managers' authority, but the main responsibility for these HRM issues is, indeed, in the hands of top managers. It was confirmed in the research of Slavić, Šušnjar, and Poór. (2012) who, based on Cranet data, find that in Serbia about 60% of HR directors have a place on the Board of Directors, but in the majority of Serbian companies line managers are primarily responsible for the main HR decisions, even without consultation with the HR managers. In the past, all important decisions concerning training practices, like many other HRM functions in Serbian companies, were made by Worker's Councils (Bogićević Milikić/Janićijević/Cerović 2012). Nowadays there is evidence of more formalised and developed HR practices, especially in the domain areas of compensation, staffing and training and development with for example, some organizations going as far as developing targeted formalized action plans for recruitment, training and career development for particular groups such as ethnic minorities woman, young workers, people with disabilities, etc. (Berber/Štangl Šušnjar/Slavić/Baošić 2014).

Slovakia was largely dominated by agriculture, with the consequence that its expanding industrial base since the commencement of the transition process is of relatively recent vintage. According to Letiche (1998) historically in Slovakia human resources were not viewed in a manner which emphasised profit maximisation. The results obtained by Takei and Ito (2007) show the main problems in HRM to be a mix of poor communication systems, unclear and unfair performance appraisal processes and poor coaching practices. Based on survey data on human resource management practices among Slovakian subsidiaries of foreign multinational companies, Volosin, Poór, Karoliny M-né., and Engle (2012) point out the key business issues Slovakian HRM managers have to face comprise a continuous drive for efficiency improvements, company growth, distribution network development and on-going restructuring and reorganisation (Kachankova/Nactmannová/Joniakova 2008).

Svetlik, Barišić, Kohont, Petković, Mirić, Slavić, Vaupot, and Poór (2010) demonstrate that foreign companies coming to Slovenia, which was the most developed part of former Yugoslavia, have largely contributed to the spreading of modern HRM practices. Now in the majority of companies the HRM function is treated as a real partner to company managers. The modern HRM techniques used in market economies are widely used in Slovenian companies. Svetlik, Kohont, and Farkas (2011) emphasise that HRM contributes to overall organisa-

tional efficiency and employee satisfaction. External service providers are mainly used in the field of training and development. Based on Cranet research results Bogičević Milikić and Jančićević (2009) highlight that in Slovenian companies HRM departments appear responsible for all HRM activities (recruitment, selection, training, employee relations, etc.) with the involvement of other stakeholders being less apparent than in other contexts where shared responsibilities occur more commonly.

#### **4. Research methodology**

In order to test our hypotheses on training and development and its impact in these eight countries in the CEE region, we used the Cranet data from the research period 2008/10. The Cranet survey is the largest and most representative independent survey of HRM policies and practices in the world. It includes 40 countries, 27 of them in Europe. Six major survey rounds have been conducted since 1990. Overall, data from almost 50,000 respondents - public and private organisations - are now available and the numbers continue to increase. The survey concentrates on 'hard data', percentages, ratio etc. and avoids, as far as possible, attitudinal information. To reduce respondent and cross-country bias very few open-ended questions are included. In addition, the translation-retranslation technique is used for every country in every survey round. The survey covers the following areas: HR departments and HR strategy, recruitment policies, pay and benefits, training and appraisal, working arrangements and flexi-time, industrial relations and employee communication (For fuller recent accounts of the Cranet Network and its contributions thus far to the literatures on international, comparative and cross-cultural HRM, see Parry/Stavrou-Costea/Morley 2011; Lazaro et al. 2008).

In this paper, we focus on the training practices of the eight CEE countries which participated in the Cranet 2008/10 data-gathering round: Bulgaria, Czech Republic, Estonia, Hungary, Lithuania, Slovakia, Slovenia, and Serbia. Our combined sample consists of a total of 1147 companies. The number of responding companies is represented in Table 1. The respondents of the CEE sample were made up of companies mainly from manufacturing and service sector in private ownership, with less than 1000 employees.

