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**Article**

**Editorial**

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## Editorial

Dear Reader,

we are glad to present you a diversified, comprehensive and quite interesting “summer issue” of JEEMS.

The article by *Rune Gulev* investigates how economic culture in Slovenia, Germany, Austria and Denmark influences on the management of international headquarter – subsidiary relationships (HSR). Economic culture is measured using two dimensions, namely capitalistic driven vs. communitarian driven, i.e. the extent to which employees provide for themselves, and authority driven vs. subordinate driven, i.e. the extent to which employees revere their superiors opposed to revering co-workers. In the article Rune Gulev develops a set of hypothesis on how the value of these dimensions in each country will affect such key variables of international HSR management as control mechanisms, management style, organizational structure and knowledge sharing. These hypothesis than are tested in an empirical study. The findings show there are some direct linkages between capitalistic and authoritarian economic cultures on managerial characteristics of a HSR. For example, and in my opinion quite expectable, highly subordinate driven multinational companies tend to have a bias towards two-way knowledge flows whereas highly authority driven multinational companies utilize smaller extents of two-way knowledge flows.

*Tone Češnovar* in his article focuses on the impact of strategic management on business outcomes in Slovenian wood-processing companies. In his empirical study the author investigates how the use of a strategic management approach impacts firm performance. Moreover, he aims to discover main characteristics of strategic management use in the analysed companies. The results of the study demonstrate that there is no considerable difference in the frequency Slovenian wood-processing companies systematically used strategic management compared to foreign companies. Moreover, the companies that followed a strategic management approach produced better business outcomes than companies that used more informal ways of managing. Consequently, the author opts for an improvement of systems for tracking and analysing environmental influences and the implementation of more sophisticated methods to assess strategic management’s implemental results and corrective action. Strategic management research, in my perception, often tends to show that the systematic application of strategic management exerts a positive influence on company performance. According to Tone Češnovar’s conclusions and to the delight of some strategic management researchers, this is also the case with Slovenian wood-processing companies.

The article by *Dorota Dobosz-Bourne* deals with the so called reverse diffusion of quality from the Polish subsidiary (Opel Poland) of General Motors to a home plant. Reverse diffusion in particular means that quality knowledge flows from

the subsidiary to the parent company, which is an often neglected perspective on parent company-subsidary relationships in transforming societies. According to the author, General Motors used a built-in quality concept with its plant in Poland. Based on 33 qualitative interviews in three General Motors plants (two in the UK, one in Poland) Dorota Dobotz-Bourne found that by reaching maturity the Polish plant also became professional in quality, which resulted in a reverse diffusion process towards the two UK plants. So, the “pupil transcended its master“ (Dobotz-Bourne, p. 130) and Polish experts now introduced a set of quality management instruments into the UK plants. This so called evolutionary reverse diffusion, i.e. an optimal mix of practices is achieved within existing modus operandi, however, ended up in a clash between one of the UK plant’s approach to quality and the philosophy of built-in quality and lead only to limited improvements. According to the author, a transformative reverse diffusion, i.e. to move the organisation towards a new modus operandi, is more appropriate here. This transformative transfer is directed towards a more significant impact and seeks to change the assumptions concerning the way in which organisation operates and, consequently, might be more appropriate to address the existing problems in the UK plant.

Additionally to the three articles, the current issue also comprises of the second part of the research note by *Csaba Makó, Péter Csizmadi and Miklós Illéssy*. The authors give us more information on the results of their international research project. Furthermore, *Ádám Angyal* and *Júlia Csanda* in their research note deal with corporate governance in the Hungarian banking and insurance sector.

I hope you enjoy reading the current issue

*Ingo Winkler*

*(Member of the Editorial Committee)*