

Cultural Currency and Spare Capacity in Cultural Dynamics

toward Resolving the Have-Is Debate

Baca, Susan Berry

Publication date:
1999

Document Version
Early version, also known as pre-print

[Link to publication from Aalborg University](#)

Citation for published version (APA):
Baca, S. B. (1999). *Cultural Currency and Spare Capacity in Cultural Dynamics: toward Resolving the Have-Is Debate*. Aalborg Universitetsforlag.

General rights

Copyright and moral rights for the publications made accessible in the public portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognise and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the public portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the public portal -

Take down policy

If you believe that this document breaches copyright please contact us at vbn@aub.aau.dk providing details, and we will remove access to the work immediately and investigate your claim.

Center for International Studies
Aalborg University

Cultural Currency and Spare Capacity in Cultural Dynamics:

Toward resolving the *have-is* debate

Susan Berry Baca

Discussion Paper No. 12/99

© Susan Berry Baca

ISSN 1397-9043

Published by:

SPIRIT

Aalborg University

Fibigerstræde 2

Dk-9220 Aalborg Ø, Denmark

Phone + 45 96 35 91 33

***SPIRIT - School for Postgraduate Interdisciplinary Research
on Interculturalism and Transnationality***

Director: Professor Ulf Hedetoft

SPIRIT is an interdisciplinary doctoral school for the systematic study of themes and theoretical issues related to the intertwining of political, transnational and intercultural processes in the contemporary world. It is dedicated to examining - from the combined vantagepoint of both the human and the social sciences - cultural, political and communicative issues on a spectrum ranging from the local dimension over the national and the regional to the processes of globalisation that increasingly impinge on the organisation of life and the structure and dynamics of the world. The thematic issues range from questions of European identity and integration; over transnational processes of migration, subcultures and international marketing; to transatlantic problems or nationalism and religion in Eastern Europe or the USA. What ties them together within the framework of *SPIRIT* is the school's distinctive features: Analysing themes in the context of the meanings and implications of internationality, and taking cultural/communicative as well as political/sociological aspects into account. Considerable emphasis is placed on Europe - its history, politics, social anthropology, place in the world, relations to global issues, and trajectories for the future. On this background research is conducted within four thematic areas:

1. Studies of Identity, Mentality and Culture
2. Intercultural Cooperation in International Markets and Organisations
3. Migration, Spatial Change and the Globalisation of Cultures
4. International Politics and Culture

**Cultural Currency and Spare Capacity in Cultural Dynamics:
Toward resolving the *have-is* debate**

by Susan Berry Baca

Department of Languages and Intercultural Studies
Aalborg University, Denmark

Abstract

This article elaborates upon Hans Gullestrup's (1992) model of culture as subsequently developed by Kuada and Gullestrup (1997), in order to enable a more detailed theoretical explanation of empirical research findings. In so doing, fundamental distinctions are made between different levels of cultural aggregation, and it is shown how the elements of cultural currency, focus, desire and spare capacity play central roles in cultural learning and can serve as keys to unlocking the 'have--is' debate found especially within organizational culture literature.

Introduction

How and to what extent Hans Gullestrup's (1992) conceptualization of culture can be operationalized for the purposes of research is a question that can perhaps best be addressed through trial. This has been the case in my own research, the primary goal of which has been to discover the impact of Hungarian national culture on the transfer of Western management techniques within Western-owned production companies in Hungary. It has thus been necessary to distinguish between "national", or macro, culture and organizational, or micro, culture. Distinctions needed to be made with respect to the formation and characteristics of each, but also with respect to the dynamics of change at each of these different levels of culture.

The 1997 publication by Kuada and Gullestrup is helpful in its representation of configurations of cultural aggregation. The paper is, however, unclear regarding the degree to which functionalistic or social constructivistic assumptions are considered applicable within the organizational context. Neither does it explain the dynamics of cultural change in the organizational context. The further development of cultural theory as presented in this paper represents a way of understanding these aspects of culture that reconciles conflicting assumptions about the dynamics of culture, and one that can more fully explain empirical research findings.

The key insights that are presented are essentially very simple: 1) People make sense of a given context using the mental constructs at hand, but what is at hand is inevitably influenced--though not dictated or determined--by life experiences as members of cultures at various levels of aggregation, i.e., their *cultural currency*, and 2) processes of cultural learning involve not only the cultural currency available, but also focus, desire, and spare capacity.

The first statement may seem strikingly similar to Kuada and Gullestrup's (1997) "cultural categories and layers". However, it is difficult to discern from their writing the extent to which the theory assumes a functionalistic determinism once norms and values have been established within a cultural category or, alternatively, assumes that socially negotiated interpretations of situations are open to renegotiation within cultural groupings or to rethinking within individuals. While both positions are apparently incorporated in their model, it is not clear as to where, how or to what degree these differing perspectives come into play.