The purpose of our investigation here is to analyse the companies' training practices and the influence of these practices on overall organisational performance in CEE. In analysing our results, we pay particular attention to the distinction between companies focusing on the international market, relative to those focused solely on the local market, a distinction which we believe has explanatory power in accounting for variations in training and development activity. For statistical analysis we employed non-parametric tests (Spearman's Correlation, Mann-Whitney and Chi Square Tests) on the basis of a non-normal distribution

in our sample confirmed by a Kolmogorov-Smirnov test ( $p \neq 0.200$ ) and the Shapiro-Wilk test ( $p < 0.05$ ).

**Table 1: CEE Country samples included in the analysis**

|                | Frequency   | Percent      | Valid Percent | Cumulative Percent |
|----------------|-------------|--------------|---------------|--------------------|
| Bulgaria       | 267         | 23,3         | 23,3          | 23,3               |
| Czech Republic | 54          | 4,7          | 4,7           | 28,0               |
| Estonia        | 74          | 6,5          | 6,5           | 34,4               |
| Hungary        | 139         | 12,1         | 12,1          | 46,6               |
| Lithuania      | 119         | 10,4         | 10,4          | 56,9               |
| Slovakia       | 225         | 19,6         | 19,6          | 76,5               |
| Slovenia       | 219         | 19,1         | 19,1          | 95,6               |
| Serbia         | 50          | 4,4          | 4,4           | 100,0              |
| <b>Total</b>   | <b>1147</b> | <b>100,0</b> | <b>100,0</b>  |                    |

## 5. Results

First we present the data on training coverage across the eight CEE countries included in our analysis. Here overall training coverage is captured by (1) the average number of days training received by different employee categories and (2) the percentage of overall annual payroll costs spent on training.

**Table 2: The annual average number of days training provided for different employee categories**

| Country        | Days per year training for management | Days per year training for professional | Days per year training for clerical | Days per year training for manual | Percentage of annual payroll costs spent on training |
|----------------|---------------------------------------|---|-------------------------------------|-----------------------------------|--|
| Bulgaria       | 7,62                                  | 10,90                                   | 5,75                                | 7,90                              | 4,73   |
| Czech Republic | 8,15                                  | 8,00                                    | 5,35                                | 3,56                              | 2,04   |
| Estonia        | 12,66                                 | 13,10                                   | 14,00                               | 11,14                             | 5,51   |
| Hungary        | 6,81                                  | 6,63                                    | 3,53                                | 1,98                              | 4,12   |
| Lithuania      | 8,17                                  | 10,40                                   | 5,18                                | 5,37                              | 4,17   |
| Slovakia       | 10,11                                 | 10,45                                   | 7,10                                | 5,50                              | 4,83   |
| Slovenia       | 7,97                                  | 7,26                                    | 3,89                                | 6,25                              | 3,55   |
| Serbia         | 11,50                                 | 8,16                                    | 6,13                                | 1,76                              | 2,64   |
| <b>Total</b>   | <b>8,56</b>                           | <b>9,16</b>                             | <b>5,51</b>                         | <b>5,65</b>                       | <b>4,12</b>  |

On average professional employees receive the most training days, almost 9 days. In Estonia, Bulgaria and Slovakia professional staff receive more than 10 days formal training per annum designed to develop their knowledge, skills and competences. Managers on average spend almost 9 days yearly on different training programs. In Estonia, Serbia and Slovakia companies emphasise management training and devote more than 10 days per annum to this cohort. The training of clerical employees is prioritised most in Estonia, where companies provide more than 10 days of training for this category. Manual workers receive the least amount of training across the eight CEE countries in our sample with an average of less than 6 days per annum being provided. At more than 11 days, the most extensive training provision for this category of employees occurs in Estonia, while at less than 2 days, the shortest is in Serbia.

An indicator of the overall significance accorded to training and development activities is the percentage of annual payroll costs spent on training. On average it is almost 4,12% across our sample. Among the eight CEE countries included, it is highest (5.51%) in Estonia. This is in line with the previous data suggesting that Estonia ranks number 1 in terms of the number of days training provided to all employee categories combined (Kaarelson/Alas 2008).

Table 3 presents data on the overall effectiveness of training, measured by the usage of different techniques for the evaluation of training programs.

