

**TURNING BACK THE CLOCK:  
JOINT VENTURE TRANSITION AT THE POST-COMMUNIST DAWN**

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## **TURNING BACK THE CLOCK: JOINT VENTURE TRANSITION AT THE POST-COMMUNIST DAWN<sup>1</sup>**

### **Rational for the Venture**

The Thomson-Polkolor joint venture (JV) agreement was signed on May 22, 1991 combining the strength of the French Thomson Consumer Electronics (Tubes and Display) division with Polkolor, the ailing Polish television picture tubes producer. The strategic intent of the joint venture was to create an exemplary company, a shining example of total quality management in post-Communist Poland. The Wall had recently come down, foreign investors were foraging into Central/Eastern Europe, and Thomson was seeking a new manufacturing opportunity.

Located near Warsaw, Thomson Polkolor is a fully autonomous, integrated facility manufacturing finished tubes as well as all the necessary components: glass, masks, yokes, and electron guns. The manufacturing plants employee approximately 3,100 people in an expansive area of nearly two million square feet. As early stages of the venture had progressed even better than expected, Thomson increased its original \$35 million investment to \$100 million by 1992. Just one year into the venture, Thomson-Polkolor produced 1.1 million picture tubes in a radically modernized facility.

Thomson-Polkolor was established after almost two years of negotiations between Thomson and the Polish Ministry for Ownership Changes. Thomson had originally considered investments in other locations including Eastern Germany, the Czech Republic, Hungary and Turkey. A primary reason for choosing Polkolor was their compatibility with RCA and Corning technology used at Thomson. In addition, Poland was attractive for investment due to proximity to Eastern markets, and the reduced cost of labor. However, according to JV Managing Director Bernard Varaut, "While the cost of labor may be considered as an advantage for maybe six to seven years, this is not the primary reason [for the venture]. We need to take the longer term view". With this in mind, Thomson focused on two main objectives for the formation of the JV: 1) to complement their existing product range in Europe with the manufacture of small and medium size picture tubes, and 2) to be the "number one" supplier of color picture tubes in Central and Eastern Europe.

On the verge of bankruptcy and with production virtually halted in September 1990, the

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Polish partner hoped to gain new technology for the plant and to maintain regional employment. In addition, the failing production plant had been unwanted responsibility for an already overtaxed Polish government attempting to deal with rapid change. One French executive summarized the situation in the following way,

I think they [the Polish government] wanted to forget it - to drop this activity. They wanted to find someone able to take over and they wanted to get some cash. They wanted to maintain some employment...The will of the Polish government was not to be bored any longer by this "thing" at the corner of the road with nothing within.

Thomson retains a 51 percent share of the venture, and has management responsibility for restructuring the facility to rival competitiveness in their other operations. Important to the French managers in the venture, and especially to local employees, Thomson-Polkolor was intended as a long-term financial and technological commitment by the French partner.

### **The Management Structure**

The joint venture is formally controlled by a Board of Directors comprised of one Polish and two French representatives. The Polish director is the former president and general director of Polkolor SA and represents the Polish shareholders. The French directors are the Managing Director for Thomson-Polkolor and a member of the board of Thomson's Italian subsidiary.

The day to day management of the joint venture is in the hands of the top management team who were specially selected by the Managing Director. All are expatriates from Thomson (see individual profiles in Appendix 2). As early as June 1991, the new seven-person team of French, American, British and Polish descent began working together, in conjunction with existing Polish staff, to modernize the production facilities and upgrade the range of tubes manufactured. Bernard Varaut, the French Managing Director attributed the success of this team to three key factors:

Each member of the team already had a good international experience in their own field. On the communication level we also benefited from a Polish cultural background - four of us being of Polish origin. Finally, each member of the team was highly motivated, and already had strong personal reasons for wanting to live and work in Poland.

A new and flatter organization structure was defined. Under the top management group are 60 upper level managers designated N-1 (N minus one) and 300 mid-level managers N-2 (N minus two). The top management team was considered as level 0, and the Managing Director was plus one. Three out of the four plant managers were Polish.

