

JEEMS SI proposal – State-Business Relations in Post-socialist Europe after Transition

Guest editors:

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Soon after the fall of the Iron Curtain, it became clear that the end of state socialism in Eastern Europe did not necessarily imply the end of state domination over the economy and firm practices. Early studies found, that the post-socialist state – through its control over the banking system for instance – continued to influence firm-level strategies regarding product innovation, restructurings, supply chains, and human resource management (Whitley & Czaban, 1998a, 1998b). More generally, management scholars, political scientists, and sociologists found that the role of the state in post-socialist economies remained much more prominent and much more complex than initial optimistic accounts of “transition” and the “retreat of the state” had suggested (Martin, 2002, 2013; Schoenman, 2005; Stark, 1996; Stark & Bruszt, 2001). Thus, the initial retreat of the socialist state was slower than expected during the early 1990s. More recently, various transition economies may even experience a return of the state as an active player in the economy in its own right (Bremmer, 2008; Kurlantzick, 2016; Musacchio, Lazzarini, & Aguilera, 2015; Sallai & Schnyder, 2018). In such cases, the state does not only intervene as a regulator – as the ideal-typical idea of liberal capitalism would have it – , but also as an owner of large companies, and designer of industrial policy directed towards promoting certain industries over others (see Hofman, Moon, & Wu, 2017).

More generally, one common characteristic of post-socialist countries is that the separation between the state sphere and the economy is more fluid than in established Western market-economies. This is partly a result of the process of post-socialist transformation. Creating capitalist market economies on the rubbles of the communist system has meant that post-socialist countries faced the tremendous challenge of creating a ‘capitalist class’ from scratch. Various types of privatisation processes of the vast state assets, and different political dynamics in different countries, have led to very different elite structures (Bandelj, 2008; King, 2001; Schoenman, 2005; Walder, 2003; Wedel, 2003). Yet, they share the common feature that the new economic elite did not emerge completely independently from the communist political elite, leading to complex interrelations between the two.

This has direct implications for the strategies of companies operating in such contexts. Specifically, managing the political environment becomes even more important for firms in post-socialist countries than in Western established capitalist economies (White, Fainshmidt, & Rajwani, 2017). Yet, the literature on such strategies in emerging markets and in particular in the post-socialist context remains underdeveloped (Deng & Kennedy, 2010; Mondejar & Zhao, 2013; White et al., 2017; Zhang, Zhao, & Ge, 2016). One exception is political ties. Political ties, as one particular form of political strategy, has seen considerable attention and underscore the importance of strategies to manage the firm’s dependence on the state especially in countries like Russia and China (Okhmatovskiy, 2010; Sun, Mellahi, & Thun, 2010; Sun, Mellahi, Wright, & Xu, 2015). Political ties and more broadly informal networks in state-business relations have

been also widely recognised in some post-socialist countries that are now EU members, such as Poland (McMenamin and Schoenman, 2007, Schoenman, 2005) and Hungary (Stark, 1996, Stark and Vedres, 2012, Danis et al., 2009). Studies conclude that the weak nature of formal institutions in post-socialist states encourages firms to develop political activities based on business networks (Peng and Heath, 1996) and informal relationships (Peng, 2003, Luo and Zhao, 2013). Studies in the area of public affairs (McGrath et al., 2010) and corruption (Millar and Koppl, 2014), highlight the differences between Western and post-socialist public affairs culture (Harsanyi and Schmidt, 2012) and the issue that political strategies in post-socialist states remain a taboo (Sallai, 2013).

However, beyond political ties, other types of political resources, capabilities or lobbying strategies, have largely been neglected (Schnyder & Sallai, 2018). There are very few studies systematically analysing other political strategies – including information strategies, financial incentives strategies, and constituency building strategies (Hillman & Hitt, 1999) –, compared to the much better researched Western context. Furthermore, few studies have investigated how and why non-market strategies (Mellahi, Frynas, Sun, & Siegel, 2016) and their effectiveness vary across post-socialist settings (Akbar & Kisilowski, 2015). We therefore encourage submissions that investigate the specificities of non-market strategies in post-socialist settings, in particular in comparative fashion.

