

ECONOMIC ELITES AND THEIR UNDERSTANDING OF THE ROLE OF COMPANIES IN SOCIETY.

A COMPARATIVE STUDY IN POLAND, HUNGARY AND GERMANY

DRAFT. PLEASE DO NOT QUOTE WITHOUT PERMISSION OF THE AUTHORS

Katharina Bluhm, Bernd Martens and Vera Trappmann

In the early stage of the transition from planned economy to capitalism, economic elites have been a major topic of debate among many scholars in social sciences. The analysis of these actors – considered as the main architects of transformation – was strongly linked to the analysis of institutional reforms, their modes, speed, and success. Unfortunately, with the ongoing rather successful institutional change (but also due to the growing power of the European Union and foreign investors), the interest in elites has declined sharply. Our knowledge about economic elites in Central and Eastern Europe more or less ends with the prominent study by Gil Eyal, Ivan Szelényi and Eleonor Townsley on ‘Capitalism without Capitalists’ (1998). Basing their research on Russia, Poland and Hungary in the 1990s, they have argued that the ruling economic elite was newly composed, recruited from managers holding middle and deputy positions during the planned economy. Eyal et al. (1998) called this elite change ‘vertical reproduction’ in contrast to a simple reproduction of the old elite or an elite circulation (cf. also Szelényi & Szelényi 1995; Wailewski & Wnuk-Lipinski 1995; Hatschikhjan 1998). Regarding their social orientations and belief systems, they suggested a stark affinity for anti-collectivistic, individualistic ideologies, and for monetarism, and an aversion to state intervention (Eyal et al. 1998, pp. 87). Since then however, there have been some very good studies that deal with the role of elites for the emergent dependent capitalisms (Bandelj 2008; 2010; Cernat 2006; Drahokoupil 2008; Lane, Lengyel & Tholen 2007), but no systematic comparative research has been collected (for an overview see Bluhm & Trappmann 2008).

This paper fills this gap, combining the analysis of the composition of the ‘consolidated’ economic elite (Jasiecki 2008) in three Central European countries with the aim to shed more light on the social orientations and belief systems of the economic elite. The study refers to

Poland, Hungary and Germany, including East Germany, which is usually not part of any international comparison in East Central Europe (ECE) (compare Bluhm 2010 for a critique).

We define ‘economic elite’ as those holding top-positions in banks and large firms but also medium-sized companies, stressing the control over crucial economic resources rather than the power relationships to politics.

The *first* section of this article gives an overview on the data collection, and the background of this study. The *second* section examines the social origin of the ruling economic elite confirming former findings for East Central Europe on social reproduction and closure of social classes for Poland and Hungary, but less so for Germany. The *third* section analyses the careers patterns of top managers. We test to what extent the thesis of ‘vertical reproduction’ is an adequate description of elite recruitment 20 years after the fall of the Berlin wall. We show that the generation of ‘deputies’ is not the dominant ruling elite anymore – a finding that, however, does not hold true for Hungary and East Germany to the same extent as it does for Poland. Furthermore, traditional ‘in-house careers’ are not the dominant path they might be thought. Moderate company and even sector changes during a career are quite common. The *fourth* section studies the concept for the ruling elite of the company’s role in society, which we perceive to be a crucial element of their belief systems. The few recent studies that exist still maintain the assumption of ‘neo-liberal’ attitudes of economic elites in Central Eastern Europe (cf. Machonin, Tuček & Nekola 2006, pp. 549 on Czech Republic.) and our findings challenge this one-dimensional view. Having the chance to compare two transformation countries with Germany, the analysis was based on two alternative hypotheses: either there is a strong contrast between the two ECE countries and Germany (with East Germany in the middle), if the corporatist ‘Rhinish capitalist’ is still an influential ideological framework in Germany; or we find a general tendency towards ‘neo-liberal’ attitudes across countries, if German economic elites have already embraced the new ideology, as is often claimed. Neither of the two holds true. We can show that pure neoliberal attitudes do not exist in any of the countries studied. Instead, we demonstrate an ambivalent conglomerate of shareholder value orientation mixed with scepticism regarding capitalist principles such as competition and free market, and a favouring of etatism, revealing a kind of individualistic profit orientation on the one side, and a strong orientation for the common good whether achieved through corporatist institutions or individual

commitment on the other. The *fifth*, concluding, section discusses the major findings and offers an explanation of the, in some ways, unexpected results.

Description of the Data

The survey was conducted in 2009/10, via telephone interviews in Poland and Germany, and face-to-face interviews in Hungary.¹ Each survey was conducted in the national language, having been cross-translated from a common English questionnaire. The survey consists of top managers of large and medium-sized companies in two sectors: manufacturing and finances. For the large companies, we followed the well-established method in elite research, taking the most reliable top 500-lists in each country and scrolling from the top down to contact the largest firms first. We were quite successful in establishing contacts with large firms and banks, even taking into consideration the different national compositions of the economy (compare Table 1, means and medians of employees). Medium-sized companies and banks were randomly selected from country-specific pools of companies' addresses, the manufacturing sector being mainly represented by mechanical engineering, metal working, and the electrical, chemical, and food industries, with some national peculiarities. Target persons of the data collection in both cases were members of the first hierarchical level (CEOs, managing directors, executives, entrepreneurs). In two cases, Hungary and Germany, the survey of medium-sized companies was part of a panel study, the third wave in Germany, the second wave in Hungary.

The analysis presented here focuses on the *individuals*, in so far as we explore their social background, career patterns, and attitudes. We consequently only took into account the respondents of the first hierarchical level, among which 36.7% possess shares in the companies they lead. With respect to ownership, inverse size effects are generally visible (Table 1), and especially in Poland, the percentage of managers owing shares is smaller than in the two other countries.

¹ The data collection is part of an investigation by the Collaborative Research Centre 580 'Social Developments after Structural Change' at the Universities of Halle and Jena, running since 2001. The survey in Hungary was conducted and supervised by Prof. Gyorgy Lengyel (Corvinus University); the Polish survey was conducted and supervised by Prof. Krzysztof Jasiński (Polish Academy of Science Warsaw); and the authors conducted the German survey. Funding of the empirical research by the German Research Foundation (DFG) is gratefully acknowledged

In Germany, we further distinguished between the respondents' social origin regarding whether they come from East or West Germany² as the different socialisation still matters for a number of differences between them, even 20 years after re-unification. The differentiation is however only made for medium-sized companies as the percentage of East German top managers in very large companies and banks is negligible.

