Can Central and Eastern European Management Compete?

2015

Follow up of the study from 2009

How 1100 senior expatriate managers view management culture today in Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia

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Authors

Barbara Sányová barbara.sanyova@gfk.com

Barbara Sányová is Senior Consultant (Consumer Goods&Retail) and she works in GfK since 2006. She has cross segments experience in market research and consultancy mainly in FMCG, Automotive and Retail segment.

Zoltan Buzady buzadyz@business.ceu.edu

Zoltan Buzady is Associate Professor of Management and Organization at Central European University (CEU) Business School, a leading educational and research institution in the Central-Eastern Europe. Holds a PhD in Strategic Management, Master of Business Administration and Bachelor of Laws. He is currently faculty director of MBA programs. His area of expertise include Leadership, Flow-theory, Cross-cultural management, Leadership Development and Management Education and he has published academic articles, teaching materials and other studies in his field. He is a trained management and executive coach (Transactional Analysis).

Clive Viegas Bennett clive.bennett@mgiworld.com

Clive is CEO of MGI Worldwide, a global network of accounting and auditing firms. He launched the present series of studies in 2002 when he was Managing Partner of executive search firm Ad Capita. Before that he had been Managing Director of an international shipping company in Lisbon and a senior official of the House of Commons in London. He has an MBA from Cranfield School of Management and an MA from Oxford University. He was lead author for the previous expatriate studies carried out in CEE, Portugal and Ireland, as well as of other studies and numerous articles.

Chris Brewster c.j.brewster@henley.ac.uk

Chris Brewster is Professor of International Human Resource Management at Henley and has previously held professorial chairs at other leading universities. He had extensive HRM experience before becoming an academic. He is a world authority on international and comparative human resource management and advises a number of major global companies and institutions. He is the author of two hundred academic articles and twenty five books in this field. He holds a BSc in economics and a PhD in human resource management.

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Executive summary

This study by TARGET Executive Search and CEU Business School is a somewhat extended "Follow up" of the study conducted in 2009 by TARGET Executive Search and Henley Business School. Both studies cover management and managers in six Central and Eastern European countries and are based on opinions of expatriates and local managers about the following countries: Bulgaria, the Czech Republic, Hungary, Poland, Romania and Slovakia.

"25 years have passed since the iron curtain was lifted. A whole new generation has grown up. Still some major problems stubbornly hinder CEE from becoming a true success story. Our repeat study collected answers from 889 expats and 219 locals. It shows that there was no or little improvement during the past 6 years in such key areas as bureaucracy, corruption and customer service. More effort is needed from all stake holders to reach the next level." Dr. Klemens Wersonig, Founder & CEO of TARGET Executive Search Group

Despite the changes in all countries the facts on which senior managers working in the above countries agree or disagree are roughly the same in both the 2009 and 2014 Studies. Details are in Appendix 1.

Foreign senior managers working in the above countries have agreed that:

- CEE managers work very hard and are ambitious
- Foreigners clearly enjoy living and working in CEE countries
- Strong interpersonal skills of managers are highly valued
- Good personal relationships are essential to good business in CEE
- Women are definitely more effective managers than men
- Managers in the CEE region do place much value on the company they work for
- In most CEE countries, managers prefer working in a planned, structured manner

On the other hand, they expressed criticism of the following:

- Bureaucracy and corruption seriously hinder good business performance in the CEE region
- Businesses and their managers are not customer-oriented resulting in very poor customer service
- Hierarchies here tend to be formal
- Managers do not like to take the initiative in preventing and solving problems
- CEE managers do not like to take a wider, strategic view

In the 2014 Study there is still a considerable variation among the different countries. While in 2009 Slovakia was the second best evaluated country, in 2014 Slovakia dropped from 2nd to 5th place. On the other hand we can see that Romania went up from 4th to 2nd position. Poland is still the best evaluated country in CEE region.

Expatriates' key country specific findings and ranking among six CEE countries (best to worst):

Country	Rank	Positive	Negative
Poland	1	Very active and dynamic business environment, customer service oriented	Individualistic in their thinking less cooperative
Romania	2	Humour is important in working relationships, important to make friendships	Bureaucracy is serious problem
CZ	3	Work in a planned way, rules and policies tend to be more important than the specific circumstances	Local managers less good at dealing with overseas customers and colleagues
Hungary	4	Creative, well-trained, with understanding for competitive markets	Rather passive and less dynamic, lacking customer-orientation focus
Slovakia	5	Work in a planned way, act upon decisions that are agreed in meetings	Lacking in training, less creative in problem solving
BG	6	Women tend to be more effective managers	Corruption as a major concern, business in general is not well organized or efficient, deadlines are not taken too seriously

Data details are in Appendix 1.

Contextual summary

The presented study was conducted in 2014 by TARGET Executive Search and CEU Business School. It can be understood as a "Follow up" of the study realized by TARGET Executive Search and Henley Business School in 2009.

While the study from 2009 relates to the political and economic changes in 1989, which led to the shaping of a market economy with many consequences for management and managers, the study from 2014 respects all these observations and follows up on the 2009 Study. All

questions of the previous study have been maintained and three new questions have been added ("In this country, the level of power and hierarchical position of managers tend to coincide."; "Rules and policies tend to be more important than the specific circumstances." and "Local managers are experienced in working together with foreigners.")

An important new factor impacted the Study in 2014, a factor which was not observed during the work on the 2009 Study, was the effects of the global financial and economic crisis. It was not only a new influence on the data but there had been no previous experience with it – within the society as well as among the local managers.

Can Central and Eastern European Management Compete?

CEE senior expatriate management survey

What are the current opinions of participants on any particular country? Some of them can be summarized as follows:

> "In general it can be observed, that the management culture changed over time. At the beginning, especially, the employees were acting very hierarchically, being asked into a meeting with a senior manager automatically meant something negative, open door policy was an unknown thing. It took some time, but they opened up to it and it could be seen that the majority even liked / appreciated to have a foreign manager instead of having a local one, who was extremely focused on power, hierarchical order etc. The newer generation of local managers adjusted their style a bit, also because of the provided leadership training, but you still do experience the power-orientation inside them as defined / identified by Hofstede. [German Expat, ROM][*]"

> "Managers are trying to apply newer styles of management, but higher management levels don't let them. There is no trust, no encouragement and no empowerment. Higher management is still too dictatorial and restrictive which frustrates initiative and creativity. I see some managers strong enough to overcome the barriers but they are not reasonably appreciated for their effort. It is much better than 10 to 15 years ago as old-school managers have left the businesses in the meantime, but without good mentoring, the new managers still struggle to shed the older style. [American Expat, HU]"

> From my experience in Bulgaria:
> -It is difficult to find good managers (I would call them "leaders") able to take real responsibility and then being accountable for it. It is easier to find "bosses" who believe that when reaching this level they just have to give orders and relax. They don't make the connection between being the "head" and the responsibility that comes with it.
> - Managers have problems to work in teams with peers from other dept. and they tend to put "the monkey on someone else's shoulder" as soon as possible.
> - Managers cannot take the helicopter view and therefore concentrate on field issues one by one.
> - Future managers are not well-prepared for their role and responsibilities and should know what is expected from them in such position.
> - There is lack of expatriation policy for future local managers, as it could be a good policy to train them abroad.
> - There is still a clash between managers' generations. The old guard is still present, has the main power levers and don't want to give up. But the younger generation is coming and fortunately more open to new ideas.
> - Corruption is strongly present and is a barrier to business development in a

[*] *[Respondent's nationality of origin, target country of statement made]*

competitive market! I guess most of these facts are connected to the country's history ... [Belgian Expat, BG]".

"The actual problems here have more to do with history and culture i.e. corruption, bureaucracy etc. than the people themselves. They are well educated and good, they just need to learn to be more self-acting and positive. [British Expat, CZ]".

"High level of jealousy among peers; strong materialistic culture, people are judged by the amount of material things / money they can display; kindness and respect is dismissed as a sure sign of weakness; lack of awareness that things can be quite different outside Poland. [French/German Expat, PL]".

Introduction

The 2009 Study presented CEE rankings from World Competiveness Yearbook which showed not only the situation of each particular country in the analysed timeframe of 2001-2008 but also differences among countries themselves.

We took the same reference in our analysis of IMD World Competitiveness Yearbook and for comparison among the countries, we used OVERALL RANKING AND COMPETITIVENESS:

Overall ranking and competitiveness

	2010	2011	2012	2013	2014
Bulgaria	53	55	54	57	56
CZ	29	30	33	35	33
Hungary	42	47	45	50	48
Poland	32	34	34	33	36
Romania	54	50	53	55	47
Slovakia	49	48	47	47	45

The figures show that ranking positions of the respective analysed countries are more or less stable. The countries keep their position, but Slovakia and Romania also show a "move downwards".

As far as the basic country facts are concerned – population, GDP per capita and real GDP growth – we used Eurostat as the source[†].

[†] http://ec.europa.eu/eurostat/tgm/table.do?tab=table&plugin=1&language=en&pcode=tec00115

Basic country facts

Real GDP growth rate

	2010	2011	2012	2013
Bulgaria	**0.7**	**2.0**	**0.5**	**1.1**
CZ	**2.3**	**2.0**	**-0.8**	**-0.7**
Hungary	**0.8**	**1.8**	**-1.5**	**1.5**
Poland	**3.7**	**4.8**	**1.8**	**1.7**
Romania	**-0.8**	**1.1**	**0.6**	**3.4**
Slovakia	**4.8**	**2.7**	**1.6**	**1.4**

GDP per capita

In PPS (Purchasing Power Standards) expressed in relation to the European Union (EU28) average set to equal 100 (Index EU28 = 100)*

	2010	2011	2012	2013
Bulgaria	**43**	**44**	**45**	**45**
CZ	**81**	**83**	**82**	**82**
Hungary	**65**	**65**	**65**	**66**
Poland	**62**	**64**	**66**	**67**
Romania	**50**	**51**	**53**	**55**
Slovakia	**73**	**73**	**74**	**75**

The previous tables show that real GDP growth rate is lower compared to the period of data collection for the 2009 Study – except for Romania. GDP per capita shows differences among the analysed countries, but on the other side it is stable within the given period of time.

Findings - context

47 questions were prepared for the participants. First, we present a full analysis of responses, from which the conclusions that appear below were drawn. Further statistics from the survey can be found in the Appendices.

*http://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&pcode=tec00114&plugin=1

Country differences

In the 2009 Study, we have seen considerable differences among the six nations. The following results of the 2014 Study show that there are still differences among the countries, but the rankings have changed. As we can see, Romania moved up and Slovakia went down. Generally, the total scores are lower in all countries.

	1	2	3	4	5	6	Total score
Poland	17	12	5	5	5	3	163
Romania	18	4	5	8	8	4	145
CZ	6	11	10	7	4	9	122
Hungary	0	11	8	16	11	1	111
Slovakia	2	6	11	7	10	11	91
BG	5	2	8	4	9	19	74

Comparison with the views of local managers

"There is a big gap between the corporate multinational culture and the local business culture. Therefore managers who have grown in a local business can hardly be integrated in a multinational business culture. That drives high scarcity in the market" [BG, Local]

"Local managers still need to better develop their leadership style. As Czechs, we still concentrate more on hard skills and experience rather than on competencies. Emotional intelligence is severely underestimated in this area." [CZ, Local]

"As I have heard many times that Hungary is a low-cost country it made me understand why the best managers are not expatriated here... most of them feel like this is a penalty in their career."[HU, Local]

"Polish managers will find themselves in a multicultural environment, adapting well to the market changes. This review mainly refers to the female managers. Still, women in positions of senior management earn less than their male counterparts."[PL, Local]

"I have seen many cases when local Romanian managers developed strong business plans and/or brilliant solutions and managed to achieve way-above-expected results, showing an impressive combination of corporate approach and entrepreneurial skills. As per my experience, their skills and abilities were at least equal with the ones of expats and international managers.

I strongly believe there are many local talents, the real art is to identify them at the right time and place them into assignments / environment where they can really contribute and develop further … and overcome the Western/ US superiority prejudice." [Rom, Local]

"Local management culture only reflects the broader social, political and cultural environment". [SK, Local]

Naturally, opinions of expatriates and local managers differ. A detailed analysis of responses is presented in Appendix 3.

The local managers in Bulgaria see themselves more positively compared to how the expatriates see them, the most disputed topics being:

- Local management is dedicated to excellent customer service
- Managers here understand their competitive markets very well
- Managers in this country tend to be excellent at selling
- Managers like to take the initiative in preventing and solving problems
- Senior managers are highly focused on satisfying shareholder needs

In the Czech Republic, the local management have given more positive answers when compared to answers given by expatriates regarding the following:

- Creativity in problem solving is a strong local management characteristic
- Managers are good at dealing with unexpected situations
- Local management is dedicated to excellent customer service
- Managers in this country tend to be excellent at selling

The statement "In this country business and commerce are highly customer service oriented" was evaluated negatively by both groups, although it was evaluated significantly more negatively by expatriates.

The most disputed statement in Hungary is "On the whole women here tend to be more effective managers than their male counterparts", the expatriates agree while the local managers don't. The statements showing the biggest gap in answers (local managers agreeing and expatriates disagreeing) are the following:

- There is not a culture of "presenteeism" (working long hours 'for show')
- Creativity in problem solving is a strong local management characteristic
- Managers like to take the initiative in preventing and solving problems
- Managers in this country work hard

Polish managers perceive the following topics more positively compared to expatriates:

- Local managers are good at dealing with overseas customers and colleagues
- Managers like to take a wide, strategic view
- In this country business and commerce are highly customer service oriented
- Local management is dedicated to excellent customer service
- Managers in this country tend to be excellent at selling

Local managers in Romania have evaluated a number of statements about the management and business environment in a more positive way compared to expatriates, the most significant differences in evaluation being:

- Managers like to take a wide, strategic view
- Local management is dedicated to excellent customer service
- Managers here understand their competitive markets very well
- Senior managers are highly focused on satisfying shareholder needs
- It is easy to find well-trained managers in this country

The answers of Slovak local management are significantly more positive regarding the following statements:

- Good personal relationships with customers are essential to business culture here
- Humour is important in working relationships in this country
- Managers in this country are very flexible and adaptable
- Creativity in problem solving is a strong local management characteristic

The statement "In this country business and commerce are highly customer service oriented" was evaluated negatively by both groups but expatriates have given much more negative evaluation compared to local managers.

Findings – the region as a whole

To get a better picture and simple comparison of the status quo today and the status quo of the 2009 Study, we keep the same structure in the findings for the whole region as in the 2009 Study.

Sociability and the unexpected

Social culture as an intangible heritage plays an important role in this region both personally as well as professionally. It comes as no surprise that this did not change from the earlier study. One can find here a justification why most expatriates enjoy living and working in these six countries. Slovakia was the only country where the satisfaction with working and living there went down. In all other 5 countries the satisfaction has increased, especially in Romania.

> "I have lived in Slovakia and Poland for 6 years and travelled to the region for more than 10 years. Many companies tend to put the CEE management culture into one bucket which could not be more wrong. [Dane Expat, PL]

> "As an expat, you should stay in Bulgaria because you love living here, not because you love working here." [American Expat, BG]

On the other hand, the scoring of importance of making friendships with colleagues and customers changed. Expatriates perceived this factor as less important mainly in Bulgaria, Hungary and again in Slovakia. Although foreigners evaluated rather negatively the importance of making friendships, expatriates perceived local managers as more flexible and adaptable than in 2009. As previously, there is an opposite trend in Slovakia and the situation is rather worse in 2014.

The conventional rule is that only very large companies can effectively influence their relevant business environment in a way that favours their business strategies. For most companies this relationship is inverse. A static business environment allows for longer-term planning and clearer business strategies, whilst a highly dynamic business environment favours organizations with more flexible, hence fuzzy strategic plans and goals.

Our 2014 study respondents reported clearly decreasing level of activism and dynamism in their business environments across all CEE countries, except for Hungary, which remained stable to the 2009 data. This observation seems to support the generally negative impact of the global economic crisis on business environments of the region, probably also resulting from a declining EU-accession business euphoria.

A more static and risk-averse business environment normally results in clearer business strategies. Our recent study shows that local companies in Bulgaria and Slovakia are the most rigid by not adjusting strategic goals to the changed environment. Companies in the Czech Republic and Romania surprise by formulating their strategic goals even more than in 2009, although they report a decreasing activity and dynamism of the business environment.

Humour, an often ignored, but essential element in social interactions, seems to be a stable and important element of working relationships in all countries. We have noticed, however that it is a particularly important element of doing business in Romania, whilst it is also the country where it has become significantly more important during the past five years.

A key decision-making factor for international investment decisions is the availability and easy attracting of well-trained local managers. Hungary and Poland clearly lead the field in this respect, probably reflecting the first-mover advantage of these countries by having attracted the highest levels of FDI over the past two decades. FDI inflows stimulated the development of internationally re-known business schools and relevant management education, fostering a new class of professionals and leaders at local level. A rapid improvement of management training level has been reported from Romania, the Czech Republic and Hungary.

Customer orientation

Customer orientation is still a critical issue. Although the situation is getting better in all countries, particularly in Romania, at least half of expatriates still disagree with the statement that business and commerce in the CEE region are highly customer-oriented.

> "Slovak managers are not customer-minded at all. They do what they personally think is enough and that is not much. They do not have any idea about business expectations in Western Europe. Bureaucracy is extreme. Paperwork is done in detail, but this is not efficient and does not solve anything. Lower-level workers are OK, but Slovak Managers cannot motivate them in the right way, because of lacking competence among the managers themselves." [Dutch Expat, SK]

> "There appears to be a lack of a service culture here in relation to 'customer service' and somehow it just does not seem to be expected, nor valued highly enough when great service is actually given. This is not just about tipping, but about attempting to always set, meet and/ or exceed customer expectations." [Canadian Expat, ROM]

Perception of local managers as dedicated to excellent customer service support the positive trend and the improvement of the customer orientation situation in the CEE region. While in Bulgaria and Romania, we can observe improvement, Poland and Slovakia registered no major change in comparison to 2009.

Organization, responsibility and leadership

Organization of business is still very complicated and not efficient. Though the perception of business in the CEE region as very well organized and efficient has risen against 2009 there is still some room for further improvement. The share of expatriates who agreed with statement is still lower compared to other statements.

The same trend can also be seen in evaluation of responsibility of local managers. It seems that local managers welcome more responsibility than in 2009 but it is still perceived as a problematic issue:

> "Slovakian Managers should in general TAKE (and not receive) more responsibility!" [Dutch Expat, SK]

> "Most people are lazy, disorganized and shun responsibility. Laziness means no or little planning which results in knee-jerk reactions when things go wrong (which they often do) and then time wasted putting things right hence losing time which should have been used more efficiently." [British Expat, BG]

> "Local managers have difficulty taking responsibility, difficulty selling, are conservative and tend to see problems rather than opportunities" [SK, Local]

There is again a low share of CEE managers who like to take a wider, strategic view and the improvement is slow. On the other hand, we can see stronger improvement in the perception of managers who do place much value in the company they work for in the whole region, Hungary and Romania in particular.

Our current study also supports the general notion that the preferences of working in a planned manner changes as one goes further South and East, ranging from the Czech Republic and Slovakia at the top, followed by Hungary and Poland next and Romania and Bulgaria forming the third cluster of countries.

This clustering is very similar when respondents were asked about the local managers' concentrated and efficient use of their own time.

Expatriates have the hardest challenges in Bulgaria and Romania in terms being able to rely on agreed decisions to be actually acted upon.

The 2014 study also shows that by and large all local managers work hard and "presenteeism" is not a general problem either.

Bureaucracy and corruption

Bureaucracy and corruption is alive and kicking in all the CEE countries. The share of expatriates who mentioned bureaucracy as a serious problem increased in the Czech Republic and especially in Slovakia, where 73% of foreigners disagreed with the statement about corruption being an insignificant issue. On the other hand, in Bulgaria, Hungary and Poland we can see improvement but the share of agreement is still very low.

> "Local managers like to do things according to the old tradition - "the Slovak way". Many bureaucratic obstacles and poor jurisdiction, cases drag on for years and years, preventing shareholders from investing, since there is always this "might happen" feeling." [German Expat,SK]

The same trend can be seen also in perception of corruption. Poland is again the only country where more than half of respondents perceived corruption as an insignificant problem. Though Slovakia came second in 2009 (in terms of perception of corruption) in 2014 the situation is completely different. Only 30% of expatriates evaluated corruption as an insignificant problem.

> "Long years of Socialism are still reflected in the people's mind-set. It is very hard to overcome the "tell me what to do and I'll do it without thinking" way of thinking. Corruption is common, especially at higher government levels and the related business. Corruption might also occur in foreign companies, but is not all that visible and is limited due to foreign regulations and controls in place" [Austrian Expat, HU]

"Corruption is FATAL for the Romanian business environment. So let's begin dealing with this aspect!" [Canadian Expat, ROM]

"The culture here is haunted by the ghosts of the communist past. This manifests itself not only in the unwillingness to take risks or find creative solutions, but also in the corruption that is prevalent in the culture here. This was a hindrance during the construction phase and when we were establishing the local business entity, but now that we are in operation, we typically do not feel the effects in daily operation..". [American Expat, ROM]

"Dynamic place to do business. Local people are very nice and attaching. But corruption is an issue" [French Expat, PL]

"Bulgarians always impress me with their world knowledge, language capabilities, and work ethic. However, corruption and political instability make Bulgaria a very difficult place for foreign investors to do business." [American Expat, BG]

Female managers

There seems to be no "gender equality" problem in the management sphere. On the contrary, expatriates appreciate role of women in business management.