To the extent that Gullestrup's cultural model is seen as equally applicable to both macro and micro levels of cultural aggregation, as one might gather from the figurative representation of concepts in Kuada and Gullestrup (1997, p.24), it would seem that no distinction is made between categories and levels in terms of the make-up and dynamics of culture. If this is a correct interpretation, the theory assumes that the force of 'core culture' has an equally strong influence at all levels of cultural aggregation, an assumption I find highly questionable.

On the other hand, if it is assumed that macro cultures into which persons are socialized from birth are internalized differently than micro cultures (for example organizational cultures) which one joins as an adult, then a more elaborate theoretical framework is need for explaining differences between what goes on at the different levels of aggregation. This paper puts forward such a framework which, among other things, emphasizes the importance of focus, desire, and spare capacity.

To summarize the above, this paper argues that it is necessary both to distinguish between the types of cultural currency obtained at different levels of cultural aggregation, and to develop a way of understanding *hows* and *whys* of cultural learning. By so doing, it becomes possible to more fully explain actual cultural phenomena, as well as to mediate the extreme positions often tendered by adherents to purists traditions of either functionalism or social-constructivism.

Before doing so, however, it may serve us well to take a closer look at the 'have--is' debate in cultural theory.

The have--is debate in cultural theory

Classical cultural theories within the categories of functionalism and structural-functionalism--the *have* side of the debate--have been abandoned or substantially revised by more recent thinkers in the fields of anthropology and ethnology, as reflected in thinking culture in terms of symbolism and as ongoing processes of the social construction of reality--the *is* side of the debate (Sackmann, et al., 1997:21-5; Gertsen & Soderberg, 1998:169-70). The former ways of thinking culture, however, seem to have a marked tenacity when it comes to applying cultural theory in the context of organizations.

Using a positivistic or functionalistic approach, it is assumed that culture is something that individuals, organizations, nations, regions, or whatever other level of aggregation one chooses to look at, *have*. That is to say, that the particular configurations of making sense of the world that manifest themselves in any given context are determined by the culture of that context. Hence, one can predict the actions of people operating within, or coming from a given culture if one understands the characteristics of the culture(s) within which the person has been socialized.

The opposing view of culture, that it is constantly created and recreated through the interaction of people, is fundamental to the view that culture *is*. Here it is assumed that the *webs of significance* operative in conveying meaning within any given context are particular to the given context at the time that particular context is perceived as such by the parties to an interaction. Thus it is possible to decipher meaning conveyed between people as it exists (is) at a particular time and within a given context, but it is not possible to generalize or predict on the basis of such an understanding.

Those researchers working within the context of organizations who embrace the ideas and assumptions associated with the *is* perspective tend to refute the possibility that extant macro cultures (here referring to larger social groupings such as might be found at the level of ethnically homogeneous countries or larger populations with a shared historical heritage) or established micro cultures (here referring to what has become known as organizational culture) make a difference when people from different cultural backgrounds work together. Those working from the *have* perspective, to the contrary, attempt to explain conflicts, predict problems, and pose solutions on the basis of *a priori* descriptions of cultural difference. While the *have* perspective of culture reduces people, in the final instance, to automatons steered by mental programs, the *is* perspective leaves us in the end with only the past. The former is too static, the latter too retrospective for meaningful and productive application to the contemporary world.

How, then, does one deal with the theoretical schism when it comes to conceptualizing just what is going on in organizations in terms of cultural influences? To start with, I propose that it is necessary to make some distinctions in terms of what we mean by the term culture when talking

about macro and micro culture, and what these distinctions mean in terms of accumulated cultural currency.

Cultural currency and configurations of cultural aggregation

Intuitively, most people will assume that both macro cultures and micro cultures influence the ways in which individuals and groups of people see the world, or the part of it with which they are involved at any particular point in time. Further, it is normally expected that both historical background and the context at hand play a part in interpretations used to make sense of whatever is happening. As we have seen, it is difficult to reconcile such common-sense assumptions within existing theoretical frameworks that deal with organizational culture.

In fact, there is a great deal of confusion and disagreement in the literature as to the degree to which anthropological conceptions of culture can be applied to supra-, sub-, and trans- national aggregations of people that form more or less lasting and to some degree predictable affiliations. This holds true particularly with regard to organizational culture as some authors, for example Kleppetø (1998) argue that the functionalistic concept of culture is inadequate for explaining the dynamics of mergers and acquisitions, while others, mostly following Schein (1985) apply a functionalistic concept of culture derived from older anthropological assumptions to explain and guide the management of organizational dynamics.

