

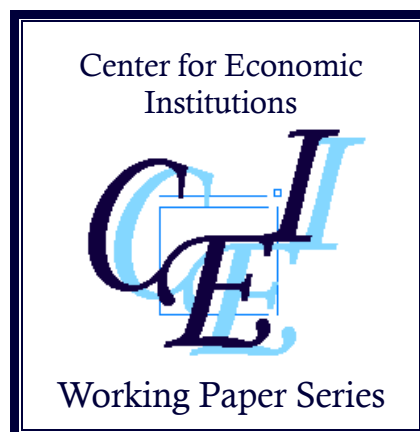
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**“Socialist Legacies and Human Resource Management in  
European Transition Economies: An Analytical Survey”**

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# **Socialist Legacies and Human Resource Management in European Transition Economies: An Analytical Survey**

**Norio Horie<sup>i</sup> and Kazuhiro Kumo<sup>ii</sup>**

Abstract: This paper takes up the human resource management studies targeting European transition economies (ETEs) in the context of transition economies and empirically examines the relationship between the existing studies, which discuss the institutional and cultural legacies of their socialist period, and the attributes of the literature. This analytical survey clarifies that the major studies in human resource management in ETEs still keep focus on the old socialist legacies, particularly in traditional industries, and that the socialist institutional legacies are actively and continuously discussed in ETEs to understand the diversity of European HRM, though there is a possibility that the divergence theory based on cultural legacies may become inapplicable in accordance with their deepening integration with the EU economy.

Key words: European transition economies, human resource management, socialist legacy

**JEL Classifications: J50, M12, M54, P31**

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## 1 Human Resource Management in Transition Economies

In human resource management (HRM) studies, the Central and Eastern European countries, which have experienced the socialist system, are the new frontier for developing new research. With the emphasis on the context of the transition process from a socialist economy to a capitalist economy, Zupan and Kase (2005\*)<sup>1</sup> named the Central and Eastern European countries the European Transition Economies (ETEs). This study attempts to investigate how socialist personnel and HRM as institutional and cultural legacies of this system have been intentionally assessed in the HRM studies on ETEs.

Enterprises in the former socialist countries shared a centralized corporate structure and socialistic corporate culture under strong state control that socialist enterprises thoroughly embraced. These socialist enterprises had to take survival measures to transform their corporate structure and culture into the new ones adapted to the market economy. The transplanting of modern HRM practices into their management is also a very important precondition for their survival strategy. The lack of their modern HRM practices encouraged them to learn Western HRM practices in the process of their transition to the market economy. However, the transition to the market economy did not derive from an “institutional vacuum” but depended on “a dense and complex institutional legacy such that the (often invisible) remnants of previous economic and political orders still shape expectations and patterns of conduct” (Nielsen *et al.* 1995). The legacies of the socialist personnel management functions that socialist enterprises used to have conventionally should be focused on in order to understand how they adapt their management to Western-style HRM functions.

All enterprises in ETEs are not former socialist enterprises. Newly emerged enterprises also challenge such institutional legacies. In the transition to the market economy and the subsequent economic growth of the former socialist countries, foreign direct investment has increased, and many multinational companies (MNCs) have entered the ETEs. In the subsidiary companies of these MNCs, efforts to transplant the HRM practices of the headquarters to the subsidiary companies were an important challenge because remnants of socialist management practices and cultures were often obstacles to pursue their management improvement.

Not all research of HRM in ETEs has focused on institutional legacies. Even in studies on HRM in transition countries that consider the changes in the external and internal environments of the enterprises in former socialist countries, these changes are not often discussed in the context of the transition to the market and capitalist economy. The researchers in the universalist paradigm, whose traditions are focused upon testing and prediction on how HRM practices enable a firm to achieve its strategic goals, often do not focus on contextual uniqueness (Brewster 2006). We also can find the

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<sup>1</sup> In terms of the extracted basic references as mentioned below, this study indicates them with \* after the publication years. The extracted basic references are listed at appendix.

researches focusing the context that is not based on the transition from socialist economy to a market economy. Many of the former socialist countries in Central and Eastern Europe have become EU members, and the research context of Central and Eastern Europe has shifted from the framework of transition to that of EU integration. Additionally, we find that the researchers do not depend on the transition context, even if they focus on the regional context of HRM in ETEs. When researchers focus on national differences in their attempts to understand HRM in each country, the diversity of HRM practices between countries in ETEs or between some countries in ETEs and the other developed or developing countries is often not based on the context of the transition from a socialist economy to a market economy and the problem of the transition itself is not considered as an important factor for comparative examination<sup>2</sup>.

Under such circumstances, how are the socialist personnel management legacies in ETEs placed in the research on the transition 25 years later? Does the legacy called socialist personnel management remain their challenges to overcome as the transition has advanced and the majority of the ETEs have become EU members? Or does it continue to be an important subject of consideration, as a distinctive feature that differentiates the HRM studies in ETEs from those in other regions? The issues and concerns of this study derive from these questions.

The special issue of the *Baltic Journal of Management* in 2010 focused on HRM in Central and Eastern Europe. The issue addressed Central and Eastern Europe as a region “characterized by significant practice differences in HRM, compared with other regions and territories” (Brewster *et al.* 2010, 146). The special issue of the *Human Resource Management Journal* in 2011 (Cooke *et al.* 2011) also focused on HRM in the region, and Horwitz (2011\*), who contributed to this issue, stressed the lingering effects of the previous institutional environment both in external and internal contexts of the post-socialist countries. Garavan *et al.* (1998) observed Polish firms’ struggle to adapt the strategic HRM used in the United States and the United Kingdom, and limited success can be achieved due to the communist contextual legacies inherited from the Soviet model of management. The communist legacies have been in focus in HRM studies in this region. However, the importance of institutional and cultural legacies in HRM in this region has not been sufficiently reviewed<sup>3</sup>.

Brewster *et al.* (2010, p. 147) argue that it is not exactly clear what the transition countries are

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<sup>2</sup> Although research on the contextual approach in European-type HRM research, in contrast to the universalistic approach of American-type HRM research, has also been advanced in ETEs by CRANET (Cranfield Network on Comparative Human Resource Management), not all of the studies deal with the problem of the transition. For example, Poor *et al.* (2011) and Gurkov *et al.* (2012) were excluded from the extracted basic references, and this does not mean that the factor of transition is included in their studies.

<sup>3</sup> Horwitz (2011\*) conducted a survey with a focus on the HRM context of multinational enterprises in Central and Eastern European countries. Napier and Vu (1998) reviewed the international HRM of developing countries and transition countries, and Puffer and McCarthy (2011) and McCarthy and Puffer (2013) present a broad viewpoint in terms of business and management research in Russia without limiting it to HRM. Furthermore, Michailova *et al.* (2009) present a survey related to the context of the transition.

transforming to, although it is clear what they are transforming from. However, the starting point of the transition, which they consider as a matter of course, is the undefined framework of the old regime called a Soviet model of management. It is not always clear in the discussions in HRM research specifically what they are attempting to abandon and consider as strategic resources, and what form of HRM they aim to pursue. It is, therefore, necessary to conduct analytical survey research on HRM that places contextually the transition experienced by ETEs. There has been almost no analytical survey research in which the trends in HRM studies in ETEs are analyzed with a special focus on the institutional and cultural legacies of the Soviet model of management. This study attempts to systematically analyze how the transition as a contextual perspective has been indicated in the framework of the HRM studies in ETEs and determine the importance of studying institutional legacies called socialist personnel management.