- Table 1 about here -

Social Origin in Comparison

In all three countries, there is a rather high rate of reproduction of the economic elite. If we study the social origin of the top managers, we find a tendency towards social closure more than an open pathway to the top of the economy for the general population, particularly in Poland and Hungary. One third of the fathers of the top managers in Poland and Hungary have a third-level education, while among the others the greater proportion has at least secondary education. This is less so in Germany where only 22.5% of the fathers of the managers have studied at third level, while half of them have just primary education. This lower level of education however does not translate into a lower position in society, but probably relates to the different career paths in Germany where – in the past – successful in-house careers were possible without academic studies.

To analyze the class position in society, we have grouped our categories according to the Goldthorpe class scheme, dividing society into classes by the nature of the employment relationship. Goldthorpe uses occupational categories, whose members would compare in terms of their sources and levels of income, their degree of economic security and chances of economic advancement and, on the other hand in their location within the systems of authority and control governing the processes of production including a degree of autonomy in performing their work-tasks and roles (Goldthorpe 1980). We asked the respondents for a classification, reading the categories aloud. However, before we present the results we have to acknowledge that there might be some short-comings as respondents were sometimes unsure as to what categories the

² The East or West German origin was operationalised by the question: 'Where did you live on the 30th of June

professions of their parents belonged to. The different interpretations in the three countries might contribute to a limitation of the results.

More than half of the fathers occupied a higher or top-level position in the economy. Here again we see the strongest connection between fathers and sons in Poland and Hungary, where almost 10% of the fathers were top managers in large firms. In Germany, social mobility seems to be higher, only 1.5% of fathers were top managers in large firms, while only 9.6% of fathers were managers at all, whether in top or lower positions in small or large firms, whereas this percentage is much higher in the East: 21% in Hungary and 25.1% in Poland. Besides the management positions, in all three countries, fathers had positions as higher grade officials and higher grade professionals. A huge proportion of the fathers, however, were skilled workers, and a substantial number were entrepreneurs and farmers in Germany, less so in rural Poland and Hungary (see Table 2).

- Table 2 about here -

Beyond this overall national comparison, we found strong size effects. Social mobility is more likely in cases where the sons become managers in smaller companies. Social closure is however the effect in the case of large corporations and the financial sector. The respondents from the financial sector show peculiarities in many respects regarding education and social origin as well as orientation and belief systems. Taking together the education levels of bankers themselves as well as those of their fathers, banks tend to recruit the top elite of their countries.

Looking at large companies and the financial sector, the reproduction rate is quite strong; it is 83.9% (in large companies) and 75% (in the financial sector) in Poland. It is 68% (large companies) and 90% (financial sector) in Hungary, and 65.9% (large companies) and 63.2% (financial sector) in Germany. While this overall picture is quite clear in terms of social closure, a closer investigation reveals a less clear picture in the case of Germany. The aggregated data for Germany indicate that most of the fathers were skilled workers, while all other classes of fathers' education and occupations are almost equally distributed with the top classes the least (see Table 2). A differentiation between East and West Germany however reveals that reproduction within

1990?' That is the day of the introduction of the German mark in the GDR.

the top class is more widespread in the West, while half of the fathers of the managers in the East were skilled workers, office workers or lower management/professionals.

The analysis of mothers' education and activity status reveals a clear divide between Germany on the one hand and Poland and Hungary on the other. Germany is known for being a welfare state with a male breadwinner model (Pfau-Effinger 1994; Lewis xx), and interestingly this divide between the sexes is also typical for the parents of Germany's economic elite. Every fifth German mother in our sample was economically passive, and this becomes even more extreme in the case of managers in large corporations or in the banking sector: four out of ten mothers of bankers did not work outside the home, and this is also the case for six out of ten mothers of managers in large corporations. The picture becomes differentiated if we distinguish between East and West Germany: inactivity of women was very low in the GDR at 7.1% while almost every second mother of a top manager in West Germany was inactive. In Hungary, in contrast, no manager in the banking sector had a mother who was economically passive and only a minority of mothers of managers of in medium- and large-sized companies stayed at home. Mothers in general were active, but moreover, many also themselves belonged to the elite: 40% of mothers were top managers, higher grade professionals or officials, and a further 35% of mothers were managers, professionals or officials with a lower grade. Poland lies in-between: even more mothers, 4.2%, were top managers in large firms, while on the other hand more mothers were economically passive than in Hungary but fewer than in Germany. Mothers of managers in large corporations in Poland belonged in 80.8% of all cases to the elite and bankers' mothers in 66.7%.

The impression of a very conservative German elite in terms of gender relations is reinforced if we look at education. Primary education is the predominant level reached by the mothers in our sample in Germany, while Polish and Hungarian mothers in most cases at least have secondary education, and a quarter has higher education, while this is true in Germany for only 6.9% of women whose children would be future top managers.

Our results confirm earlier findings for Poland and Hungary (Domanski 2000; Krzwydzinski 2005; XX) that class structure is intergenerationally reproduced, and that social mobility has not increased: the top classes stay in power. In Germany, since the Second World War, there has been the widespread assumption that – with a sound education and Prussian virtues – it is possible to work one's way up (*'sich hocharbeiten'*). This openness of German society has been contested

by the studies of Hartmann, which claim that the economic elite reproduces itself, mainly from within the bourgeoisie (Hartmann xx). Our results, however, do show a comparatively greater social mobility in Germany than in the other two countries in our study.

Vertical Reproduction and Career Patterns

The average age of the respondents in the three countries at the time of the survey is 45 years in Poland, 51 years in Hungary and 53 years in Germany. The majority of the Polish respondents (60.6%) reached their first managerial position *after* 1989. This means that the members of the Polish sample only started their managerial career after the market economy was introduced. Thus, they are the *successors* of those business rulers that replaced the socialist economic elite from a ‘middle-management’, ‘deputy’ or ‘next in line’ position (Szelenyi & Szelenyi 1995; Eyal et al. 1998; Hatschikhjan 1998). They represent a new generation of economic elite. In contrast to Poland, this generational change seems to be still ongoing in Hungary. Here only 47.8% of the respondents got their first managerial position after 1989. The percentage is lower again when it comes to East Germany: just 32.6% of the East German respondents started their managerial career after 1989.

