

The Differences in Values Between Managers of the European Founding Countries, the New Members and the Applicant Countries: Societal Orientation or Financial Orientation?

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Advocates for a social Europe are worried that the accession of ex-Eastern Bloc countries into the European Community would lead European corporations to emphasize a financial orientation rather than a societal orientation. We examined this question in a study of the values orientations of 3,836 managers in 16 countries representing established EU, new EU, and candidate EU country groups. Within-Europe managerial values convergence was found in a relatively high openness to change and low self-enhancement values. However, we found divergent values such that managers in established EU countries were more self-transcendent and less conservative than their counterparts in new EU and candidate EU countries. Implications for the convergence of future values within the Europe region are discussed.

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Introduction

In recent years, there has been an ongoing debate in Western Europe about the dangers of losing acquired social welfare benefits with the opening of the European Union (EU) to ex-communist Eastern Bloc countries in 2002 (Kramer, 2006; Piazolo, 2000). One indicator of the success of critics' arguments against further economic and political integration is evidenced by the "No" results in the 2005 referendum on the new EU constitution in various countries (Kramer, 2006). Is opposition to EU expansion based on an irrational fear of change (e.g. the influx of immigrants from Central and Eastern European countries) or is it values-based concern about different approaches to capitalism? To what extent do these concerns represent a conflict between the Western European Rheinisch capitalism tradition that emphasizes social welfare and environmental sustainability concerns, and neo-liberal capitalism with its accompanying "ethical shortcomings" in the transitional economies of former Eastern Bloc countries (Morin, 2004)?

To investigate the basis for these concerns within the EU, we examined the fundamental personal values of corporate decision makers. In respect to corporate strategic decision making, there are two primary

schools of thought. One approach proposes that managerial decision making is a rational process that is disconnected from personal values and biases, whereas the other approach proposes that managers are agents whose processing and exchange of information are influenced by their subjective perceptions (Simon, 1955). In that personal values have a significant influence on the way managers view the world, these perspectives influence how managers decide and act (Meglino and Ravlin, 1998). As such, one's personal values orientation has a direct influence on strategic decisions and therefore, ultimately, on societal or financial orientation.

Depending on the prevailing cultural value system, some managers will favour a market approach whereas others will have a more social orientation. In terms of the financial and societal reference systems identified by Martinet and Reynaud (2004), a financial reference system provides a logic for corporate strategies that respond to the dictates of financial markets. Short-term profitability is the main objective of the firm. The strategy is adopted in order to satisfy the shareholders. In contrast, a societal reference system provides a logic that integrates economic motivations with social and environmental motivations. The aim of the firm is to survive in the long term and organizational stakeholders are taken into account.

The European Union is sometimes considered as a homogenous market (e.g., Danone's zones are Europe, Asia and the rest of the world; Carrefour's zones are Europe, the Americas, Asia) which would suggest homogeneity in respect to business practices and managerial perspectives. However, previous European research on these topics has been limited to the founders of the European Union. For example, while Grand, Grill, Rousseau and Schneider-Maunoury (2005) found no significant differences in the ethical policies of firms in 14 European countries, we note that their sample did not include firms from Central and Eastern European (CEE) countries. Similarly, Schlegelmilch and Robertson's (1995) proposal that European Union affiliation would result in a convergence of European managers' perceptions of ethical issues was limited to Western European countries. Other research has shown that there are significant economic, institutional (social and political), and cultural disparities within the EU region (e.g., Franzese and Mosher, 2002; Giannetti, 2002; Inglehart and Welzel, 2005). In order to understand how the strategic orientation of European managers could be modified or at least how homogeneity will be

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