"Czech women tend to be more hard-working than Czech men; Czech men are very intelligent and good at problem-solving, but lack initiative" [American Expat, CZ]

"Some interesting facts about our company:
- Our leadership team consists of more than 50% females (mainly local employees)" [German Expat, SK]

Speaking of gender equality, when we compare results to the scores of 2009, there is a slight decline in the whole CEE region except for Romania – the only country with a higher share of foreigners who agreed with the statement that on the whole women in the given country tend to be more effective managers than their male counterparts.

Working with other cultures

The results are showing a positive trend – expatriates enjoy living in the CEE region.

> "I like working in Hungary temporarily, I appreciate the engagement of my Hungarian management and the hospitality. And - by the way – I like the Hungarian Red Wine" [German Expat, HU]

While some expatriates appreciate working with local managers, such as this French Expatriate working in Poland:

> "It is simply nice to work with the Polish people. They are highly motivated to prove they can do better, very proud of their work and their country. They have good education and are open to take what is good from abroad. Still some work to do on efficiency at work (right first time). I made the choice to keep working in Poland rather than coming back to my home country, France, and it was not linked to financial consideration...".

The perception of local managers as good at understanding and adapting to different business cultures has not improved when we compare the latest results to 2009. The situation could be influenced by the fact that local managers still don't have enough work experience. As one Romanian expatriate living in Slovakia said:

> "I think many Slovak managers face the situation of being promoted too quickly without having enough time to develop the necessary skills for managing teams especially when they have to deal with a multicultural environment. Unfortunately many of them haven't studied or worked abroad (the Czech Republic doesn't count) and spending 3-4 years in a multinational company in Slovakia is not enough. I also think there is a cultural tendency to avoid expressing criticism openly which is associated with being confrontational and disrespectful and that's why they are very bad at giving and receiving feedback."

The positive

In general, the situation in the CEE region is improving. There are still problems that challenge the whole region such as bureaucracy and corruption. But on the other hand, the perception of condition and evaluation of local managers is slowly getting better.

> "Many of these things are improving, or the answers depend on which generation we are referring to. The younger generation of Poles are more entrepreneurial, more flexible, more likely to speak one or more foreign languages, they are ready to accept women, less likely to be corrupted and so on. Thus, some of my answers fell into the middle." [American Expat, PL]

> "Managers over 30 shaped in a multinational environment are very professional and knowledgeable at the same level as in Western Europe. Moreover, they are also more flexible when it comes to working in different cultures. Young

> managers below 30 or in early 30-ies skipped a few levels before becoming managers, therefore they do not have the appropriate experience in dealing with people and complicated business aspects and they also lack vision in the long term" [Spanish Expat, ROM]

The positive trend can be seen also in the possibilities of finding well-trained managers in the CEE region. This statement was evaluated significantly better in all 6 countries especially in Romania and the Czech Republic. More expatriates than in 2009 agreed that better managers could be recruited if they could be paid better.

Below you can find brief analysis of each country specification and the comparison of results with 2009.

Findings – country analyses

Bulgaria

Bulgaria is still the country with the lowest ranking in the CEE region when we compare results to 2009. While in 2009 there was a large gap between the last ranked country and the next-ranked, Hungary, in 2014 the situation is different. The next lowest ranked country is Slovakia, with a small difference to Bulgaria.

The most negatively ranked problems in Bulgaria are very similar to the top 5 identified items in 2009:

- No adherence to deadlines and timetables
- Bureaucracy
- Lack of customer-service orientation
- Corruption
- Organisation and efficiency of business

Corruption is a serious problem in Bulgaria and the situation did not improve since 2009. More than 75% of foreigners mentioned that corruption was a significant problem in Bulgaria.

As one manager said:

> "The local culture is highly self-oriented and often based on exploitation, which opens a wide space for corruption and illegal business." [Austrian Expat, BG]

> "Corruption is strongly present and is a barrier to business development in a competitive market!" [Belgian Expat, BG]

The problem of bureaucracy also remains important in 2014 but is becoming less serious than it was in 2009. This issue is not a problem only in Bulgaria but in the whole CEE region. A third of expatriates strongly agree that bureaucracy is a serious problem in Bulgaria.

Deadlines and timetables are not taken seriously in Bulgarian business. Although the situation is improving there are still 78% of foreigners who disagree with statement that deadlines and timetables are taken seriously.

Bulgarian managers lack customer service orientation. As a foreign manager said:

> "The most serious disadvantages of the local (Bulgarian) attitude are in my opinion:
>
> - Resistance to change
>
> - Total lack of orientation towards service and customer satisfaction" [Greek Expat, BG]

As few as one in five expats thought that Bulgarian business and commerce were highly customer-service oriented. When we compare the results with 2009, customer service orientation in Bulgaria is slightly improving.

> "Bulgaria has a long way to go when it comes to service culture. The new generation has better education from abroad, however they are not patient enough to grow professionally through work experience." [Greek Expat, BG]

The largest difference between results from 2009 and 2014 comes in evaluation of the following statements:

TOP 5 statements with a positive change – share of agreement has increased

- Business deadlines and timetables are taken seriously in this country
- It is easy to find well-trained managers in this country
- Local managers work well in teams
- Local managers are concentrated and efficient with their time
- Managers here do place much value in the company they work for

TOP 5 statements with a negative change – share of disagreement has increased

- The business environment here is very active and dynamic
- It is important here to make friendships with colleagues and customers
- There is a culture of "presenteeism" (working long hours "for show")
- There is a strong entrepreneurial spirit among managers here
- Local managers think that expatriate managers are overpaid

While the difference in Top 5 agreed statements between 2009 and 2014 is significant, in the case of negative development the differences are small. It seems that the situation in Bulgaria is developing in the positive direction but business is still fighting with problems such as corruption and bureaucracy.

Czech Republic

The Czech Republic is the third top scoring country in the CEE region. The most serious problems mentioned by expatriates included bureaucracy, although the Czech Republic gained the second best results in the CEE region.

When we compare the results to those of 2009 we can identify these TOP 5 statements with the highest difference:

TOP 5 statements with a positive change – the share of agreement has increased

- It is easy to find well-trained managers in this country
- We could recruit better managers if we could pay them more
- Hierarchies here tend to be informal
- Local manager welcome responsibility
- Managers are good at dealing with unexpected situations

"Czech managers are very resourceful and educated. It has been a tough time over the last few years and companies have had to make hard decisions. This makes being a manager much more challenging." [Canadian Expat, CZ]

TOP 5 statements with a negative change – the share of disagreement has increased

- The business environment here is very active and dynamic
- There is no culture of presenteeism (working long hours "for show")*
- Most local managers speak at least one foreign language
- Managers here prefer to work in a planned manner
- Ambitious managers are admired

"I wish the local managers took a longer term, strategic view on the business as the environment is very conducive to this." [Expat with dual nationality, CZ]

"The Czech managers tend to be more negative than the situation usually requires – a more positive approach to everything is needed in the Czech lands!" [Macedonian Expat, CZ]

Hungary

Hungary is the only country where not one of the questions gained the best score among all 6 countries and ranks 4th in total but with lower total score than in 2009.

TOP 5 statements with a positive change – the share of agreement has increased

- Business deadlines and timetables are taken seriously in this country
- It is easy to find well-trained managers in this country

- Managers here do place much value on the company they work for
- Managers in this country work hard
- Corruption is not a significant problem in doing business here

"Loved working in Hungary, Budapest is a great city and I look forward to seeing the Hungarian people go through the post-communist period and prosper - they deserve to!" [Canadian Expat, HU]

TOP 6 statements with a negative change – the share of disagreement has increased

- It is important here to make friendships with colleagues and customers
- There is no culture of presenteeism (working long hours "just to be seen")*
- Good personal relationships with customers are essential to business culture here
- On the whole women here tend to be more effective managers than their male counterparts
- Humour is important in working relationships in this country
- Hierarchies here tend to be informal

"I love Hungary however the mind set of most people in the different workplaces is solemn and grim and not customer oriented." [America Expat, HU]

While the differences in the statement with positive development is high, the statements with a negative change show less significant difference. In general, the less positive score was typical for evaluation of relationships with customers as well as with colleagues.

Poland

As in 2009, Poland is again the top country in the CEE region. Poland ranked first on 17 of the 47 questions and 29 statements were ranked in the top two positions.

TOP 7 statements with a positive change – the share of agreement has increased (4 statements with the same difference)

- Managers in this country work hard
- Managers here do place much value on the company they work for
- Business deadlines and timetables are taken seriously in this country
- It is easy to find well-trained managers in this country
- Managers like to take the initiative in preventing and solving problems
- Senior managers are highly focused on satisfying shareholders' needs
- Local managers do not resent the presence of expatriate managers*

"Generally Poland is a good place to work and live" [Belgian Expat, PL]

TOP 8 statements with a negative change – the share of disagreement has increased (4 statements with the same difference)

- There is no culture of presenteeism (working long hours "for show")*
- On the whole, women here tend to be more effective managers than their male counterparts
- Managers are cooperative, rather than individualistic in their thinking*
- Business environment in this country is very active and dynamic
- Local companies usually have a clear business strategy
- Strong interpersonal skills in managers are highly valued here
- Managers in this country tend to be excellent at selling
- Good relationships with customers are essential to business culture here.

"Polish people are hard workers, easy to manage (strong hierarchical culture). They are short term thinking (ready to save 1 today even if they risk to lose 10 tomorrow). They are good in reaction, poor in anticipation." [French Expat, PL]

Romania

Romania comes second in terms of scoring with the highest number of top ranked questions (18). At the same time, Romania is the only country with only 3 statements evaluated worse than in 2009 and 5 statements with similar evaluation.

TOP 5 statements with a positive change – the share of agreement has increased

- It is easy to find well-trained managers in this country
- I enjoy living here
- In this country business and commerce are highly customer-service oriented
- Business deadlines and timetables are taken seriously in this country
- Local management is dedicated to excellent customer service

"Romanian Managers are very talented and ambitious. They are creative and find alternative solutions. This might be also a reason why reliability and organization is not their major strength. Exceptions are always in both directions. Anyhow I like very much their dynamism and optimism." [German Expat, ROM]

TOP 3 statements with a negative change – the share of disagreement has increased

- The business environment is very active and dynamic
- Corruption is not a significant problem in doing business here*
- There is a strong entrepreneurial spirit among managers here

"Creativity and innovation are still largely resisted by 35+ years old people. This fear of and resistance to change is holding the country back from giving vital leadership." [American Expat, ROM]

Slovakia

Evaluation of Slovak managers has declined in comparison to 2009. While in 2009, Slovakia was the country with second best results, the evaluation 5 years later is worse in almost all parameters. Overall, Slovakia was the second worst country in 2014.

TOP 5 statements with a positive change – the share of agreement has increased

- Communication with and between managers is not too formal
- It is easy to find well-trained managers in this country
- We could recruit better managers if we could pay them more
- Business deadlines and timetables are taken seriously in this country
- Hierarchies here tend to be informal

"Managers tend to be educated, speak several languages, motivated to succeed. I find them to be as hard working as any other country I have worked in. Not the best people managers, and tend to default to autocratic style when things get tough. Most are very happy to work with expats and are willing to learn and adapt and like to work in foreign companies because they appreciate the culture of these companies when compared to local companies." [Canadian Expat, SK]

TOP 5 statements with a negative change – the share of disagreement has increased

- The business environment is very active and dynamic
- Corruption is not a significant problem in doing business here*
- Good personal relationships with customers are essential to business culture here
- I enjoy working here
- Bureaucracy is not a serious problem in this country

"Very restrictive individualism is not encouraged, and promotion is extremely rare and hard. To improve your position, standing and salary, you have to look to move companies. Slovakia is a very rigid society, and that includes work structures. Individuals are wonderful, great and getting together to solve issues, however, most of the work force cannot and refuse to see a different way, explore new options to solve a problem. They refuse to open their minds as to grow the company and ideas. There is always a suspicion." [English Expat, SK]

Conclusions

In general, the CEE region is improving in almost all spheres. There is the continued problem with bureaucracy and corruption in the whole region. Slovakia is the only country where the whole evaluation went down in a number of aspects. The perception of this decline is also confirmed by the OVERALL RANKING AND COMPETITIVENES where again only Slovakia went down in the last couple of years.

On the other hand, it seems that the evaluation of managers (their competencies, characteristics, experiences) is getting gradually better. Therefore, the new generation of managers with new experiences (possibilities to study abroad, to gain experience in international companies) will be a great asset for the CEE region. As one manager In the Czech Republic put it:

> "Local Czech management is becoming more international - there is an increasing number of managers with international experience who graduated schools abroad etc. The perception of the difference between a local and expat manager in the Czech Republic is less significant and many expats are now being replaced by local managers." [British Expat, CZ]

Still, there is a long way to go for the local management. Besides the individual characteristics and experience also the conditions (political, economic,…) in the CEE region need to change to be more conducive to the positive improvement.

Analysis of responses

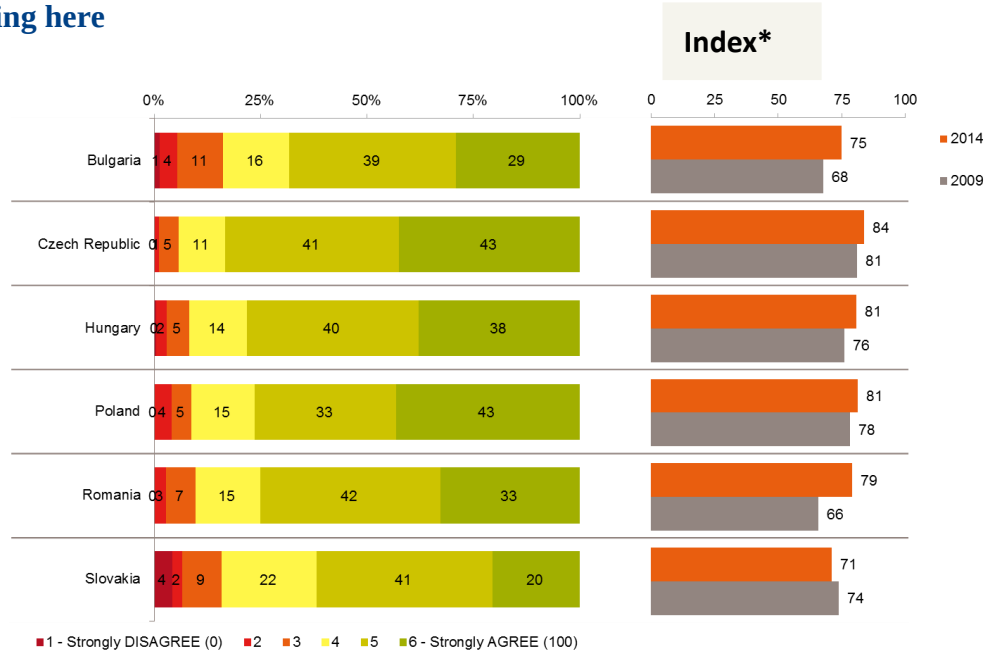
Each respondent evaluated 47 statements (there were 3 new statements compared to 2009) on a 6-point scale (from strongly disagree to strongly agree) in terms of agreement or disagreement with each of the statements.

Some positive statements were turned into negative and vice versa. These "reversed" questions are indicated with an asterisk on the chart. To be able to compare the results with 2009 we applied an index (can be found on the right side of the chart). The index may reach values between 0 and 100 (0- the lowest score / 100 – the highest score). The more positive difference in year-on-year comparison, the higher rate of agreement with the statement. On the contrary, the more negative difference appeared, the lower rate of agreement registered.
As in 2009, we use modifiers such as "emphatically", "markedly" to signify all those responding Strongly Agree or Agree (or Strongly Disagree and Disagree) we exclude those who responded close to a neutral opinion and therefore may have been unsure in their view. In analysis of responses when using expression "significant" difference (increase or decrease) – the difference is statistically significant.

All statements are numbered as they were analyzed – sometimes differently than in the questionnaire

General social and business environment

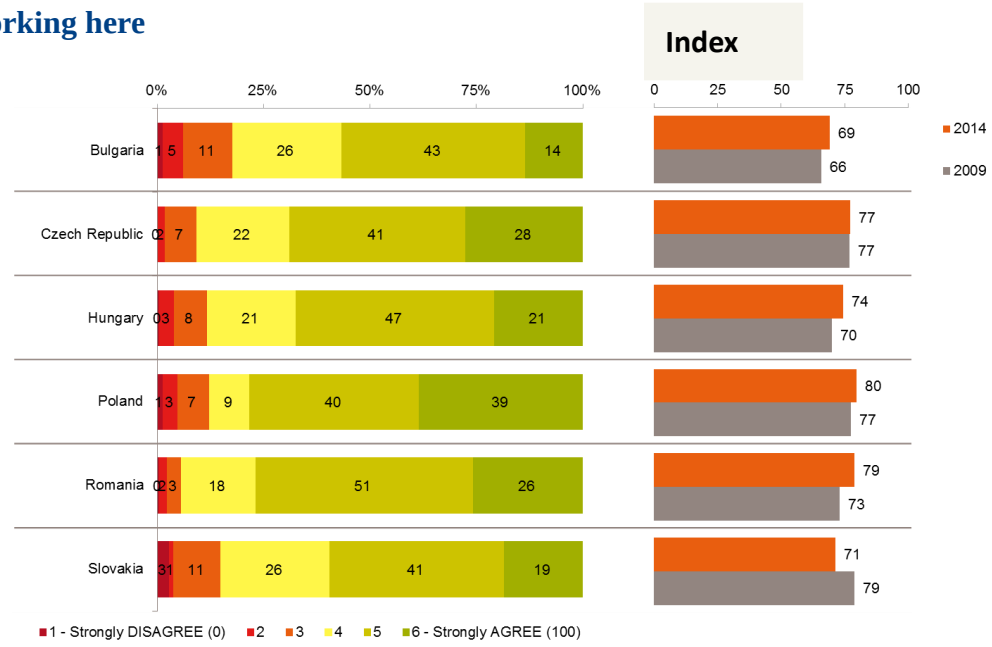
1. I enjoy living here



Index is an average of respondents answers rescaled to 0-100 interval – therefore may achieve values between 0 and 100 (0- the lowest score / 100 – the highest score)

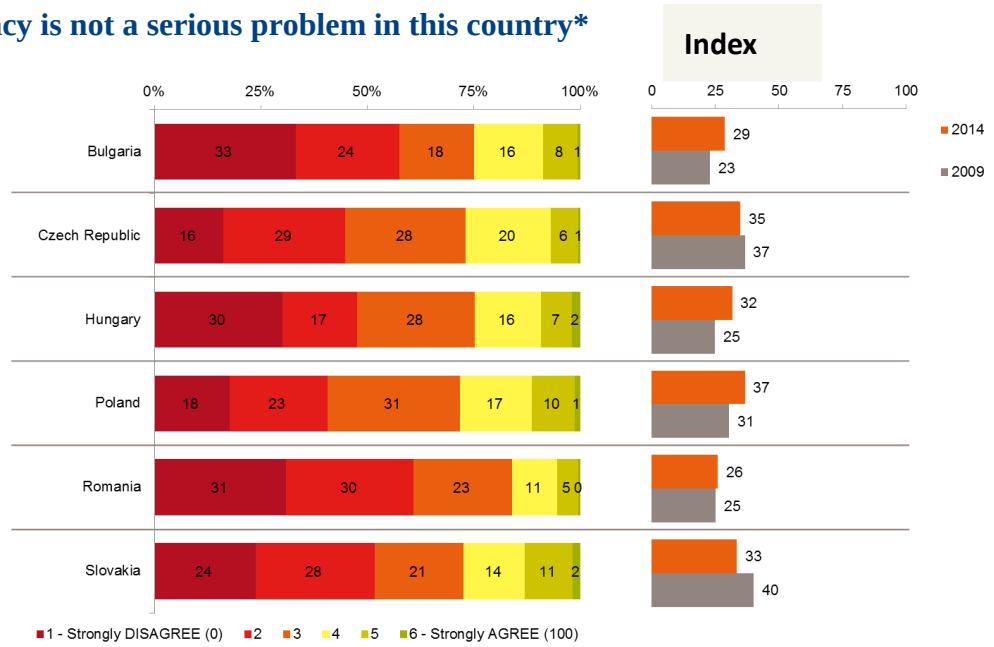
Satisfaction of expatriates with living in foreign countries increased from 2009 with significant growth of satisfaction in Bulgaria and Romania, while Slovakia registered a slight decrease.

2. I enjoy working here



The situation is the same when it comes to satisfaction with working in different countries. Satisfaction has improved in all countries compared to 2009 except for Slovakia with a significant decline in satisfaction. This decline in Slovakia was driven by a decrease in the number of respondents who said, that they "strongly agree" or "agree" with the statement that they enjoy working in Slovakia (strongly agree 19% and agree 41% in 2014 vs. 26% and 49% in 2009). When we compare the responses between satisfaction with living and working in the respective countries, we can say that expatriates generally enjoy the actual life in foreign countries rather than working there.