## **2 Literature Review and Research Attributes of the Extracted Basic References**

### **2.1 Methodology of Literature Review**

In order to identify studies related to HRM in ETEs, we first researched the Web of Science and EconLit databases for the published literature that has been registered from 1989 to 2015 that contained a combination of two terms, including one from *human resource management (HRM)* or *personnel management* and another one from *transition, transition economies, post-socialist, post-communist, or any of the names of the 21 Central and Eastern European countries (Albania, Bosnia-Herzegovina, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia, Slovakia, Slovenia, Bulgaria, Kosovo, Macedonia, Montenegro, Moldova, Estonia, Latvia, Lithuania, Russia, Ukraine, and Belarus)*. We excluded the non-English articles, those not related to HRM, and those in which less than one-third of the countries of the comparison subject are Central and Eastern European countries. In addition, articles that presented only a review and the research concepts but did not conduct any analysis of HRM in each country, either descriptively or empirically, are also excluded. The analysis subjects are English articles published in academic journals but do not include those published in books. As a result, the number of listed references is 309<sup>4</sup>.

Among the listed articles, we identified those that specifically focused on the context of transition from a socialist economy or management to a capitalist economy or management. The

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<sup>4</sup> This study only targets the Central and Eastern European countries and does not include socialist countries such as China and Vietnam. There are reasons they should not be included. First, this study is based on the context of European and American HRM research examining the transplantation of Western HRM in ETEs or the transition of Socialist HRM to Western-style HRM. In discussing HRM in China and Vietnam, not only the European- and American-style HRM but also the Japanese one tends to be raised as a topic. There are few studies that focused on the transplantation of the HRM practices of Japanese MNCs in ETEs. We avoided the conceptual gap between Western and Eastern HRM. Second, when we tested China for a survey term, a significant larger number of articles were additionally extracted, compared with the number of articles targeting only ETEs. We avoided the imbalance.

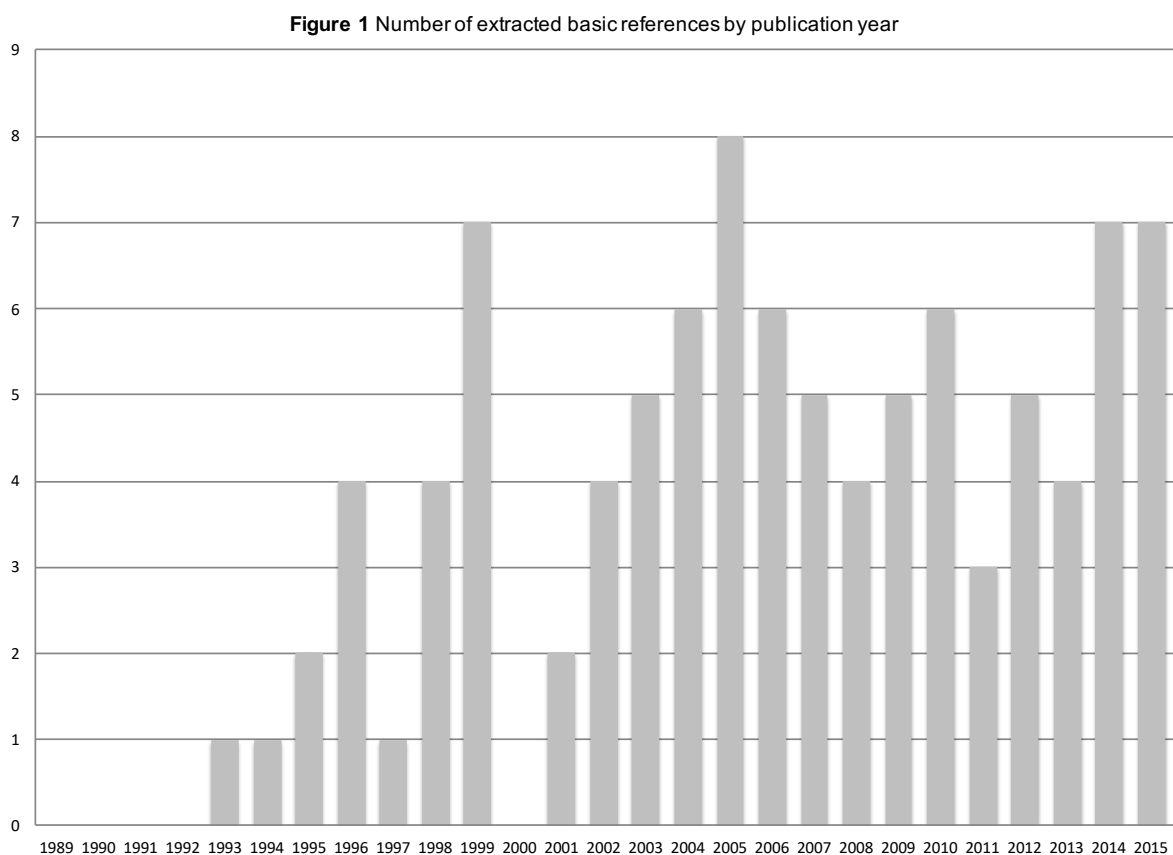
articles extracted in this way are called in this study “the extracted basic references.” The extraction was carried out as described below. Dividing the respective articles into three structural parts, i.e., an introductory part, an analytical part, and a concluding part, the reference related to the transition in each part was taken up, and the articles that mention factors related to the transition in even one of three structures were selected. There are reasons for dividing each article into these three parts. The reference related to the transition in the introductory part indicates awareness on the part of the author of the article regarding research targeting the transition economy countries, even if the problem of the transition is not prominently taken up in the analysis or conclusion. In the analysis and conclusion sections, if the problem of the transition is reflected in the hypothesis and verified or the problem is stated and analyzed, this is because it indicates that the transition factors serve as important explanatory variables or subjects. The transition-related factors specifically mean the references related to culture, values, systems, and management policies that were inherited from the period of socialism; those that are related to culture, values, systems, and management policies that had been lacking in the period of socialism; and those that refer to major topics related to the transition to the market economy (privatization of state-owned enterprises, socio-economic-environmental changes in the transition period, and other aspects). There are also articles that do not involve the transition factors, even though they argue that it is the application to Western culture. For example, Ardichvili *et al.* (1998) point out the strong collectivist tendency of Russian entrepreneurs in the transplantation of Western human development policies to Russia and argue the necessity of such policies from this perspective. The collectivism, however, is taken up here as part of Russia’s unique culture instead of it’s being something that was established during the period of socialism. In this case, this article is not included in the extracted basic references. On the contrary, as discussed later, similarly with respect to the same collectivist characteristics, articles that are listed as extracted basic references are those presenting these characteristics as a collectivist value system with strong socialist influences. As a result of this extraction, 97 articles are specified as extracted basic references.

## **2.2 Research Attributes of the Extracted Basic References**

The transition to a market economy required a transformation of the personnel management system of enterprises under the planned economy to one that was appropriate for the market economy. Personnel management in former socialist enterprises embraced the double-transition issue in the sense that it was required not only to transplant an HRM appropriate to the market economy but also to transform from traditional personnel and HRM to modern HRM as it has been widely practiced in Western countries.