The different speed of generational change is also reflected in the age distribution of the respondents. As Figure 1 shows, the majority of Polish economic elite in the survey are younger than 54, while in the Hungarian sample the ‘deputy generation’ is more present. This is even more the case in the East German sample, which strongly contrasts with the West German age distribution (see Figure 2). The reason for this difference may be found in the varying openness and the duration of the ‘window of opportunity’ during the early 1990s to advance to the highest managerial positions in each former transition country as well as in the varying presence of manager-entrepreneurs in the samples. While in Poland the highest positions remained open to the next age cohorts due to ongoing changes, the Hungarian deputy generation succeeded much better in keeping the highest position and narrowing the chances for its immediate successors. The Hungarian management elite also more often hold stocks in the companies they run. This is even more true for East Germany, where the ‘window of opportunity’ in the early 1990s was very short-lived, and the generation of deputies had to save their own jobs and the jobs of a shrinking core staff by founding their own business becoming manager-entrepreneurs. They represent the

new class of capitalist owners (most of them only holding a minority share-holding however) of a slowly growing but medium-sized manufacturing sector who often wish to hand over the company within the family or to other close trustees, but they are not yet of the age for that transfer (cf. Martens 2008; Bluhm & Martens 2008).

If we consider that as time passes since 1989 more and more members of the top business elite in all three countries have developed their careers under the conditions of emergent markets, it is even more interesting to retrace their career paths. Career patterns not only inform us as to the institutional effects of the national education systems and recruitment strategies of companies; many scholars also credit them with a high degree of relevance for managers' attitudes and their commitment to their company and employees (cf. Byrjeflot 2001; Streeck & Höpner 2003; Höpner 2005; Beyer 2007). For this conjunction, two dimensions are most relevant: 1) the career paths, i.e. the way and steps to the top; and 2) the educational background (vocational training, secondary/tertiary education and field of study, including international experience).

Career paths

On the basis of our sample, we can distinguish three different career paths. The traditional '*in-house career*' refers to a career in which the *working life* began in the very same company that the respondent is now running. The opposite of the 'in-house' career is what we call the '*parachute career*' where managers take over very high positions without having worked in that company before. Usually they hold a high position in another company before they change. The third type is an '*internal-external path*' that characterises careers a significant portion of which is spent outside of the current company before taking some further steps to the top in the current company.

- Table 3 about here -

Table 3 shows that in all three countries the 'parachute career' represents the predominant path to reach the top of a company, followed by the 'internal-external paths', while the traditional 'in-house career' appears to be much less relevant. Thus, most of the respondents in the three countries have a significant number of company moves in their management careers.

Further variation is mainly explained by company size and sector. The structural difference between large and medium-sized companies is often ignored as the conceptualization of ‘national career paths’ takes only large corporations into consideration. Medium-sized private companies are more vulnerable to market volatility compared to large ones and therefore less stable. They are also more often run by a manager-entrepreneur or families who may give non-family members less room for advancement to the highest level. Hence, we expected that company shifts are presumably quite common in this company type, while ‘in-house careers’ are in large firms more likely. On the other hand, half of the top managers of our sample, and many of them in medium-sized firms, hold some stocks in the company, so that might increase the probability of a considerable percentage of ‘in-house career’ as well. In order to provide an accurate picture, we separate the sample into four company types: medium-sized companies (45-250 employees), larger medium-sized companies (251 to 1,000 employees), large corporations (more than 1,000 employees), and banks.

- Figures 3 and 4 about here -

Figure 3 indicates that in Polish and Hungarian large corporations, the ‘in-house career’ is in fact the dominant career path; Hungary shows the most striking result here. While 42.1% of the Hungarian respondents in large companies did move upwards on an ‘in-house’ track, ‘parachute careers’ have the least relevance here. Yet, such a negative correlation does not exist in the other samples. In Poland ‘parachute careers’ are not only for medium-sized companies an important path but also for large corporations and banks, as figure 4 shows. In Germany the traditional ‘in-house career’ is least present (14.5%) and contrary to Poland and Hungary more common in medium-sized companies. If we split Germany into East and West, our data reveal again a remarkable discrepancy for the medium-sized panel companies: While only 13% of the West Germans pursued an ‘in-house career’, the proportion of East Germans who do so, at 23.8%, is higher than among the West German, Polish or Hungarian respondents (see Table 3). In-house careers are least likely in banks in all three countries, while ‘parachute careers’ are widespread, particularly in Hungary and Poland, less so in Germany. The ‘internal-external path’ is most common in the German sample and least present in large Polish firms.

According to the different paths, the continuance in the current company varies: German ‘in-house careers’ lasted about 30 years, which can be explained by the higher average age of the

respondents. In Hungary, the time span from starting work in the company until the year of the survey is similar, at approximately 29 years. In Poland, ‘in-house careers’ lasted ‘only’ 21 years, due, perhaps, to the younger age of the respondents. Of course, the other career paths shorten the affiliation with the current company significantly. The responses on an ‘internal-external paths’ varied from 18.7 years on average (median 19) in Germany to 16.6 years (median 15.5) in Hungary, and 12 years (mean and median) in the Polish cohort. But also our ‘parachuters’, who spent most of their professional lives outside the current company, do nonetheless have quite a long tenure: They have worked in the current company from 7.3 years (median 10 years) in Poland, 7.5 years (median again 10) in Hungary, and 8.7 years (median 11 years) in Germany. Thus, all the careers we find in our sample are far from being ‘short-term’, just the contrary. Respondents did not change companies very often. In Poland ‘parachuters’ changed company three times, those with an ‘internal-external path’ four times (median); in Hungary and Germany they changed on average a bit more than three times which leads to an identical median of three for the two career paths in the both countries. In banks, as a tendency, across these two career paths, changes occurred slightly more in Germany; ‘parachuters’ of the Polish and Hungarian banks, however, had the most frequent changes with four and five times (median).