**Table 3: The percentage use of different evaluation techniques**

| Country        | Total number of days | Meeting objectives | Reaction evaluation immediately after training | Job performance immediately after training | Job performance some months after | Feed-back from line managers | Feed-back from employees | ROI         |
|----------------|----------------------|--------------------|--|--|-----------------------------------|------------------------------|--------------------------|-------------|
| Bulgaria       | 47,8                 | 63,4               | 59,2   | 63,9                                       | 68,7                              | 63,9                         | 54,8                     | 35,5        |
| Czech Republic | 60,0                 | 88,2               | 97,3   | 14,3                                       | 21,4                              | 94,1                         | 94,1                     | 19,2        |
| Estonia        | 50,0                 | 86,1               | 78,4   | 50,0                                       | 38,9                              | 94,6                         | 100,0                    | 19,4        |
| Hungary        | 52,0                 | 86,3               | 86,3   | 28,0                                       | 30,0                              | 90,0                         | 90,0                     | 20,4        |
| Lithuania      | 25,0                 | 56,3               | 56,3   | 21,9                                       | 28,1                              | 59,4                         | 65,6                     | 3,1         |
| Slovakia       | 56,8                 | 75,9               | 72,9   | 27,1                                       | 36,8                              | 82,0                         | 76,5                     | 16,5        |
| Slovenia       | 78,6                 | 86,8               | 79,2   | 22,7                                       | 37,5                              | 87,7                         | 87,9                     | 15,3        |
| Serbia         | 45,5                 | 83,3               | 69,2   | 57,1                                       | 50,0                              | 84,6                         | 72,7                     | 27,3        |
| <b>Total</b>   | <b>57,1</b>          | <b>78,1</b>        | <b>74,6</b>                                    | <b>35,5</b>                                | <b>39,4</b>                       | <b>81,8</b>                  | <b>79,4</b>              | <b>19,0</b> |

Among the most popular training evaluation techniques employed in CEE are feedback from line managers (81.8%), along with the feedback from employees (79.4%). Methods evaluating whether objectives are being met, reaction evaluation immediately after training and total number of days are used in more than half of cases.

Table 4 presents a correlation between the percentage of the annual payroll costs spent on training practice and overall organisational performance.

**Table 4: Correlation table on the importance of training and overall organisational performance**

| Spearman's rho correlations                                  |                    |   |                                      |   |                                      |  |
|--|--------------------|---|--------------------------------------|---|--------------------------------------|--|
|  |                    | Percent-<br>age of an-<br>nual pay-<br>roll costs<br>spent on<br>training | Rating<br>of ser-<br>vice<br>quality | Rating<br>of the<br>level of<br>produc-<br>tivity | Rating<br>of prof-<br>ita-<br>bility | Rating<br>of rate<br>of inno-<br>va-tion |
| Percentage of annu-<br>al payroll costs<br>spent on training | Coefficient        | 1,000   |                                      |   |                                      |  |
|  | Sig.<br>(2-tailed) | .   |                                      |   |                                      |  |
| Rating of service<br>quality                                 | Coefficient        | ,072  | 1,000                                |   |                                      |  |
|  | Sig.<br>(2-tailed) | ,099  | .                                    |   |                                      |  |
| Rating of level of<br>productivity                           | Coefficient        | <b>,087*</b>  | ,488**                               | 1,000   |                                      |  |
|  | Sig.<br>(2-tailed) | <b>,043</b>   | ,000                                 | .   |                                      |  |
| Rating of profitability                                      | Coefficient        | ,061  | ,411**                               | ,604**  | 1,000                                |  |
|  | Sig.<br>(2-tailed) | ,162  | ,000                                 | ,000  | .                                    |  |
| Rating of innovation   | Coefficient        | <b>,115**</b>   | ,441**                               | ,383**  | ,456**                               | 1,000                                    |
|  | Sig.<br>(2-tailed) | <b>,008</b>   | ,000                                 | ,000  | ,000                                 | .  |

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table 4 shows that there are positive statistically significant, weak correlations between the percentage of the annual payroll costs spent on training and productivity ( $r=0.087$ ;  $p=0.04$ ) and rate of innovation ( $r=0.115$ ;  $p=0.008$ ). We find no significant correlations between the percentages of the annual payroll costs spent on training and either profitability or service quality.

Table 5 presents a test of the correlation between the extent of training and overall organisational performance. Our data point to the existence of positive, statistically significant, weak correlations between the annual number of days per year training for different types of workers (managers, professionals, clericals, and manuals), and overall organisational performance.