This study does not require a narrow definition of HRM, among which HRM is particularly

given the strategic characteristics of enterprises<sup>5</sup>. For ETEs, HRM, which was introduced from the Western world after the beginning of transition to a market economy, was completely different from the management practices implemented under the socialist system (Pieper 1992). The personnel department carried out the limited range of personnel management practices, most of which were performed at the state level in accordance with central economy planning. The personnel department mainly conducted administrative tasks on paper (not management), such as employee data collection and recording (Kazlauskaite and Buciniene 2010\*), whose staff positions in the rigid work organization were characterized by narrowly defined state job classification (Gurkov and Settles 2013\*)<sup>6</sup>.



Source: Author's calculation.

Within the scope of our literature review, an article by Pieper (1992), who argued that the

<sup>5</sup> In this study, personnel and human resource management means the broad system that includes both traditional personnel management and modern HRM. In particular, when personnel management before the rise of HRM is indicated, it is called traditional personnel and human resource management, and the personnel management in the period of socialism is named socialist personnel management.

<sup>6</sup> Other than these articles, the characteristics of the personnel and human resource management of socialist enterprises are discussed distinctively in Gurkov (2013), Gurkov and Settles (2013\*), Lucas et al. (2004\*), Weinstein and Obloj (2002\*), and other articles.

management of the former socialist bloc be called socialist HRM, was the first to discuss the term *HRM* in the context of the ETEs. However, the socialist HRM that he defined is completely different in concept from that in the Western HRM, and thus it can be considered as a basic reference in order to understand personnel management under the socialist system. In 1993, Bangert and Poor (1993) dealt with the effects on HRM of the expansion of multinational enterprises into Hungary. American HRM researchers such as Luthans *et al.* (2000), who advocate the introduction of high-performance work practices in Russia, apply a series of surveys on management behavior that were conducted in the United States to the research on management behavior in Russia. They argue that Russian enterprises should convert to a more results-based compensation system, while Russian factory managers maintain the traditional management methods and communication activities (Luthans *et al.* 1993\*). On the whole, 1993 is assumed to be the initial year to publish articles on HRM research targeting ETEs.

As presented in **Figure 1**, the extracted basic references have been discussed constantly since the beginning of the transition. However, in consideration of the substantial number of extracted basic references after 2000 in comparison with the 1990s, it is found that articles related to HRM based on the context of the transition have been published steadily and more constantly in the 2000s.

This trend may have been greatly influenced by the attributes of researchers who conduct research on HRM in ETEs. Under the socialist system, education specializing in HRM was not provided in socialist countries. It can be assumed that few HRM staff took up this work after receiving professional education in HRM in the Central and Eastern European countries in the early stage of the transition. Therefore, there was considerable lag time before those who received HRM education in their own countries became able to contribute to the establishment of HRM in domestic enterprises. On the other hand, the finding that expatriates assigned to the local offices of MNCs play the role of missionaries to transplant headquarters' standard HRM policies to the locals has been frequently studied in the strategic HRM (SHRM) research (Bonache *et al.* 2001). This is because, in addition to the fact that the persons in charge of HRM in the ETEs have not been given important roles in enterprises, modern HRM professionals have been decisively lacking. In a manner similar to that of the HRM staff of enterprises, few researchers specialized in Western-styled HRM under the former socialist system. Therefore, researchers who have specialized in traditional socialist personnel management or those who received HRM education in the West have newly initiated HRM research in this region.

With respect to the location of the institutional affiliations of the authors of the extracted basic articles, including co-authors (total number), researchers from institutions in the Central and Eastern European transition countries account for 36.5% of the total, and those based in Western countries account for approximately 60%. In the former Soviet Union countries except for Russia, no authors were involved in the extracted basic references. Among the new EU member countries, the researchers



affiliated with universities in Slovenia (11 persons), researchers in Poland (9 persons), and those in Lithuania (8 persons) are prominent. The researchers in the non-EU-member countries were only from Serbia. With the focus only on the first authors (**Table 1**), researchers from affiliated institutions based in the United States account for the majority, as expected. Adding those from affiliated institutions based in the United Kingdom to these based in the United States, they account for approximately half of the total number. On the other hand, approximately 30% are from affiliated institutions in ETEs.

**Table 1** Location of the Institutional Affiliations of the First Authors

Region	U.S.	U.K.	ETEs	Others
Number of references	22	20	37	18
Percentage	22.68%	20.61%	38.14%	18.55%

Source: Author's calculation.

Among the ETEs, Central European countries such as Poland, the Czech Republic, Slovakia, and Hungary among Central European countries; the Baltic States; and Slovenia<sup>7</sup> among the Southeast European countries participated in the EU in 2004. After 2007, Bulgaria, Romania, and Croatia among the Southeast European countries also joined. The rest of the Southeast European countries, that is, Albania, Bosnia-Herzegovina, Serbia, Kosovo, Macedonia, and Montenegro are non-EU-member countries. The differences in their period of EU participation and those between EU members and non-members may greatly affect the process of dealing with the problem of the transition in HRM research. As presented in **Table 2**, however, a high proportion of the extracted basic references target the Central European countries among the EU-member countries in their research, and there are 12 articles targeting Slovenia, which is included in Southeast Europe in this study. There are fewer studies targeting the EU-member countries that joined later and those that are still non-member countries among the Southeast European countries. The reason there are many studies targeting Slovenia is that nine of these articles were written by researchers affiliated with the Department of Economics, University of Ljubljana of Slovenia, of which four articles were written or co-written by Zupan. The active publication of research results by specific research institutions and authors has a considerable effect on the distribution of target regions for research.

<sup>7</sup> According to the definition by the European Bank for Reconstruction and Development, Slovenia is classified as a Central European country and is not included in Southeast Europe. In this study, however, Slovenia is included in Southeast Europe in order to place the former Yugoslavian countries, which had a tradition of self-management in the former socialist period, with the Southeast European countries.

**Table 2** Research Target Regions

Region	Country	Number of references	Subtotal of the number of references by target region	%
Former Soviet Union	Russia	31	38	30.2
	Belarus	2		
	Ukraine	4		
	Moldova	1		
Central Europe	Poland	18	44	34.9
	Hungary	5		
	Czech Republic	13		
	East Germany	1		
	Slovakia	7		
Southeast Europe	Rumania	8	31	24.6
	Bulgaria	5		
	Slovenia	12		
	Serbia	3		
	Bosnia-Herzegovina	1		
	Former Yugoslavia	2		
Baltic States	Estonia	5	12	9.5
	Lithuania	6		
	Latvia	1		
All the European transition economies		1	1	0.1
Total			126	100

Source: Authors' estimation.

Meanwhile, it can be easily imagined that the socialist legacies have been most firmly embedded in the industries that were dominant in the period of the former socialist regime. Under socialist planned economies, in consideration of the fact that basic industries such as machinery production, electronic engineering, defense, and communication equipment were directly supervised by ministries of the central government, the manufacturing industry (in this study, the manufacturing and construction industries are included in this category for the sake of the analysis) and the mining industry (in this study, electricity, gas, water, and heat supply are included in this category for the sake of the analysis) can be considered as traditional industries of the period under the socialist regime. In addition, the service industry can be also divided into the traditional service industry and the modern one. In the socialist period, there were also retail, wholesale, transportation, accommodation, and food service industries, which come under traditional tertiary industries, including public services and education. On the other hand, the telecommunications industry, financial and insurance businesses, real estate, and other enterprises formed the service industry that developed only after the beginning of the transition to a market economy. In the article, they are considered to form the modern tertiary industry that also includes professional, scientific, and technical services, business management and

support services, and health and social work. As articles targeting the manufacturing industry and the traditional tertiary industry account for more than half of the total number of articles (**Table 3**), it can be assumed that there is a tendency to cover the dominant industries during the socialist period as research subjects in articles featuring the transition economies, particularly their socialist legacies.