The ‘internal-external path’ and the ‘parachute path’ may not exclude continuity in the sense of a ‘branch career’ (Hartmann 2006).³ Thus, we also asked for a response as to whether the last company change implied a change of branch or sector as well. In Poland and Germany approximately half of the respondents did *not* work in the same branch before. Only in Hungary a clear majority (63%) of the respondents did not leave the branch or sector. Comparing the company types, German and Polish bank managers have had the fewest branch/sector changes, while almost half of the Hungarian bankers did change branch, much more than in all the other company types. In the large corporations, branch continuity was higher than discontinuity; in Germany this refers to ‘only’ 51.1%, in contrast to 58.6% in Poland and 62.5% in Hungary. In

³ Scholars on manager careers sometimes even use the still narrower concept of a so called ‘chimney career’. Managers on a chimney track are promoted within the same functional or professional area, e.g. finance, production, sales, HRM. Sometimes they change companies to move on but not functional area (Faust, Notz & Jauch 1998; Faust 2002). As our data provide an accurate picture on branch and sector changes, but did not pursue the career steps in the detail required for the precise reconstruction of ‘chimney careers’, we use the term ‘branch career’ here.

the intra-German comparison of our panel data, branch continuity of East Germans in medium-sized companies is slightly higher than in West Germany and Poland, while the Hungarians display the fewest branch changes also in this company type.

While branch switches in general are not unusual, only a few managers in any of the three countries spent time working outside the economic sector at all (mostly in science and education). They are more common in Poland (30.3%) and Germany (20.8%) than in Hungary (12.9%). In Poland, the top managers of the banking sector who have worked outside the economic sector worked mainly in science and education and in the cultural sector. Switches from politics are negligible. But the large majority of the questioned economic-elite members spent most of their professional life within the economic sector.

Lets summarize: ‘in-house careers’ are still widespread for Polish and particularly for Hungarian large companies; while German large corporations have in fact abandoned the ‘in-house-career’, and even ‘branch careers’ are not the dominant pattern, an indication of a growing market for managers that appears, in the other two countries, to be more prevalent in the banking sector than in the manufacturing industries.

Educational Background

Early studies on German managers in large and medium-sized companies, found that vocational training and a high number of engineers represented a distinct feature of German management, even at the top level (cf. Lawrence 1980; Lane 1989; Steward et al. 1994; Byrjeflot 2000; see Eberwein & Tholen 1993 for a more nuanced study). Recent studies have observed an accelerated decline in the relevance of an engineering background for elite positions (Streeck & Höpner 2003; Höpner 2004; Beyer 2007). One might expect a similar picture in the economic elites in the Polish and Hungarian sample. For those who gained their education within the socialist system, vocational training and studies in engineering may play a greater role than for younger top managers; partly because the Soviet-type vocational training system declined after 1989 and business studies became more attractive; partly because during transition an economist trained in the old system might have less chance to progress in comparison with the politically ‘neutral’ engineers and scientists. In contrast, one could expect managers with a post-1989

degree in economics or business administration to have an advantage in the next generation of economic elites as they have been trained in the new market economy from the beginning.

If we look at the sample as a whole, we see a striking difference between Germany and Poland on the one hand and Hungary on the other. The percentage of respondents who completed vocational training in Germany is still very high (71.7%), even higher in the banking sector (89.7%), and in the East German sample. In Poland, the distribution is similar, with 88.6% of the respondents having vocational training. Of the Hungarian respondents, however, only a small minority has vocational training (17.5%), and most of them are heads of medium-sized companies.

In all three countries, the percentage of respondents with tertiary education is high: 82% of the Hungarian top managers have higher education (everyone in large firms and banks, with one exception); in Poland 89.2% of the respondents have completed third-level education (100% in large firms and banks), and 87.3% in Germany.⁴ PhD/doctoral degrees and MBAs play only a minor role in all three countries, even in large firms.

Considering the fields of study, technical or engineering studies and economics/business play the most significant role in all three countries, but it is not easy to say which holds the upper hand since there are remarkable variations across the countries and company sizes, which undermines the impression of homogeneity. Although in Germany, 53.9% of all respondents have studied in a technical or engineering field, this is mainly due to its preponderance in the medium-sized and larger medium-sized companies (60.4% of the respondents); here again the proportion is still a bit higher among the East Germans than West Germans. While banks have no engineers in their top management, the percentage of large corporations, at 38.9%, is significantly *lower* than in Hungary and Poland. 42.3% in Germany have studied economics/business with the highest percentage in banks (90.9%) and large firms (51.9%); only 7.8% of the respondents have studied sciences.

In Poland, significantly fewer respondents studied in technical and engineering fields (45%), the percentage among the top managers in large companies, however, is *higher* than in Germany

⁴ At first glance, it is surprising that while the percentage in large firms, at 96.4%, is slightly higher than in medium-sized companies, the top-managers of the German banking sector lie below the average (75.9%), which has to do with the vocational training system in this sector as a German specialty.

(53.3%). The same holds true for Hungary where the percentage of engineers is 49.1% but in large firms 52.5%. This means that the engineering qualification was useful for making a career for the economic elite in the 1990s. However, while in Poland degrees in business/economics are still less widespread (35.5%), and only slightly higher in large firms (37.2%), Hungarian top managers much more often have a double degree combining engineering with business; 66% have a degree in economics/business, and the percentage in large firms is even higher (73.7%; banks: 95%). In both countries the share of natural scientists is similar to the German finding. A degree in law, however, is most often found in Polish large firms. 6 of the 19 Polish bankers (31.6%) have a degree in law as well as 6 of the 43 top managers in large firms (14%).

In all former transition countries (including East Germany) the percentages of older respondents with an engineering education are higher than for the younger generation. But in Poland and Hungary only 35.5% and 42.9% respectively of the people younger than 50 years have such an education, in contrast to East Germany with 62.9% engineers in the younger generation. An exceptional frequency of 61.3% of business educated Hungarians in the group of respondents older than 50 years and 73.5% in the younger sample indicates a very high rate of two degrees. 28.4% of the Hungarians studied abroad; the percentages for the Polish and the German respondents are 18.6% and 17.5%, respectively. In this case in general the effects of company size and age effects are visible.

The educational background provides a twofold picture: on the one hand we see national peculiarities (for example the lasting tradition of engineering education in East Germany, or double qualifications in Hungary). On the other hand unifying tendencies are visible (for example the internationalisation of higher education or the trend towards business studies).

Elites' Concepts of the Role of Companies in Society

Attitudes are collected using 20 items, many of which were already used in previous surveys of managers and entrepreneurs (cf. Martens 2008). The items depict different socio-political orientations (Table 4). Because of the number of items and their differentiation in three countries with the additional subdivision of the German respondents, we pursued an analysis strategy involving the reduction of the number of items.