**Table 5: Correlation table on the extent of training and overall organisational performance**

| Spearman's rho Correlations     |                 |                                       |   |                                     |                                   |
|---------------------------------|-----------------|---------------------------------------|---|-------------------------------------|-----------------------------------|
|                                 |                 | Training days per year for Management | Training days per year for Professional | Training days per year for Clerical | Training days per year for Manual |
| Rating of service quality       | Coefficient     | ,102*                                 | ,119*                                   | ,077                                | ,073                              |
|                                 | Sig. (2-tailed) | ,033                                  | ,013                                    | ,112                                | ,146                              |
| Rating of level of productivity | Coefficient     | ,060                                  | ,102*                                   | ,105*                               | ,123*                             |
|                                 | Sig. (2-tailed) | ,201                                  | ,030                                    | ,027                                | ,012                              |
| Rating of profitability         | Coefficient     | ,122**                                | ,136**                                  | ,160**                              | ,123*                             |
|                                 | Sig. (2-tailed) | ,010                                  | ,004                                    | ,001                                | ,013                              |
| Rating of rate of innovation    | Coefficient     | ,119*                                 | ,186**                                  | ,159**                              | ,127*                             |
|                                 | Sig. (2-tailed) | ,012                                  | ,000                                    | ,001                                | ,011                              |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Thus, there is a statistically significant positive weak correlation between the number of days training provided for managers and the performance rating of service quality ( $r=0.102$ ;  $p=0.033$ ), profitability ( $r=0.122$ ;  $p=0.010$ ) and the rate of innovation ( $r=0.119$ ;  $p=0.012$ ). In addition, significant positive weak correlations were detected between the number of days per year of training provided for professional employees and the performance ratings of service quality ( $r=0.119$ ;  $p=0.013$ ), productivity ( $r=0.102$ ;  $p=0.030$ ), profitability ( $r=0.136$ ;  $p=0.004$ ) and rate of innovation ( $r=0.186$ ;  $p=0.000$ ). On the relationship between the number of days training provided to clerical workers and overall organisational performance, our data suggest statistically significant positive weak correlations with productivity ( $r=0.105$ ;  $p=0.027$ ), profitability ( $r=0.160$ ;  $p=0.001$ ) and rate of innovation ( $r=0.159$ ;  $p=0.001$ ). Finally, in the case of manual employees, we find statistically significant positive weak correlations with productivity ( $r=0.123$ ;  $p=0.012$ ), profitability ( $r=0.123$ ;  $p=0.013$ ) and rate of innovation ( $r=0.127$ ;  $p=0.011$ ).

Table 6 and Table 7 present the results of the Man Whitney test used to explore the differences in overall organisational performance among those organisations that systematically evaluate the effectiveness of their training practices and those that do not engage in systematic evaluation.

**Table 6: Mean ranks for systematic training evaluation and overall organisational performance**

| <b>Ranks</b>                    |  |               |              |
|---------------------------------|--|---------------|--------------|
|                                 | Do you systematically evaluate the effectiveness of your training? | Mean Rank     | Sum of Ranks |
| Rating of service quality       | No   | 405,26        | 171828,50    |
|                                 | <b>Yes</b>   | <b>467,88</b> | 210546,50    |
| Rating of level of productivity | No   | 380,52        | 152207,00    |
|                                 | <b>Yes</b>   | <b>445,37</b> | 190171,00    |
| Rating of profitability         | No   | 362,40        | 141697,50    |
|                                 | <b>Yes</b>   | <b>445,72</b> | 186757,50    |
| Rating of rate of innovation    | No   | 377,29        | 148651,00    |
|                                 | <b>Yes</b>   | <b>442,11</b> | 188780,00    |

**Table 7: Mann-Whitney U test for systematic training evaluation and overall organisational performance**

| <b>Test Statistics<sup>a</sup></b> |                           |                                 |                         |                              |
|------------------------------------|---------------------------|---------------------------------|-------------------------|------------------------------|
|                                    | Rating of service quality | Rating of level of productivity | Rating of profitability | Rating of rate of innovation |
| Mann-Whitney U                     | 81728,500                 | 72007,000                       | 65061,500               | 70836,000                    |
| Wilcoxon W                         | 171828,500                | 152207,000                      | 141697,500              | 148651,000                   |
| Z                                  | -4,101                    | -4,221                          | -5,424                  | -4,139                       |
| Asymp. Sig. (2-tailed)             | <b>,000</b>               | <b>,000</b>                     | <b>,000</b>             | <b>,000</b>                  |

Organisations that systematically evaluate the effectiveness of their training interventions have higher ratings on all organisational performance dimensions measured. The mean ranks are consistently higher for the organisations that perform systematic evaluation of the effectiveness of training interventions and these differences are statistically significant ( $p < 0.05$ ).