Of the few authors who address the difference between organizational and national cultures, the empirical studies carried out by Hofstede (1991) and Sackmann (1991) are particularly noteworthy. Hofstede (1991)¹, in a study focusing specifically on organizational cultures, concluded that the basis for what is popularly known as organizational culture is shared perceptions of daily practices rather than shared values. The latter is, according to his theory, the basis for national culture. Sackmann (1991) found in her case study of a single multi-divisional company that guiding philosophies and values were known only to the leaders of the company, while other groups of employees shared knowledge of and attitudes towards daily practices. In both studies it is concluded that fundamental values are not involved in the perceptions and activities taken to comprise organizational culture.

There is thus a strong indication that macro and organizational cultures are not of the same magnitude with regard to their impact on members. With reference to Gullestrup's model of culture, one can say that the two deepest levels of culture, "level of generally accepted highest values" and "fundamental philosophy of life" belong to macro culture, while the higher levels, including all of the "manifest culture" and possibly the "level of partially legitimating values"

¹This reference to Hofstede's 1991 book is in no way intended as an endorsement of the validity of his larger study based on IBM material. See Baca, Christensen, Kvistgaard & Strunk, 1999, for a thorough critique of the latter.

can also be formed at an organizational level of aggregation. This distinction makes it possible to explain the phenomenon of "leaving one's hat at the factory gate". In other words, people construe meaning according to the context within which they are operating. They are not automatons who think and act according to a determining culture, but thinking and feeling beings who act and react according to what they consider to be appropriate frames of reference.

In contrast to most functionalists, then, I hold that the unconscious level of culture that is commonly attributed to national cultures cannot be attributed to organizational cultures. People take deeply seated values ("generally accepted highest values", in Gullestrup's terms) and world views ("fundamental philosophy of life", in Gullestrup's terms) with them into the workplace. However, these orientations are normally not challenged, but mutually taken for granted or unconsciously assumed, at least in the context of companies indigenous to the same macro culture as its employees. The degree to which unconscious orientations are fixed within adult individuals is another contested area. I will contend, on the basis of arguments presented in the next section of this paper, that they are not irrevocably fixed, but open to re-evaluation, reformulation or additions to the extent that they are made conscious and taken up as the focus of active intelligence.

Having made distinctions between different levels of cultural aggregation in terms of Gullestrup's vertical layers of culture, it remains to apply these distinctions to the concept of cultural currency. In order to do so, I will borrow the mental picture of culture used by Clifford Geertz, that "man is an animal suspended in the webs of significance he himself has spun," (1973:5). Insofar as each cultural aggregation to which a person belongs constitutes a distinct web of significance (be it large, small, or connected to another web) we can say that each web also represents a unit of cultural currency since it provides the codes for interpreting significance in the context of each aggregation.

Cultural currency, then, is composed of the options available to a person for making sense of a new cultural context or for making sense of a new situation within a known cultural context. The amount of cultural currency that any one person has to work with will depend upon the accumulated life experiences of that person. Just as prolonged experience within different organizations will increase a person's options for making sense, or interpreting significances, within a new organization, so will prolonged experiences within different macro cultures increase the options for making sense of a new macro culture. Both examples, however, depend upon the individual's use of active intelligence.

Active intelligence: desire, focus, and spare capacity²

In the final analysis, reconciling the *have--is* debate hinges upon assumptions concerning active intelligence. While the *have* perspective of culture assumes too little of it, the *is* perspective assumes too much of it. What I wish to convey is, on the one hand, that culture cannot be assumed to determine, once and for all, the workings of human intelligence and hence social interaction. On the other hand, culture can be assumed to provide tools for intelligent thought and functioning, thus nurturing a consensual basis for social interaction. What hangs in the balance is the *focus* of *active* intelligence.

Common sense tells us that in order to arrive at an answer, one must first pose a question. In doing so, it is assumed that a person will both want to know the answer to the question, and focus upon possibilities for answering it. Thus s/he will actively address the question, or use active intelligence. When this process is applied to learning a new culture in all of its intricacies, the end result will be an increase in the person's cultural currency. When put in these terms, the process seems simple enough, but in practice, as we shall see, it is considerably more complicated. It is not a given that a person will have the desire to learn a new culture, that s/he will pose questions that can give useful answers, that relevant information for answering questions will be available, or that the spare capacity will be available to focus on the questions posed.

For purposes of this discussion, let us assume that active intelligence is the application of problem-solving capability and that such capability resides within all human beings in one form and another. The focus of active intelligence can be assumed to be guided by the advent of questions that are considered to be of interest by the person in question. In the meantime, all of the questions that have been answered in the course of life experience have become knowledge. The answered questions no longer require the active application of intelligence, but the answers are drawn upon in the course of daily life, often without thinking about them.