We *firstly* undertook principal component analyses for the Polish, Hungarian, West German and East German respondents, separately. We limited our scope to members of the first hierarchical level of the companies. These analyses embraced between six or seven principal components. In a *second* step we identified items that had always rather large factor loadings on the first four components. With this strategy we restricted attention to mutual dimensions of a certain importance. This way, we found thirteen items as a basis for further investigations (Table 4). In a *third* step additive indices with the chosen items were built, in order to represent five dimensions or basic orientations. These features are:

- voluntary *commitment* of companies as a necessity (sum of items 11, 12, and 14, all indices are rescaled to the original range),
- *active role of state* in economic realms (sum of items 2 and 13),
- *alienation* towards capitalistic principles and *scepticism* towards the sustainability of the recent economic system (sum of items 3 and 4),
- orientation towards *shareholder value* and towards entrepreneurial interests (sum of items 5, 8, 10, and 18),
- orientation towards *corporatism* (sum of items 9 [reversed scale] and 16).

- Table 4 about here -

In a *fourth* step, separate principal component analyses of these five indices for each country and for the West German and East German respondents always lead to two comparable dimensions (Table 5). The two factors displayed roughly one-half of the dispersions in each case. They can be described as *common welfare* orientation and *broken/ambivalent profit* orientation. These two factors appear in each country. Common welfare orientation is a combination of the indices ‘corporatism’ and ‘commitment’, broken/ambivalent profit orientation is a diffuse combination of ‘state orientation’, ‘alienation towards capitalistic principles’ (competition), and ‘shareholder-value orientation’. Common welfare orientation is the factor 2 for the Polish data, or else it is the first factor, and for the broken/ambivalent profit orientation, it is the other way round. However, both have special national characteristics, so that a reduction to comprehensive ideological orientations is not possible.

- Table 5 about here-

The *Polish* respondents show on the one hand a common welfare orientation – comparable to the other countries – with high factor loadings of the commitment and the corporatism indices. However, on the other hand, the other factor is more important in Poland, the broken profit orientation, depicting the unusual combination of attitudes – a high correlation of state orientation, alienation towards capitalistic principles (competition) with a shareholder-value orientation. In addition, in Poland, this combination of attitudes is negatively correlated with corporatism. It seems that this rather diffuse syndrome of attitudes with its special national characteristic, the reluctance as regards corporatism, is mainly prevalent in Poland. Although, interestingly, in the past, East German managing directors and entrepreneurs of medium-sized manufacturing companies have also shown this, in some respects contradictory, mixture of opinions (Martens 2008).

The particular *Hungarian* feature is the connection between etatism and common welfare orientations. This is a clear difference from Poland, but it has some similarities with East Germany, whereas the negative correlation between corporatist ideas and the shareholder-value index resembles in some respect the Polish case and stands in contrast to both groups of German respondents.

The *German* sample shows a common welfare perspective that is a gradual non-etatist one compared to Poland and Hungary. The West German respondents, who have a common welfare orientation in contrast to the other groups of the data set, do not perceive that the state should play a key role in economy. Just the opposite, they think that either social institutions in the tradition of social partnership should enable the common good or the voluntary commitment of companies should contribute to the public good. Interestingly, here responsibility is divided between companies as well as business associations and trade unions. This implies more entrepreneurial activities for the benefit of society than the minimum required by law. What is most surprising is that we see a mixture of corporatist and liberal attitudes favouring voluntary commitment. Thus, we neither find ‘pure’ corporatists, nor do we see German managers having become purely liberal given the recent cracks in Rhinish capitalism. A significant group of the West German top managers are still in favour of traditional corporatism.

However, there exists an internal difference between East and West German corporatism in relation to the role of the state. The East German corporatist view is more state-oriented and

resembles in some respects the Polish and Hungarian samples. Presumably, these joint etatist points of view reflect the socialist heritage in Poland, Hungary, and the GDR. The striking contrast of East Germany to these two transformation countries is however, the negative correlation between the shareholder values index and the corporatist dimension which the East German group shares with the West German respondents. In this respect, both German groups have more in common among themselves than the East Germans do with the managers in Poland and Hungary. Interestingly, the West Germans also show a broken profit orientation, this mixture of 'etatism-alienation-shareholder-value' orientation. Thus, it is not an exclusive feature of transformation countries, but rather a widespread belief system. In the case of West Germany, it is even slightly connected with corporatism. The factor loading between the corporatist index and the second factor amounts to 0.26, which probably can be explained by the long tradition of corporatism in the West German economy. The West German respondents are still characterised by the strongest corporatist orientation and the strongest non-etatist attitudes, but the structure of their belief systems cannot be reduced to this.

What is very striking about these findings is that in all three countries, the orientations and belief systems show a very complex sometimes even contradictory picture. First, we cannot find clear liberal or neo-liberal concepts, but rather diffuse syndromes of beliefs, contradictory mixtures of attitudes. Orientations towards maximising profits or towards the protection of owners' interests appear together with attitudes that have nothing in common with a liberal understanding of society or economy as defined in the literature or discussed by the public. Thus, the combination of attitudes does not allow the conclusion that the economic elite in Poland, Hungary or Germany are neo-liberal. Second, corporatist attitudes are often linked to voluntary commitment. This implies also that we can distinguish neither pure liberal economic elites, nor pure corporatist elites. It seems as though there is a general uncertainty about a clear direction for the economy. It is as yet too early to decide whether this is a lasting result or a temporary phenomenon due to the recent financial crisis.

One way to achieve some clarity in this respect is the analysis of the absolute magnitudes or the frequencies of the attitudes. The factor analytic approach, followed so far, has the disadvantage that the absolute magnitudes or the frequencies of the attitudes play no role, if countries are compared. Rather, factor analysis displays the internal structures of the national data on the basis of correlations for each country. The overall outcome of these analyses is: the relationships

between orientations for the three countries can be reduced to two dimensions that are in general comparable and additionally show national and regional peculiarities which are depicted by certain patterns of correlations between the factors and the indices.

Therefore, in the following we will widen the analysis in two ways: we will look at the quantities of agreement or disagreement in the different countries and we will take into account some explanatory variables (Table 6).

Voluntary *commitment* of enterprises plays an important role in all three countries, especially for the German elite. Size effects are visible in Hungary and Germany, where respondents working in very large firms are more convinced about the necessity of voluntary activities (80% agreement and more). In addition, bank managers in Hungary and Germany share this belief to a comparable extent.