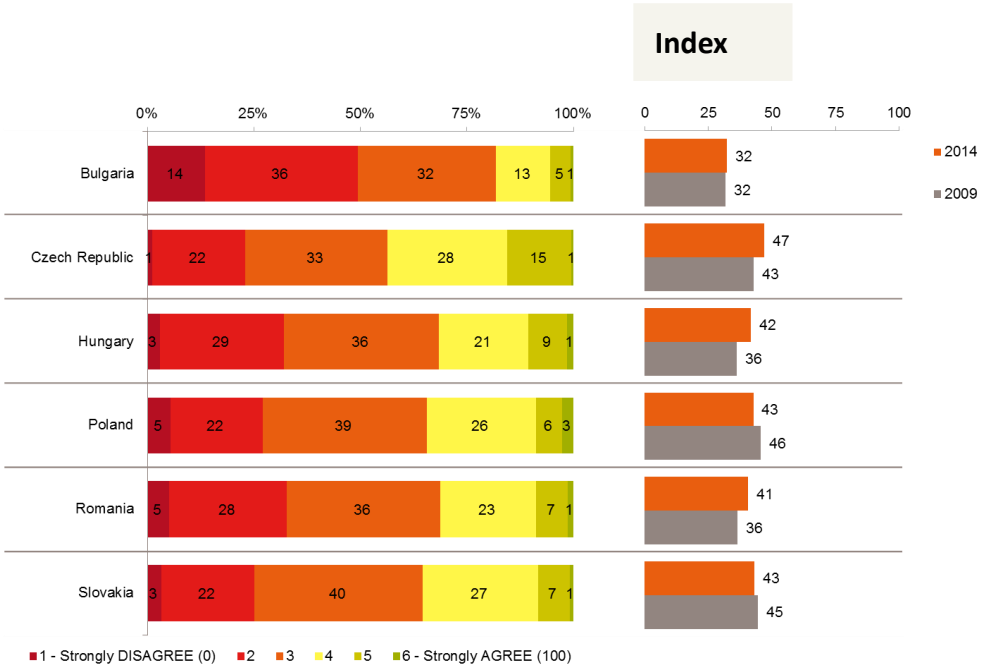
3. Bureaucracy is not a serious problem in this country*



Bureaucracy remains a serious issue just like in the 2009 results. This applies to all countries. The situation got worse in Slovakia where 73% of expatriates perceive bureaucracy as a worrisome problem. On the other hand the problem with bureaucracy in Bulgaria, Hungary and Poland is getting less serious.

* ***In all charts and tables, an asterisk denotes a reversed question enabling comparison to the data from 2009.***

4. Local companies usually have a clear business strategy



In all six countries foreigners agreed that local companies usually do not have a clear business strategy. The Czech Republic, Hungary and Romania reached slightly better results in 2014 compared to 2009. However, Bulgaria stands out, as only 19% of participating expatriates agreed that local Bulgarian companies have a clear strategy. This is well below the average registered in the other 5 countries.

5. The business environment here is very active and dynamic

Perception of the business environment as very active and dynamic is different in all 6 countries. In Poland and Romania more than two thirds of respondents agreed (strongly agree or agree) with the statement, while in all other countries the percentage shares are lower.

When we compare the latest results with the 2009 survey, the share of respondents agreeing with the statement shrank, except for Hungary with the same level as in 2009. To look more precisely, there was a significant decrease in Slovakia (from 48% who strongly agree and agree to only 23%), Czech Republic (46% → 28%) and Bulgaria (37% → 18%).

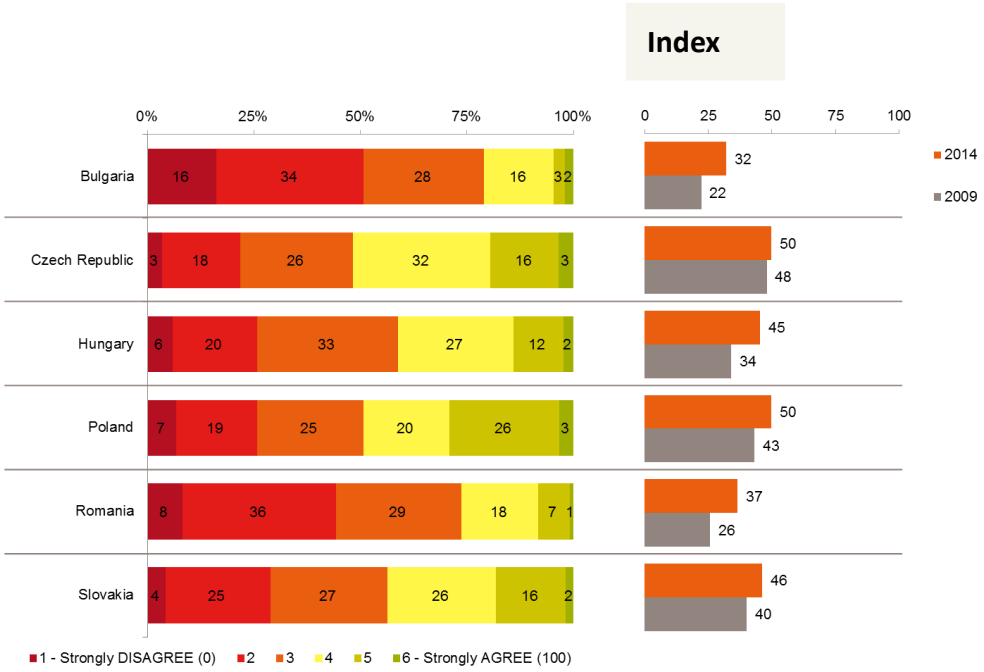
6. In this country business and commerce are strongly customer service oriented

Expatriates did not perceive business and commerce as strongly oriented on customer service. On the other hand, the perception is getting better when we compare results to 2009. Even the results of the "worst" perceived country (Bulgaria) have improved. The highest difference was registered in Romania, where more than 30% of respondents in 2014 agreed with the statement, up from 13% in 2009.

7. Business is generally very well organised and efficient

While the evaluation of business as being generally very well organised and efficient reached a better score than in 2009 the indicator is still generally low. Results among all 6 countries differ – Czech Republic, Poland and Slovakia achieved a higher share of expatriates who agree with the statement that business is generally very well organised and efficient. The lowest share was measured in Bulgaria.

8. Business deadlines and timetables are taken seriously in this country

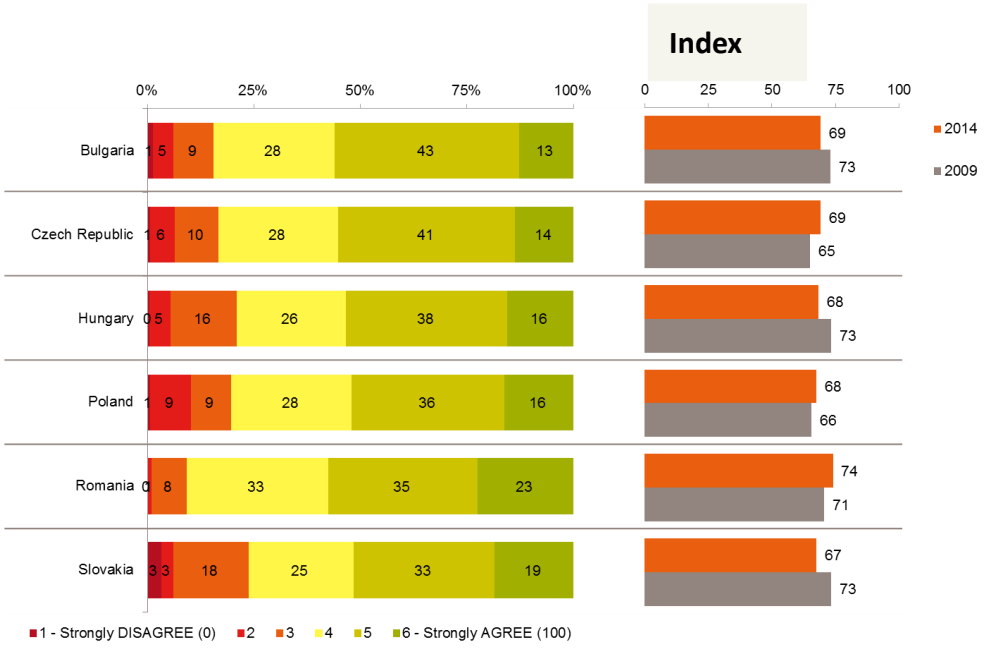


In general deadlines and timetables are still not taken seriously in all 6 countries. But the situation in all 6 countries showed a positive trend in comparison to 2009 (growth is significant especially in Bulgaria, Hungary and Romania – countries which reached the lowest results in 2009).

9. Humour is important in working relationships in this country

There is significant difference between Romania and the 5 other countries in perception of humour and its importance in working relationships. While in Romania 75% of expatriates agreed with the statement, in other countries the share of agreeing respondents is smaller (from 65% in Bulgaria to 54% in Poland and Slovakia).

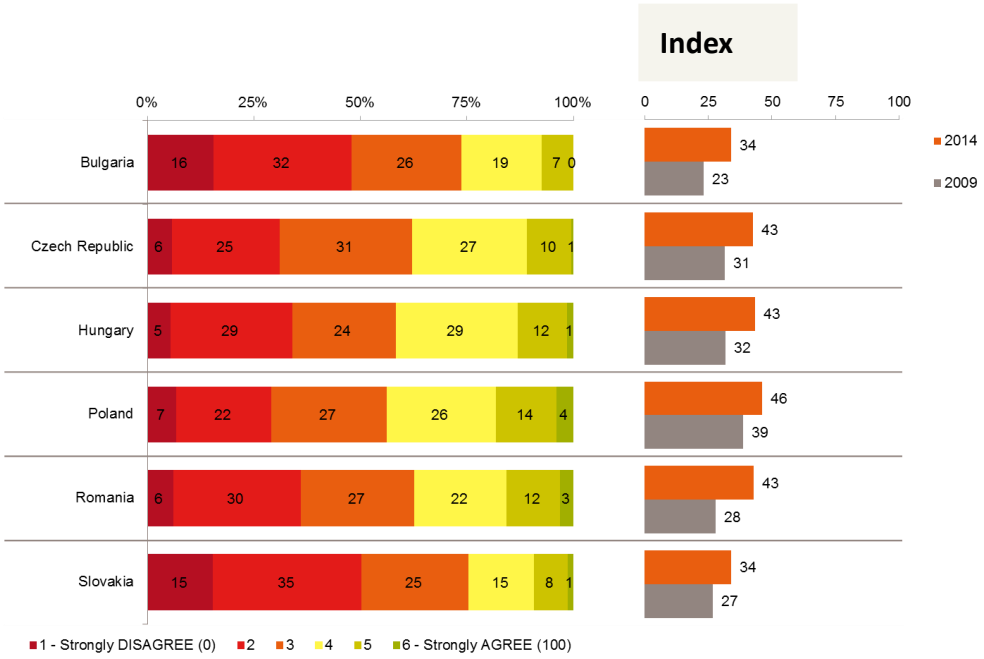
10. It is important here to form friendships with colleagues and customers



Becoming friends with colleagues and customers is perceived as important in all countries, with a slight decrease in Bulgaria, Hungary and Slovakia, compared to the 2009 results. The

highest share of foreigners who agreed with the statement on the importance of forming friendships was seen in Romania (91% agree).

11. It is easy to find well-trained managers in this country

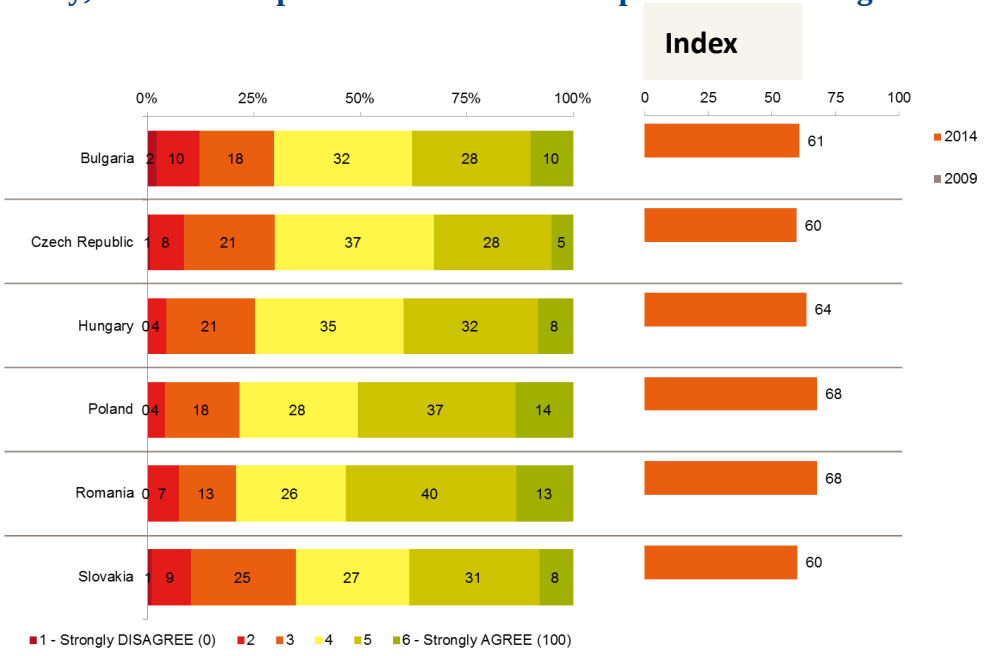


Though the survey showed lack of well-trained managers available for hire in all 6 countries, results in 2014 showed a better trend compared to 2009. On the other hand, it is still hard for foreigners to find the right experienced managers. This is even worse in Bulgaria and Slovakia, where approximately 70% of expatriates find it difficult to find well-trained managers.

12. We could recruit better managers if we could pay them more

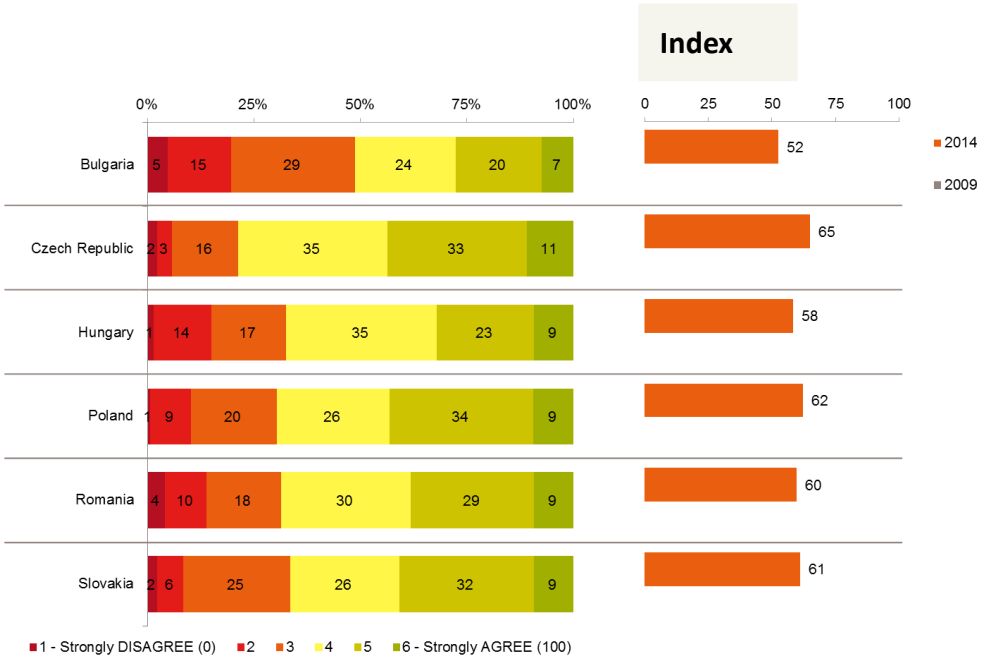
While in Bulgaria, the Czech Republic, Romania and Slovakia more expatriates than in 2009 believed that they could recruit better managers if they could offer them better pay, in Hungary and Poland the share is at the same level.

13. In this country, the level of power and hierarchical position of managers tend to coincide



In the CEE region foreigners tended to agree with the statement that the level of power and hierarchical position of managers tend to coincide. The responses varied from 66% of agreement in Slovakia up to 79% in Romania. This statement was not measured in 2009.

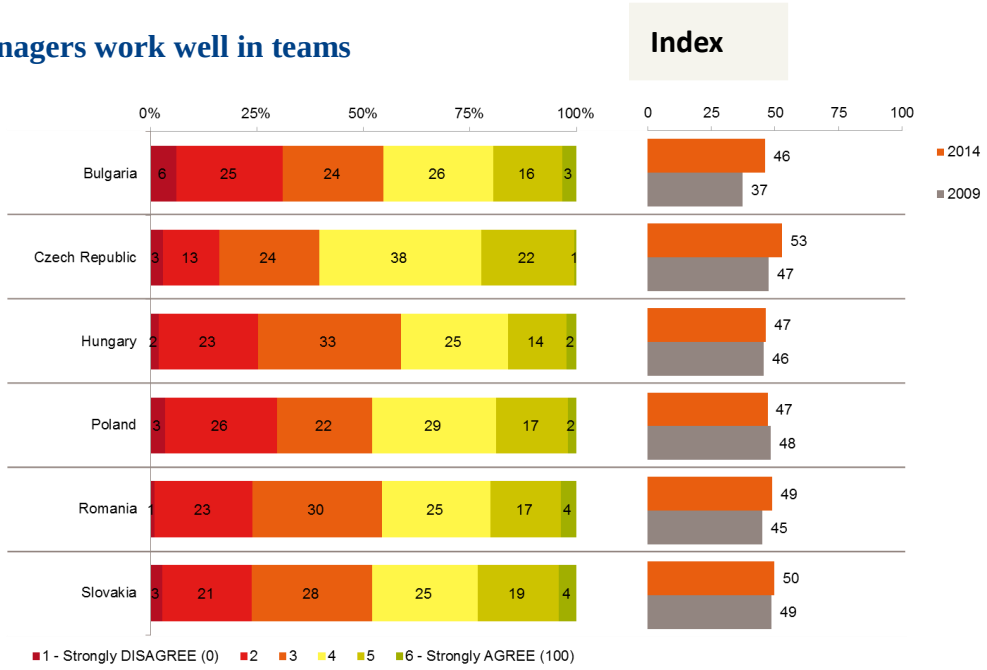
14. Rules and policies tend to be more important than the specific circumstances



In the Czech Republic expatriates perceive rules and policies as more important than the specific circumstances. The share of expatriates is the highest among all 6 countries and it is at the level of 79% (44% markedly). On the other hand, in Bulgaria only one half of foreigners agreed with the statement and reached the lowest level in comparison to other CEE countries.

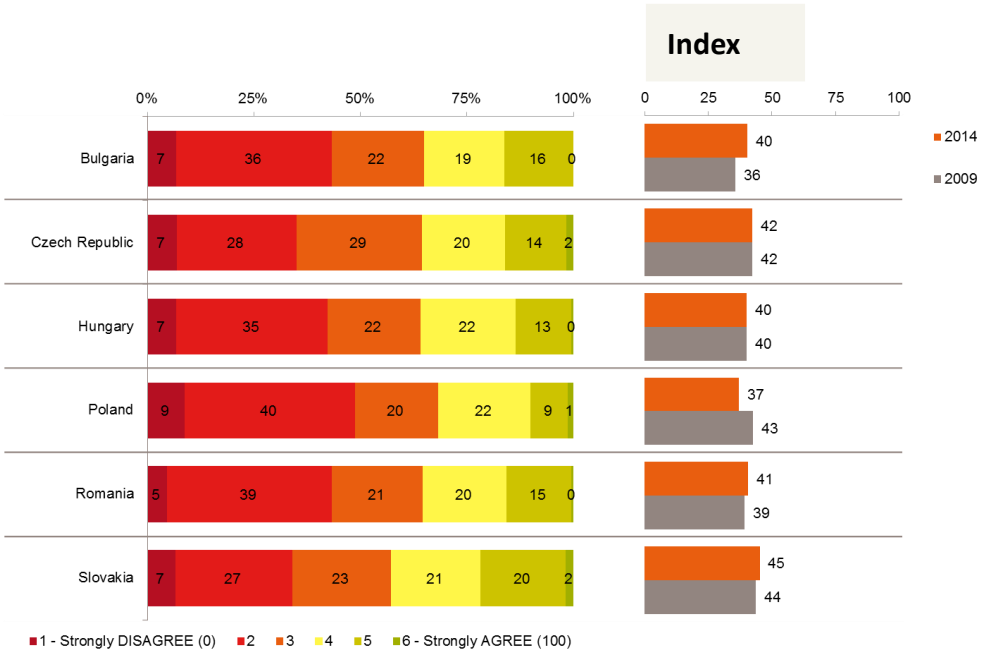
Management style

15. Local managers work well in teams



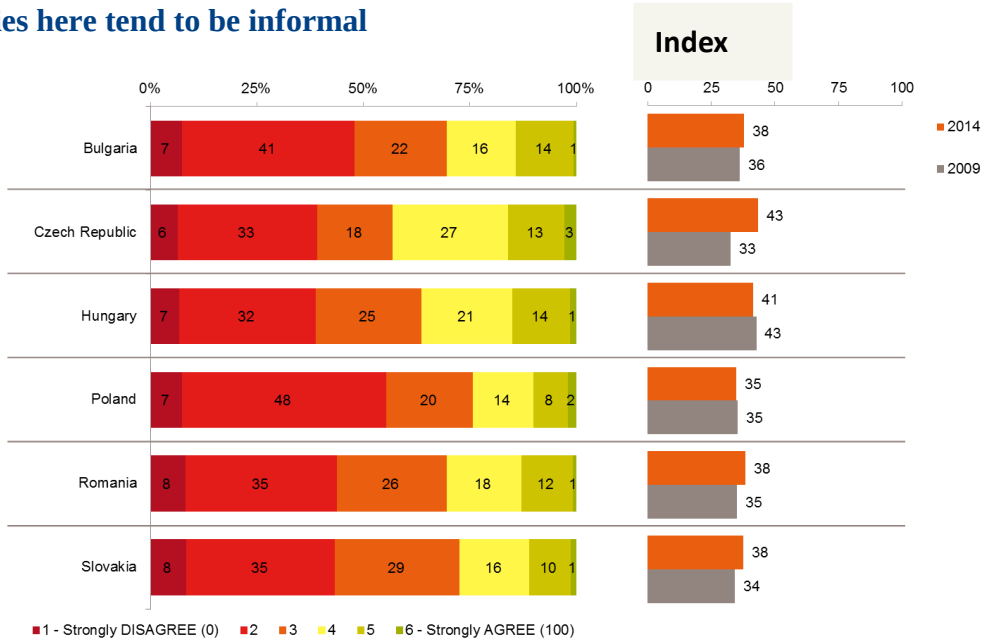
Team work of local managers is characteristic across all observed countries. It is noticeable however that it has the highest level in the Czech Republic though and is least used by local managers in Hungary. The most significant improvement in locals' team work has been observed Bulgaria.