Table 8 and Table 9 present the results of our statistical analyses on the influence of the market orientation. In order to test the influence of market orientation on the training, we split our sample into two sub-groups, namely those with an exclusive focus on the domestic market and those serving the international market.

**Table 8: Mean ranks for market orientation and overall organisational performance**

| <b>Ranks</b>                           |                           |               |              |
|--|---------------------------|---------------|--------------|
|  | <b>Market Orientation</b> | Mean Rank     | Sum of Ranks |
| <b>Rating of service quality</b>       | domestic                  | 453,73        | 267249,50    |
|  | <b>international</b>      | <b>508,57</b> | 182576,50    |
| <b>Rating of level of productivity</b> | domestic                  | 432,62        | 239241,50    |
|  | <b>international</b>      | <b>505,90</b> | 187184,50    |
| <b>Rating of profitability</b>         | domestic                  | 415,63        | 226100,50    |
|  | <b>international</b>      | <b>511,51</b> | 185677,50    |
| <b>Rating of rate of innovation</b>    | domestic                  | 417,57        | 228830,00    |
|  | <b>international</b>      | <b>510,71</b> | 183856,00    |

**Table 9: Mann-Whitney U test for market orientation and overall organisational performance**

| <b>Test Statistics<sup>a</sup></b> |                           |                                 |                         |                              |
|------------------------------------|---------------------------|---------------------------------|-------------------------|------------------------------|
|                                    | Rating of service quality | Rating of level of productivity | Rating of profitability | Rating of rate of innovation |
| Mann-Whitney U                     | 93494,500                 | 86060,500                       | 77860,500               | 78404,000                    |
| Wilcoxon W                         | 267249,500                | 239241,500                      | 226100,500              | 228830,000                   |
| Z                                  | -3,322                    | -4,418                          | -5,785                  | -5,549                       |
| Asymp. Sig. (2-tailed)             | <b>,001</b>               | <b>,000</b>                     | <b>,000</b>             | <b>,000</b>                  |

Referring to Table 8 and Table 9 organisations which have an international market orientation exhibit a higher level of performance across the domain indicators used, in comparison with those organisations which have a domestic market orientation only. These differences are statistically significant ( $p < 0.05$ ).

Table 10 and Table 11 present a test of the relationship between the importance accorded to training, measured by the percentage of annual payroll costs spent on training interventions and the main market orientation of the respondent organisations.

Here our results reveal that market orientation is not significant in accounting for variations in the overall importance of their training as measured by the percentage of annual payroll costs spent on training ( $p > 0.05$ ;  $p = 0.748$ )

**Table 10: Mean ranks for the importance of training and the main market orientation of the organisation**

| <b>Ranks</b>  |                           |               |              |
|---|---------------------------|---------------|--------------|
|   | <b>Market Orientation</b> | Mean Rank     | Sum of Ranks |
| <b>Percentage of annual payroll costs spent on training</b> | domestic                  | 287,29        | 103424,50    |
|   | <b>international</b>      | <b>291,84</b> | 63328,50     |

**Table 11: Mann-Whitney U test for the importance of training and the main market orientation of the organisation**

| <b>Test Statistics<sup>a</sup></b> |  |
|------------------------------------|--|
|                                    | Percentage of annual payroll costs spent on training |
| Mann-Whitney U                     | 38444,500  |
| Wilcoxon W                         | 103424,500   |
| Z                                  | -,321  |
| Asymp. Sig. (2-tailed)             | <b>,748</b>  |

We conducted a similar analysis relating to the market orientation of the organisation and the extent of training for different categories of employees. Table 12 and Table 13 present the results.