The specificities of post-socialist economies also has implications for the meso-level of state-business relationships: Given the politicised nature of post-socialist economies (Martin, 2002), state-business relationships are particularly important in post-socialist contexts. Various disciplines provide theoretical tools to analyse these relationships reaching from political science literature on lobbying and interest group politics (Eising, 2007; Sallai, 2013; Schnyder, 2012), to the corporate political activity (CPA) literature in management studies (Rajwani, Lawton, & McGuire, 2013), and classical theories of business embedding in the state hierarchy in development studies (Evans, 1995; Johnson, 1982). All these theoretical tools have to date been insufficiently mobilised to understand how firms are embedded in the post-socialist context (Block & Negroita, 2016). Conversely Central and Eastern Europe – and the post-socialist context more generally – constitute very promising fields for theory development on these crucial issues of state-business relationships. We therefore also encourage the submission of papers that focus on the intermediate level of analysis, in particular studies adopting an interdisciplinary approach.

At the macro-level, the specific role and nature of post-socialist business systems and specifically the role of the state in them, are not often directly investigated and their impact on firm strategies is still not well understood. The comparative capitalism or comparative institutional analysis (CIA) literature (Fainshmidt, Judge, Aguilera, & Smith, 2016; Jackson & Deeg, 2008; Saka-Helmhout, Deeg, & Greenwood, 2016) distinguishes provides various labels to describe national business systems with more interventionist states than the typical Western ‘regulatory-’ or ‘welfare’ states. These include – most commonly – ‘state capitalism’ (Musacchio et al., 2015) and ‘authoritarian capitalism’ (Witt & Redding, 2014). Some typologies more specifically distinguish the role of the state according to classical distinctions of regulatory-, developmental-, welfare-, and predatory states; with post-socialist countries falling either into the predatory or developmental categories (Fainshmidt et al., 2016). However, these attempts to describe and analyse the role of the state in post-socialism are often decontextualized and lack nuance across cases. Yet, these nuances are important to understand specific firm-level reactions to specific problems and opportunities created by the post-socialist state (King, 2001; Schoenman, 2005). We therefore also encourage submissions that take as the unit of analysis post-socialist national

business systems as long as they allow us to further our understanding of how variations in the role of the state and macro-level factors shape firm- or individual-level practices and strategies in these contexts.

This special issue invites papers addressing questions related to these three topics: The impact of the role of the state in post-socialist and post-soviet countries on firm-level outcomes and strategies; firms' non-market strategies in response to post-socialist states; state-business relationships in post-socialist countries. These can include, but are not limited to:

1. Cross-country comparisons of what type of state business relationships lead to superior firm-level and country-level outcomes.
2. Cross-country comparisons of non-market strategies in post-socialist and post-soviet contexts.
3. Longitudinal studies exploring how non-market strategies change/evolve in the context of post-socialist transformation.
4. Papers addressing the specificities of the two-way relationship between firm lobbying and state intervention.
5. Heterogeneity and determinants of firm-level non-market strategies in dealing with different types of post-socialist regimes.
6. Determinants of the effectiveness of different firm-level non-market strategies in different post-socialist settings.
7. Studies on foreign subsidiary and domestic firm political capabilities and non-market strategies and the determinants of their effectiveness.
8. Studies on the ways in which businesses organise their interest representation in a post-socialist context.

We welcome submissions focussing on cross-country comparisons or on single country-cases, as well as large-N firm-level studies, firm- or country-level case studies, and country-level comparative research, as long as they contain a clear and explicit link to the organisational- or individual-level.

Please submit your paper of no later than June 1, 2019 5pm CET by e-mailing it to G.Schnyder@lboro.ac.uk. All papers have to conform with the JEEMS author guidelines: https://www.jeems.nomos.de/fileadmin/jeems/doc/Authors_Guidelines.pdf

Timeline for SI:

1. February 2019 call to be published
2. Deadline for submission of full papers (10,000 words) **15th June 2019**
3. Late June 2019 desk rejections
4. June - August, 2019 – 1st round R&R (6 weeks deadline for reviewers)
5. September 2019: decisions and invitation of papers for workshop
6. Workshop to be held at MGIMO Moscow November/December 2019
7. December 31st, 2019 deadline for resubmissions
8. January 2020-February 2020, 2nd round R&R
9. February 2020: decisions
10. May 2020: deadline for resubmissions
11. May-June 2020: 3rd R&R
12. July-August 2020 final decisions/conditional acceptance
13. Autumn 2020 - publication

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