16. Managers are cooperative, rather than individualistic, in their thinking*



Expatriates evaluated local managers as being rather individualistic. Expatriates disagreed with the statement that local managers work well in teams except for managers in the Czech Republic (where only 40% disagreed). However, many foreigners perceived managers as cooperative rather than individualistic in their thinking.

17. Hierarchies here tend to be informal



18. Local managers welcome responsibility

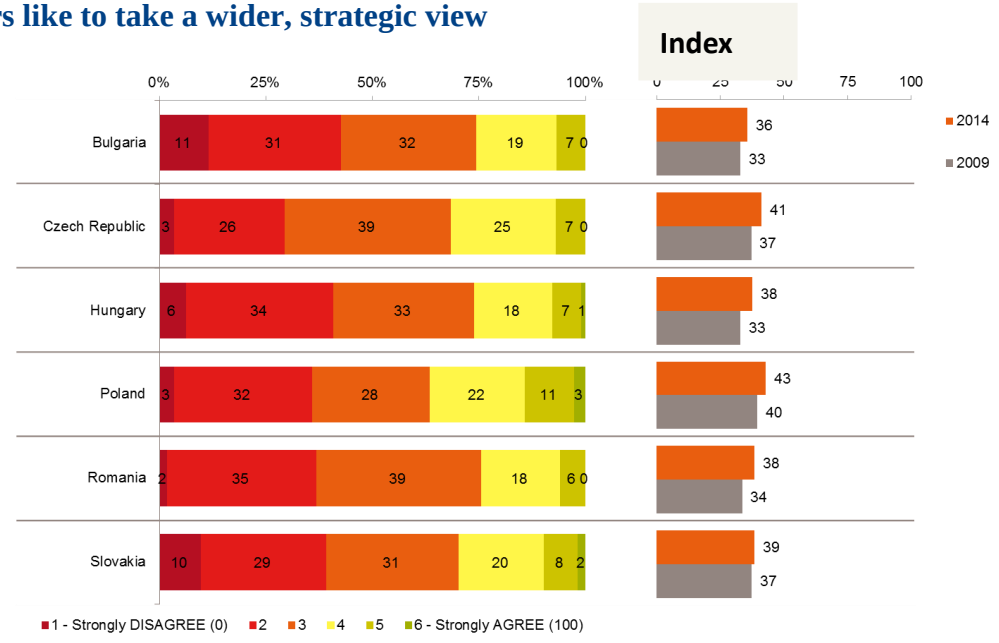
While in 2009, foreigners mainly agreed that managers are unwilling to take responsibility, the situation is getting better in 2014 in all 6 countries especially in Bulgaria, the Czech Republic and Romania. The share of people who disagreed (strongly disagree (1) or disagree

(2) with the statement "Local managers welcome responsibility" decreased from 46% to 35% in Bulgaria, from 34% to 24% In the Czech Republic and from 39% to 30% in Romania.

19. Communication with and between managers is not too formal

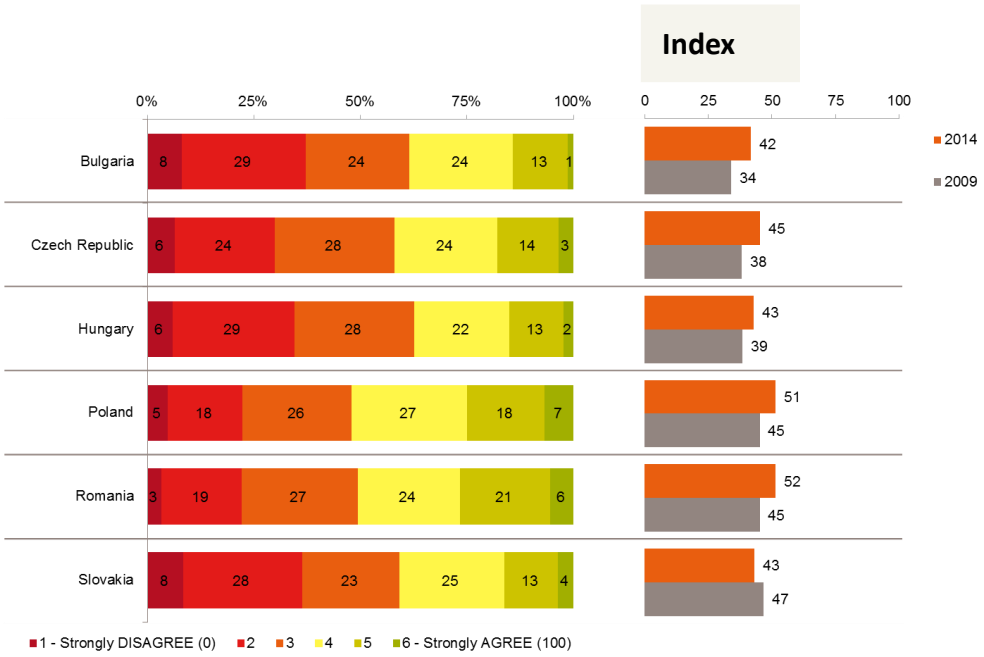
Hierarchies are perceived by expatriates as rather formal especially in Poland with 75% of foreigners in disagreement with the statement. While in Bulgaria and Slovakia communication is evaluated as not too formal (77% and 65% respectively), in Poland and the Czech Republic the situation is different. Half of respondents evaluate communication as formal while the other 50% saw it as informal.

20. Managers like to take a wider, strategic view



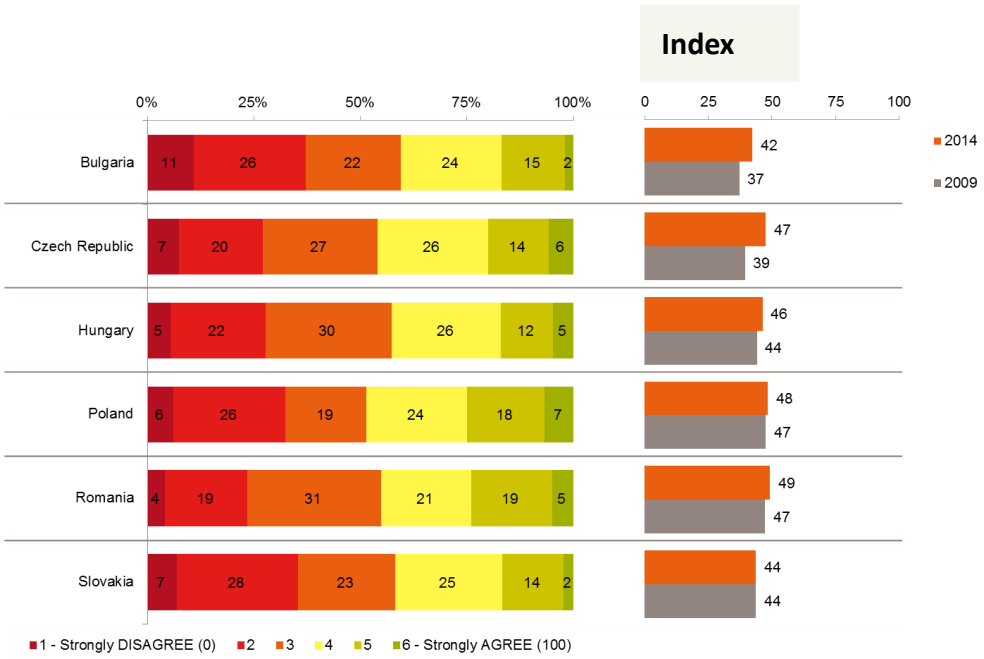
Although expatriates tend to see the situation as getting slightly better, managers' ability to take a wide, strategic view is still considered a problem in all countries. The highest share of foreigners who agree with the statement that managers like to take a wide, strategic view is in Poland – 36%, the Czech Republic – 32% and in Slovakia 30%.

21. Managers in this country are very flexible and adaptable



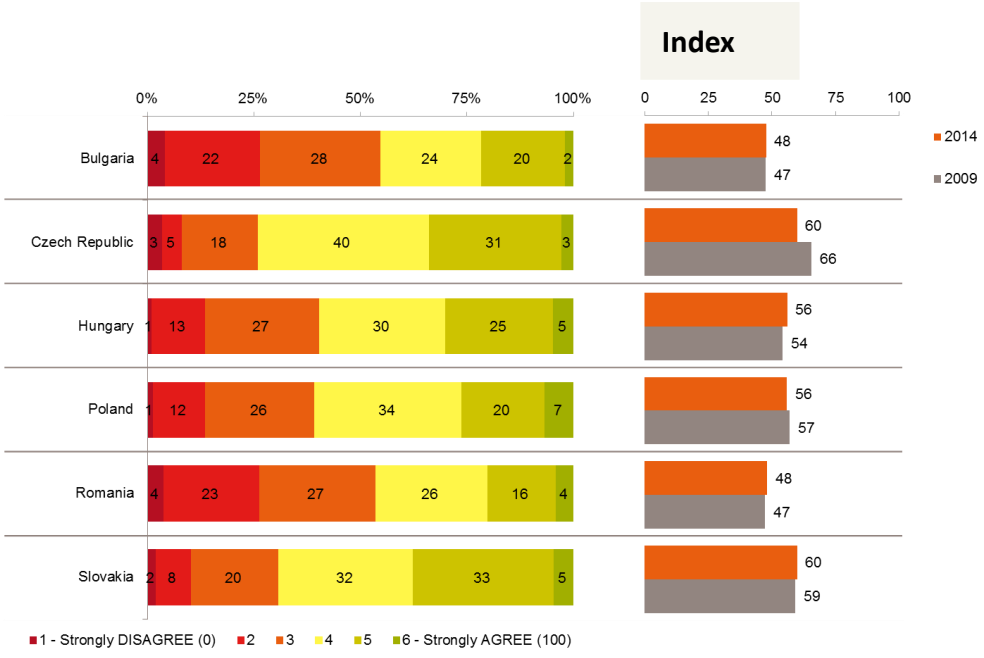
Flexibility and adaptability of managers were not evaluated very highly although the share of foreigners who agreed with the statement "Managers in this country are very flexible and adaptable" is increasing. Only in Slovakia was the situation worse when we compared the results to 2009.

22. Managers are good at dealing with unexpected situations

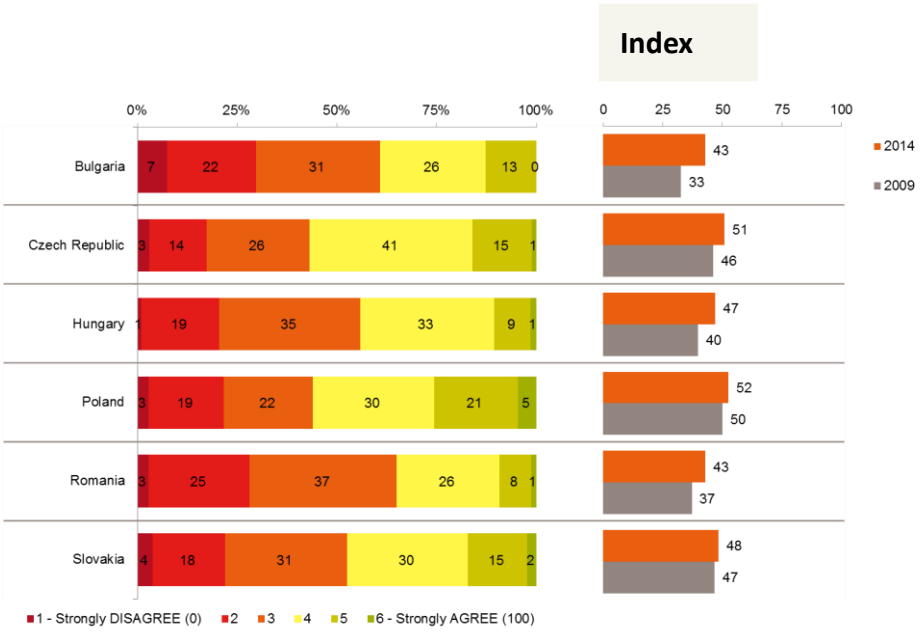


The share of foreigners who agreed with the statement that managers are good at dealing with unexpected situations is significantly increasing especially in Bulgaria (from 27% in 2009 to 39% in 2014) and in the Czech Republic (from 28% in 2009 to 42% in 2014)

23. Managers here prefer to work in a planned manner

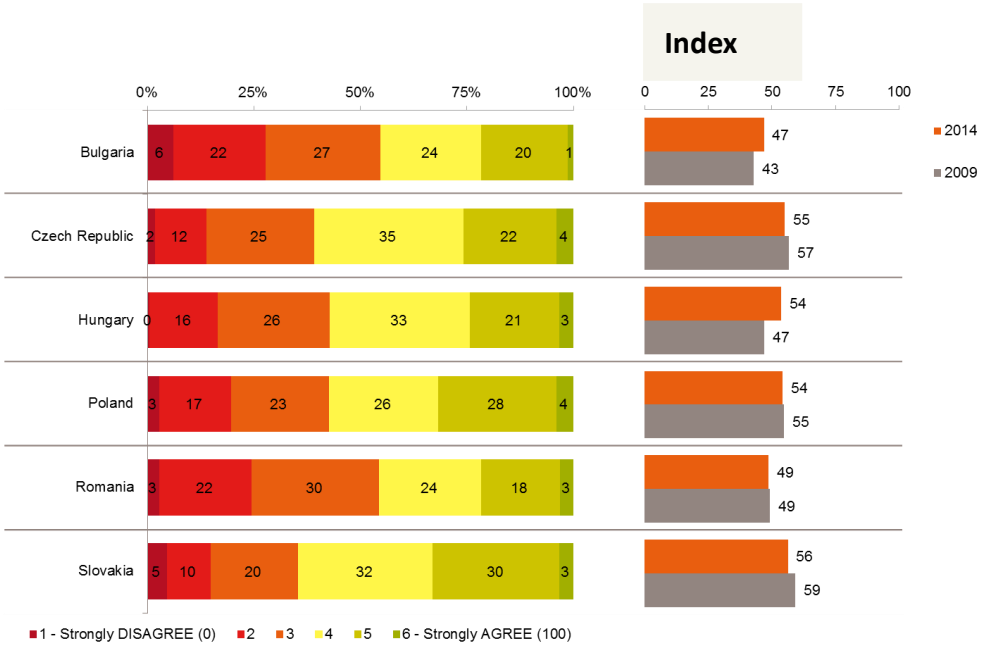


24. Local managers are concentrated and efficient with their time



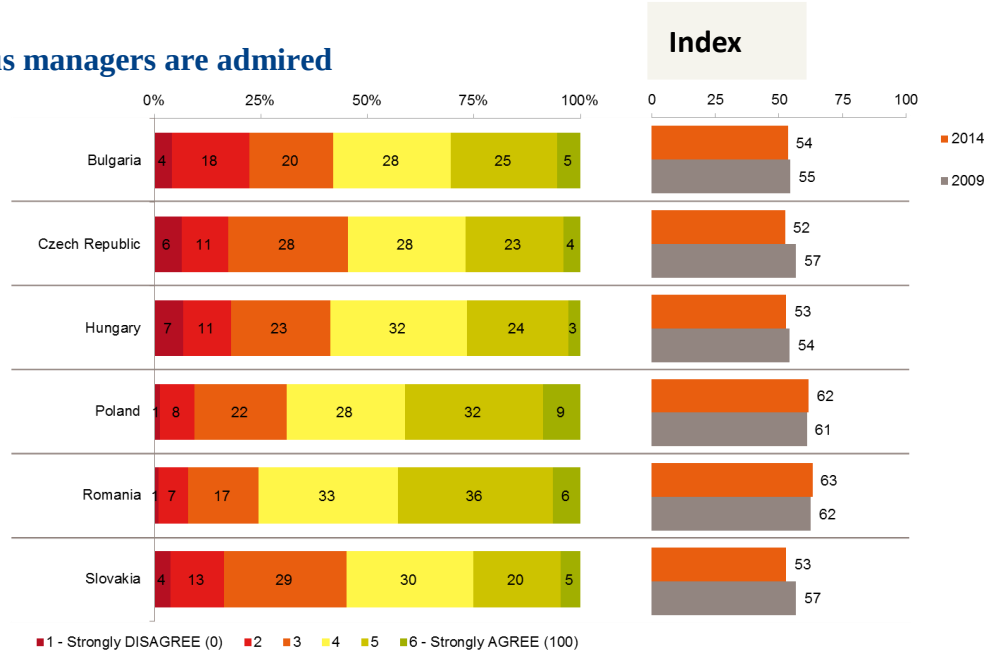
Mixed results were registered when it comes to the statement "Local managers are concentrated and efficient with their time". While in the Czech Republic and Slovakia, expatriates perceived managers as people who prefer to work in planned way (74% and 70% agreed respectively), the situation in Bulgaria and Romania is quite the opposite. The share of foreigners who disagreed with the statement that local managers here are concentrated and efficient with their time is higher in comparison to other countries (In Bulgaria 60% and in Romania 65%).

25. Decisions agreed at meetings are usually accepted and acted upon



The share of foreigners who agreed with the statement that decisions agreed at meetings are usually accepted and acted upon differed in all 6 countries. The distribution of answers is similar to the distribution of answers regarding the statement "Managers here prefer to work in a planned way". While in Slovakia and the Czech Republic share of agreement is higher (Slovakia 65% and Czech Republic 61%), in Romania and Bulgaria disagreement is higher (both countries with 55%).

26. Ambitious managers are admired

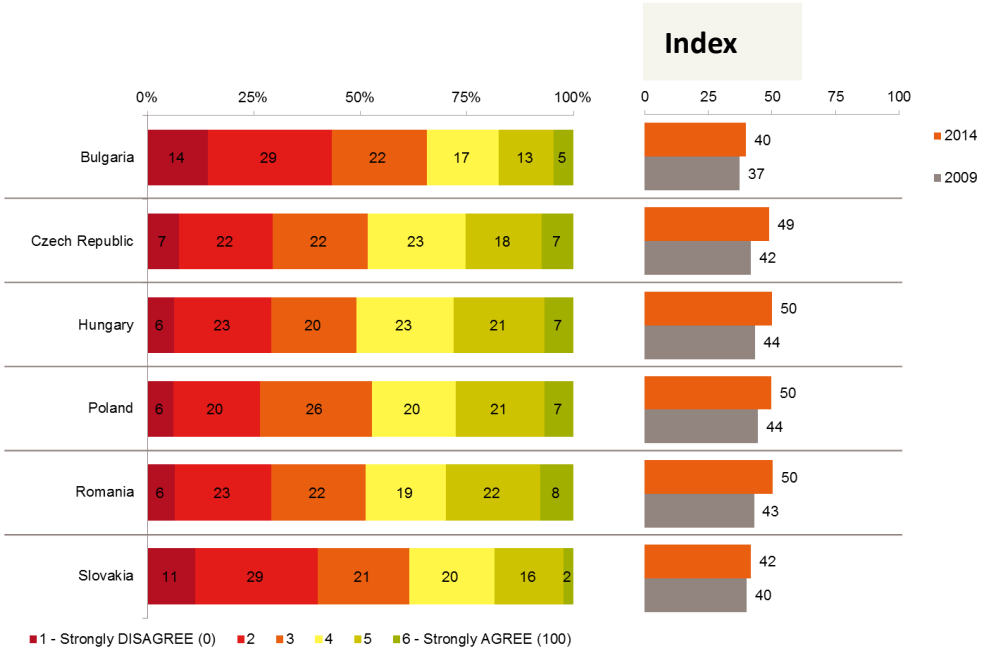


Ambitious managers are generally admired in all 6 countries. The highest level was measured in Romania where 75% of expatriates agreed with statement that ambitious managers are admired. A slight decrease was noted in Slovakia and the Czech Republic when compared to 2009 results.