**Table 12: Mean ranks for the extent of training and the main market orientation of organisation**

| <b>Ranks</b>                                   |                           |               |              |
|--|---------------------------|---------------|--------------|
|  | <b>Market Orientation</b> | Mean Rank     | Sum of Ranks |
| <b>Days per year training for management</b>   | domestic                  | 346,99        | 144348,50    |
|  | international             | <b>354,42</b> | 100301,50    |
| <b>Days per year training for professional</b> | domestic                  | 344,66        | 149925,50    |
|  | international             | <b>379,93</b> | 106760,50    |
| <b>Days per year training for clerical</b>     | domestic                  | 327,08        | 136391,50    |
|  | international             | <b>367,77</b> | 98563,50     |
| <b>Days per year training for manual</b>       | domestic                  | 302,01        | 116272,50    |
|  | international             | <b>344,96</b> | 86930,50     |

**Table 13: Mann-Whitney U test for extent of training and the main market orientation of the organisation**

| <b>Test Statistics<sup>a</sup></b> |                                       |   |                                     |                                   |
|------------------------------------|---------------------------------------|---|-------------------------------------|-----------------------------------|
|                                    | Days per year training for management | Days per year training for professional | Days per year training for clerical | Days per year training for manual |
| Mann-Whitney U                     | 57612,500                             | 55095,500                               | 49238,500                           | 41967,500                         |
| Wilcoxon W                         | 144348,500                            | 149925,500                              | 136391,500                          | 116272,500                        |
| Z                                  | -,481                                 | -2,240                                  | -2,645                              | -2,914                            |
| Asymp. Sig. (2-tailed)             | <b>,631</b>                           | <b>,025</b>                             | <b>,008</b>                         | <b>,004</b>                       |

a. Grouping Variable: Main market for product or services

Here that are statistically significant differences between those focused on the international market versus those with a domestic market focus regarding the extent of their training measured by the annual number of days training received for professionals (MR=379.93;  $p=0.025$ ), clerical workers (MR=367.77;  $p=0.008$ ) and manual workers (MR=344.96;  $p=0.004$ ).

**Table 14: Chi square test for market orientation and training evaluation**

|                           |                      | <b>Systematic evaluation of the effectiveness of training</b> |              | Total  |
|---------------------------|----------------------|---|--------------|--------|
|                           |                      | <b>No</b>   | <b>Yes</b>   |        |
| <b>Market Orientation</b> | <b>domestic</b>      | 56,0%   | <b>44,0%</b> | 100,0% |
|                           | <b>international</b> | 35,8%   | <b>64,2%</b> | 100,0% |
| Total                     |                      | 48,2%   | 51,8%        | 100,0% |

Finally, from Table 14 it can be concluded that companies focusing on the international market systematically evaluate training effectiveness more often (64.2% of companies) than domestically focused companies (44%). There is a statistically significant difference between companies focusing on the international and companies focusing on the local market regarding the effectiveness of the training process ( $X^2=35.290$ ;  $p=0.000$ ). The strength of association between the variables is low ( $\Phi=0.197$ ).

In summary therefore, H1 which postulated that there is a statistically significant relationship between the importance accorded to training (measured by the ratio of the annual training budget to the total payroll costs) and overall organisational performance (measured by service quality, productivity, profitability and rate of innovation) was partially supported. Our H2 which hypothesised a statistically significant relationship between the extent of training (measured by the annual training days per year provided to different type of employees) and overall organisational performance (measured by service quality, productivity, profitabil-

ity and rate of innovation) was supported. In relation to H3 which sought to explore the existence of statistically significant differences between organisations that systematically evaluate their training practice and those that do not with respect to overall organisational performance, we also find support. Finally in H4a and b we sought to unearth whether there are statistically significant differences between organisations focusing on international markets and those focusing solely on domestic markets with respect to overall organisational performance and whether among those focusing on international markets, the importance, the extent and the effectiveness of the training is higher than among their counterparts with a domestic market focus. H4a was supported with those with an international orientation demonstrating better overall organisational performance and H4b was partially supported with companies focusing on the international market having more training coverage and engaging in more evaluation.