## Starting Operations

The task of reorganization in the plant had progressed very quickly. The first of four production lines was restarted in September 1991 just months after the JV deal was signed, and the same month in which the contract came into effect. Training was begun in Poland and employees were also sent to Thomson factories in Italy and France to learn new technologies. There was no initial training needs analysis as "the Managing Director knew what was needed". A 12 day seminar, "Introduction to Business" was provided for the N-1 and N-2 level managers from September 1991 to September 1992. A thorough job analysis (based on the Hay system) of over 3,000 jobs was conducted in four months during the summer 1991.

The improvements during the first year of JV operation were measurable. Absenteeism was down and averaged less than 4.5 percent. Quality had reached Western levels; with a rejection rate of less than one percent, down from 33 percent a year earlier. In fact, quality is so good that in November 1992 a team from Thomson-Polkolor won the coveted "Quality Leadership Award" for the best European quality team. In addition, five different products were introduced in 1.5 years at Thomson-Polkolor, an unusual feat considering two is the usual number of products initiated annually. Further, the company's high technology production units are as successful as in other Thomson operations. One high-tech component (picture tube masks containing thousands of tiny perforations) is made nowhere else in the Thomson organization.

To commemorate the first year of Thomson-Polkolor, Thomson's CEO Alain Prestat summarized their accomplishments in the following way:

Thomson Polkolor's first steps have involved the financial, technological and organizational skills of Thomson Consumer Electronics. But if we have made such progress, it is because we have been able to count on the enthusiasm and skills of everyone working at Thomson-Polkolor...Thomson Polkolor is the result of bringing together the technological know-how of an industrial base. This combination has enabled us to construct an up-to-date facility which invests, exports, and provides jobs.

## A Will to Change

Like other competitive and globally-oriented companies Thomson aims to reduce costs and defects, and augment productivity. More specifically, at Thomson-Polkolor a broad change strategy was required that not only emphasized the tenets of quality management, but also replaced the ideology and systems of the previous Communist regime. The levers of change included:

- creating results-oriented structures and systems
- an emphasis on quality (diagnosis and implementation)

- goal setting and feedback to employees
- encouraging employees to accept responsibility
- development of new reporting systems
- creation of marketing and financial systems
- a new concept for human resources
- implementation of a salary system based on job descriptions
- expanded training programs.

The change program in the venture was initiated at the top of the organization, and it was the Managing Director, Bernard Varaut, who took charge of developing a new corporate philosophy. Identified by others as a charismatic leader, the Managing Director argued that the most important changes at the plant would be personal, not technical. His goal was to train local managers to take responsibility for primary operation of the venture. Support by foreign nationals was to be reduced over a five to ten year period, as Polish managers were gradually trained and identified to replace them. On the shop floor, responsibility was increasingly given to managers to make decisions, once willingness and competence had been demonstrated.

Altering the role of middle managers was believed to be central to creating change. However, a number of mid-level managers now responsible for results expressed a lack of confidence in their abilities. Further, as information was power in the old Polkolor, some mid-level managers continued to avoid sharing information or responsibility with line managers. A three-day training program on "the role of managers" was provided to rectify these problems by addressing areas of communication skills, teamwork and problem solving. Training was experiential, based on exercises in order that managers can "try on" new behaviors in practice.

At the onset of the venture, the Managing Director recognized the Thomson team needed to better understand the Polish attitudes, values, and expectations. To learn more about the requirements of Polish employees at Thomson-Polkolor, a consultant was hired to conduct an employee survey for senior management. More specifically three areas were of interest: 1) which personnel would remain and which would be dismissed; 2) what do employees expect concerning the style of management, and 3) what salaries do employees feel are fair, and what might be possible conflicts between the direction planned for the plant by management versus the unions.

The survey was conducted with 45 people at Thomson-Polkolor with the following results:

- There was great concern about the future and the purpose and strategy of Thomson, especially related to long-term commitment by the French partner and the possibility of job reductions.
- Although employees were worried about salaries, they did not want to demand too much; workers generally felt that they needed to prove they can work well and produce.