Take, by way of a simple example of learning processes, driving a car. When learning to drive, a myriad of questions require the learner to focus her active intelligence, in other words, to concentrate: Where is the turn signal lever? How far should the clutch be let out in relation to how far the gas pedal is pushed down when starting in first gear? In the beginning, the questions seem almost limitless, but they are soon answered and become a part of the knowledge acquired through learning about driving a car and the practice of driving. When one knows how to drive a car, these questions no longer come up, and are no longer a focus of active intelligence. We simply do the right thing at the right time, and driving a car seems almost automatic once we are sitting behind the wheel.

²For the key ideas presented in this section I am much indebted to Professor Thomas G. Whiston for his inspiring presentation at Aalborg University in the fall of 1998.

Regarding cultural learning, the processes of growing up, obtaining an education, and becoming an active member of various organizations within a variety of social contexts involve literally unlimited processes of focusing active intelligence, finding answers or partial answers, becoming aware of new questions, and so on. It is important to keep in mind, however, that many of the questions/ answers are apparently applicable only within certain contexts, for example an organization, while others may seem to apply universally, depending upon the parameters of one's perceived universe. That is to say, they occur at different levels of cultural aggregation. What is learned in one family, organization, country, etc., may be applicable to another, but then again, it may not. Drawing equations between contexts and applying knowledge from one to the other can be a tricky business, and requires focusing upon the similarities and differences of the contexts.

Let us take the example of learning to drive a step further. If the context of knowing how to drive shifts, for example from a passenger car to a freight truck, active intelligence will once again be focused on learning how to drive within the new context. The existing knowledge of how to drive a passenger car will probably be a help in learning how to drive a truck, but this depends upon locating the differences between the contexts of driving a car and of driving a truck, and asking and answering the right questions. For example, not focusing on the question of how much space is required to stop a fully loaded truck traveling at 100 km. per hour and instead depending upon the knowledge of how much space is required to stop a passenger car traveling at the same speed could prove disastrous.

It seems obvious that the types of cultural knowledge which seem to persons and groups to be universal, or natural, are those least likely to be focused upon given a new context. Here, by way of example, can be mentioned beliefs about the state of being human, about humankind's relationship to nature, or to spirituality. To the extent that this type of knowledge (made up of accumulated answers) has been institutionalized within a wider society, that is to say taught in one way or another in the family, school, religious institutions, etc., and reflected in the hegemonic organs of society, many individuals within that society may never come to pose questions about such basic beliefs. In other areas, for example beliefs concerning business practices within an established firm, questions may quickly arise for a newcomer and almost as quickly be answered by veterans of the firm. In other contexts, for example the formation of a new working group, relevant questions regarding the basic understandings of the group may be taken up for discussion. What is important to keep in mind is that the questions as well as their answers are, or have been, socially negotiated.

Understanding cultural dynamics in the above described way makes the question of whether culture is optimally thought of as something a group *has* or as something constantly becoming, to be thought of as *is*, irrelevant. Both perspectives are useful so long as they are appropriately applied within the context being studied.

To the extent that commonly held beliefs or assumptions are unchallenged within a society and are used as an unquestioned common basis for exchanges of meaning, they constitute a part of an understanding framework, or web of significance, that the society has. In the event that such beliefs or assumptions are seriously challenged within the context of the society, they may give rise to the formulation of questions regarding the validity of old beliefs and the veracity of new postulates or proposed answers to the questions. New answers will, in other words, be socially negotiated and, in such a situation, the questioned elements of culture are in a process of becoming. This process can reasonably be understood as cultural change on the macro level.³

It would serve us well now to take a closer look at the actors involved in cultural change processes. I have stated that the mental constructs at hand for making sense of the world would be influenced -- *though not dictated* -- by people's life experiences as members of cultures at various levels of aggregation. If we can assume that human beings as such have a capacity for creativity, there should be little argument with the italicized clause. Accepting it in the present context, however, constitutes a definitive break with the positivistic aspects of functionalism. At the same time, it not only allows for but builds in an expectation of innovation in cultural change processes. It also provides a conceptual gateway for learning cultures new to the individual.

With respect to learning to function in new cultures, the concept of *spare capacity* is very helpful in understanding such diverse phenomena as culture shock, on the macro level, and resistance to organizational change, on the micro level of cultural aggregation. Very briefly explained, learning requires that the learner have a certain amount of spare capacity, be it mental, psychological, and/or physical, that can be focused on that which s/he is interested in learning. In other words, it requires a degree of freedom from using conscious energy, or the need to focus on anything extraneous to the desired 'object' of learning.