27. Strong interpersonal skills in managers are highly valued here

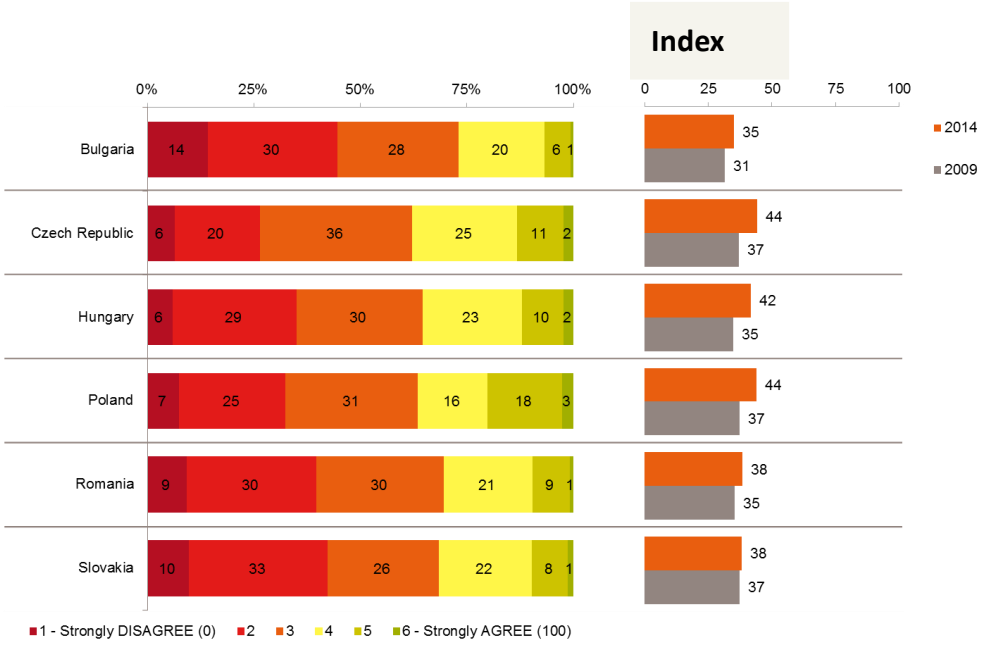
Expatriates perceived strong interpersonal skills in managers as highly valued mainly in Romania and Hungary. In Romania an increased share of up to 71% of foreigners agreed with the statement, when compared to 2009 results. The situation is different in Poland where 48% of expatriates did not think that strong interpersonal skills were highly valued and this share is even lower than in 2009.

28. Creativity in problem solving is a strong local management characteristic



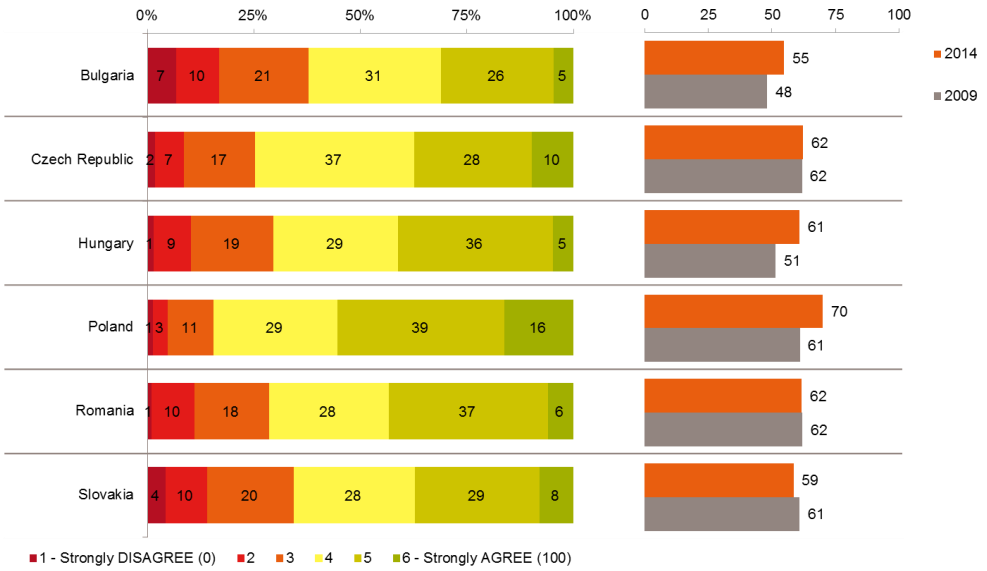
In general in CEE, managers are not perceived as creative in problem solving, although this indicator is getting better comparing all 6 countries. In the Czech Republic, Hungary, Poland and Romania responses could be divided in two groups – one half of respondents agreed with statement and the other did not. In Bulgaria and Slovakia the share of foreigners who evaluated managers as less creative in problem solving is higher – in Slovakia 61% (strongly disagree and disagree 40%) and in Bulgaria 65% (strongly disagree and disagree 43%).

29. Managers like to take the initiative in preventing and solving problems



More CEE managers took the initiative in preventing and solving problems, compared to 2009. There is significant growth in the share of positive responses from expatriates (agreement with the statement "Managers like to take the initiative in preventing and solving problems") in the Czech Republic, Hungary and Poland.

30. Managers in this country work hard



31. There is no culture of presenteeism (working long hours "for show")*

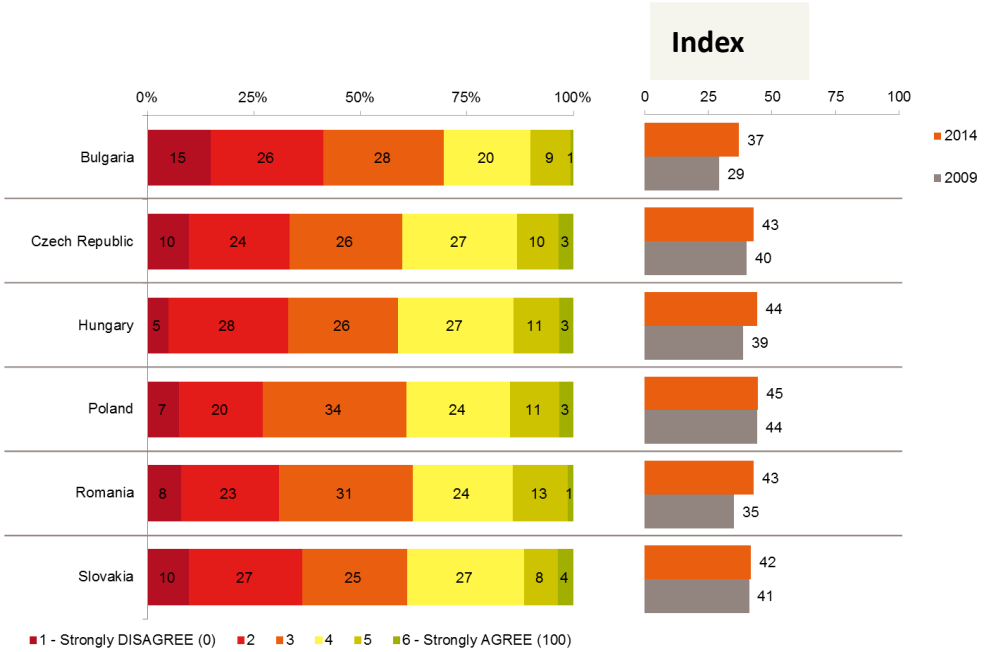
CEE managers are perceived mainly as hard working. A positive trend was noted in Bulgaria, Hungary and Poland that enjoyed better results. In Poland, 55% of expatriates emphatically and 84% clearly agreed with statement that managers in Poland work hard. Although foreigners perceived managers as hard working the issue of presenteeism has not disappeared. In almost the whole CEE region half of foreigners evaluated the local culture as "culture of presenteeism". Only in Hungary and in Slovakia is the share lower with disagreement of 45% in Hungary and 42% in Slovakia.

Managers and the market

32. Managers in this country understand their competitive markets very well

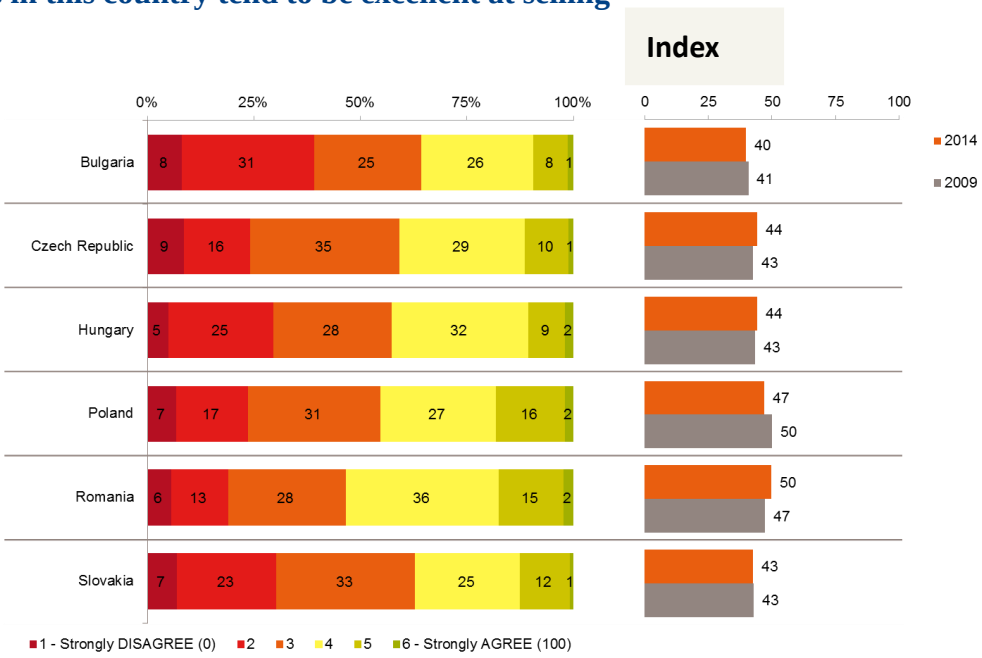
CEE managers are mainly perceived as those who understand their competitive markets very well. While in 2009, 53% of expatriates in Bulgaria disagreed with statement, this share is lower now at 44%. On the other hand, the situation in Slovakia got slightly worse from 54% of foreigners agreeing with the statement in 2009 to 49%.

33. Local management is dedicated to providing excellent customer service



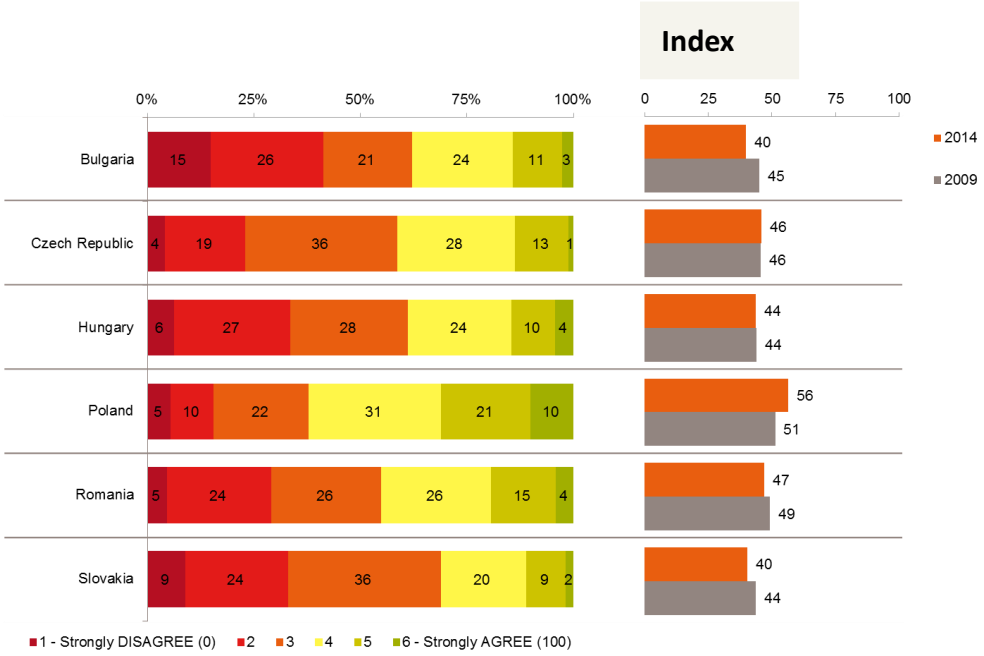
Expatriates mainly perceived the local management in the CEE region as not dedicated to excellent customer service though the perception is getting better in comparison to 2009. Three countries showed significant growth in the share of people who agree with the statement and evaluated local managers as customer-oriented: Bulgaria (from 19% in 2009 to 30% in 2014), Hungary (from 33% in 2009 to 41% in 2014) and Romania (from 22% in 2009 to 38% in 2014).

34. Managers in this country tend to be excellent at selling



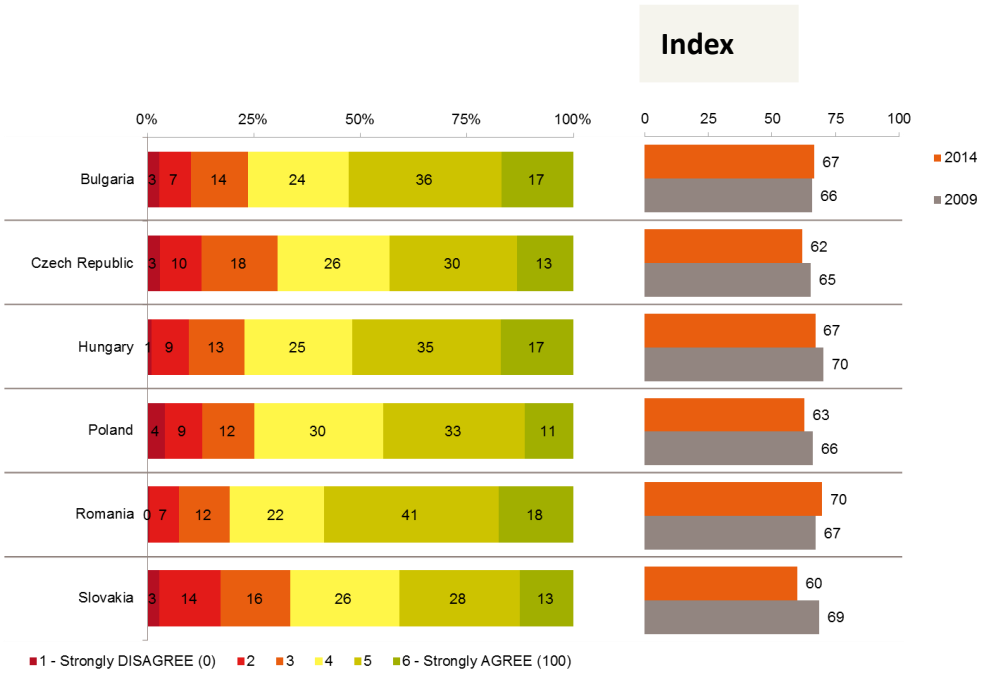
Selling skills are not among the strengths of CEE managers. While in Romania 53% of expatriates perceive managers in Romania as excellent in selling, in Bulgaria and Slovakia the share is rather low. Only 38% of expatriates in Slovakia agreed, in Bulgaria the share is even lower at only 35%.

35. There is a strong entrepreneurial spirit among managers in this country



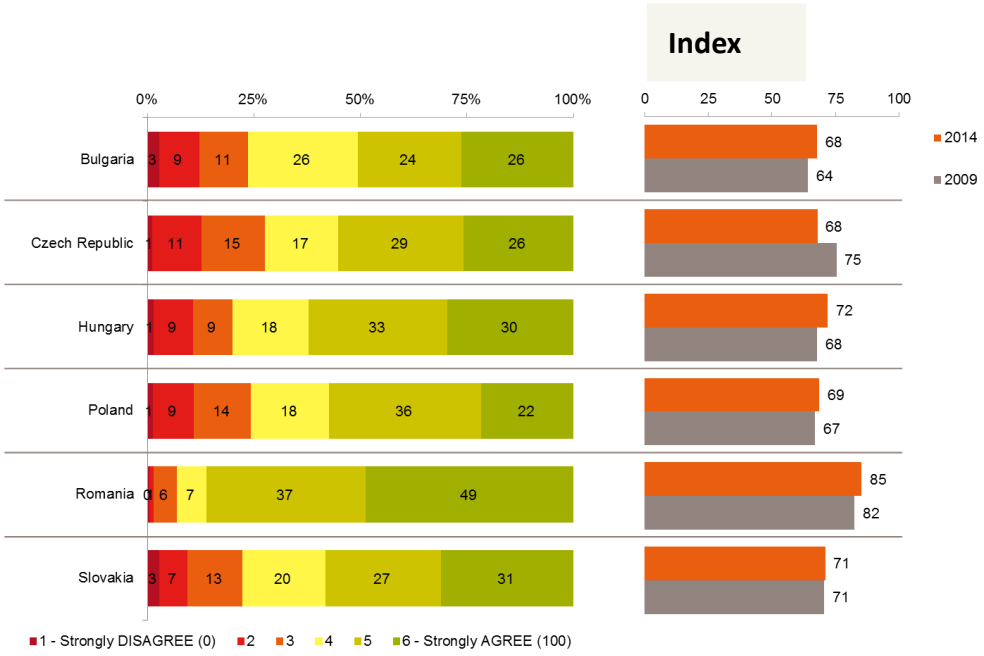
Poland is the only country where more than one half of expatriates perceived managers as having a strong entrepreneurial spirit. Share of foreigners in Poland is even higher in comparison to 2009 (from 53% in 2009 to 63% in 2014).The lowest share of expatriates who agreed with that statement that there is a strong entrepreneurial spirit among managers is in Slovakia. Only one in three foreigners agreed with this statement.

36. Good personal relationships with customers are essential to business culture in this country.



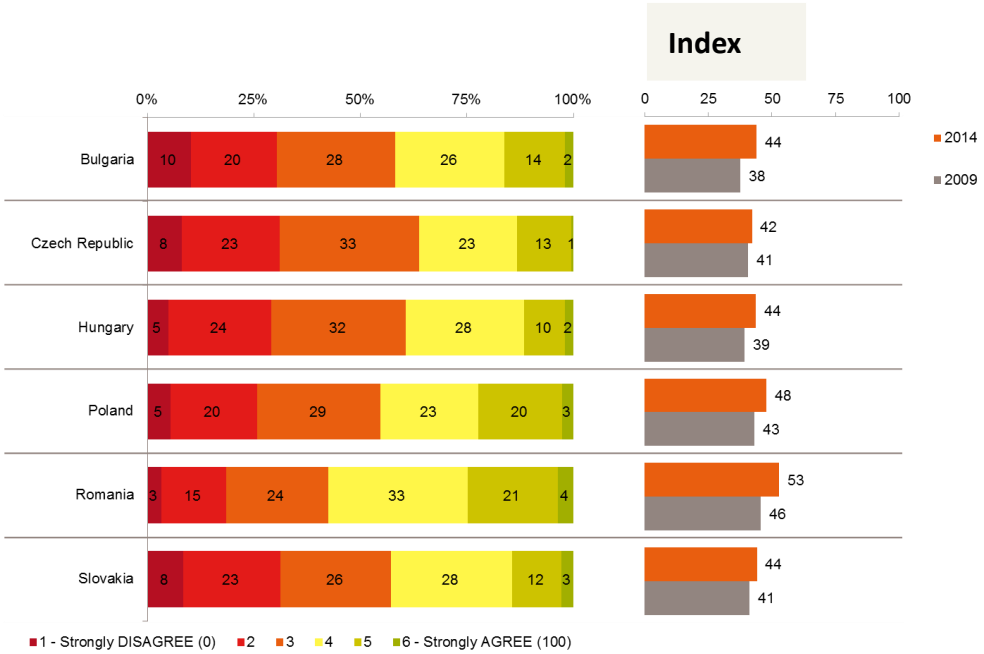
In the CEE region, good personal relationships with customers are essential to business with the highest share of expatriates who agreed with the statement in Romania (81% agreement, 59% markedly). Slovakia however showed a negative trend and only 67% agreed with the statement, which is even below the 2009 results.

37. Most local managers speak at least one foreign language



Expatriates in all 6 countries positively evaluated that most local managers speak at least one foreign language especially in Romania with 93% agreement (49% agreed strongly). The only country where the situation got worse in comparison to 2009 is the Czech Republic, where the share of agreement decreased from 86% to 72%.