**Table 3** Research target industries

Industrial classification	Total number of articles	Percentage of the total number of articles
Mining industry	3	2.91%
Manufacturing industry	34	33.01%
Traditional tertiary industry	21	20.39%
Modern tertiary industry	24	23.30%
Others (Industry: not specified)	21	20.39%

Source: Authors' estimation.

### **3 Socialist Legacies in Personnel and Human Resource Management Research in European Transition Economies**

#### **3.1 Focus on the Issues of the Transition**

Our interest is whether the socialist legacies have thus far been an important factor in distinguishing the transition economies in personal and HRM research on ETEs. If articles take the transition as the research concern, it is important to distinguish between what are assumed to be problems of the socialist period and what constitutes the problem of the transition. In such cases, in HRM, starting with the systems that had been functioning in the period of socialism and the culture that embedded the behavior of managers and employees, the focus on the transition should be to identify how they have been changed to form more appropriate systems in the market economy and how they were replaced by European and American systems, as well as how their behavior has changed to embrace appropriate values and attitudes toward the market economy. In this study, the remnants of the old socialist management systems or the lack of prerequisites for the transition are considered as the coding subjects.

From these perspectives, the extracted basic references were divided and compiled into three categories. The first category is a group of problems widely and directly related to the transition of HRM policies and practices such as labor–management relations, employee participation, and education and training of employees and managers. This category is named “issues on institutional legacies” in this study. Mainly, the institutional legacies of socialist personnel management are the research subject here. The second category is called “issues on cultural legacies,” which includes research targeting national and corporate culture stemming from socialism, and the values and attitudes of employees and managers based on a culture originating from their socialist experiences. The third category compiled those references that cannot be assigned to the above two categories and is named

“other issues.”

As a whole, the literature is proportionally divided between the three major categories (**Table 4**). Interestingly, the number of articles has increased equally in all the categories since 2004, when the major Central European countries participated in the EU. This implies that they intended to explain how strongly path-dependent features of their HRM remain in their countries. For instance, Skuza *et al.* (2013\*) target Poland, an EU member country, and stress the former socialist cultural legacies of Poland, which still continue to dominate in Polish-owned companies, where the HR function is particularly underdeveloped compared with other organizational functions. Zientara and Kuczynski (2009\*) also target the Polish local public administration and describe the aspects in which HRM practices in the period of socialism have remained just as they were, modern HRM practices have remained underdeveloped, and socialist bureaucracy is still rooted in the modern Polish administration. Gurkov and Settles (2013\*) and Gurkov and Kosov (2014\*) also demonstrate the characteristics of the former Soviet Union observed in Russian HRM practices, and explain the path-dependent features of the Russian HRM.

**Table 4** Distribution of the Determinants of the Transition

Transition mode		Group of problems on human resource management policies	Group of problems on cultural legacies	Group of other problems
Major European transition countries before participating in the EU (before 2003)	No. of items of literature	10	11	10
	Percentage	29.40%	40.70%	45.50%
Major European transition countries after participating in the EU (after 2004)	No. of items of literature	33	21	12
	Percentage	76.74%	65.63%	54.50%
Total number of references		43	32	22

Source: Authors' estimation.

### 3.2 Institutional legacies in Human Resource Management Practices

The issues of institutional legacies are divided into those targeting the transition of HRM practices, those considering the changes in and strengthening of employment relations and employee involvement during the transition, and those considering institutional capacity and the learning of various practices as well as adaptation to the new management. In the processes of management modernization, the introduction of Western HRM practices, which did not exist in socialist personnel management, and the transition from socialist personnel management to modern HRM are the common central targets of this issue.

The arguments can be divided into two types. The first type argues for the persistence of traditional personnel management practices of the socialist period, which remain unchanged from the

former socialist period, and the second type examines the extent of the introduction of Western HRM practices and its development on the assumption that HRM practices and HRM professional managers were lacking or absent in transition in ETEs. The former emphasizes the path-dependent feature of the current HRM in ETEs. We also consider the absence of modern HRM practices and skills as part of the socialist legacies. These socialist institutional legacies are the main topic we aim to focus on in this study.

There were 23 articles that discussed the transition of HRM policies, among which eight target Russia and two articles target former Soviet Union countries; Ukraine and Lithuania. There were seven articles targeting Central European countries such as Hungary, Poland, and the Czech Republic, and six articles targeted the Southeast European countries. Among the six articles targeting the Southeast European countries, three listed Zupan as one of the authors, targeting Slovenia.

These articles often indicate that the personnel management ETEs implemented during the period of socialism is still firmly entrenched. Furthermore, the characteristics of socialist personnel management are common to almost all European Transition Economies. Lupina-Wegener (2013\*) and Kazlauskaite and Bucuniene (2010\*) target Poland and Lithuania, and they describe the characteristics of personnel management of both countries in the socialist period based on Pieper (1992), who defined the general characteristics of socialist “human resource management” in East Germany. Lucas *et al.* (2004\*), Kazlauskaite and Bucuniene (2010\*), and Gurkov and Settles (2013\*) also described the general characteristics of socialist personnel management, and these are summarized below. Socialist personnel management was in fact not “management” but “administration,” and personnel management primarily derived from centralized planned economy. Individual socialist enterprises had no initiative to manage personnel as resource. The personnel planning, job design, and remuneration schemes were implemented by central governments, and there was very little room to manage at the corporate level. Central government set the number of employees and the number of school and university graduates to be absorbed. Therefore, neither recruitment nor selection of personnel arose as a problem to be tackled at the corporate level. The department in charge of socialist personnel management at the corporate level, called the “cadre department,” was an instrument of supervision by the Communist Party. It dealt with such personnel issues as recording hiring and dismissal, employee data collection and reporting to the government, and distributing employee training. There were no free labor markets, and under the principle of full employment, the function of considering the evaluation and motivation of employees was not an important factor for corporate personnel management.

Transition did not begin from an institutional *tabula rasa*. Rather, it started on the ground that a dense and complex institutional legacy such that the (often invisible) remnants of previous economic and political orders still shape expectations and patterns of conduct (Nielsen *et al.*, p. 4). The remnants of the socialist personnel management in transition economies are the central issue and interest of the

articles identified in this category. Among the extracted basic references, Milikic *et al.* (2008\*) also point out that there is a tendency to implement only the personnel management practices of the socialist period in the HRM of modern Serbian enterprises and suggest that the HRM characteristics remain unchanged from the old regime. Cyr and Schneider (1996\*), Gurkov and Settle (2013\*), Fey *et al.* (1999\*), Kazlauskaitė and Buciuniene (2010\*), Lucas *et al.* (2004\*), Zupan and Kase (2005\*), and Zupan and Ograjsek (2004\*) also indicate the remaining unchanged HRM in ETEs. Clarke (2004\*) describes the actual condition in which the Soviet traditions, including the remaining unchanged personnel management, shop floor management, payment system, and discipline, have been inherited and maintained in modern Russian enterprises, particularly in the shop floors of the manufacturing industry. Trappman (2007) also refers to the fact that HRM in a traditional Russian steel company is “all as it was.”