In applying the concept to culture shock, we can now see that meeting a foreign culture and experiencing differences from the known culture as quaint, funny or interesting reflects very little new knowledge about the culture. Attempting to function within the culture, however, will bring with it the realization that there are much deeper differences than those that meet the eye. What were once trivialities of everyday life now require active attention, it is difficult to understand others or to make oneself understood on all but the most superficial levels, and understanding how--to say nothing of why-- this strange culture functions as it does can seem an insurmountable task. As the unanswered questions mount up and attention is increasingly called for in divergent directions, spare capacity wanes. The despair and longing for the familiar, that state commonly called culture shock, can thus be understood as a longing for the freedom to use one's energies or capacities (active intelligence) in an accustomed way, and at

³The described process is also fully compatible with Gullestrup's more detailed model of culture's dynamic character (1992: 55-107).

an accustomed level of sophistication. In other words, culture shock can be understood as a deficit of spare capacity.

In the described situation it would seem quite understandable that a person's *desire to learn* about the new culture might also wane. Equally understandable are situations in which the person in question no longer makes the frustrating attempt to understand new or different aspects of the new culture, but interprets them in terms of more accustomed frameworks, those of the known or home culture. In such cases the actions and customs of people in the new culture can easily come to be seen in a negative light, and the inter-cultural traveler come to feel what is commonly termed home sickness.

In applying the concept of spare capacity to organizational change, we can see that processes similar to those described in the case of culture shock can come into play when sweeping changes take place within organizations. Organizational changes that are desirable from a theoretical perspective are inevitably more difficult to implement in practice than envisaged; the more they require re-thinking and changing established patterns that had previously been taken for granted by members of the organization, the more they will require focusing active intelligence and, in the process, draw upon whatever spare capacity is available. In such a situation, it goes almost without saying that the amount of spare capacity available to each member of an organization as well as individuals' desire to go through such a process will vary tremendously. For working groups whose members do not experience the required capacity or desire, the obvious alternative is to rely upon previously established--accustomed--ways of interpreting meanings and functioning within the working situation.

In the organizational setting it would also be advisable, according to the theory set out above, to be aware of the importance of access to information. Even when capacity is available, desire present, and focus agreed upon among members of an organizational group, the information necessary for developing a new set of working assumptions may be lacking. That is to say, people involved need to have access to the types of information that will allow them to make sense of a new situation, or to spin new common webs of significance. In organizations where decisions are made at the top of a hierarchy and orders sent down, such information is rarely available to working groups who are expected to execute the orders. If the theory is correct, such organizations would have greater difficulties in instituting fundamental organizational changes than those in which information flow is more open and attention is given to explaining why changes are necessary. Lacking relevant information, an initial desire to make sense of a new situation could rapidly deteriorate, resulting again in reliance upon established patterns, or an apparent resistance to change.

The above considerations suggest a possible explanation for the tenacity of functionalistic cultural concepts in the field of organizational studies. If the preponderance of organizations in which studies have been carried out have been of the top-down type, a dearth of information

available for making sense of new situations might partly explain the apparent veracity of functionalistic theories in the literature. Findings would tend to confirm the assumption that organizational cultures are relatively stable and difficult to change simply because the prerequisites for change have not been made available.

To briefly recapitulate the main thrust of this section, cultural change involves processes of socially negotiating new webs of shared significance, but is dependent upon learning processes within the individuals involved. As has been illustrated, profound changes on the macro cultural level are at once more cognitively demanding and less likely than changes at the micro cultural level because of differences in the types and quantity of demands made upon active intelligence.

Explaining empirical research findings

Let us now turn to explaining empirical research findings in light of the developed theory, first in a rather generalized way and then focusing on an individual case.

In my Hungarian research, resistance to change was one of the most often occurring complaints of managers, foreign and Hungarian alike, in the companies studied (Baca, 1998; 1999). As one manager put it, "In Hungary, change is a dirty word." Seen in the theoretical framework set forth above, this finding is not surprising. In Hungary, the most radical organizational changes have been taking place in those companies acquired by foreign owners. Despite the fact that such change has been anticipated and welcomed, even invited, by various actors within Hungarian society, including those at both political and company levels, recurring issues involving resistance to change within acquired companies were common.

Looking for a moment from the macro perspective, the theoretical perspectives put forward in this paper would anticipate such "resistance" not only in Hungary, but in all of the Central East European countries, on the basis of the tremendous changes in everyday life brought about by the transition from socialistic plan economies towards democratic market-oriented economies. It must be presumed that the demands of macro changes within society at large engage considerable amounts of the spare capacity available to inhabitants of these countries, leaving limited reserves to draw upon at work. In cases of foreign acquisitions, the problem of spare capacity would be even greater given that changes in these companies typically involve re-organization at all levels of the organization, as well as the introduction of new departments, production techniques and management philosophies. In Hungary the demands upon spare capacity for a large part of the workforce also include multiple income-producing jobs.