- Employees were not sympathetic with the unions.
- Respondents indicated they had little patience for poor workers, and felt only good workers should be allowed to retain their jobs; workers should have a solid work ethic, and "value the work for the company and for themselves".
- A good manager was perceived as someone who is organized, has good relationships with the people, and can anticipate the future.

Overall, employees were eager to embrace change, work hard, and "prove themselves". Although economic times in the country placed considerable stress on all workers (inflation at the time continued high and unemployment reached 13.5 percent), they believed salaries were to be earned fairly. Training was viewed as an important "perk" and was considered by many administration employees as a reward.

Gaining a better understanding of the longer-term intentions of the French partner appeared to be important. Thus communication about the company's strategy and policies was considered crucial in reducing employee anxiety about the future. One French manager described,

We were to turn the minds of people and to show them that working with a French company is possible. Working with French people is possible. Winning in some subjects is possible, and for that it was compulsory to...explain the strategy...just to make people a bit more positive or optimistic, seeing the operation starting again.

This same manager expressed that action-oriented approaches probably worked best to demonstrate to employees the company's intentions.

I think it will be a communication based on the actions and on the progress of the company, on the operation of the organization, on the people coming in or leaving the company, on the quality, on the events which make life in a company - and nothing else. Nothing about ideas or principles, but something about the way they live everyday.

Although the intention of the French management team is to understand the needs and expectations of the people, some question remained as to how much of the French system would be superimposed onto the joint venture with a Polish workforce. Clearly, sweeping organizational changes were required to create a company oriented to a market economy. However, the extent to which Thomson systems were to be implemented, rather than developing new systems suitable to the unique requirements of the venture, was an issue for some managers. A French manager remarked, "[E]ach time we can we want to show them [Thomson-Polkolor employees] that they are Thomson Electronics first and only that...but certainly not Polkolor". Concerning the adoption of Western management policy and practice, the Hay system had been used in the development of a

new salary system. The performance appraisal process was to be adapted with little change from a format already used at Thomson. Although Polish managers did not generally criticize these choices, some believed policy might be adapted to better suit the Polish culture and requirements.

### **Culture and Organizational Change**

The culture of the Polish workers was considered to be "a complex blend of national culture variability in norms and values, coupled with the influence of forty years of living under a Communist system". Employees with previous exposure to other cultures or market-oriented systems tended to describe themselves as different in motivation and work style from their Polish counterparts who had remained within the country. Further, a French consultant remarked,

People of Polkolor have some idea of new values...have some desires that the organization and attitudes to work have to change. I think through the travels to Germany, France, United States, and Italy, the people have seen many things and I think they (Poles) are prepared for this change.

Poles were depicted by both French and Polish respondents as enthusiastic, curious, proud and individualists. Some managers mentioned Poles tended to be overly theoretical and intellectual versus action-oriented; they would start a task with intensity, but sustained performance was difficult. Accordingly, Poles are "sprinters versus long-distance runners". But clearly, there is individual variation. One Polish manager outlined that once she begins a task it is important to take it to completion.

Many managers interviewed agreed the Polish people were open to learning and change; and the majority of employees believed cultural differences were respected. However, creating a shared understanding of key concepts, tasks and functions was often difficult. For example, expatriate managers found they had to explain the meaning of "objectives", "evaluate", and "results". Differences between the French and Polish norms of thought and action were often noted, and to some extent, were a source of frustration in the implementation of new systems at the plant. Many of these differences were considered to be the result of the economic and political systems.

Key business concepts such as budgets, inventory, and functions were missing. In the past, economic indicators (e.g. unit costs or cash flow) had not been important -- only quantity counted. One manager explained that under the Communist system purchasing did not exist -- it was more like shopping. Uncertain of where to go for inventory items "you just got into your car and shopped for parts". Further, the primary function of personnel had been to represent the party, rather than to motivate, develop and train human resources in the company. Decisions were taken by the General Manager, the trade union, and the work council that had full power to replace General Manager.