## **6. Discussion and conclusions**

Understanding both the configuration and the practice of HRM is complex in a singular context situation. Exploring it in a comparative context adds additional layers of complexity, most especially when your comparative focus is on economies and territories in transition because transition dynamics make interpretation especially complex. But it is precisely that transition, that dynamic, that re-emergence that makes these economies fruitful arenas of investigation for organisational scientists. Importantly, because the developmental trajectory experienced thus far in the transition process cannot be considered to be uniform, similarly the notion of a model of HRM explaining unifying aspects of people management practice in the transition states of CEE is, Morley et al. (2012) suggest, “a stretch too far” (p. 551).

Somewhat of necessity because of the underrepresentation of these contexts in the literature, with many researchers calling attention to the lack of detailed knowledge on HRM in these CEE economies (Jankowicz 1998; Kase/Zupan 2005) but concomitantly because of their rising importance as locations for investment, growth and development (UNCTAD 2012), our paper on training and organisational performance in CEE has had both an idiographic and a nomothetic focus. Given the importance of human capital accumulation to the sustaining of the developmental trajectories that these economies are on, contextually, we have sought to cast light specifically on contextual, contingent and sometimes unique developments in organisational training practices in Bulgaria, the Czech Republic, Estonia, Hungary, Lithuania, Slovenia, Slovakia and Serbia. In part therefore our analysis rests in acknowledging both the different trajectories that these economies have experienced since the early 1990s, along with some of the different circumstances that they experienced under communism. By way of illustration of these divergent experiences, for example, the Czech Republic prior to World War II was one of the most prosperous regions in Europe and person-

nel management as a forerunner to HRM was a well-established profession. Communism resulted in a diminution in the profession's status and it was relegated to a purely administrative, support role without much power. Similarly, in the case of Estonia, on regaining independence, HRM did not have to commence its re-development from a zero base, as the contact with its neighbour Finland had an influence dating back to the 1970s which was instrumental in shaping aspects of management practice and, again from an historical perspective, it is noteworthy that Estonia enjoyed living standards comparable to its Scandinavian neighbours prior to its incorporation into the Soviet Union in 1940 (Zamascikov 1987). In relation to Hungary, prior to the changes which occurred in the late 1980's, there had been an experiment with "market socialism" for the 20 years preceding this, an experiment less in evidence in other CEE economies. For example in the contrasting case of Serbia, Bogićević Milikić et al. (2008) characterise companies there as having established formal HRM departments in recent years, but with only limited functions and administrative tasks required under the Serbian Labour Code. They conclude that "the convergence of HRM practice in Serbia towards the North American HRM model will depend on its elaboration as a part of the development of the free-market economic model in Serbia as an institutional context for companies operating in Serbia" (p. 85).

On the nomothetic side drawing on data from a large scale comparative survey, our results suggest that companies in these CEE economies in our sample currently spend approximately 4% of their annual payroll costs on different training and development interventions. Employees on average receive between five and nine days training annually. In terms of the systematic evaluation of training, the most popular evaluation methods are feedback from the line managers and from the participants in terms of immediate reaction evaluations. In comparison with the data of the previous Cranet survey round of 2003/2005, a significant development is found concerning the extent of training undertaken. Employees in the CEE countries examined here now have more days spent on training than heretofore. However, there are variations concerning coverage. Managers on average receive approximately eight days training in the CEE region, while in Estonia, Slovakia, Serbia and Czech Republic this number is higher (between eight and thirteen days). Professional employees on average receive nine days training per annum, while companies in Estonia, Slovakia and Bulgaria provide these categories of employees with between ten and thirteen days. Clerical staff in the selected region receive less training, on average six days training per annum, but the number of training days offered to clerical employees in Serbia, Slovakia, Lithuania and Estonia ranges from six to fourteen days. Finally in relation to manual employees, they average six days in our total sample, but it ranges from six to eleven in Slovenia, Bulgaria and Estonia. The most extensive training is provided in Estonia, where all categories of workers receive more than ten days training per year. As Estonia is one of the most developed CEE countries with more sophisticated HRM practices, relative to its post-socialist neighbours, this

is to be expected. Thus while there is evidence of an increasing emphasis across the region, there is also an on-going underlying heterogeneity in terms of opportunities for development offered to different employees across the region.