Etatism is, according to the frequencies of agreement, mainly an attitude of Hungarians regardless what company type they lead. In contrast to this result, the Germans (also the East Germans) explicitly show the smallest level of state orientation.

Alienation and *scepticism* concerning the current economic system is on the one hand a feature of transformation countries, as the relatively high percentages of the Hungarian, Polish, and East German respondents reveal. On the other hand, Poland is, compared to the other two samples, exceptional, in so far as alienation is felt strongest among business leaders of very large corporations (44%), whereas in East Germany and Hungary a reversed size effect can be observed.

The same relationship holds true for *shareholder-value* orientation in Poland and Hungary. In the Polish case, *shareholder-value* orientation is most widespread in very large companies (54% agreement). In Hungary, *shareholder-value* orientation is more a phenomenon of managing directors of smaller firms: only 11% of top managers of large companies displayed views in favour of shareholder value). The German elite show the lowest level of consent for shareholder value.

Germans – especially West Germans – however show the strongest agreement with principles of *corporatism*. In this case, the level of consent also varies with company size, two thirds of managers of large corporations being in favour of corporatist ideas.

Company types and size effects, as already mentioned, can in some cases play a role in the explanation of the variation of the data. We have shown further correlations between the indices and the educational background, career patterns, the length of time spent by the managers in foreign countries, in employment or education, and the age of the respondents. Most of the correlations are not significant. That means for example that the different career patterns are not related to socio-political orientations and belief systems of the top managers – with one exception: the older East and West German economic elite are more in favour of corporatism than the younger. The product-moment correlations are -0.21 (East) and -0.18 (West), respectively.

- Table 6 about here -

Discussion

To summarise our findings: We have tested the relevance of vertical reproduction to the economic elite in ECE, including East Germany. The generation that took over economic power after 1989 was mainly deputy managers with engineering education, and with little experience outside of the economic sector; in particular the political sector has not been an area of professional activity. Yet, there are remarkable differences in terms of generational change. While in East Germany the ‘deputy generation’ is widely in control of the newly founded business, in Poland the new generation is dominant, while in Hungary there is a generational change under way. At the moment, we can explain this difference with the differently structured ‘windows of opportunity’ during the 1990s and differences in the ownership structure of our sample. The greater openness also reflects the career paths, for which ‘parachute’ and ‘internal-external careers’ play a greater role in Poland than in Hungary and East Germany. Considering the new managerial generation, there are tendencies that bring Polish and Hungarian elites closer to West than East Germans insofar as the proportion of engineers among the top managers is quickly declining, while the level of international experience is rising. The reason for this might lie again in structural conditions, as it is still rare to find East Germans at the head of large companies and banks.

Despite this interchange and the rise of a new generation of economic elite, social mobility has stayed the same. In all three countries, the elite is very well educated and composed of the upper-

class members, with parents – or at least fathers – being members of the bourgeoisie or top management. Thus here our research confirms earlier studies (Mateju & Hanley 1998; Róna-Tas & Böröcz 2000) that elite circulation did not lead to class circulation, that elite positions are limited to a few social classes. Only in Germany is social mobility less restricted. Interestingly, in both areas of social background and recruitment/career development, we see a strong size and sector effect across the countries. Structural effects thus seem to be more important than institutional and social heritage for economic careers.

What is most striking however are the results in terms of social orientations and belief systems of the economic elite that contradict two major schools of thought. First, in studies on the West, career patterns are thought to represent a systematic link between actor-centred and institutional studies on changing models of capitalism (cf. Lane 1989, Steward et al. 1994; Byrjeflot 2001; Faust 2002). Especially for Germany, the changing recruitment practice is often perceived as a crucial part of the dissolution of the so called ‘German model’ (Streeck and Höpner 2003; Höpner 2005; Beyer 2007, and Hartmann’s critique of 2006). The underlying assumption of these studies is that managers with more frequent company changes, a tertiary education in economics and business, and with a high degree of international experience, especially in Anglo-Saxon educational institutions, are more inclined to a neoliberal shareholder-value ideology than a person with a traditional in-house career, while engineers tend to stress technical- and product-oriented company goals over short-term financial outcomes. Our findings however contradict many of these studies of the 1990s, as we did not find a clear correlation of career patterns and education with social orientations. Differences in social beliefs seem mainly linked to national differences.

Second, the ECE managers did not display neoliberal attitudes, in contrast to what the literature so far has suggested. In each country the orientation of the elite is much more complex. In all three cases, or four if we look at East and West Germany separately, we find an ambivalent combination of attitudes from shareholder-value orientation and alienation towards capitalist principles and corporatist beliefs and self-commitment. Differences between the countries vary in the degrees and strengths of their opinions, e.g. the role elites attribute to the state, the degree they consider necessary for companies’ commitment for the social weal, or the importance of shareholder value. A global evaluation would allow one to classify the West German elite as the

most ‘corporatist’ and committed, most sceptical about shareholder value but also the least alienated and etatist, while the Polish elite is the most alienated, but also the most in favour of shareholder value and the least committed; the Hungarian elite is the most in favour of state intervention, and the East Germans are somewhere in-between. The West German picture is the least contradictory one, as here we could identify a comprehensive belief system: the elite ‘believe’ in the functionality of that kind of capitalism that characterised West Germany for decades, the Rhinish model with its strong corporatist element, participation of unions, works councils and workers, and with a tradition of companies investing in their regions and taking on corporate social responsibility. Such an economic system supports social cohesion; therefore the West Germans with this positive experience are most sceptical about shareholder value that undermines the old understandings. The East Germans are more concerned about the negative effect of competition for social cohesion.

Much less comprehensive is the picture for Poland and Hungary. The economic elite support shareholder-value orientation (compare table 6) while at the same time they think that capitalism undermines social cohesion and thus they would prefer stronger state intervention. These somewhat contradictory beliefs seem to be typical for transformation countries. Krzwydzinski (2005) has shown similar contradictions in the appraisal of state intervention and redistribution in Poland. It seems that Eastern elites are less satisfied than their Western counterparts with the social implications of the economic change; unlike the early assumptions that the Eastern elites would be more liberal than Anglo-Saxon elites, they have a broken profit orientation. It would be very interesting to see how this belief system translates into practice, what company policies do they implement, does a kind of new ‘Central European’ company politics emerge, or is their diagnosis purely rhetorical?⁵ A particularly good indicator will be the voluntary commitment of firms. Very strikingly, in all four cases the voluntary commitment of companies for the public weal is valued by over 50 % of the respondents. If this is more than a rhetorical stance, we should be able to find this reproduced at the company level, in terms of CSR activities, spending, or the introduction of quality standards for employment.