On the other hand, research with a focus on the lack of the Western HRM practices, rather than the remaining socialist personnel management in the transition economies, is also an important area in HRM research in transition economies. For example, Bjorkman *et al.* (2007\*) take up the historical absence of capitalist-style business as an issue, instead of focusing on the remaining legacies, and build a hypothesis that the absence of HRM practices such as training, performance appraisal systems, performance-based compensation systems, and performance-based promotion systems requires foreign-capital enterprises in Russia to emphasize these practices. With respect to the articles that examine the extent to which Western HRM practices were introduced, functioned, and developed, Fey and Bjorkman have actively contributed. They have examined the effects of the Western HRM practices on corporate performance in Russia with the use of several factors, such as internal communication, knowledge transfer, employee motivation, training, job security, and so on, and have analyzed the adaptability of Western HRM (Fey and Denison 2003\*; Fey *et al.* 2000, 2009; Bjorkman and Ehrnrooth 2000; Bjorkman *et al.* 2007\*). These studies also started their analyses on the basis of the historical absence of HRM policies in the former socialist countries.

Those who focus on institutional legacies are assumed to employ a contextual approach to HRM. The contextual approach aims to understand what is contextually unique and to explain why (Brewster 2006; 2007). The institutional legacies are contextually unique in ETEs so that those who pick up socialist institutional legacies in ETEs are assumed to have high concerns on the conceptual approach Brewster advocates. His articles are actively cited in the studies that focus on institutional legacies. Articles that include Brewster in the references of all the basic extracted references account for 23.7% (23 articles) of the extracted basic references. In this sense, we expect the researchers who focus on institutional legacies in the universalist paradigm are few, because their study is purposed to be as “being about generating understanding in order to improve the way that human resources are managed within the organization, with the ultimate aim of improving organizational performance (Brewster 2007).”

Contrary to the conceptual approach, those who focus on institutional legacies are not assumed to employ American-style of HRM approach, that is, a universal approach, whose study is purposed to be as “being about generating understanding in order to improve the way that human resources are managed within the organization, with the ultimate aim of improving organizational performance (Brewster 2007).”. As we expect, there are very few extracted basic references on analyses related to the relationship between HRM practices and corporate performance. Among the extracted basic references, Judge *et al.* (2009\*), Zupan and Kase (2005\*), Zupan and Ograjensek (2004\*), and others have conducted analyses related to the relationship between HRM practices and corporate performance. Apart from the extracted basic references, Fey *et al.* (2000, 2009), Fey and Bjorkman (2001), Kazlauskaite *et al.* (2012), and Buciniene and Kazlauskaite (2012) are the studies that focus on the relationship between HRM practices and corporate performance. However, they do not mention the transition factors and thus were excluded from the extracted basic references. In addition, Welsh *et al.* (1993) were not identified in the original search, but their article is an important contribution to the literature at the early stage. They took up exogenous compensation according to performance, behavior control (social compensation by supervisors, such as evaluation and recognition), and participation (job enrichment and redesign by the participants rather than by the supervisors) as the three analytical factors for HRM and conducted a survey on how these factors have improved work performance. This survey confirmed that a participative intervention will not result in improved performance. Additionally, they conclude that historical and cultural values and norms are obstacles to making a participative intervention work effectively.

### **3.3 Cultural Legacies in Human Resource Management**

The issues on cultural legacies take up the cultural aspects surrounding enterprises such as the national, corporate, and management culture as well as the attitudes and values of the managers and employees.

There are 11 articles that focus on the attitudes and values of employees and managers, among which six articles target the attitudes and values of employees and five target those of managers. With respect to the attitudes and values of employees as legacies of the socialist system, the characteristics that differentiate the behavior of employees in Western countries become the starting point of the transition. Alas and Rees (2006\*) conduct a comparative analysis of work-related attitudes and values between capitalist and former socialist countries. Zientara and Kuczynski (2009\*) focus on public administration employees in Poland, which is assumed to be unchanged from the Communist time, and find that job satisfaction and participation have a positive effect on organizational commitment. Kazlauskaite *et al.* (2009\*) tackle the impact of organizational empowerment on work-related attitudes using a comparative analysis between Denmark as an old EU member and Lithuania as a transition country. They show that no significant differences between the Danish and Lithuanian hotels were

found in the levels of organizational empowerment and job satisfaction. In contrast, research on the relationships between the personality traits of employees or psychological contracts and employee performance (Linz and Semykina 2009\*; Kase and Zupan 2007\*) also considers the lack of attitudes and values of the employees, which are prerequisites in the West. These studies focus on unique attitudes among employees in the former socialist countries that inhibit performance improvement.

While there are studies that discuss attitudes toward the new market environment and policies, such as the market orientation of the managers and the attitude of managers toward the introduction of Western HRM, we also find the researches that analyze the remaining values of collectivism of the socialist period and the convergence of the traditional values of collectivism with the values of European and American managers in terms of the attitudes of the managers. The former analyze how different the attitude of managers is toward the introduction of Western-style HRM in the period of the transition, taking into account the characteristics of the firm. For example, Constantin *et al.* (2006\*) finds that modern HRM practices are not a priority of managers in Romanian firms and that they have not changed their traditional leadership behaviors or their attitudes toward HRM practices. On the other hand, the latter studies focus on the traditional values of collectivism as a starting point of the transition and demonstrate how they converge on individualism (Stan and Evans 1999\*), beliefs of the new entrepreneurial managers (Puffer *et al.* 1997\*), and American-style managerial values (Alexashin and Blenkinsopp 2005\*). Stan and Evans (1999\*) argue that collectivist values and individualist values are complementary and discuss traditional values as positive ones that should not be abandoned. Their discussion can be considered the third research axis that argues for a new hybrid set of values to be created in cases where different cultures interact<sup>8</sup>.

As Ralston *et al.* mentioned, managerial culture can be viewed as the “collective being,” whose “briefs and values are widely shared in a specific society at a particular point in time (Ralston *et al.* 1993, p. 250).” Therefore, the attitudes and values of the managers and employees and the national and corporate culture are in an inseparable relationship from the perspective that they affect managerial decision-making and behavior. However, the cultural aspects specified in the group of corporate external environments were embedded in the national and organizational culture under the socialist system: for example, a collectivist value system with strong socialist characteristics (Fey and Denison 2003\*; Giacobbe-Miller *et al.* 2003\*; Puffer *et al.* 1997\*; Stan and Evans 1999\*; and other articles); the extreme clientelism of the communist system (Letiche 1996\*); the old authoritarianism, hierarchical and conservative mentalities (Dalton and Druker 2012\*), a belief in a hierarchical, inequitable power system supporting inherited autocratic superiors (Kustin 2006\*); communist

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<sup>8</sup> Among the extracted basic references, there are articles that include the convergence and/or divergence debate within range: for example, Alexashin and Blenkinsopp (2005\*), Horwitz (2011\*), Poor and Milovecz (2011), and Svetlik *et al.* (2007\*). However, the arguments are diverse as to what they converge and by what they are diverged.



egalitarianism (Dalton and Druker 2012\*; Crow 1998\*; Giacobbe-Miller *et al.* 2003\*; Woldu and Budhwar 2011\*); a unique time perspective and a unique set of subcultures embedded in socialism (Fey and Denison 2003); the Soviet mentality and personality to which the term “*Homo Sovieticus*” can be applied (Szalkowski 1996\*; Szalkowski and Jankowicz 1999\*); and low reliability derived from the transition period (Pucetaite *et al.* 2010\*).