38. Local managers are good at dealing with overseas customers and colleagues



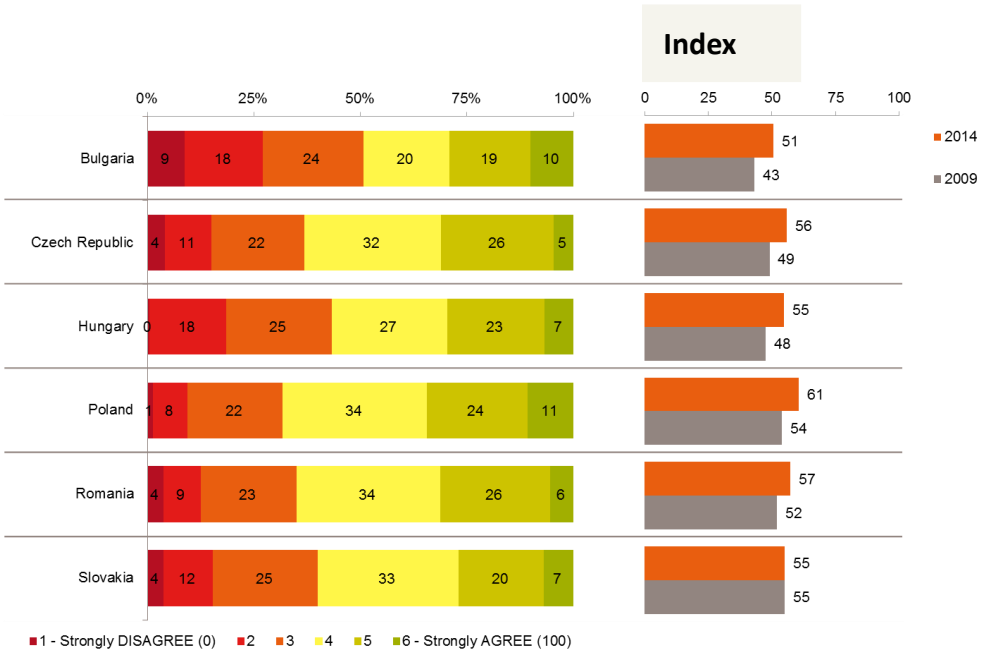
CEE managers are not evaluated as good at dealing with overseas customers and colleagues except for Romania. This is the only country where the share of foreigners who agreed with the statement was higher than 50% and the only country with a substantial increase in comparison to 2009.

39. Managers are good at understanding and adapting to different business cultures

In 5 CEE countries the share of foreigners who perceived local managers as good at understanding and adapting to different business cultures varies from 43% in the Czech

Republic to 48% in Poland. Only in Romania, more than one half of expatriates agreed with the statement (58% agreement, 28% markedly).

40. Senior managers are highly focused on satisfying of shareholders' needs

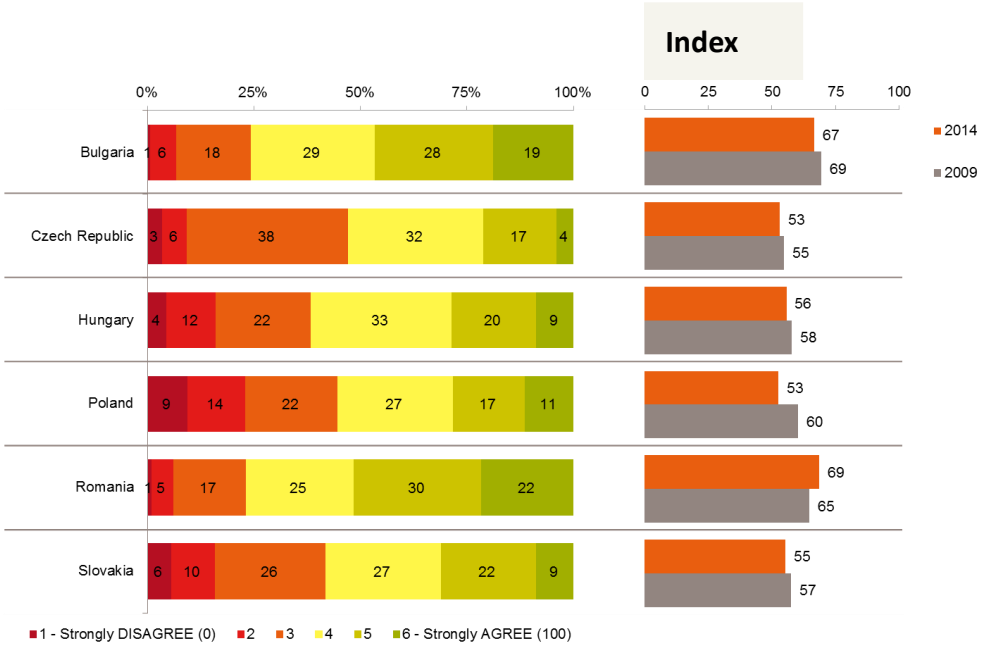


In comparison to results from 2009, the perception of senior managers and their focus on satisfying shareholders' needs has changed. In all CEE countries except Slovakia the share of foreigners who agreed with the statement "Senior managers are highly focused on satisfying shareholders' needs" increased, although in Bulgaria this share is still low – only at 49% in comparison with Poland, with 69% in agreement. Only in Slovakia is the situation the same as in 2009.

41. Corruption is not a significant problem in doing business here*

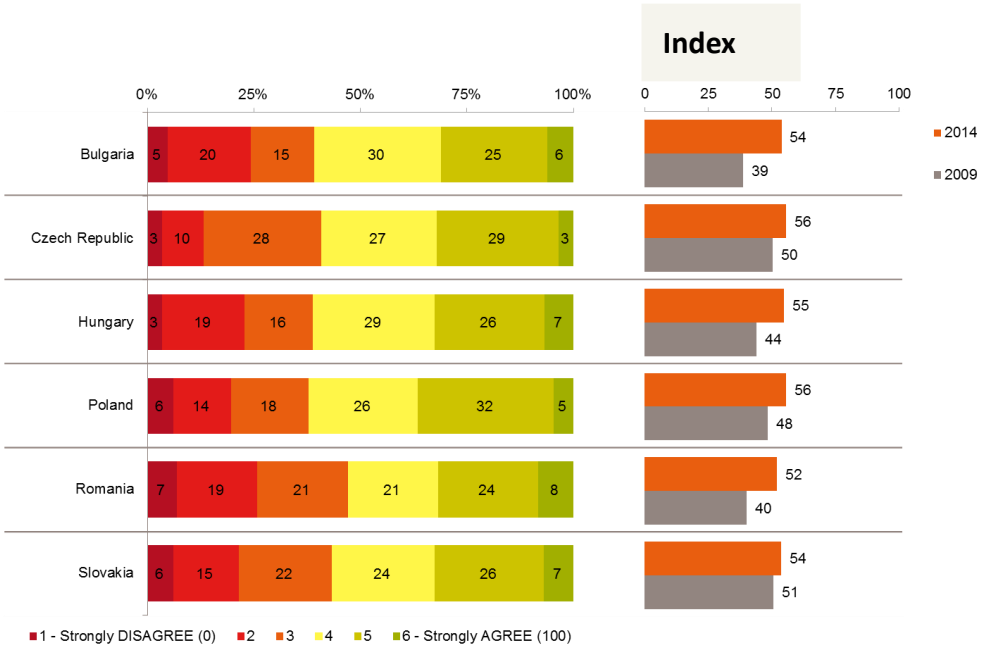
In 5 countries of the CEE region, corruption continues to be a very serious problem, particularly in Bulgaria, Romania and Slovakia. The only country where corruption is not perceived as significant problem is Poland with 64% agreement. While in Hungary the problem is getting worse, in Slovakia there is a significant decrease in the share of foreigners who evaluated corruption as a significant problem. Slovakia is the only country where the situation has got worse.

42. On the whole women here tend to be more effective managers than their male counterparts



Foreigners mainly in Bulgaria and Romania evaluated women as more effective managers than their male counterparts. In the other 4 countries in the CEE region the responses varied from 53% agreement in the Czech Republic to 62% agreement in Hungary. In comparison to 2009, the perception of women as effective managers has declined only in Poland.

43. Managers here do place much value on the company they work for*

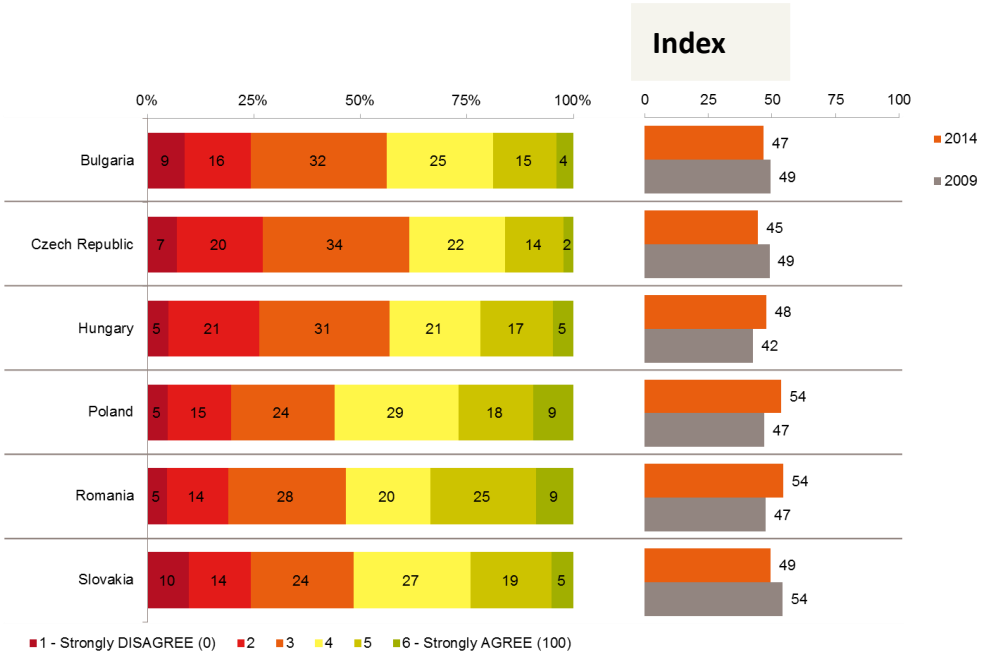


While in 2009, perception of company loyalty differed in the CEE region, in 2014 the responses in all 6 countries are at the same level. The situation got better in all countries especially in Bulgaria (from 30% agreement in 2009 to 61% in 2014), Hungary (from 38% to 62%) and Romania (from 36% to 53%).

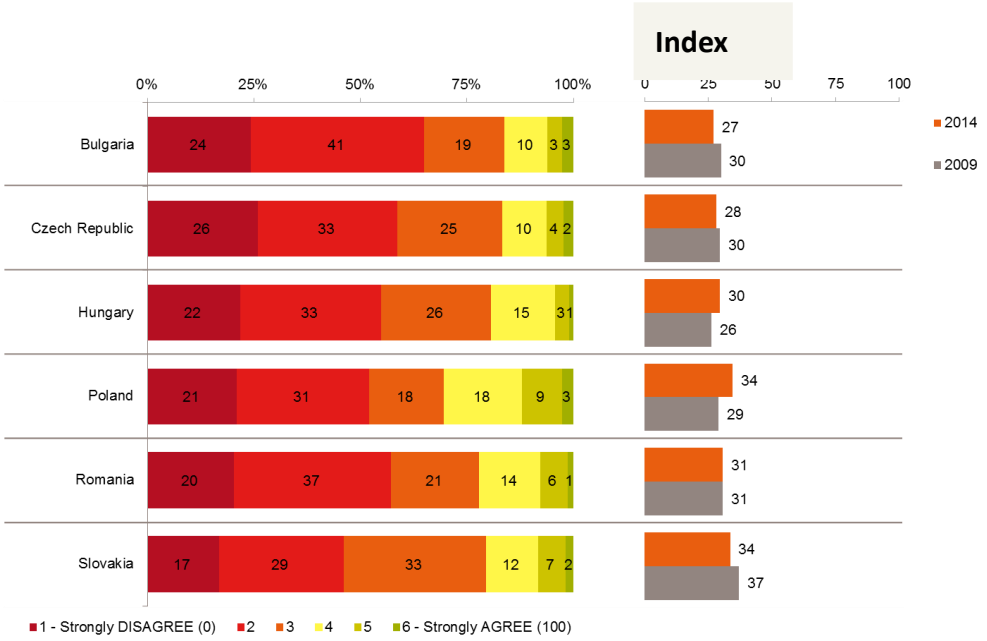
44. Managers in this country are not overpaid for their levels of experience and qualifications*

In general in CEE managers are believed not to be overpaid for their levels of experience and qualification. The responses varied from 65% in Romania to 80% in Hungary. When we compare results to the data from 2009 in all 6 countries the share of expatriates who agreed with the statement ("Managers in this country are not overpaid for their levels of experience and qualifications") has increased.

45. Local managers do not resent the presence of expatriate managers*



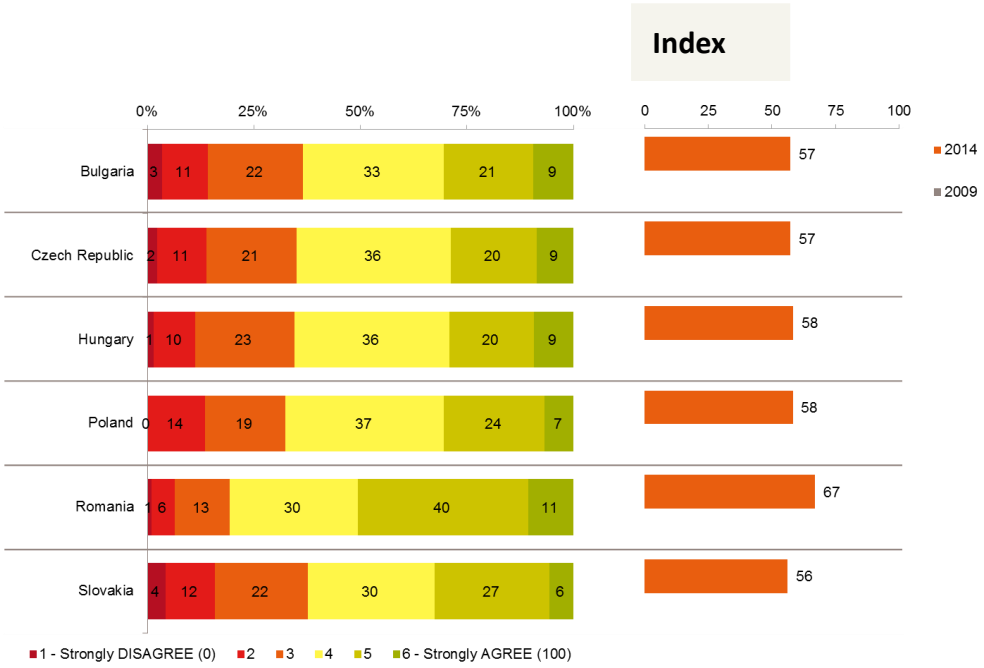
46. Local managers do not think that expatriate managers are overpaid*



The perception of foreigners as not being resented by the local managers divides the CEE countries into two clear groups. Expatriates in Bulgaria, the Czech Republic and Hungary rather disagree with the statement. On the other hand, more than half of foreigners in Poland, Romania and Slovakia agreed with the statement. The only country where the agreement slightly dropped was Slovakia.

In general, foreigners in the CEE region agreed that local managers believe the expatriate managers to be overpaid. A slightly higher share of agreement with this statement was observed in Poland. This share is even higher than it was in 2009.

47. Local managers are experienced in working together with foreigners



While in Romania expatriates evaluated local managers as experienced in working together with foreigners (81% agreement, 51% markedly), in all the other 5 countries the share of agreement is at the same level – approximately 63%.

Appendix 1 - Responses to questionnaire

Questions *(For the purposes of comparison, questions with an asterisk are reversed from the form in the questionnaire, as are their responses)*	**Bulgaria**					
	Strongly disagree	**2**	**3**	**4**	**5**	**Strongly agree**
I enjoy living here	1	4	11	16	39	29
I enjoy working here	1	5	11	26	43	14
Bureaucracy is a not serious problem in this country*	33	24	18	16	8	1
Local companies usually have a clear business strategy	14	36	32	13	5	1
The business environment here is very active and dynamic	8	19	29	26	14	4
In this country business and commerce are highly customer service oriented	22	35	26	14	1	2
Business is generally very well organised and efficient	14	40	32	12	1	0
Deadlines and timetables are taken seriously in business here	16	34	28	16	3	2
Humour is important in working relationships in this country	3	8	27	36	18	7
It is important here to make friendships with colleagues and customers	1	5	9	28	43	13
It is easy to find well-trained managers in this country	16	32	26	19	7	0
We could recruit better managers if we could pay them more	4	18	21	26	18	14
In this country, the level of power and hierarchical position of managers tend to coincide'	2	10	18	32	28	10
Rules and policies tend to be more important than the specific circumstances	5	15	29	24	20	7
Local managers work well in teams	6	25	24	26	16	3
Managers are cooperative, rather than individualistic, in their thinking*	7	36	22	19	16	0
Hierarchies here tend to be informal	7	41	22	16	14	1
Local managers welcome responsibility	11	24	27	21	15	2
Managers are cooperative, rather than individualistic, in their thinking*	5	14	14	34	29	4
Managers like to take a wide, strategic view'	11	31	32	19	7	0
Managers in this country are very flexible and adaptable	8	29	24	24	13	1
Ambitious managers are admired	4	18	20	28	25	5
Managers here prefer to work in a planned way	4	22	28	24	20	2
Managers are good at dealing with unexpected situations	11	26	22	24	15	2
Strong interpersonal skills in managers are highly valued here	4	17	21	27	25	6
Creativity in problem solving is a strong local management characteristic	14	29	22	17	13	5
Managers like to take the initiative in preventing and solving problems	14	30	28	20	6	1
Decisions agreed in meetings are usually accepted and acted upon	6	22	27	24	20	1
Managers in this country work hard	7	10	21	31	26	5
Local managers are concentrated and efficient with their time	7	22	31	26	13	0
There is not a culture of "presenteeism" (working long hours 'for show') *	9	24	17	24	20	6
Managers here understand their competitive markets very well	4	16	24	35	19	2
Local management is dedicated to excellent customer service	15	26	28	20	9	1
Good personal relationships with customers are essential to business culture here	3	7	14	24	36	17
Managers in this country tend to be excellent at selling	8	31	25	26	8	1
Local managers are good at dealing with overseas customers and colleagues	10	20	28	26	14	2
Most local managers speak at least one foreign language	3	9	11	26	24	26
Managers are good at understanding and adapting to different business cultures	7	26	24	29	13	2
There is a strong entrepreneurial spirit among managers here	15	26	21	24	11	3
Senior managers are highly focused on satisfying shareholder needs	9	18	24	20	19	10
Corruption is not a significant problem in doing business here*	41	21	18	11	5	4
On the whole women here tend to be more effective managers than their male counterparts	1	6	18	29	28	19
Managers here do place much value on which company they work for*	5	20	15	30	25	6
Local managers do not resent the presence of expatriate managers*	9	16	32	25	15	4
Managers in this country are overpaid for their levels of experience and qualifications	15	31	28	11	11	3
Local managers do not think that expatriate managers are overpaid*	24	41	19	10	3	3
Local managers are experienced in working together with foreigners	3	11	22	33	21	9

Czech Republic						Hungary						Poland						Romania						Slovakia					
Strongly disagree	2	3	4	5	Strongly agree	Strongly disagree	2	3	4	5	Strongly agree	Strongly disagree	2	3	4	5	Strongly agree	Strongly disagree	2	3	4	5	Strongly agree	Strongly disagree	2	3	4	5	Strongly agree
0	1	5	11	41	43	0	2	5	14	40	38	0	4	5	15	33	43	0	3	7	15	42	33	4	2	9	22	41	20
0	2	7	22	41	28	0	3	8	21	47	21	1	3	7	9	40	39	0	2	3	18	51	26	3	1	11	26	41	19
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2	11	21	36	20	9	1	10	23	36	20	9	0	14	19	37	24	7	1	6	13	30	40	11	4	12	22	30	27	6

Appendix 2 – Ranking of questions

Rankings (based on mean response to each question), ordered by mean across 6 countries