Making change situations even more difficult is the fact that organizations in Hungary have typically been steeply hierarchical and highly politicized. Put in other words, the local

understanding of organizations, or the cultural currency available within organizations, has not included an expectation of free information flow or an understanding of its practice. Quite the contrary has been the case, not only in production enterprises but in societal organizations in general. This being so, it would seem quite unlikely that organizational groups would even begin to focus on questions involving organizational practices, since it would not seem normal for them to have access to the information needed to make sense of what was going. The processes involved in developing new cultural currency at the company level, namely the will to focus active intelligence on organizational changes, could thus not be expected to emerge spontaneously.

Employees in acquired companies have thus been faced with a double set of demands. Not only have they been expected to adjust to sweeping changes in their working environment at the same time that their spare capacity was being engaged by sweeping changes at the macro level, they have also been expected to engage in sense-making activities of a type that had not previously been appropriate in the organizational context. In my analysis, the latter accounts for what foreign managers described as difficulties in getting local people, workers and managers alike, to “act like owners” or to “own the process”, a complaint found common to all case studies.

As is most often the case in qualitative research, there were exceptions to the generalities found. Since one of the demands made upon qualitative research is that the theory must be able to explain the exceptions, the exceptions will be taken up here in light of the theory developed. The first exception is represented by a number of young Hungarian managers interviewed who had quickly learned to adopt Western management practices. The second exception is perhaps more puzzling. It is the case of a middle aged line supervisor who, after seventeen years in the “old” system, was learning to embrace both the practices and assumptions of Western, market-oriented management. We will take a closer look at these cases, one general and one specific, in light of the theory put forth above.

Young Managers

With regards to the adaptive young managers, their more general presence, beyond having been encountered during company interviews, is indicated in examples from two interviews. One (Hungarian) personnel manager in a foreign-owned company explained that the company tried to recruit young managers from other foreign-owned companies because they proved to be more “flexible”. In the context of the interview, “flexible” meant willingness both to change one’s ways and to accept changes in the company. In another foreign-owned company it was explained that one of their most pressing problems was to keep their young managers. In addition, it was not uncommon to find among the young managers themselves that they had, within relatively short periods of time (two to four years), moved to progressively more promising positions within three different foreign-owned companies. In such cases it emerged from interviews that the desire to take advantage of perceived opportunities for career

advancement was the driving element in their rapid assimilation of Western management practices. They were given the opportunity to obtain the information needed for this assimilation in the form of both in-house training and, not the least, longer stays abroad working and receiving training in Western companies or educational facilities.

What, then, of spare capacity? Although this was not a focus of investigation in the original study, an example from the research can suggest an answer. At the time he was first interviewed, Mr. X was working 12 or more hours a day at his job as project manager for the installation of a new production line. He was not married, he explained, for it would be unfair to a relationship to spend so much time at work. One could say that he was using his full quotient of capacity on his job. Apparently he had also been focusing on relevant questions, for when I next met him, one year and a stay at a U.S. college later, he stood to take over a leading position in the company from an American ex-pat.

Although the material presented above is very brief, it implies that desire (career building), focus and information (training/further education), and spare capacity (long working hours) had all been present, allowing this group of young managers to obtain the type of cultural currency that adheres to Western management. The fact that they are "young" indicates that they had only recently finished their higher educations at the time they entered Western-owned companies. Their consequent lack of experience in the "old" system could be used to argue for the functionalistic view that old cultures must be unlearned before new ones can be learned, and such a belief may well be one of the reasons that there is strong competition to hire them. However, as the following example will illustrate, acquiring the cultural currency of Western management is also possible for people who have had long experience in the old system.

Mr. Tezla

For present purposes, the middle-aged line supervisor will be called Mr. Tezla. Mr. Tezla had been working at a state-owned concern for six months before it was acquired by the American-owned Alpha International (AI) in 1993. Previous to this, he had worked for 15 years in another state-owned concern, and two years in a smaller Hungarian company. He joined Alpha (which at that time had a Hungarian name) as a "work shop leader" or "plant leader", which meant that he was second to the top of the internal hierarchy and held a position of considerable leverage--and thus power--in the organization. When AI took over, Mr. Tezla was demoted to shift supervisor due to the fact that he neither had a university education nor spoke English.

AI had six shift supervisors in 1993. At the time of interviewing, four years after the acquisition, two of the six had been fired, considered "unusable" by management, and the remaining four had become line supervisors. Mr. Tezla was one of them. The transition had not been easy for him, but the fact that he had learned to function well in a drastically changed

working environment, and to become a part of on-going changes, was considered a success story by his immediate manager, whom we will call Mr. Kardos.