Perceptions of the business culture in different countries are important factors when multinational companies apply their principles of international HRM in their host countries (Brewster and Bennett 2010\*). Hofstede (1993) structured four dimensions as elements of a common structure in cultural systems of the surveyed countries, such as power distance, collectivism versus individualism, femininity versus masculinity, and uncertainty avoidance. Surveys targeting the Central and Eastern European countries were not conducted in Hofstede’s own research. Hofstede’s surveys are actively cited in the studies of those countries after the beginning of the transition to a market economy (for example, Hofstede 1993; Alexashin and Blenkinsopp 2005\*; Kustin 2006\*). Articles that include Hofstede in the references account for 21.6% of the extracted basic references.

The studies linking national and organizational culture to the socialist experience based on the perspective that the Central and Eastern European countries are still in transition. Moreover, they tend to stress the socialist legacies in culture have not swept away in transition. The socialist cultural factors embedded in these countries still remain an important point of argument regarding the transition; see, for example, the article by Dalton and Druker (2012\*) targeting Romania and the one by Hirt and Ortlieb (2012\*) targeting Bosnia-Herzegovina.

### **3.4 Other Issues**

The group “other issues” covers the issues that are not categorized in the previous two types of categories. External environment and the institutional changes in economy, management style, and management turnover are discussed in the articles in this group.

There are eight articles related to changes in external environment and the institutional changes outside corporate organizations, such as ownership structures and labor markets. Although there are studies analyzing the effects on HRM practices produced by the socio-economic environment of the transition period from its early stage as represented by Tung and Havlovic (1996), there were very few extracted articles whose studies target them as determinants of the transition. The articles by Jarvalt and Randma-Liiv (2010\*)<sup>9</sup>, Karhunen (2008\*), and Weinstein and Obloj (2002\*) can be identified as articles that feature the rapid changes in the macro-level institutional, social, and economic environments or contexts due to the transition.

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<sup>9</sup> Jarvalt and Randma-Liiv (2010\*) analyzed decentralization and the absence of a sector-wide strategic HRM in the public sector in Estonia, but this absence is not explicitly explained in terms of the socialist experience. Therefore, we put this article into the category of other issues.

Although privatization is expected to be frequently taken up in the context of transition economies, there were surprisingly very few articles that focus on the difference in ownership structure as a determinant of the transition. Ivanova (2007\*) discusses the effects on motivations and decision-making of middle managers resulting from the difference in business environment, that is, the difference in ownership between new, private enterprises and large, state-owned enterprises that maintain the conventional type of production. Russell (2002\*) also focuses on privatization and ownership, and he argues that the employment relations of the period of the former Soviet Union were strongly reflected in the business environment since the difference in ownership structures did not affect employee participation in decisions at all in Russia. Wright *et al.* (2002\*) examine how the privatization led by management buy-out and employee buy-out encourages restructuring and is likely to be associated with a greater degree of employee-oriented HRM strategies.

Jones *et al.* (1995\*) discuss the underdevelopment of the managerial labor market. The underdevelopment of the managerial labor market in transition is strongly related to the lack of managerial incentive pay schemes or executive compensation and the lack of professional HR managers. Some articles address these problems (Eriksson 2005\*; Muravyev 2001\*, 2003\*; Ryan 2006\*). As for the common points among them, they assume that the critical problem for the successful transition in HRM comes from the inherited roles of managers from the socialist period, because they do not have sufficient skills that are required for the market economy, and that there is a scarce stock of executives and HR managers in the labor market in the transition period.

The management style and leadership theory are also discussed in this group of issues. The managers in the period of socialism (red executives) symbolized the management style of the socialist period, and their behavior patterns are intrinsically different from the behavior of managers in capitalist countries. Some attempts to clarify what kind of leadership the managers from the days of the socialist period exerted (Linz 1996\*; Fidrmuc and Fidrmuc 2006\*) and Barton and Barton (2011\*) examine how they exhibited leadership appropriate to the market economy. And Solomakhin and Ekaterinoslavsky (1994\*) discuss how the socialist behavior patterns impede such leadership.

There were seven articles that discuss the management turnover in this group of issues. Three articles are authored by Muravyev, who mainly focuses on Russia and Ukraine. With respect to Russia, based on the recognition that ownership structures greatly affect the frequency of the executive turnover, he clarifies the trend that both state and private insider ownership of firms restrain CEO turnover and point out the fact that performance plays an important role in the turnover process in Russia (Muravyev 2003\*), and finds managers of Russian firms face the threat of dismissal if the firms perform inefficiently (Muravyev 2001\*). Regarding Ukraine, Muravyev *et al.* (2010\*) confirm a strong relationship between executive turnover and their performance. This is based on the recognition that the executives of the socialist period lack the ability and skills required in relation to the market economy and that management turnover is indispensable in making corporate governance efficient.

Other than the former Soviet Union, the relationship between management turnover and firm performance is discussed with regard to the Czech Republic, Slovakia, and Slovenia (Claessens and Djankov 1999\*; Eriksson 2005\*; Knezevic and Pahor 2004\*). Claessens and Djankov (1999\*) analyze the Czech Republic in the early stage of the transition. Their finding is that profitability and labor productivity are both positively related to appointments of new managers, and this shows that enterprise restructuring requires new human capital, which occurs through managerial turnover in transition economies. Eriksson (2005\*) also focuses on the underdeveloped managerial labor market and finds that changes in performance do not give rise to changes in managerial pay in the Czech Republic. With a focus on the strong insider ownership of Slovenian enterprises, Knezevic and Pahor (2004\*) also argue that ownership changes have the greatest impact on management turnover, and the changes in management are strongly associated with a consequence of the ongoing transition process. These studies share common criteria that market transition should be associated with firm restructuring in terms of managerial turnover with a strong relationship to the firm performance.

### **3.5 Hypotheses**

Our aim in this study is to identify how the attributes of the extracted basic references relate to each group of issues. The first attribute is the difference between the basis of American-style HRM research and that of European comparative HRM research. In contrast with the universalist paradigm that considers the America-style HRM practices to be the best, Brewster (2006, 2007) places the European comparative HRM research as the contextual paradigm. Socialist legacies in HRM are very contextual, and those who explore socialist legacies are very important determinants to understand HRM in ETEs are assumed to be very conscious of the contextual paradigm and are expected to cite Brewster's articles. In terms of cultural legacies, Hofstede's cultural dimension theory is popular and his articles can be raised as the most influential ones, when those who explore socialist legacies are very important determinants to understand HRM in ETEs. Therefore the first attribute we employ is if the extracted basic references cite Brewster's articles and Hofstede's articles. Second attribute is the location of the affiliated institutions of authors. The universalist approach dominates research in the United States (Brewster 2007). We roughly employ the assumption that when the locations of the affiliated institutions of researchers are the U.S. and the U.K., their research can be identified as the one based on American-style HRM research. We would like to examine whether the extent of the relative focus on the diversity of HRM is strong in the research on institutional legacies and that on cultural legacies. Therefore, we examine the effect of the dummy variables such as the citations of Brewster or Hofstede and the locations of the institutional affiliations of the first authors.