With respect to spend, companies in CEE region now spend about 4.12% of their overall annual payroll cost on training, up from between 2 and 3% in 2005. The country-specific data comparison shows that spending is highest in Estonia, while it is lowest in Lithuania, the Czech Republic and Serbia. The reasons for the lower spending in these countries may be not only concerned with aspects of HRM policy but also more complex cultural, institutional and transitional factors including the prevailing economic situation, the state of the labour market and its dynamics, along with sectoral and ownership determinants and underlying ideational legacies.

Our results on the evaluation of the effectiveness of training interventions show that the most popular techniques for evaluation are feedback from the line managers (81.8%), feedback from the employees (79.4%), meeting objectives (78.1%) and the reaction evaluation of participants immediately after the training (74.6%). Companies in Estonia, Hungary, Slovenia and the Czech Republic use this range of techniques more often than companies in other CEE countries in our sample. The use of “soft” methods are more common than “hard” data such as ROI or the total number of days on training, something which is commonplace more broadly in more developed market economies, where it has been shown that organisations mainly rely on informal evaluation instruments and are less inclined to use formal and objective evaluation criteria (Heraty/Morley 2000). The challenge in part appears to lie in identifying a set of acceptable criteria that facilitate effective evaluation as many of the perceived benefits such as morale, satisfaction, engagement, person-job fit and workplace relations can be more difficult to demonstrate quantitatively with the result that many organisations limit their evaluation to level one reaction evaluation.

On the question of a performance dividend accruing from investing in training interventions which can be considered the quintessence of a strong, performance led HRM function, we tested interlinked hypotheses relating to the spend on training, training coverage and evaluation. Taken together, our results do confirm the performance dividend. Specifically, we find that the percentage of overall annual payroll costs spent on training interventions does hold explanatory power in accounting for increases in productivity and the rate of innovation. More extensive training for all employee categories investigated contributes to better results. More training for managers is associated with higher ratings in service quality, profitability and rates of innovation. Higher training opportunities for professional staff are associated with better service quality, profitability, productivity and rates of innovation. In the case of clerical and manual workers, a focus on training for these groups impacts productivity, profitability and innovation ratings. Higher levels of systematic evaluation of overall training effec-

tiveness positively impact all four performance measures (service quality, productivity, profitability and rate of innovations).

Our final hypothesis, in two steps, tested the explanatory power of market orientation in accounting for variations in the overall training effort. Our analysis suggests that companies focusing on international markets use more extensive and effective training practices than their counterparts focused solely on the local market. This finding underscores the importance of, and relative emphasis that should be given to, training and development interventions and their evaluation in order to operate and remain competitive in the global market. This is an arena which demands a concerted effort towards upskilling, knowledge development and learning, especially in the context of these economies being latecomers to market forces and internationalisation. The challenge is to ensure that training and developmental interventions meet organisational requirements for strategic functioning in this international competitive space, while at the same time meeting individual developmental and career expectations.

By way of limitations, it is important to acknowledge that our data derives from single source respondents and response rates between countries do vary. At the country level, every effort is made to represent the structure of the economy in the country and at the point in which the data is being collected. Karoliny et al. (2009) stress that despite the limitations of the survey method and the methodological constraints that pertain, the Cranet network's surveys have provided successive waves of large-scale empirical data since 1990. In doing so, the network contributes meaningfully both to the description and understanding of the developments of HRM practices in a continuously growing number of countries, many of which have heretofore not been fully landscaped in terms of their HRM policies and practices, and holds the prospect of advancing ideographically and nomothetically derived insights in comparative HRM.

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The main aim of the *Journal of East European Management Studies* (JEEMS) is to promote dialogue and cooperation among scholars from all countries who seek to examine, explore and explain the behaviour and practices of management within the transforming societies of Central and Eastern Europe. As such, the theoretical interests of the journal focus on a) organizational and management change; b) Central and East European societies (including those on the fringes of Europe) undergoing processes of transition or transformation; and c) scientific issues of business, management and organisation that arise in such contexts. In this regard, JEEMS particularly welcomes papers that draw on a behavioral perspective.

By fostering the exchange of ideas within the academic community and between management academics and management practitioners, JEEMS aims to contribute to the development of knowledge and practice across the Central and East European region. In this way, the journal hopes to cultivate and spread a sophisticated understanding of management trends and tendencies as they emerge through the process of transformation. The concern with management practices and issues is meant in the broadest sense to include the problems of steering politico-economic processes and the management of all types of organized action and their social embeddedness.

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