Alternately, in the present Thomson-Polkolor there were clear goals, allocated responsibility, and power given to managers to manage. Employees are expected to work according to rules or leave. According to one HR manager, "Now, there is no discussion on deadlines... you have to

change behavior -- not to ask why, just to do. You need discipline and to be organized."

As a result of living under Communist doctrine, a Polish supervisor commented, "we had to change our meaning about work, about salaries, and about the relation of work and salaries". He mentioned as part of the Communist legacy some people still wanted rewards without demonstrating a willingness to work for them. Now, money (salary) was considered to be very important, and many employees focused on the short term objectives, rather than saving for tomorrow.

Although teamwork was another goal of the new organizational structure, one Polish manager described change in this area as problematic, in part due to a culture norm of "individualism". Further, roles of managers in the old system would need to be transformed to meet demands of a more rigorous, quality oriented system at Thomson-Polkolor. In particular, the changing role of the manager was addressed in training programs to instill greater initiative, responsibility, and delegation. While "working properly with correct management" was important, there was also the need to be "confident in people". One Polish manager insisted that contrary to the opinion of some French managers, many Poles were very dedicated and hardworking. Some spent nine to eleven hours per day on the job. She added,

They (Polish employees) want to work, they want to develop themselves, they want to do things for the company...You feel your own responsibility, and this was not the case up to now over the last 40 years.

## **Communication**

According to interviews and the survey conducted (refer to survey information in Appendix 1), employees at all levels felt they could benefit from a better communication system in the company. A Thomson manager remarked they were not very good at "direct communication...[so] we use a lot of training about communicating". A member of the senior management team added communication systems were established on an informal needs basis.

In many departments, it was mentioned staff meetings occurred infrequently, often due to time constraints. One plant manager remarked in the past he would meet with key managers several times a day; now those meetings are more likely to occur every two or three weeks. Also, as mentioned before, some mid-level managers blocked the free exchange of information as a way to retain power. More communication was needed across the same level.

In the "old Polkolor" a radio system and newspaper had been used of exchange information. Many employees would like to see a return to these systems of communication. Although some managers feel these systems are associations with the past, new and more effective formats for both might be considered as a way to update employees on a wide variety of topics. The Managing Director was aware of a need to upgrade communications at Thomson-Polkolor and had conducted

some general information meetings for large groups of key staff.

Specific types of information were requested. Production managers indicated they need more information about salary policies, benefits, plant operations, and overall production targets. Employees appeared eager to learn more about what it means to be "competitive", and indicated they would like to know more about sales, competitors, new technology and market share. Employees overwhelmingly responded they would like to have more information about company policies.

English is the official language used in the plant. Although several senior managers speak Polish and English or French, and large numbers of employees speak English at a variety of levels throughout the plant, communication is still considered problematic due to language. The ability to communicate effectively is apparently most difficult for N-1 and N-2 managers, and for the engineering group.

## **Staffing**

Approximately 3100 employees work at Thomson-Polkolor. They include managers and engineers (296), other salaried employees (487), and hourly workers (2340). All employees have an individual contract with the company. The old Polkolor had 4500 employees, 1000 of whom were not required following the start-up of the venture. Under a generous redundancy scheme, those workers who were not to remain with the company were paid an equivalent of one year of salary upon separation. In part this arrangement was to diffuse negative sentiment toward Western capitalism, which in the past had been described as "a man who is drinking the blood of the people".

The senior management team was selected by the Managing Director based on their technical skills, and multicultural background -- several managers being of Polish origin and thus able to speak Polish. In addition, the management team had a high degree of international experience.

Other employees were selected into positions based on technical skills and for personal skills and language capabilities. Having a good attitude toward work was considered essential. The supervisor for recruitment and career development outlined candidates are desirable when they are:

- young
- hardworking (having in the past worked in a factory, as well as had extra jobs or their own business)
- enthusiastic, good communicators, and have a "quality of smile"
- active and not afraid to take risks
- willing to solve problems and improvise
- interested in continuous learning (i.e. have computer skills)
- able to speak multiple languages, particularly English.