⁵ The second part of our research will shed more light on this question when we examine companies’ strategies in the field of corporate social responsibility (CSR).

Our research presents a surprising puzzle: first, we observe a convergence of the structure of the economic elite; second, we detect a structural proximity of attitudes but still large differences in distribution. It is too early to interpret this result. At the moment, we could simply speculate, attempting to explain the differences by referring to the different reform paths, the socialist heritage, to institutions and the underlying discourses, and identifying a sort of Central East European capitalism in terms of the rapprochement of the constitution and careers of elites. However, it is not too early to state that the puzzle challenges many of the common assumptions regarding economic elites.

ANNEX

Table 1 Composition the Sample

SAMPLE CHARACTERISTICS	NUMBERS OF EMPLOYEES IN THE COMPANIES			
	45-250	251-1,000	more than 1,000	Banks
Poland	79	24	43	19
Hungary	109	19	24	20
Germany	319	83	77	44
Mean number of employees	116	494	7,933	2,345
Median of employees	100	450	3,033	516
% of respondents working at the first hierarchical level	90.8%	87.1%	81.9%	82.9%
% of respondents holding shares of the current company	48.9%	24.8%	12.7%	5.6%

Table 2 Fathers' Education and Job Position

GOLDTHORPE CATEGORIES	CATEGORIES USED IN SURVEY	POLAND	HUNGARY	GERMANY

Class I	Higher grade officials Top managers in large firms Large proprietors Higher grade professionals	36.6%	24.8%	34.4%
Class II	Lower grade officials Top and lower managers in small firms Lower managers in large firms Lower grade professionals	26.1%	29.3%	20.1%
Class I and II		62.7%	54.1%	54.5%
Class III	Routine non-manual employees (sales, administration, commerce, services)			
Class IV	Small proprietors with and without employees; farmers and smallholders; other self-employed workers in primary production	12.7%	6.8%	18.0%
Class V	Lower-grade technicians; lower- grade supervisors , office workers	5.2%	7.5%	7.7%
Class VI	Skilled worker	15.7%	25.6%	18.9%
Class VII	Unskilled, semi-skilled worker	3.0%	6.0%	0.9%
	Number of cases			
Education	Tertiary	34.5%	34.4%	22.5%
Education	Primary/secondary school	$29.7:33.8 = 0.88$	$18.1:45.6 = 0.40$	$51.2:10.9 = 4.70^*$
Education	PhD	2.1%	1.9%	2.6%

* Secondary education does not imply vocational training in this case, but only education at school.

Figure 1 Age Distribution of Respondents in the Polish and Hungarian Sample

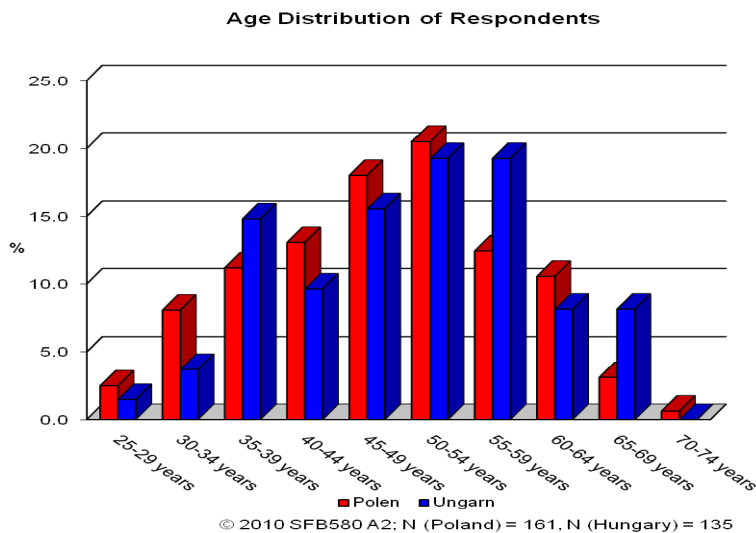


Figure 2 Age Distribution of Respondents in the Polish and Hungarian Sample

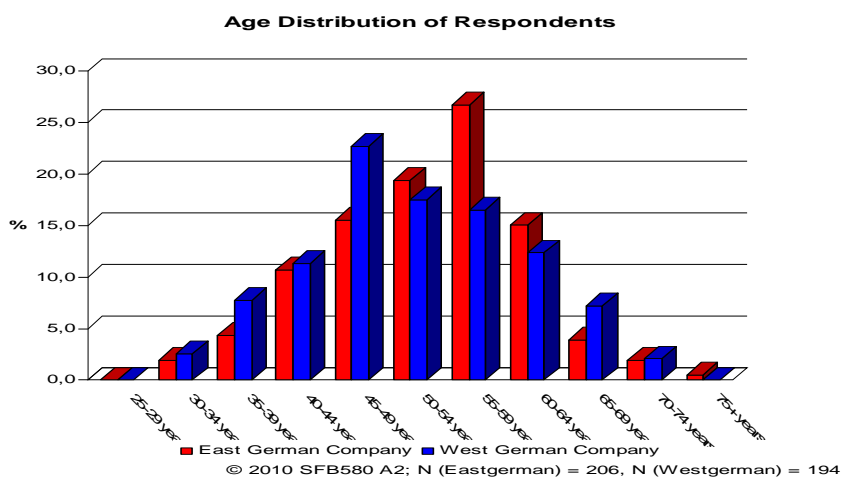


Table 3 Distribution of the Four Career Paths across the Countries

Career type	Poland	Hungary	Germany
In-house career	14.8%	14.0%	17.1%
Parachute career	51.0%	59.7%	43.4%
Internal-external career	34.2%	26.0%	39.5%
Number of cases	155	129	468