	Overall rankings			Rank in each country					
	Rank overall	Mean rank	Mean response*	Bulgaria	Czech Republic	Hungary	Poland	Romania	Slovakia
I enjoy living here	1	1,3	1,42	1	1	1	1	2	2
I enjoy working here	2	2,2	1,26	3	2	2	2	3	1
Bureaucracy is a serious problem in this country	46	45,5	-0,92	45	46	45	44	47	46
Local companies usually have a clear business strategy	36	36,5	-0,42	41	29	38	42	37	32
The business environment here is very active and dynamic	17	16,2	0,26	24	12	24	4	13	20
In this country business and commerce are highly customer service oriented	45	43,5	-0,74	44	45	46	37	42	47
Business is generally very well organised and efficient	42	40,3	-0,57	43	36	43	39	44	37
Deadlines and timetables are taken seriously in business here	34	32,5	-0,33	42	25	29	28	43	28
Humour is important in working relationships in this country	20	17,2	0,24	10	17	20	25	10	21
It is important here to make friendships with colleagues and customers	4	4,0	0,97	2	3	4	7	4	4
It is easy to find well-trained managers in this country	38	38,0	-0,48	40	39	34	36	35	44
We could recruit better managers if we could pay them more	15	16,0	0,22	11	13	17	15	21	19
In this country, the level of power and hierarchical position of managers tend to coincide'	6	6,8	0,67	7	9	6	6	7	6
Rules and policies tend to be more important than the specific circumstances	8	9,5	0,50	16	5	8	9	14	5
Local managers work well in teams	24	25,5	-0,07	23	20	26	34	27	23
Managers are individualistic, rather than co-operative, in their thinking'	37	36,5	-0,44	31	40	40	43	36	29
Hierarchies here tend to be informal	41	39,5	-0,55	35	37	39	46	39	41
Local managers welcome responsibility	28	28,5	-0,18	29	24	35	24	32	27
Communication with and between managers is too formal	19	16,8	0,20	9	22	14	27	19	10
Managers like to take a wide, strategic view'	43	40,5	-0,55	38	42	42	41	41	39
Managers in this country are very flexible and adaptable	30	30,0	-0,20	30	32	36	26	23	33
Ambitious managers are admired	13	15,3	0,30	15	21	19	10	9	18
Managers here prefer to work in a planned way	14	15,7	0,24	20	8	12	17	29	8
Managers are good at dealing with unexpected situations	29	28,5	-0,18	28	28	27	31	26	31
Strong interpersonal skills in managers are highly valued here	12	14,8	0,30	13	18	11	21	11	15
Creativity in problem solving is a strong local management characteristic	27	28,2	-0,16	32	27	22	29	24	35
Managers like to take the initiative in preventing and solving problems	39	38,5	-0,49	39	35	37	40	40	40
Decisions agreed in meetings are usually accepted and acted upon	21	18,8	0,13	21	16	18	19	28	11
Managers in this country work hard	7	8,2	0,56	12	6	7	3	12	9
Local managers are concentrated and efficient with their time	25	26,0	-0,14	27	23	25	23	33	25
There is a culture of "presenteeism" (working long hours 'for show')	23	24,3	-0,02	19	26	21	32	31	17
Managers here understand their competitive markets very well	16	16,0	0,20	17	15	10	14	18	22
Local management is dedicated to excellent customer service	35	35,5	-0,38	36	38	31	38	34	36
Good personal relationships with customers are essential to business culture here	5	6,3	0,74	6	7	5	8	5	7
Managers in this country tend to be excellent at selling	33	31,8	-0,26	33	34	30	35	25	34
Local managers are good at dealing with overseas customers and colleagues	32	30,3	-0,20	26	41	32	33	20	30
Most local managers speak at least one foreign language	3	3,3	1,14	4	4	3	5	1	3
Managers are good at understanding and adapting to different business cultures	26	26,0	-0,10	25	31	28	30	16	26
There is a strong entrepreneurial spirit among managers here	31	30,2	-0,24	34	30	33	16	30	38
Senior managers are highly focused on satisfying shareholder needs	11	14,0	0,28	18	11	15	11	15	14
Corruption is a significant problem in doing business here	40	38,5	-0,60	47	43	41	12	46	42
On the whole women here tend to be more effective managers than their male counterparts	10	13,0	0,44	5	19	13	22	6	13
Managers here do not place much value on which company they work for	18	16,7	0,21	14	14	16	18	22	16
Local managers resent the presence of expatriate managers	22	23,2	-0,02	22	33	23	20	17	24
Managers in this country are overpaid for their levels of experience and qualifications	44	41,8	-0,66	37	44	44	45	38	43
Local managers think that expatriate managers are overpaid	47	46,2	-0,96	46	47	47	47	45	45
Local managers are experienced in working together with foreigners	9	10,0	0,46	8	10	9	13	8	12

Appendix 3 – Expatriate vs. Local Comparison

	Bulgaria			Czech Republic		
	Av.E	Av,L	Sig.(P)	Av.E	Av,L	Sig.(P)
I enjoy living here	1,38	0,75	0,01	1,70	1,68	0,88
I enjoy working here	1,04	0,63	0,06	1,39	1,29	0,53
Bureaucracy is a serious problem in this country	0,90	1,66	0,00	0,76	0,76	0,99
Local companies usually have a clear business strategy	-0,95	-0,66	0,17	-0,18	-0,06	0,47
The business environment here is very active and dynamic	-0,27	0,06	0,19	0,20	0,48	0,11
In this country business and commerce are highly customer service oriented	-1,22	-0,47	0,00	-0,98	-0,17	0,00
Business is generally very well organised and efficient	-1,09	-0,84	0,19	-0,46	-0,03	0,02
Deadlines and timetables are taken seriously in business here	-1,04	-0,34	0,00	-0,02	0,03	0,80
Humour is important in working relationships in this country	0,16	0,75	0,01	0,02	0,71	0,00
It is important here to make friendships with colleagues and customers	0,92	1,09	0,43	0,83	1,20	0,03
It is easy to find well-trained managers in this country	-0,94	-0,28	0,00	-0,45	-0,22	0,20
We could recruit better managers if we could pay them more	0,11	0,75	0,02	0,27	0,31	0,85
In this country, the level of power and hierarchical position of managers tend to coincide'	0,46	0,84	0,11	0,58	0,31	0,11
Rules and policies tend to be more important than the specific circumstances	0,17	-0,06	0,37	0,79	0,68	0,52
Local managers work well in teams	-0,34	0,34	0,01	0,06	0,31	0,16
Managers are individualistic, rather than co-operative, in their thinking'	0,53	0,31	0,36	0,42	0,31	0,56
Hierarchies here tend to be informal	-0,70	-0,25	0,06	-0,43	-0,13	0,14
Local managers welcome responsibility	-0,54	0,13	0,01	-0,06	0,17	0,26
Communication with and between managers is too formal	-0,27	-0,41	0,58	0,00	-0,31	0,11
Managers like to take a wide, strategic view'	-0,86	-0,19	0,00	-0,58	-0,17	0,01
Managers in this country are very flexible and adaptable	-0,59	0,25	0,00	-0,44	0,20	0,00
Ambitious managers are admired	0,03	0,69	0,01	0,12	0,11	0,96
Managers here prefer to work in a planned way	-0,24	0,34	0,01	0,51	0,46	0,80
Managers are good at dealing with unexpected situations	-0,57	0,28	0,00	-0,44	0,52	0,00
Strong interpersonal skills in managers are highly valued here	0,00	0,94	0,00	0,06	0,34	0,16
Creativity in problem solving is a strong local management characteristic	-0,68	0,13	0,00	-0,44	0,73	0,00
Managers like to take the initiative in preventing and solving problems	-0,96	0,03	0,00	-0,44	0,01	0,01
Decisions agreed in meetings are usually accepted and acted upon	-0,27	0,25	0,04	0,29	0,18	0,57
Managers in this country work hard	0,05	0,94	0,00	0,45	0,96	0,00
Local managers are concentrated and efficient with their time	-0,54	0,34	0,00	-0,06	0,24	0,08
There is a culture of "presenteeism" (working long hours 'for show')	0,05	0,28	0,42	-0,06	0,18	0,28
Managers here understand their competitive markets very well	-0,20	0,97	0,00	0,05	0,69	0,00
Local management is dedicated to excellent customer service	-0,95	0,44	0,00	-0,65	0,24	0,00
Good personal relationships with customers are essential to business culture here	0,69	1,34	0,01	0,47	0,87	0,06
Managers in this country tend to be excellent at selling	-0,76	0,41	0,00	-0,54	0,22	0,00
Local managers are good at dealing with overseas customers and colleagues	-0,49	0,38	0,00	-0,60	0,04	0,00
Most local managers speak at least one foreign language	0,84	1,06	0,41	0,80	1,10	0,18
Managers are good at understanding and adapting to different business cultures	-0,45	0,31	0,00	-0,35	0,04	0,03
There is a strong entrepreneurial spirit among managers here	-0,63	-0,09	0,05	-0,42	0,24	0,00
Senior managers are highly focused on satisfying shareholder needs	-0,22	0,94	0,00	0,14	0,62	0,01
Corruption is a significant problem in doing business here	1,23	1,13	0,71	0,55	0,24	0,19
On the whole women here tend to be more effective managers than their male counterparts	0,83	0,88	0,84	0,21	0,04	0,34
Managers here do not place much value on which company they work for	-0,09	-0,56	0,07	-0,17	-0,52	0,06
Local managers resent the presence of expatriate managers	0,28	-0,28	0,03	0,35	0,11	0,23
Managers in this country are overpaid for their levels of experience and qualifications	-0,46	-1,44	0,00	-0,41	-0,87	0,02
Local managers think that expatriate managers are overpaid	1,18	1,00	0,45	1,18	0,92	0,20
Local managers are experienced in working together with foreigners	0,24	0,78	0,03	0,29	0,52	0,23

Hungary			Poland			Romania			Slovakia		
Av.E	**Av,L**	**Sig.(P)**	**Av.E**	**Av,L**	**Sig.(P)**	**Av.E**	**Av,L**	**Sig.(P)**	**Av.E**	**Av,L**	**Sig.(P)**
1,60	1,32	0,13	1,63	1,39	0,25	1,48	1,26	0,31	1,01	1,37	0,12
1,23	1,18	0,79	1,54	1,31	0,28	1,43	1,58	0,42	1,07	1,08	0,94
0,93	0,87	0,81	0,68	0,64	0,87	1,24	0,86	0,13	0,76	1,27	0,05
-0,39	-0,53	0,46	-0,46	-0,06	0,05	-0,49	-0,22	0,22	-0,34	-0,31	0,85
-0,10	-0,34	0,22	0,97	1,00	0,89	0,52	0,86	0,15	0,11	0,15	0,89
-0,99	-0,63	0,09	-0,42	0,39	0,00	-0,66	-0,14	0,03	-0,98	-0,05	0,00
-0,68	-0,39	0,10	-0,38	0,06	0,04	-0,77	-0,34	0,03	-0,51	0,02	0,01
-0,25	-0,18	0,75	-0,18	0,53	0,01	-0,73	-0,22	0,03	-0,24	0,08	0,16
-0,02	0,66	0,00	0,12	0,00	0,65	0,59	1,02	0,08	-0,13	0,95	0,00
0,91	0,97	0,75	0,83	1,03	0,39	1,21	1,14	0,73	0,80	1,27	0,05
-0,45	0,18	0,00	-0,36	0,31	0,01	-0,46	0,42	0,00	-0,85	-0,53	0,18
0,17	0,45	0,26	0,19	0,97	0,00	0,08	0,58	0,07	0,20	-0,15	0,22
0,71	0,55	0,37	0,92	0,78	0,48	0,86	1,10	0,31	0,51	0,50	0,98
0,47	0,21	0,23	0,73	0,25	0,03	0,52	0,18	0,21	0,63	0,15	0,03
-0,15	-0,26	0,59	-0,20	0,03	0,33	-0,11	0,38	0,05	-0,09	0,47	0,02
0,45	0,66	0,34	0,71	0,44	0,26	0,47	0,42	0,85	0,26	0,15	0,66
-0,45	-0,34	0,63	-0,82	-0,58	0,29	-0,64	-0,10	0,03	-0,70	-0,11	0,01
-0,46	0,18	0,01	0,01	0,33	0,18	-0,30	0,34	0,01	-0,29	0,50	0,00
-0,22	-0,50	0,19	-0,07	0,22	0,18	-0,18	-0,02	0,50	-0,30	-0,60	0,17
-0,64	-0,53	0,54	-0,54	0,22	0,00	-0,68	0,14	0,00	-0,68	0,08	0,00
-0,40	-0,16	0,27	-0,04	0,39	0,09	0,02	0,54	0,05	-0,48	0,53	0,00
0,11	0,24	0,58	0,60	0,53	0,75	0,62	0,98	0,11	0,09	0,50	0,07
0,31	0,26	0,82	0,24	0,44	0,35	-0,11	0,10	0,41	0,54	0,21	0,12
-0,28	0,24	0,02	-0,24	0,42	0,01	-0,08	0,30	0,16	-0,39	0,15	0,03
0,27	0,55	0,20	0,14	0,25	0,66	0,57	0,98	0,11	0,15	0,60	0,09
-0,15	0,71	0,00	-0,15	0,44	0,02	-0,10	0,90	0,00	-0,56	0,44	0,00
-0,54	0,18	0,00	-0,43	0,08	0,04	-0,67	0,14	0,00	-0,71	0,11	0,00
0,15	0,29	0,49	0,11	0,53	0,07	-0,11	0,26	0,14	0,28	0,53	0,27
0,42	1,11	0,00	0,88	1,36	0,02	0,52	1,14	0,01	0,29	1,21	0,00
-0,24	0,24	0,01	-0,05	0,67	0,00	-0,41	0,10	0,02	-0,14	0,24	0,08
-0,24	0,58	0,00	0,07	0,19	0,65	0,17	0,22	0,84	-0,24	0,34	0,03
0,27	0,61	0,07	0,25	0,83	0,00	0,09	0,98	0,00	-0,11	0,66	0,00
-0,37	0,05	0,05	-0,45	0,28	0,00	-0,46	0,50	0,00	-0,54	0,34	0,00
0,86	0,84	0,95	0,54	0,94	0,10	0,96	1,18	0,38	0,34	1,47	0,00
-0,35	-0,05	0,15	-0,32	0,39	0,00	-0,05	0,30	0,15	-0,48	0,34	0,00
-0,34	-0,18	0,44	-0,34	0,61	0,00	0,08	0,66	0,02	-0,41	0,37	0,00
1,16	0,82	0,15	0,88	1,06	0,49	1,73	2,02	0,14	1,00	1,34	0,20
-0,23	-0,24	0,98	-0,21	0,47	0,00	0,16	0,82	0,01	-0,25	0,56	0,00
-0,34	-0,24	0,65	0,23	0,61	0,13	-0,24	0,54	0,00	-0,60	0,24	0,00
0,14	0,71	0,01	0,41	0,89	0,03	0,26	1,10	0,00	0,13	0,95	0,00
0,54	0,47	0,82	-0,54	-0,31	0,37	1,14	0,30	0,00	0,59	1,15	0,05
0,45	-0,42	0,00	0,16	0,03	0,63	0,97	0,62	0,17	0,27	0,27	0,98
-0,14	-0,71	0,01	-0,28	-0,28	1,00	-0,03	-0,70	0,02	-0,13	-0,56	0,09
0,21	-0,32	0,02	-0,16	-0,25	0,72	-0,16	-0,74	0,04	0,08	-0,27	0,18
-0,71	-1,26	0,01	-0,54	-1,28	0,00	-0,40	-1,10	0,01	-0,70	-1,02	0,16
0,98	1,21	0,26	0,79	0,72	0,78	1,00	0,66	0,19	0,71	1,47	0,00
0,45	0,24	0,30	0,34	0,64	0,16	0,83	0,98	0,51	0,23	0,73	0,04

Appendix 4 - Information about respondents and methodology

Demographic data

Nationality	Bulgaria	Czech	Hungary	Poland	Romania	Slovakia	TOTAL
Austrian	7	11	22	7	9	15	71
American / USA	5	7	9	9	6	12	48
Belgian	11	3	4	2	9	8	37
British / UK / English	11	26	23	11	9	13	93
Bulgarian	32	1	0	2	3	4	42
Canadian	1	1	1	0	5	1	9
Czech	4	57	8	1	7	5	82
German	9	6	26	10	15	18	84
Greek	13	1	4	1	23	5	47
Hungarian	0	1	38	2	8	2	51
Indian	0	1	4	1	2	0	8
Polish	1	0	4	36	2	3	46
French	13	16	19	15	29	23	115
Danish	2	1	1	5	0	5	14
European	2	0	0	0	0	2	4
Argentinian	0	0	0	0	1	0	1
Albanian	0	0	0	0	0	1	1
African	0	0	1	0	0	1	2
Norwegian	0	2	0	0	1	1	4
Australian	0	0	0	0	0	0	0
Mexican	1	1	2	1	1	3	9
Romanian	6	6	2	3	25	10	52
Brazilian	0	0	0	0	0	1	1
Finnish	0	1	0	7	1	1	10
Colombian	0	0	0	1	0	0	1
Croatian	0	1	0	0	0	2	3
Cuban	0	0	1	0	0	0	1
Cypriot	0	0	1	0	0	0	1
Turkish	1	0	3	1	8	2	15
Swiss	3	0	2	0	3	3	11
Slovak	0	7	2	1	1	31	42
Slovenian	1	1	1	0	0	2	5
Spanish	4	3	2	1	6	2	18
Swedish	0	2	0	10	1	2	15
Dutch	6	6	13	6	7	11	49
Iranian	1	0	4	0	1	2	8
Israeli	1	0	0	0	3	2	6
Italian	5	4	6	6	16	14	51
Jordanian	0	0	0	0	0	1	1
Kazakhstan	0	0	0	0	2	0	2
Kyrgyz	0	0	0	0	0	1	1
Lithuanian	1	0	0	0	0	0	1
Luxembourger	1	0	0	0	0	0	1
Macedonian	0	1	0	1	0	0	2
Mongolian	0	0	0	0	0	1	1
Montenegrin	1	0	0	0	0	0	1
New Zealander	0	1	0	0	1	0	2
Nepalese	0	0	1	0	0	0	1
Pakistani	0	0	0	0	2	0	2
Portuguese	1	2	0	3	6	2	14
Russian	0	2	0	1	2	0	5
Serbian	3	0	0	0	1	0	4
No answer	1	2	2	4	1	3	13

Other data

Expat	Bulgaria	Czech	Hungary	Poland	Romania	Slovakia	TOTAL
Majority locally owned/controlled	25,9%	15,4%	13,7%	13,4%	15,1%	14,7%	16,0%
50% or above foreign owned/controlled	74,1%	84,6%	86,3%	86,6%	84,9%	85,3%	84,0%
Local	Bulgaria	Czech	Hungary	Poland	Romania	Slovakia	TOTAL
Majority locally owned/controlled	34,4%	12,3%	13,2%	30,6%	20,0%	12,9%	19,6%
50% or above foreign owned/controlled	65,6%	87,7%	86,8%	69,4%	80,0%	87,1%	80,4%

Expat	Bulgaria	Czech	Hungary	Poland	Romania	Slovakia	TOTAL
Fewer than 10 people (or you are a single independent)	15,5%	18,8%	13,1%	8,9%	8,3%	6,5%	11,2%
10 to 99 people	36,2%	19,7%	23,8%	33,0%	20,8%	21,2%	24,9%
100 to 1000 people	32,8%	44,4%	47,6%	29,5%	42,2%	27,7%	37,7%
More than 1000 people	15,5%	17,1%	15,5%	28,6%	28,6%	44,6%	26,2%
Local	Bulgaria	Czech	Hungary	Poland	Romania	Slovakia	TOTAL
Fewer than 10 people (or you are a single independent)	3,1%	7,0%	10,5%	8,3%	12,0%	9,7%	8,2%
10 to 99 people	21,9%	8,8%	23,7%	30,6%	8,0%	22,6%	18,7%
100 to 1000 people	43,8%	57,9%	44,7%	30,6%	32,0%	29,0%	42,0%
More than 1000 people	31,3%	26,3%	21,1%	30,6%	48,0%	38,7%	31,1%

Expat	Bulgaria	Czech	Hungary	Poland	Romania	Slovakia	TOTAL
Less than 1 year	2,6%	11,1%	1,8%	7,1%	4,7%	3,3%	4,7%
1 to 5 years	12,1%	11,1%	7,1%	10,7%	15,6%	9,8%	11,1%
More than 5 years	85,3%	77,8%	91,1%	82,1%	79,7%	87,0%	84,1%
Local	Bulgaria	Czech	Hungary	Poland	Romania	Slovakia	TOTAL
Less than 1 year	50,0%	47,4%	28,9%	47,2%	44,0%	51,6%	44,7%
1 to 5 years	34,4%	24,6%	36,8%	16,7%	24,0%	29,0%	27,4%
More than 5 years	15,6%	28,1%	34,2%	36,1%	32,0%	19,4%	27,9%

Expat	Bulgaria	Czech	Hungary	Poland	Romania	Slovakia	TOTAL
High school	11,2%	9,4%	6,5%	4,5%	5,2%	6,5%	7,0%
Degree	25,9%	31,6%	26,8%	18,8%	20,8%	29,3%	25,5%
Masters	61,2%	53,8%	59,5%	75,9%	69,3%	60,3%	63,3%
Doctorate	1,7%	5,1%	7,1%	0,9%	4,7%	3,8%	4,2%
Local	Bulgaria	Czech	Hungary	Poland	Romania	Slovakia	TOTAL
High school	0,0%	12,3%	7,9%	5,6%	0,0%	3,2%	5,9%
Degree	0,0%	19,3%	23,7%	5,6%	24,0%	19,4%	15,5%
Masters	93,8%	57,9%	52,6%	77,8%	72,0%	67,7%	68,5%
Doctorate	6,3%	10,5%	15,8%	11,1%	4,0%	9,7%	10,0%

Linguistic capabilities

Expatriate managers	BU	CZ	EN	FR	DE	HU	IT	PO	RO	RU	SL	SP	Other	%EN	%Local	Av.no.langs
Bulgaria	46	2	113	43	36	2	11	3	8	5	0	14	43	97%	40%	2,8
Czech Republic	4	53	112	36	33	5	4	1	6	11	18	18	19	96%	45%	2,7
Hungary	0	6	162	47	85	70	18	5	4	4	7	21	28	96%	42%	2,7
Poland	3	2	110	26	41	0	6	55	2	7	2	12	35	98%	49%	2,7
Romania	6	8	183	81	53	10	27	4	87	16	6	25	56	95%	45%	2,9
Slovakia	4	19	181	56	75	4	23	5	11	7	70	21	57	98%	38%	2,9
TOTAL	63	90	861	289	323	91	89	73	118	50	103	111	238	97%	43%	2,8

Local managers	BU	CZ	EN	FR	DE	HU	IT	PO	RO	RU	SL	SP	Other	%EN	%Local	Av.no.langs
Bulgaria	32	0	31	1	6	1	0	0	1	11	0	2	2	97%	100%	2,7
Czech Republic	0	52	55	2	23	1	0	4	0	14	22	1	7	96%	91%	3,2
Hungary	0	3	38	6	16	36	1	2	3	5	2	1	3	100%	95%	3,1
Poland	0	0	35	9	2	0	2	29	0	7	0	3	1	97%	81%	2,4
Romania	0	0	23	8	3	0	5	0	21	1	0	2	2	92%	84%	2,6
Slovakia	0	24	31	1	9	2	1	1	0	7	28	0	0	100%	90%	3,4
TOTAL	32	79	213	27	59	40	9	36	25	45	52	9	15	97%	90%	2,9

Methodology

Questionnaire design

The questionnaire structure and content is almost identical to the questionnaire used in the 2009 survey. There are 2 parts – in the first part we are asking respondents to express their level of agreement with statements describing local management culture. Here we have added 3 extra statements compared to the original questionnaire. The second part includes socio-demographic questions.