Hiring was coordinated by a two person team responsible for recruitment and career planning. External candidates were recruited only if no suitable internal applicants existed. Job announcements appeared in local newspapers. Although the unemployment rate in the local area was high, good employees were difficult to get as many of the best job candidates preferred employment in small firms that paid higher wages than Thomson-Polkolor. The main reason for firing is drinking on the job, although such incidents have dramatically decreased. Although career planning had not been a priority, this was expected to expand once the staffing review process began.

## **Training**

The philosophy at Thomson-Polkolor, as one Polish supervisor commented, is "preparing the people to develop themselves" -- to become effective managers by providing wide-based and extensive training. The initial training focus was mid-level managers who had the most contact with employees in the plant, and who had been designated to operate in new roles. As described in a company report:

Middle management is the key population in the action plan of transforming the company. Very heterogeneous, composed of engineers and supervisors, it has been considered as the most affected by the previous system. Misunderstood, often reduced to simple tasks, middle management needs to discover its true role in the working of the company. It will have to acquire a new behavior which lies somewhere between a relaxed style and a temptation to lead through authority.

Training programs for this level emphasized:

- principles in a market economy - markets, competition, profit, investment, quality standards, labor legislation
- the social and economic transformation of the Polish firm, the electronic industry in Poland and the world, the strategy and positioning of Thomson Polkolor
- policies and organization of Thomson-Polkolor
- the role of middle management and the "new company management style"
- communication and teamwork
- interpersonal relations in a work context
- conflict resolution
- definition of objectives, problem-solving.

The training program was eleven days total, organized into four modules spaced over a period of four months. Reaction by some participants to the first round of training was "interesting but how can I apply it to the job"; and to the second round of training "interesting but our bosses

don't understand".

Training for more senior managers (N-1, N-2) had three phases. Senior managers initially went to France for one week training in the French glass and tube plants. In the second phase this group of managers participated in one-day information sessions in which the objectives and content of the training programs for middle managers were explained. Comprehensive training for N-1 and N-2 managers emphasized management by objectives, and managing by empowerment through communication and teamwork.

All training for managers was intended to be practical and experiential. The training format utilized lecture, case studies, exercises based on real company situations, questionnaires to determine management style, and role-plays. Despite this practical orientation, creating new behavioral and value sets sometimes proved difficult. As one production manager mentioned following the completion of his training, "We are doing things differently, but we don't know why". He claimed that in his group results were worse than prior to the training because employees did not completely understand the new processes as they were to be implemented.

Training was provided by members of the training department and quality department. Two local staff members were trained on site in "train the trainer" programs. The intent is to develop "local training staff who understand western management methods and are familiar with Polish and Thomson-Polkolor behavior" (excerpted from a Thomson-Polkolor policy guideline). A French consultant was hired to train staff who would later be trainers themselves. This training was conducted in French.

Train the trainer programs were also introduced to augment the delivery of "quality" concepts. Trainers (nominated by their production supervisors) took a one-week course on how to train, and became versed in the quality manual adopted from Thomson. Trainers then passed on information on quality and problem-solving to the Quality teams (comprised of six to ten operating technicians) in a week-long course.

Production workers were primarily trained on the job by supervisors and foremen, and in general felt they had sufficient training to perform their jobs. Employees who required additional technical training were either sent to other Thomson facilities or trained by Thomson technical personnel on temporary transfer (six months) to Thomson Polkolor.

In the first three months of the venture, 2,000 days of technically-oriented training were provided. Employees perceived training to be a form of reward. In some cases training was curtailed due to heavy production schedules. For example, while a large number of employees (approximately 350) participated in English language training on a "need to know" basis, absenteeism in English classes ran about 30 percent.

## **Performance Review**

Performance reviews did not exist at Thomson-Polkolor. However, early on a review process was begun to create a better link between goals and performance. In addition, job functions were to be standardized with reference to levels of pay - not only within the joint venture but also in keeping with other Thomson factories.

Shortly after production start-up over 3000 jobs had been evaluated in three months using the Hay system, orchestrated from the Paris office in conformity with all Thomson factory standards. To determine job responsibilities, the foreman was usually interviewed about his job and the jobs of his team members. An initial job description was drafted and presented to workers for their approval. While employees generally agreed with the job descriptions and overall were positive about the system, a tendency existed for workers to compare jobs for their relative worth. Problems were anticipated as workers began to consider their own job responsibilities and salary in relation to others in the plant.