Following the logic of functionalistic theory, Mr. Tezla would have been a poor candidate for promotion or even retention in the new organization. Given his long history and prominent position in the old organizational culture, he would rather be viewed as an obstacle to change and more than likely be replaced by a younger person without such a history. However, at the time of interviewing, he had been promoted to line supervisor and managers above him reported that his position was soon to be changed to line manager.

According to the theory developed in this paper, cultural currency at the level of organizational culture is more accessible than macro cultural currency to most individuals, and thus more easily adapted to. Adaptation, however, is contingent upon the conditions for acquiring new cultural currency at the organizational level of aggregation. These conditions, as we have seen, involve spare capacity, the desire to use active intelligence to focus on relevant questions, and the availability of relevant information. In the case of Mr. Tezla, evidence of these conditions can be found in the interview material.

Regarding spare capacity, Mr. Tezla explained that “..before this (in the old system, ed.) we had that kind of a mentality that you show up in the morning and the first thing you do is you check your watch and count how many hours you have left.” At present, “I can be more productive in this system, and time goes by much faster if you are productive, and you see the result of your work.” In the old system, there was obviously a great deal of spare capacity. Thus the changes brought along by new ownership did not have to compete with an existing demand at the workplace. Quite to the contrary, Mr. Tezla seems to appreciate that he is no longer bored.

Interesting work may be one of the desire creating factors, but there are others. Mr. Tezla reported: “And we are now allowed to make decisions on our own, and not just executing other’s decisions.” “I like it. You can be more creative in this. Before we were directed what to do, and we were given orders. Now I have a little space and I can do whatever I want in the given range, and only in certain cases I have to contact my superiors. I like it because it’s more motivating, and it gives me more responsibilities, and also a higher compensation.”

Relevant questions to focus upon and the information needed to answer them were generated on an ongoing basis within a framework created by Mr. Kardos, the production manager and one of the young Hungarian managers discussed in the previous section. He explained it in the following terms:

Every morning we have a production meeting, usually at 10:00. This is the time when all the data are coming in from the previous day’s production. And that’s the time when our production

analyst is collecting feedback from the production planning department (..) in the way of what is to be changed today or tomorrow or during the week. We have a weekly production plan. It should be stable, but we all know that it's sometimes impossible. And we have to make these modifications every morning. And having the four line leaders here and the production planning guy, and me, and sometimes the maintenance guy, every morning. Ten o'clock is a stable time for meeting. And for them taking responsibilities, and we give them responsibilities, and also they have some rights to say, in the name of the workers. They all feel themselves in the team, and not outside of the team. And this way they have no problems when we tell them that I would like this and this and this, in a nice way, you know.

Thus Mr. Tezla, along with the other three line supervisors, a co-worker from the production planning department, one from maintenance, and the production manager formed a regularly meeting group that identified relevant foci for active intelligence, or asking the right questions. Relevant information for answering them was assured by the presence of all parties with their respective areas of expertise.

Conformation that new cultural currency can be established at the level of the organization is also to be found in the interview with the production manager:

Mr. Kardos: These morning meetings were not really viewed by them (the line supervisors, ed.) as a necessary something. Because normal Hungarians would never see the positive impact of such communication every day.

interviewer: Did they resist it?

Mr. Kardos: At the beginning, a little bit. But then they all joined the efforts. And at the moment we cannot see too much resistance against the Western style of management. Because they were used to the hierarchy. Rather instructions are coming from the top and they roll down. The use of it is already lost by the time it gets down. And we don't need so many levels. It's better to have a leading group and everybody looking in the same direction. And they accepted the idea, that they need communication and they need everyday communication.

interviewer: How long did it take before you felt that was accepted?

Mr. Kardos: A month.

interviewer: Why do you think that happened?

Mr. Kardos: Because Hungarians are not stupid. They see the good results from something very fast. So, even though they were not used to that, they can see that they can take much load off from themselves and from their workers and from everybody if they know why we are doing this and this and that.

It should perhaps be reiterated that the above examples were exceptions to the more general findings of the research in which resistance to change was identified as a major issue in all of the companies studied. They have been presented here to illustrate the veracity of the theoretical framework in its ability to explain exceptions to the rule. Although a full

presentation of the research undertaken would be far beyond the scope of this paper, it can be reported that in instances where resistance to change had not been overcome, one or more of the prerequisites for developing new cultural currency had not been found.

Summary and Discussion

What has been put forth in this paper is an expansion of the cultural theory as developed by Hans Gullestrup (1992) and Kuada and Gullestrup (1997) in an attempt to answer two questions of central importance to qualitative empirical research, but not addressed in their theories:

- 1) How do macro and micro levels of cultural aggregation differ in terms of their make-up and the dynamics of change within each?
- 2) What conditions are essential for cultural learning and how do they apply at different levels of cultural aggregation?