Thirdly we examine the effect of research target regions. The prototype of socialist personnel management practices is the Soviet-type personnel management ones. We can expect the Soviet tradition remained more firmly in the former Soviet states. Contrary to the institutional legacies,

cultural legacies are more deeply connected with the socialist ideology, which is widely shared in the former socialist countries. Therefore we can expect that the cultural legacies can be observed widely in the ETEs regardless of the research target regions. Forthly, it can be assumed that socialist HRM should become apparent in the traditional industries inherited from the period of socialism. Conversely, enterprises in industries that have emerged after the transition to a market economy do not have the traditional socialist personnel management practices to be observed, and it can be assumed that the effects of socialist personnel management should be limited<sup>10</sup>. This can be verified by examining not only the relationships between the research target regions and the groups of issues but also those between the research target industries and the groups of issues in the extracted basic references.

Moreover, cultural legacies are more deeply connected with the socialist ideology, which prevailed in the former socialist countries, than with the Soviet tradition. If it is assumed to be a phenomenon found commonly in the countries that have experienced socialism, it can be supposed that the legacies can be observed widely in the European Transition Economy countries regardless of whether they are the research target regions. The perspective of cultural legacies, therefore, is an issue involving all the European Transition Economy countries, not only those limited to the former Soviet states, and hypotheses can be devised such that the extent of the focus on them should not depend on the research target industries.

Fifthly we employ EU membership as the attribute to examine. We expect that the focus on socialist legacies in research should decline due to the convergence of management toward the EU. This can be verified by whether the research subjects are EU members at the time of article publication and the relationship with the groups of issues the articles target.

The hypotheses are summarized as the followings;

H1: The research on socialist legacies intends to explain the socialist personnel management in transition economies by further focusing on the relative diversity of capitalism and that of personnel and HRM.

H2: In the HRM research targeting the ETEs, the research targeting the former Soviet states focuses more strongly on institutional legacies than the other research does.

H3: In the HRM research targeting the ETEs, the research on traditional industries inherited from the period of socialism focuses more strongly on institutional legacies.

H4: In the HRM research targeting the ETEs, the interest in cultural legacies are shared by all the ETEs, which are not limited to the former Soviet states, and the cultural legacies are focused on without depending on the research target industries.

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<sup>10</sup> It can be assumed that the fact that research subject enterprises are foreign-capital-including multinational enterprises may also have some effect, but no significant results were obtained.

H5: Participation in the EU by the research subject countries diminishes the interest in socialist legacies.

We examine these hypotheses. The examination is based on the above-mentioned attributes of the extracted basic references. **Table 5** shows a summary of attributes of the extracted basic references.

**Table 5** Descriptive Statistics on the Variables Introduced into the Analyses

Descriptive statistics of the variables that were introduced into the analyses. Number of observations = 97.

	Average	Minimum value	Maximum value
Type of research			
Institutional legacies	0.44	0	1
Cultural legacies	0.33	0	1
Others	0.23	0	1
Locations of the first authors (Default category: Europe other than the U.K. and the U.S.)			
The U.K. or the U.S.	0.43	0	1
Transition countries	0.38	0	1
Target regions (Default category: Baltic States)			
Former Soviet Union	0.48	0	1
Central Europe	0.31	0	1
Southeast Europe	0.25	0	1
Target industrial fields (Default category: Non-targeted industries [normative, etc.])			
Mining, electricity, gas, heat supply, and water supply	0.031	0	1
Manufacturing and construction industries	0.31	0	1
Traditional tertiary industry (wholesale, retail, accommodation and food services, and public services)	0.11	0	1
Modern tertiary industry (IT, finance, real estate, science and technology, education, and insurance and hy	0.23	0	1
Cited references (Default category: not-cited)			
Brewster	0.24	0	1
Hofstede	0.22	0	1
Non-EU member countries at the time of publication are included in the target.	0.64	0	1

Source: Authors' estimation.

#### 4. Hypotheses Verification

The extracted basic references were classified into three thematic categories, that is, institutional legacies, cultural legacies, and other issues in this study. Regarding examination of the relationships between each category and the article attributes, these are identified as model 1 for institutional legacies, model 2 for cultural legacies, and model 3 for other issues. **Table 6** shows the results of examining the relationship between each category and the article attributes. In order to analyze them, logit analysis was adopted, as the explained variables are binary. However, in consideration of the fact that all the explanatory variables are dummy variables, OLS estimation was also conducted. The variables that obtained significant coefficients as a result of the logit analysis became significant in the OLS estimation as well, and the results came out qualitatively in the same way. It can therefore be considered that the robustness of the results could be generally confirmed. According to the results of the logit analysis, the following interpretation is made.

**Table 6** Examination results

Analysis 1: Logit analysis												
Explanatory variables (article attributes)	Articles that explain with institutional legacies (Model 1)				Articles that explain with cultural legacies (Model 2)				Articles that explain with other factors (Model 3)			
	Coefficient	Standard error	z-value	P> z	Coefficient	Standard error	z-value	P> z	Coefficient	Standard error	z-value	P> z
Locations of the first authors (Default category: Europe other than the U.K. and the U.S.)												
The U.K. or the U.S.A.	-1.11	0.7	-1.6	0.11	1.23	0.84	1.46	0.14	0.01	0.76	-0.01	0.99
Transition countries	-0.99	0.71	-1.4	0.16	1.72+	0.91	1.89	0.059	-0.39	0.79	-0.5	0.62
Target regions (Default category: Baltic States)												
Former Soviet Union	-0.74	0.68	-1.1	0.27	1.04	0.81	1.28	0.2	-0.63	0.92	-0.69	0.49
Central Europe	-0.76	0.72	-1	0.29	2.34*	0.88	2.67	0.008	-1.76+	0.99	-1.76	0.078
Southeast Europe	-0.49	0.76	-0.7	0.51	1.32	0.86	1.53	0.13	-1.11	1.04	-1.07	0.28
Target industrial fields (Default category: Non-targeted industries)												
Mining, electricity, gas, heat supply, and water supply	-2.65+	1.56	-1.7	0.09	3.19*	1.59	2	0.04	0 (omitted)			
Manufacturing and construction industries	1.9**	0.61	3.1	0	-0.98	0.68	-1.44	0.15	-1.34+	0.73	-1.85	0.065
Traditional tertiary industry	-0.86	0.94	-0.9	0.35	1.23	0.97	1.27	0.21	-0.43	1.17	-0.37	0.71
Modern tertiary industry	-0.43	0.51	-0.9	0.39	0.75	0.57	1.32	0.19	-0.34	0.73	-0.47	0.64
Cited references (Default category: not-cited)												
Brewster	2.1**	0.73	2.9	0	-1.27	0.81	-1.57	0.12	-1.46+	0.87	-1.67	0.09
Hofstede	-2.09*	0.9	-3.2	0	2.79**	0.73	3.81	4E-04	-0.51	0.78	-0.65	0.52
Non-EU member countries at the time of publication are included in the target.												
	-0.26	0.62	-0.4	0.68	0.78	0.7	1.11	0.27	-0.39	0.71	-0.56	0.58
Constant term	1.13	0.95	1.2	0.23	-4.62	1.34	-3.46	0.001	0.97	1.16	0.84	0.39
Log likelihood: -51.39				Log likelihood: -42.67				Log likelihood: -43.79				
No. of samples: 97				No. of samples: 97				No. of samples: 94				
Prob > Chi2: 0.002				Prob > Chi2: 0.002				Prob > Chi2: 0.02				
Pseudo R-sq.: 0.23				Pseudo R-sq.: 0.31				Pseudo R-sq.: 0.14				
Analysis 2: OLS												
Explanatory variables (article attributes)	Articles that explain with institutional legacies (Model 1)				Articles that explain with cultural legacies (Model 2)				Articles that explain with other factors (Model 3)			
	Coefficient	Standard error	t-value	P> z	Coefficient	Standard error	t-value	P> z	Coefficient	Standard error	t-value	P> z
Locations of the first authors (Default category: Europe other than the U.K. and the U.S.)												
The U.K. or the U.S.	-0.18	0.13	-1.4	0.18	0.19	0.12	1.62	0.109	0.01	0.12	-0.07	0.94
Transition countries	-0.17	0.14	-1.2	0.25	0.26**	0.13	2.04	0.045	-0.09	0.13	-0.71	0.48
Target regions (Default category: Baltic States)												
Former Soviet Union	-0.09	0.13	-0.7	0.48	0.14	0.12	1.2	0.23	-0.05	0.12	-0.38	0.7
Central Europe	-0.12	0.14	-0.9	0.37	0.34**	0.12	2.79	0.007	-0.21+	0.12	-1.72	0.09
Southeast Europe	-0.07	0.15	-0.5	0.64	0.19	0.13	1.47	0.15	-0.12	0.14	-0.91	0.37
Target industrial fields (Default category: Not-targeting industries)												
Mining, electricity, gas, heat supply, and water supply	-0.5+	0.29	-1.7	0.09	0.59*	0.26	2.24	0.028	-0.09	0.27	-0.32	0.75
Manufacturing and construction industries	0.34**	0.11	3.1	0	-0.16	0.098	-1.6	0.11	-0.19+	0.1	-1.86	0.067
Traditional tertiary industry	-0.16	0.17	-0.9	0.35	0.2	0.15	1.32	0.19	-0.04	0.16	-0.25	0.8
Modern tertiary industry	-0.1	0.1	-1	0.31	0.13	0.089	1.47	0.15	-0.03	0.092	-0.31	0.76
Cited references (Default category: not-cited)												
Brewster	0.36**	0.12	2.9	0	-0.19+	0.11	-1.72	0.088	-0.17	0.11	-1.53	0.13
Hofstede	-0.44**	0.13	-3.5	0	0.49**	0.11	4.45	4E-04	-0.06	0.11	-0.52	0.6
Non-EU member countries at the time of publication are included in the target.												
	-0.38	0.12	-0.3	0.76	0.1	0.1	0.95	0.34	-0.07	0.11	-0.59	0.56
Constant term	0.67	0.19	3.6	0	-0.22	0.16	-1.35	0.18	-0.55	0.17	3.27	0.002
Adjusted R-sq.: 0.15				Adjusted R-sq.: 0.26				Adjusted R-sq.: 0.013				
No. of samples: 97				No. of samples: 97				No. of samples: 97				
Prob > Chi2: 0.009				Prob > Chi2: 0.0001				Prob > Chi2: 0.36				
F-value: 2.44				F-value: 3.81				F-value: 1.11				