The intended performance review was to enhance goal setting and career development. Action plans would be set at the beginning of each year that would later be discussed and evaluated between the supervisor/manager and the subordinate. Managers were to identify performance levels and areas for improvement. The review form would be signed by the manager and passed to the human resources department. At some future time, managers and supervisors were to be provided with training (foreman level and above) in order to prepare job descriptions themselves, and implement staffing reviews.

Although the review system was generally supported, some managers questioned the application of a Thomson system to a Polish plant. One manager remarked, "you can't take from one country and put in another country". Policies needed to reflect the market and culture in Poland, requiring sensitivity to the Polish condition. For example, the review form was long, and written in a manner inconsistent with Polish norms (i.e. categories of education are different in France and Poland).

One plant manager suggested goal setting as part of the review process did not make sense to many Polish managers and employees. Not only was it hard to set clear goals, but there was not always an acceptance of responsibility for achieving them. The link between goals and individual responsibility for the accomplishment of goals was sometimes unclear. Many employees were "stressed and scared" thinking they would be unable to live up to job expectations. In addition, setting long-term objectives was not a norm in the previous system. As a manager remarked, "Polish employees feel it is nonsense to set long term goals or plans for five years ahead".

## **Reward Systems**

The philosophy driving the reward system is that employees are expected to perform to their maximum ability - without exception. The Managing Director explained, "We want the maximum from everybody. We cannot give the incentive if they are not doing their job. But we start on the principle that they are doing their job properly".

To motivate employees to perform to a high level, a reward structure was created in which a portion of the salary is fixed and the remainder is variable (20 percent variable for production workers; 30 percent for specialists and managers excluding expatriates). Expatriates have individually negotiated contracts, with a one month annual bonus available for achieving targets. As in the French system, salary scales for different jobs are kept secret.

The average salary of 800 FF per month (2 million zlotys or \$U.S. 160 per month) was considered to be good compared to the market. The variable portion, or "incentive", could be lost based upon absenteeism, quality and performance. For example, two days of illness could result in a 5 percent cut in pay; nine days illness could result in a 10 percent cut. This reward format was seen to penalize women in particular, who were more often absent due to family responsibilities. One plant manager observed if an employee loses his or her incentive, there is fear about being fired which fuelled the already existing high concern about unemployment. One foreman commented only one or two persons lose part of the incentive in a given month.

Senior management argued that, in principle, the reward system should provide incentives to workers - if applied properly. To obtain the full salary amount employees are judged by their supervisors on quality (achievement by the individual or group), productivity; attendance; and attitude toward their duties. Attitude toward work refers to the following criteria: discipline, availability, reliability and responsibility for tasks, attitude towards others (friendliness, the ability to cooperate and communicate), appearance, initiative, and carefulness in improving professional skills. However, some employees were concerned that the system was still too subjective - relying completely on the supervisor's judgement. In some cases, quality and performance criteria were not applied in parts of the plant.

Some managers complained the Polish workers did not understand the salary system. Others argued that under the reward format workers can only be punished. Money could be withheld for substandard performance, but alternately rewards generally were not given for improved performance. In the old Polkolor, managers had more discretion for budgets whereas now "it relies less on me - I can blame the system". Some employees complained of no overtime pay. The union would have liked more involvement in the salary definition process.

A majority of employees were strongly in favor of a bonus or "premium" to be given for exceptional effort. Several managers suggested they would like to have the possibility of giving a reward for high performance, rather than withholding the incentive pay for poor performance. Those who disagreed about the bonus said it would be too similar to the old system, when bonuses were distributed as favors and for other reasons not related to performance.

One plant manager recounted how he set up a system of competition between three of his shifts. The most productive shift was eligible for a lottery bonus equivalent to one month's wage. According to him, the results were very interesting. People started to work hard, and compared who was best. Yields increased 20 percent. However, after four months this practice had to stop due to pressure from the trade union who lamented, "it was not fair and created a bad atmosphere". The manager countered everyone around had complained, but not his people.