In addressing the first question, it has been argued that the more fundamental elements of culture in Gullestrup's model of culture are normally not involved in cultures at the organizational level of aggregation. This difference in the make up of culture at the macro and micro levels indicates a greater degree of cultural flexibility at the organizational level, and, for the individual, a less demanding process of acquiring new cultural currency at the organizational level. Hence, it is of no little importance to distinguish between levels of aggregation when speaking "culture".

In addressing the second question it has been put forward that cultural learning requires the desire to focus active intelligence on relevant questions, the availability of relevant information to answer those questions, and a degree of spare capacity to carry through the desired process of finding answers. While these elements can presumably be applied to all types of learning, their application in the acquisition of specifically *cultural* currency involves learning the codes of meaning shared among members of a pre-existing group and/or creating meaning in interaction with other members of a group.

REFERENCES

- Baca, Susan Berry (1998): "Hungarian Culture and Management issues within Foreign-owned Hungarian Production Companies" in Gertsen et al. (eds.), *Cultural Dimensions of International Mergers and Acquisitions*. Berlin: de Gruyter.
- Baca, Susan Berry (1999): "Cultural Perspectives on Management Issues in Hungary: Foreign-owned production companies in transition" in Lorentzen, Anne, Brigitta Widmaier & Mihály Laki (eds.), *Central and Eastern Europe: Institutional change and industrial development*. Edward Elgar Publishing Ltd. (forthcoming).
- Baca, Susan, Steen Fryba Christensen, Peter Kvistgaard & Jeanne Strunk (1999): *Den skinbarlige Hofstede -- en håndbog i kritisk brug af Hofstede*. Aalborg University (forthcoming).
- Geertz, Clifford (1973): *The interpretation of Cultures*. New York: Basic Books.
- Gertsen, Martine, and Anne-Marie Søderberg (1998): "Foreign Acquisitions in Denmark: Cultural and Communicative Dimensions" in Gertsen et al. (eds.) *Cultural Dimensions of International Mergers and Acquisitions*. Berlin: de Gruyter.
- Gullestrup, Hans (1992): *Kultur, kulturanalyse og kulturetik*. Denmark: Akademisk Forlag. (forthcoming in English)
- Hofstede, Geert (1991): *Cultures and Organizations, Software of the Mind*. Berkshire: McGraw-Hill.
- Kleppestø, Stein (1998): "A Quest for Social Identity: The pragmatics of communication in mergers and acquisitions" in Gertsen et al. (eds.), *Cultural Dimensions of International Mergers and Acquisitions*. Berlin: de Gruyter.
- Kuada, John and Hans Gullestrup (1997): *Cultural Categories and Profiles*. International Business Economics Working paper Series No. 24, Aalborg University, Denmark.
- Sackmann, Sonja (1991): *Cultural Knowledge in Organizations: Exploring the collective mind*. London: Sage Publications
- Sackmann, Sonja, et al. (1997): "Single and Multiple Cultures in International Cross-Cultural Management Research: Overview" in Sackmann (ed.), *Cultural Complexity in Organizations, Inherent Contrasts and Contradictions*. London: Sage Publications.
- Schein, Edgar (1985): *Organizational Culture and Leadership*. San Francisco: Jossey-Bass.

Discussion Papers Series

Copies of the Discussion Papers are available for DKK. 25,- each.

1. Mark Juergensmeyer
The Limits of Globalization in the 21st Century: Nationalism, Regionalism and Violence. 1997
2. Ulf Hedetoft
The Nation State Meets the World: National Identities in the Context of Transnationality and Cultural Globalisation. 1997
3. David Mitchell
New Borders for Education: Redefining the Role and Sites of Education in the Future. 1998
4. Robert Chr. Thomsen
An Alternative to Canada? A Comparative Analysis of the Development of Regionalism in Scotland and the Atlantic Provinces of Canada. 1998
5. Flemming Christiansen
Hakka: The Politics of Global Ethnic Identity Building. 1998
6. Madeleine Demetriou
Towards Post-Nationalism? Diasporic Identities and the Political Process. 1999
7. Peter Mandaville
Reimagining the Umma: Transnational Spaces and the Changing Boundaries of Muslim Political Community. 1999
8. Wolfgang Zank
The Complexities of Comparative Advantages. 1999
9. Riva Kastoryano
Transnational Participation and Citizenship. Immigrants in the European Union. 1999
10. Ulf Hedetoft
Pleasure Into Sport: On the National Uses of Bodily Culture. 1999
11. Malene Gram
National Socialisation and Education: A comparison of ideals for the upbringing of children and the school systems in France, Germany and the Netherlands. 1999