Figure 3 Distribution of the 'In-house Careers' According to Company Types

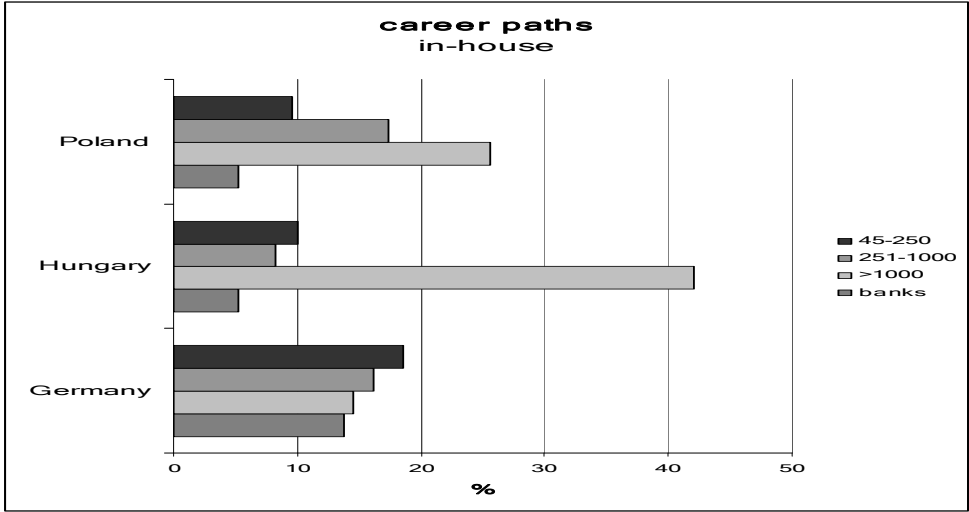


Figure 4 Distribution of the ‘Parachute Careers’ According to Company Types

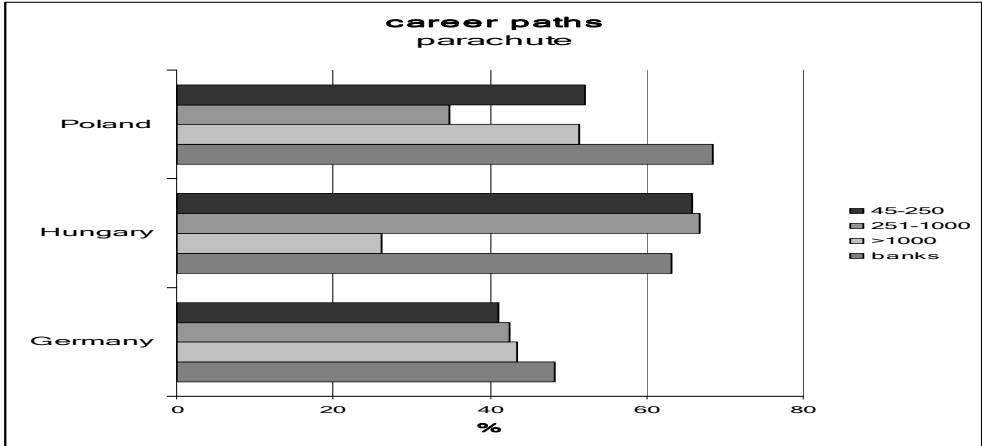


Table 4 Means of the Items, Range: 1 = Total Agreement, 5 = Total Disagreement

Items	Poland	Hungary	East Germans	West Germans	Used in index building
1 In conflicts over company goals, one should first and foremost attempt to reach a compromise.	1.95	1.92	1.90	1.97	
2 The government should monitor and regulate the economy.	3.14	2.49	4.04	4.17	X
3 Free entrepreneurship and social justice are mutually exclusive.	3.02	3.49	4.11	4.52	X
4 Today's focus on competition is eroding social cohesion.	2.93	3.04	2.43	2.97	X
5 The goal of a company has to be maximizing profit.	2.43	2.30	2.60	3.00	X
6 Nationalization, even in times of crisis, is always the false path.	2.46	2.36	2.11	1.91	
7 Social concerns should be supported even at the cost of efficiency.	2.99	2.99	2.92	2.83	
8 Those who do not perform at full capacity should be dismissed.	2.82	2.58	2.66	2.92	X
9 Trade unions are superfluous.	2.96	3.35	2.78	3.47	X
10 Social responsibility of companies consists of increasing profits only.	3.22	3.60	3.87	4.12	X
11 Voluntary commitment for social and environmental issues is even in time of a crisis an indispensable part of a company's strategy.	2.44	1.96	2.05	2.12	X
12 Companies have to do more for the community than what is required by law.	2.53	2.31	2.74	2.61	X
13 The socio-political responsibilities of the state can only be achieved through the redistribution of wealth.	2.75	2.73	3.51	4.14	X
14 In principle, companies are also responsible for the public weal.	2.31	2.78	1.94	1.87	X
15 Vocational training is a task of government but not of business.	3.23	2.56	3.96	4.00	
16 Collective regulations between social partners are important for the functioning of the economy.	2.24	2.84	2.31	2.22	X

17 A competition is the best way to social justice.	2.51	2.48	2.68	2.73	
18 In conflicts over company goals, owner interests should clearly be the first consideration.	2.50	3.03	2.57	2.70	X
19 The financial crisis has proved that the sole orientation on shareholders' interest is not suitable for running companies.	2.58	2.20	1.77	2.08	
20 Everybody is the architect of his own fortune.	1.93	2.24	2.18	2.08	

Table 5 Factor Loadings for Principal Component Analyses of the Five Indices, Loadings less than 0.3 are not Displayed, Varimax Rotations

INDICES	POLAND		HUNGARY		EAST GERMANS		WEST GERMANS	
	Factor 1	2	1	2	1	2	1	2
Commitment		0.85	0.73		0.72		0.77	
Etatism	0.83		0.69	0.33	0.30	0.65		0.81
Alienation	0.77			0.67		0.76		0.59
Shareholder value orientation	0.62			0.75	-0.48	0.45	-0.55	0.35
Corporatism	-0.40	0.68	0.56	-0.31	0.74		0.69	
Explained variance	37.8%	24.5%	29.7%	22.1%	28.2%	24.1%	27.5%	23.8%

Table 6 Agreement with Indices According to Countries, Original Scales of the Items, All Values ≤ 2.4 are Regarded as Agreement

Indices	Poland	Hungary	East Germans	West Germans
Commitment	50.9%	58.8%	67.9%	72.9%
Etatism	24.0%	41.0%	3.5%	1.9%
Alienation	25.9%	18.4%	10.7%	1.3%
Shareholder value orientation	34.6%	24.0%	19.4%	11.1%
Corporatism	29.6%	25.6%	25.5%	44.5%
Number of cases	156-161	129-136	142-144	209-211