To some degree, balancing wage expectations with actual salaries also posed difficulties. Money is clearly a strong motivator in an economy where a new multitude of goods are available, but at relatively expensive prices. Although many people felt incomes were fair, others felt they should be paid according to Western standards. One manager stated,

They expect big wages, bigger than reasonable. They don't make the link - they don't feel the economic truth about what things really should cost. And there is no limit concerning wages. There is no limit concerning prices.

Management was also concerned about payment of a fair wage relative to other employers in the local area. The same manager elaborated,

We have to be very careful about our wages versus the Polish market because if we pay the people too much we can provoke strikes in other companies. We can't cut ourselves out of this Polish market.

Another source of salary discontent related to across the board raises of 10 percent (to correct for inflation) when the venture was formed. Since wages were not commensurate with abilities or performance in the old salary structure, the 10 percent increase meant some slack workers received greater increases than more deserving employees. The development of job descriptions and the new incentive system were in part meant to adjust for these perceived inequalities.

Although nonmonetary recognition programs did not operate, some managers thought these would be appreciated by employees. One manager added careful attention should be given to the type of recognition offered. For example, medals had been used as recognition in the past and should therefore be avoided. Another manager suggested recognition could take the form of excursions, dinners, or a letter for superior performance.

Generally employees think social benefits are fewer than in the past but still quite good. In the old Polkolor the Social Department had been responsible for a wide range of benefits including vacation homes, day care, or the distribution of produce. In the current system, many of the previous benefits were retained such as vacation time off, medical services, transportation and hotels for workers who travel more than 100 kilometers, and work clothing and boots.

## **Toward the Future**

Given the clear objective of transforming the once dilapidated state-owned factory, there are many indications of success at the Thomson-Polkolor joint venture. A strong, cohesive team of top managers - whose broad skills, international experience, and Polish background and language proficiency - contributed to this success. Equally compelling is the willingness of the majority of Polish managers and other employees to embrace change, work long hours, and to train in new methods necessary to achieve the market objectives of the venture.

The amount of training made available to employees is impressive and contributed to swift change, including a remarkable reduction in product defects. To many, the magnitude of the organizational transformation would have been unthinkable to Western "experts" prior to the toppling of the Communist authority.

Continuous learning at all levels in the plant is required to reinforce the strategic reorientation. Beyond learning new or specific technical skills and procedures, other new behaviors and values are emerging. A mutual understanding among the French and Polish managers and employees is being created.

Although transferring Western management practices to the venture may be seen as one way to quickly implement policy and practice to reinforce Thomson philosophy, sensitivity to local culture concerns and styles is also required. Particularly in the human resources area, long-term needs of employees at the plant are best met when business objectives are reflected in HRM practices tailored to the unique requirements of staff in the venture.

In an ideal relationship, local and foreign partners have an opportunity to learn from each other. New management styles can be created drawing on the background of the Polish people who represent the majority of participants in the venture. In this regard, locals are the experts, and together with foreign staff can creatively craft new forms of management and organization to fit evolving realities in Central/Eastern European companies.

Dedication and investment are required to propel the change process. According to the Human Resources manager Marek Sabela, "Il ne faut pas croire que c'est un pays vide, c'est un pays inconnue et negligé. Il faut que on comprenne le pays. On ne peut pas faire gros fric avec peu d'investissment, peu d'effort." (You must not believe that it is an empty country. It is a country unknown and neglected. You must understand the country. You can not make a lot of money with little investment, little effort.)