Appedix 5 – Original questionnaire

Dear Mr/Ms,

As an Expat with CEE experience you are part of a special group of people. Your opinion is very important to us. We believe that senior expatriate managers have both the in-depth knowledge and the objective viewpoint required to allow us to draw significant and reliable conclusions about management culture in CEE. However, as a comparison and to provide an important control group we will also be asking senior local HR managers for their views. All respondents will receive free access to the final study as soon as it is published.

We guarantee you that all answers will be kept strictly confidential. It takes about 15 minutes to fill it out.

H0. Contact:

1. From database
2. Outside database

H1a. We are going to ask you about management culture of Central or Eastern European country where you now work. To which country will your replies refer? **Bulgaria Czech Republic Hungary Poland Romania Slovakia.**

The questionnaire

H1. Instructions

Read each statement and circle ONE number corresponding to how far you agree or disagree (1= STRONGLY DISAGREE…6=STRONGLY AGREE).

Answer by comparison with your experience of managers in other developed economies and based on your personal idea of a "typical" local manager. "Local", "here" and "this country" refer to the Central or Eastern European country where you now work. (or have recently worked). If you work or have worked in several of these countries, please choose only one or answer a separate questionnaire for each.

SP in each row

	Strongly DISAGREE ← → Strongly AGREE					
General social and business environment						
Q1. I enjoy living here	1	2	3	4	5	6
Q2. I enjoy working here	1	2	3	4	5	6
Q3. Bureaucracy is a serious problem in this country	1	2	3	4	5	6
Q4. Local companies usually have a clear business strategy	1	2	3	4	5	6
Q5. The business environment here is very active and dynamic	1	2	3	4	5	6
Q6. In this country business and commerce are highly customer service oriented	1	2	3	4	5	6
Q7. Business is generally very well organised and efficient	1	2	3	4	5	6
Q8. Deadlines and timetables are taken seriously in business here	1	2	3	4	5	6
Q9. Humour is important in working relationships in this country	1	2	3	4	5	6
Q10.It is important here to make friendships with colleagues and customers	1	2	3	4	5	6
Q11. It is easy to find well-trained managers in this country	1	2	3	4	5	6
Q12. We could recruit better managers if we could pay them more	1	2	3	4	5	6
Q13. In this country, the level of power and hierarchical position of managers tend to coincide	1	2	3	4	5	6
Q14. Rules and policies tend to be more important than the specific circumstances	1	2	3	4	5	6
The typical management style in your current country is:						
Q15. Local managers work well in teams	1	2	3	4	5	6
Q16 Managers are individualistic, rather than co-operative, in their thinking	1	2	3	4	5	6
Q17. Hierarchies here tend to be informal	1	2	3	4	5	6
Q18 Local managers welcome responsibility	1	2	3	4	5	6
Q19. Communication with and between managers is too formal	1	2	3	4	5	6
Q20 Managers like to take a wide, strategic view	1	2	3	4	5	6
Q21. Managers in this country are very flexible and adaptable	1	2	3	4	5	6
Q22. Ambitious managers are admired	1	2	3	4	5	6
Q23. Managers here prefer to work in a planned way	1	2	3	4	5	6
Q24 Managers are good at dealing with unexpected situations	1	2	3	4	5	6

Q25. Strong interpersonal skills in managers are highly valued here	1	2	3	4	5	6
Q26 Creativity in problem solving is a strong local management characteristic	1	2	3	4	5	6
Q27. Managers like to take the initiative in preventing and solving problems	1	2	3	4	5	6
Q28 Decisions agreed in meetings are usually accepted and acted upon	1	2	3	4	5	6
Q29. Managers in this country work hard	1	2	3	4	5	6
Q30Local managers are concentrated and efficient with their time	1	2	3	4	5	6
Q31. There is a culture of "presenteeism" (working long hours 'for show')	1	2	3	4	5	6
Managers and the market						
Q32. Managers here understand their competitive markets very well	1	2	3	4	5	6
Q33 Local management is dedicated to excellent customer service	1	2	3	4	5	6
Q34 Good personal relationships with customers are essential to business culture here	1	2	3	4	5	6
Q35 Managers in this country tend to be excellent at selling	1	2	3	4	5	6
Q36 Local managers are good at dealing with overseas customers and colleagues	1	2	3	4	5	6
Q37 Most local managers speak at least one foreign language	1	2	3	4	5	6
Q38 Managers are good at understanding and adapting to different business cultures	1	2	3	4	5	6
Q39 There is a strong entrepreneurial spirit among managers here	1	2	3	4	5	6
Q40 Senior managers are highly focused on satisfying shareholder needs	1	2	3	4	5	6
Transparency and cross-cultural issues						
Q41 Corruption is a significant problem in doing business here	1	2	3	4	5	6
Q42 On the whole women here tend to be more effective managers than their male counterparts	1	2	3	4	5	6
Q43 Managers here do not place much value on which company they work for	1	2	3	4	5	6
Q44 Local managers resent the presence of expatriate managers	1	2	3	4	5	6
Q45 Managers in this country are overpaid for their levels of experience and qualifications	1	2	3	4	5	6
Q46 Local managers think that expatriate managers are overpaid	1	2	3	4	5	6
Q47 Local managers are experienced in working together with foreigners	1	2	3	4	5	6

H2. Your organisation is:

- ☐ Majority locally owned/controlled
- ☐ 50% or above foreign owned/controlled

H3. Your organisation employs, in this country:

- ☐ Fewer than 10 people (or you are a single independent)
- ☐ 10 to 99 people

☐ 100 to 1000 people

☐ More than 1000 people

H4. Your nationality is: _____(specify)

H5. You have worked in this country for (in total):

☐ Less than 1 year

☐ 1 to 5 years

☐ More than 5 years

H6. You have lived outside this country for (in total):

☐ Less than 1 year

☐ 1 to 5 years

☐ More than 5 years

H7. You speak fluently (mark all those appropriate):

☐ Bulgarian
☐ Czech
☐ English
☐ French
☐ German
☐ Hungarian
☐ Italian
☐ Polish
☐ Romanian
☐ Russian
☐ Slovak
☐ Spanish
☐ Other(s)
(specify _____)

H9. Your highest level of formal educational qualification is:

☐ High school

☐ Degree

☐ Masters

☐ Doctorate

H10. Further comments

Please insert below any further comments - whether about local management culture or about this survey. We find these comments very useful, so, feel inspired and be as honest as you like!

Information about you and your organisation

H1b. Your name _____

H1c. The name of your organisation_____

H1d. E-mail_____

H1e. Your name_____

REF

H1e. Note that these contact details are essential in order for us to be able to verify the authenticity of your response and questionnaires without this information will be excluded from the survey**. We will not disclose your or your organisation's identity or contact details to third parties and they will not be mentioned in the study.**

Appendix 6 – respondents' additional comments

Bulgaria

Comment	Nationality
Local management of private companies are as good as average west companies BUT the local management in the public sector is extremely poor, with lack of motivation very little respect for their function in the society and the importance and impact of their work for the well-being of the society as a whole and present and strong bias towards their own personal agenda (you know what I mean...)	Spanish
There is a general lack of enthusiasm about work. People tend to do consider it a necessary evil rather than something that inspires.	Greek
Bulgaria has a big potential for business, however managers should change some perceptions regarding hierarchy, 'power', and responsibilities.	Lithuanian
There is great variation between the abilities of senior managers in different businesses. Those working for small to mid-sized organisations are vastly superior to those in large (usually former state) companies. The lack of clear political leadership and the entrenched corruption make this a challenging place to develop and grow a successful business honestly and this greatly impacts the willingness of the local managers to develop themselves into leading proponents of good managers/leaders.	Australian
Management could be effective here, but employers tend not to appreciate good managers and staff here is grossly underpaid; as a consequence they feel undervalued and de-motivated.	British
Bulgaria could be an attractive country, even though it's not known to be very innovative. I love to work with young people, and can make usually progress with the ones who were educated abroad. If they see that their work is meaningful for themselves and their country, there could be a tilting point for the better.	Dutch
Great people in this country, very technical and focused, however the problem is they lack soft skills.	Spanish
Local managers often lack confidence and tend to get defensive. They tend occasionally to behave arrogantly – it is a sort of their defence mechanism.	Dual
Excessive hierarchy and the tendency to avoid responsibility in the chain are serious problems of internal and external functioning of the companies.	Spanish
Well educated and sharp - they know how to learn - but they are not willing to work hard and invest themselves in the companies' goals. They are looking for short-term advantages and benefits without returning some value to the company.	French
In Bulgaria it seems more important to have good networking skills instead of good experience/skills. It's more important who you know than what you know. Also, people from outside the company are often hired for management positions instead of promoting from within. This does not support loyalty to the company and forces people to go and look elsewhere if they are looking to climb up the ladder.	Belgian
Compliance with the basic rules of the "code works" is routinely ignored.	Belgian
Managers should be more creative in Bulgaria.	Greek
Local management culture needs better communication skills.	Romanian
The culture is based on seniority	Dutch

The Czech Republic

Comment	Nationality
Things are positively moving forward year after year!	French
I find most businesses and managers here are unable to think outside of the box, take the hard route which is not the most effective and customer-friendly	British
I believe that during the time I have spent here, the level of local management competence has been steadily improving. In growth industries, I see great talent and innovative management practices. There are still more traditional parts of the market, however, where movement is very slow. Of course, there are many factors and variables, but one common signal for me is how advanced and aligned the HR department is to the company strategy. If the HR does not play a leading role and is purely process and payroll, then the whole company culture will be different too.	Australian
In general, I find the level of business and management maturity at a rather high level. All standard principles which are common in large foreign companies are followed.	Slovak
Honestly, in my last 7 years in multinational organization, I felt that Czech have a more negative attitude towards anything. Women are hardworking compared to men. Men are never satisfied with their role, looking for more benefit.	Indian
I find the culture of business in Prague still quite backward and conservative. In Prague, technology is available but often does not work properly and best value is not got out of it as users are not qualified or interested in learning. Time-keeping is also poor and too much emphasis is placed on needless meetings.	British
There is too much formality and male chauvinism.	Danish
Local managers have tendency to highlight and focus more on the risks than the opportunities - the result is a slightly conservative way of doing business.	Italian
Men tend to overestimate their skills in this country.	Austrian
Red tape is a huge issue here - takes so much time away from other activities	British
Culture is very different in multinationals and local companies have also improved over the last 10 years	Austrian
I find that the managers and indeed all staff here are very set in their ways. The old hierarchies still prevail, and it is something of an uphill struggle to get them to change the way they work. "We are all part of the same team" seems totally incomprehensible to them - it is very much we are up here, you are down there and there is no 'leading by example'.	British
Entrepreneurial management in this country is improving slowly but firmly. Local openness is changing slowly, maybe because new ideas are welcome but not so quick in changing or adapting their mind sets.	Puerto Rican (USA)
Czech people are hungry and eager for success in business.	German / Swiss
Czech Republic is a country where sense of humour is missing, at least in the work place: all is too serious	EU

Hungary

Comment	Nationality
Hungarian work mentality is one of trying to hide in the group rather than taking initiative hoping that this attitude will mean that one can keep their job for a longer time by just doing what is asked and nothing else. People here have never been motivated to take initiative and it is not part of the culture.	Belgian
I find two areas which are hard to change. The first is that comments are taken personally which makes it difficult to have an open exchange of views and to achieve the position of "I personally have a different view, but I accept it and shall implement". The second is the inability to compromise: the best outcome in business is 70/30 in your favour, and not 100/0	UK

where the other party loses.	
Local managers should think out-of-the-box and be more innovative	Turkish
Managerial culture is very cautious, rule-focused and lacking any serious degree of entrepreneurial drive.	American
It gets more instable here, experienced workers are missing or they are leaving the country to go west	German
Hungarians have a life outside the office. They will prioritize work perhaps to a smaller degree than in western Europe. At the same, time I have not experienced productivity issues as if days are shorter in Hungary there are less annual leaves compensating this.	French
Hierarchy is often expected and yet detrimental to development of mid-level management and their ownership and taking responsibility.	Irish
Too much delegation and not enough technical knowledge on management. Local managers don't like to get their hands dirty with details and processes Actions are not quickly taken if having no direct benefit for the team; not enough End-to-End vision.	French
Many managers here are still too focused on performing tasks rather than leading their teams. I believe this is strongly related to the fact that most of the managers I know are not good at dealing with stress and therefore do not like to empower others and stick with the micro-management mode.	Dutch
Hungarians could be more open to learning from and working with foreigners. They tend to feel that leadership comes from being given by a formal authority, rather than getting used to informal leadership ("the leader without title")	Dutch
Managers need to be more proactive, take responsibility for their tasks, decide and stick to their decisions.	Dutch
Hungarian managers tend not to have a wide breadth of experience. Promotion typically takes place vertically within a single function with few (if any) lateral moves.	British
Key managerial challenges in Hungary: reduce the resistance to change, develop the capability to deal with uncertain future, enhance the courage to challenge hierarchy-based decisions, create a strong sense of personal and collective contribution.	Italian
I think the biggest issue in Hungary is that people do not like to accept ownership of issues/problems.	German
All in all, it is still worth coming here to live and work. What I can never accept and always try to fight against (without success) is corruption. It is simply everywhere. Especially government institutions and local managers of foreign companies when there is lack of control from the mother company.	Austrian

Poland

Comment	Nationality
Many informal agreements, less formalized than in Germany. Fast actions, rather than long preparation/planning	German
Great country to live and work in	Swedish
The biggest issue I identified was anticipating and investing in the future. My team was able to manage the day-to-day activities well within their area of focus. However, thinking about where their country was headed, where our company was headed and figuring out what investments to make today in preparation for tomorrow was a foreign concept to them.	American
Local management should pay attention to be clear in their communication. They write too long memos. If you ask a simple question, you get an unclear answer for 5 minutes.	Finnish
Polish Managers are well-organized and work hard. However, country culture is quite negative. Focus is too much on problems instead of opportunities.	Dutch

Poles work very hard but are a bit too much problem-oriented.	Swedish
Generally those local managers who have lived 2+ years in a foreign country tend to be broader in their outlook and more easily adaptable. We have found it easier to develop local managers to higher-mid management positions than to bridge the gap to senior management, which has been a challenge.	American
A Polish boss is always right and knows everything, at least he or she would not easily admit to not knowing everything better than his or her subordinates; taking initiative may therefore be at one's own peril. People are judged and careers made based on personal relationships rather than skills, competencies and performance, and people know this and act accordingly. As a rule, little attention is paid to planning, hence much time goes to dealing with 'unexpected' development or crises, things often need to be done two times to get them right, and explanations are necessary why something not so good is actually excellent, or something not done was actually not supposed to be done in the first place, or is someone else's fault. If some of this wasted time would be put into planning and thinking before acting, there would be time to spare, people (incl. family members) would be less stressed and results would be better.	Finnish
Local managers are very dedicated to their tasks and targets. They may have difficulty to apprehend the risks of their activities and to delegate to their subordinates.	French
There is a remarkable gap between managers who experienced the old regime (pre-1989) and the young ones who behave very differently and their views and goals are set apart.	Italian
What I appreciate the most from our local management team is the execution after decision-making. What I like less is the difficulty they have playing as a team among managers; they do not seem to be interested in what other managers are doing... Generally, local managers are well qualified, experienced in doing business and very creative, but they need to improve in procedure implementation and follow-up	Half French - half British Polish/Mexican
I think that one of the biggest differences from managers in Sweden is that local Polish managers tend to hide potential problems and want to solve them without telling me as their manager, or example. This can create lots of frustration and unmet deadlines or failure to reach targets.	Swedish
Polish executives with expat experience adapt well and have a great impact once they come back to Poland.	Spanish
There's still a certain lack of long-term orientation and strategic planning among local managers in Poland.	Finnish

Romania

Comment	Nationality
Romania is full of young talented managers. The political class and its instability are the main limits to the growth of this country.	Italian
Local management is evolving and becoming more professional and transparent due the rise of the new generation, access to the Internet/information, older managers with the 'old' mentality leaving for retirement etc. However, a few years will still be necessary to establish a strong new generation of managers. The good news is that it will definitely arrive.	Spanish
Too many technical experts are appointed managers without any people skills/management skills/ people developments skills (feedback, coaching,...)	Belgian
I like the flexibility Romanians show in any situation.	Austrian
Local managers lack confidence in their skills and still feel the burden of 40 years of communism	French
Great country to live and to work in however, there is a serious degree of corruption and bureaucracy.	Portuguese

Romanians are generally very keen on performing and delivering excellent results and work hard to achieve them. However, there is also the need to interact with the employees at the emotional level by giving them responsibility, appreciating their performance and taking care of their further training/education.	Swiss
Generally, I'd say that I am quite pleased with the local management culture and efficiency.	Greek
Culture changes take a long time but I have seen remarkable development in management style since the 'blame culture' has been (almost) removed. People actively seek training and want to learn. Increased participation in problem solving. Less dictatorial management styles evolve.	British
I see more significant downsides on the execution level of workforce than the management in general. Quality of work, very poor implementation and significant lack of ownership (feeling responsible for their own work) are bigger problems than poor local management.	Hungarian
-Local management is open-minded and able to work with international companies with different languages and cultures. -The role of women is really important and I hope will contribute in helping to change the thinking of eastern companies in this respect.	Spanish
People are used to following instructions and procedures so initially, it is easier to implement something new into a Romanian business environment compared to situation abroad. However, it requires a continuous follow-up on things, since there is no real commitment and genuine interest.	Greek
It's almost easy to find local managers with high level of technical skills in most of the activity sections, however, it's still difficult to find the ones with managerial skills	Greek
Romanians are too competitive between each other and need to understand that the TEAM and Cooperation is what moves business ahead. Too much time is wasted in meetings with too many opinions and lack of consensus and indecisiveness. Being conclusive is not an inbred behaviour amongst Romanian managers.	American
Romania ... much better than you think!	Belgian

Slovakia

Comment	Nationality
Local managers often hear the bad things and focus on the negative outcomes; this makes them prone to being slow in catching on to new trends or seeing up-selling options.	English
I strongly believe that many local managers here are too focused on the existing processes and don't take any chances when it comes to thinking outside the box. Now whilst it is important to try not to be a rebel especially in current markets, I do believe it is important too always analyse and question the existing processes as this allows the manager to constantly stay on top of things and it also helps them find any weak points.	Born in Mexico, raised in California
Local managers in Slovakia often don't know what type of relationship/communication they should have with their employees. They often can't treat all equally and they show publicly who their favourite employees are, which creates an atmosphere that career advancement is possible if you are friends with them. As a result, employees don't provide feedback to their management on negative things (even when the situation requires it). Therefore management is often unaware of problems that might impact the climate in the future. Generally, Slovak employees tend to avoid providing feedback to Slovak colleagues no matter which level in the organization they are at.	Mongolian
The skills and competencies of Slovak managers need to improve a lot since they normally focus on minor details rather than on what really matters, which is quality of the job and results.	Portuguese
Local managers should appreciate more the opportunities this country offers	Bulgarian
Local management culture is delivery-oriented while the long term vision or strategy if often neglected...	French

Business and management behaviour is based on personal contacts to an excessive degree.	Czech
I have local managers and I am very satisfied at all management levels. Yet, I believe that small local business managers lack interpersonal skills and communication skills with expats.	Greek
There is a tendency to work very much based on instructions, everyone is waiting for instructions. If something is not efficient and needs to be changed, though it is within a given manager's area, the expectation is that the boss will come up with the solution. One often hears "please tell me what to do", or "you are the boss so you decide". My thinking is that we put a manager to a given area because this person should be the expert, so the input/suggestion should come from this person - at least that this will start a dialogue.	Danish
Local managers are hard workers and respect hierarchy. But it takes time to teach them customer orientation and how to take initiatives.	French
Local people should be more polite and customer-friendly in business organisations and in the government as well.	British
Slovaks in general are afraid to upset their counterparts such as suppliers and co-workers.	Dutch
Local managers in many cases show a lack of initiative and should be able to take a broader approach when solving issues	Dutch
Local managers show little interest in developing business knowledge in their teams.	Australian
High focus on process and structure, with no ownership of outcome.	
I have found that many mangers still work on a task-based approach and have difficulty seeing how their role ties in with the strategic intent of the company.	Australian

End of comments

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Barbara Sányová
GfK

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