Source: Authors' estimation.

With respect to the group of “other issues” among the three groups of issues, it should be noted in advance that it was not significant for the entire estimated specification (Prob>Chi2=0.20), although we found the negative consequences that manufacturing industry cannot be a explanatory factor for the group of “other issues” and that it is also negative to explain this group with the researches targeting Central European countries. Among the three groups of issues that we focus on, the interesting results were obtained in relation to the groups of issues on institutional and cultural legacies.

While the articles citing Brewster have a relatively high frequency in relation to their focus on

the legacies of socialist personnel management, for those citing Hofstede, the frequency is low. In addition, the articles citing Hofstede to a relatively considerable extent focus on the group of issues on cultural legacies, although the frequency of the focus on the legacies of socialist personnel management was low compared to those not citing Hofstede. What is important here is that the articles citing Brewster to a significantly greater extent focus on socialist personnel management, while no correlations with cultural legacies were found.

We had in advance the assumption that the articles whose first authors work in the United States or the United Kingdom pay more attention to the convergence to the global standard (the American values), and the articles whose first authors works in the countries except the United States and the United Kingdom pay more attention to the institutional and cultural divergence of HRM. However, the results show that there is no clear correlation between the authors' affiliation and the targeting issues. This results suggest that it is not so important for researchers in all the countries to confirm whether they should base on the convergence to the American style of HRM or on the divergence against the American style of HRM. As a result, Hypothesis 1 (H1) should be partly rejected. It is obvious that wherever the first author lives, the authors who pay more attention to institutional legacies of socialism tend to focus on the discourse led by Brewster, and those who pay more attention to cultural legacies of socialism tend to focus on the discourse led by Hofsted, whereas those who focus on socialist institutional and cultural legacies tend to pay much attention to the variety or divergence of capitalism or HRM practices. But each researcher's stance against the global standard is not a "landmark" to divide the research interests as time goes by.

Hypothesis 2 (H2), which assumes that HRM in the former Soviet states is explained by the institutional legacies, was rejected. Contrary to the result that H2 was not supported, it can be also understood that the legacies of socialist personnel management could serve as a research subject in any country of the ETEs.

We specifically verified that the group of issues on institutional legacies, in comparison with other groups, is very frequently explained in the manufacturing industry, which is classified as a traditional industry from the period of socialism. However, the group of issues on institutional legacies could not be explained in the other traditional non-manufacturing industries. Therefore Hypothesis 3 (H3), which assumes that the institutions in traditional industries are frequently explained by institutional legacies, was supported only in the manufacturing industry.

Our examination shows that cultural legacies attract attention in the research targeting Central European countries, although it also shows that issues on cultural legacies can not be explained to attract those targeting the regions before their participation in the EU. Cultural legacies of socialism are still widely discussed and are still maintained as one of the key issues for their research. And we could also confirm that the issues on cultural legacies tended to be discussed widely across the industries. Therefore Hypothesis 4 (H4) resulted in being supported, as it assumed that cultural legacies

would be an issue not only for the former Soviet states but also for all the other ETEs and draw attention without depending on the research subject industries.

When we limit the focus only on cultural legacies, Hypothesis 5 (H5), which assumes that the research subject countries' EU participation diminishes the research on socialist legacies, is supported. When we focus on institutional legacies, EU participation of targeting countries was not significant. Therefore we can suggest that institutional legacies are an important research subject as common characteristics of the HRM of the ETEs, which make the ETEs diverge from the European and American HRM.

## **5. Conclusions**

Socialist institutional and cultural legacies are still important factors to study HRM in ETEs. Especially the manufacturing industry was an important industrial sector to find the socialist institutional legacies in HRM. On the other hand, the socialist cultural legacies are widely researched in ETEs. Therefore our examination suggests that socialist legacies are still important not only for the former Soviet Union but also for all the other ETEs.

However, in the modern industry that has risen after the beginning of the transition to a market economy, the interest in socialist legacies is low, and the evaluation of the effects of socialist legacies varies between institutional legacies and cultural ones, even when the same countries are targeted. There is a possibility that the discussions on HRM divergence in ETEs based on socialist cultural legacies may disappear in accordance with their deepening integration with the EU economy.

Even 25 years after the transition of ETEs, and even after many countries have participated in the EU, the socialist legacies are still discussed actively and continuously in ETEs. The socialist institutional legacies of HRM in ETEs are especially important factors to understand the uniqueness of HRM in this region. It is sure that the focus on socialist institutional legacies of HRM in ETEs contributes to understand the diversity of European HRM.

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