### Appendix 1: Cross-Country Comparisons

Item	Country Scores		
	Poland	Czech Rep.	Hungary
1. Local/foreign managers have similar goals	3.6	3.4	4.0
2. Foreign mgrs have primary responsibilities	3.9	3.6	3.0
3. Local mgrs have primary responsibilities	2.5	2.4	2.8
4. Better understanding of competitiveness	4.4	3.2	3.6
5. Company has long-term benefits	4.1	4.6	4.5
6. More concern for production than people	4.0	3.6	2.8
7. More emphasis on individuals than groups	3.6	3.2	2.8
8. Change is positive	3.6	3.8	4.1
9. Important to avoid mistakes	4.8	4.4	4.5
10. Control on the job	3.1	3.5	3.6
11. More concern for present than future	2.9	3.0	2.5
12. Need to go through supervisor	3.6	3.3	3.2
13. Good personal connections are important	4.1	4.2	4.0
14. Cultural differences are respected	3.6	2.8	4.4
15. Employees selected for technical skills	3.5	3.2	3.5
16. Fair chance for promotion	2.3	2.6	3.2
17. Concern about layoffs	4.2	2.8	1.9
18. Employees feel loyal	3.9	3.4	3.9
19. Have information to do the job	3.8	2.7	3.9
20. Have information about company policies	2.1	2.4	2.8
21. Managers listen to employees' ideas	2.7	2.6	3.7
22. Managers don't always share information	3.3	3.4	2.6
23. Communication problems due to language	3.4	3.9	2.9
24. Enough training for the job	4.2	3.4	4.0
25. Learning new skills on the job	4.1	4.0	4.1
26. Learning new skills in class	2.9	3.0	3.0
27. Sufficient training	3.0	2.9	3.7
28. Satisfied with salary	2.5	2.7	3.2
29. Salary based on ability/performance	2.8	2.3	3.4
30. Salaries depend on who you know	2.8	2.6	1.8
31. Should be bonuses	4.5	4.5	3.8
32. Enough company benefits	2.9	3.1	3.7
33. Rewards are fairly distributed	2.4	2.4	3.3
34. Understand job goals	4.3	4.3	4.5
35. Know what to do to get rewards	3.3	3.8	3.4
36. Receive feedback for performance	2.8	3.3	3.5
37. Future of company is positive	3.9	4.3	4.7

Sample	Poland	Czech Rep.	Hungary
Number	284	189	120
Male	71%	84%	72%
Average age	35.8	42.6	35.2
Years in company	8.4	19.3	2.3

## APPENDIX 2

### THE MANAGEMENT TEAM

Note: All members of the senior management team came from Thomson, despite their diverse roots.

**Managing Director** - A French national, he was responsible for the selection of the senior management team. An engineer by training he has held a number of international assignments as part of the Thomson group.

**Marketing and Sales Manager** - He has been with Thomson over eight years and was involved with international assignments to Eastern Europe and Asia. Brought up and educated in France, his Polish parents were deported to Germany during the war.

**Color Picture Tube Plant Manager** - A French national, he joined Thomson in 1988 to work on the start-up of a large manufacturing operation in China. He was attracted to the Polish venture because he saw it as a unique experience to take part in the redevelopment of the country.

**Materials Manager** - With Thomson six years and a French national, he has worked in Asia and Germany. He has strong personal reasons for wanting to live and work in Poland. As a student in France he organized a collection in 1981 for aid to Poland after martial law was declared in December 1981. In 1982 he drove all the way from France to Poland in a small truck to bring medical supplies and food to the country.

**Quality Assurance Manager** - Born of Polish parents, he views the return to Poland as a "very exciting personal opportunity". He is responsible for the implementation of a quality philosophy in the plant to be accomplished through reorganization, training, and higher quality component sourcing.

**Human Resource Manager** - Born and educated in Poland, he has a background in engineering and a Master of Science degree. He went to France in 1982 to develop a managerial career, eventually working with Thomson. He aims to create and implement managerial and human resource methods consistent with international standards. He comments, "training, at all levels, is a first step, which is not only urgent but vital to improve working practices within Thomson Polkolor and enable individuals to reach their full potential".

**Financial Manager** - With a degree in Political Science focusing on Eastern European studies, a Masters degree in Accounting, and eighteen years experience he joined Thomson in 1991 specifically to be part of the Thomson-Polkolor project. Born of Polish parents, he grew up in a bilingual household in the United States. He pointed out if Poland had not changed he could not do what he is doing today, and added, "our parents never thought this could happen, but now we can be part of the solution".