

News / Information

Trust in transition: a multi-layered game with many unknown factors

A conference report

Trust is a blurred, and controversially discussed, topic of social science that has become particularly attractive for empirical work in economic sociology. For that reason a conference took place in St. Petersburg from 16th until 17th December 2002, organized by the Faculty of Sociology (Economic Department) of the State University of St. Petersburg and the Institute of Sociology of the Otto-von-Guericke-University of Magdeburg, and titled “*Trust: Theoretical Approaches and Perspectives of Analysis*”. About 30 scientists met at the State University of St. Petersburg to provide theoretical papers and empirical material on the notion of trust in social and economic relations.

Both sociological institutes used the conference, which was promoted by the Center for German and European Studies (ZDES) in St. Petersburg, as a platform to develop joint research strategies and empirical projects for post-socialist transformation processes in Eastern Europe. The Russian and German scientific team around *Y. Vesolov* (St. Petersburg) and *E. Dittrich* (Magdeburg) is particularly interested in the interrelatedness of economy, society and culture, their impact on institutions, development of market relations and entrepreneurship, and transformation of socialist in market economies.

The conference was structured into two parts. The first part, “*Sociology of Trust: Approaches for the Study of Pre-Modern, Modern and Transformation Societies*”, dealt with general theoretical approaches in the context of transformation. The second part titled “*Conditions and Mechanisms for Generating Trust in Transformation Societies, especially in Russia and Eastern Germany*”, aimed at exploring empirical fields/spheres of trust and mistrust in transformation societies. The conference ended with a workshop on “*Research Perspectives and Strategies in the Field of Trust and Transformation*” aiming at setting up an international research network on this issue.

We will outline some important theoretical concepts and empirical findings linked with the topic of trust.

In his paper “*Georg Simmel: The Strange and Trust*” *Chr. Stojanov* (University of Magdeburg) pinpointed at Simmel’s pioneering role in analyzing trust. Starting with his view that trust is situated between “knowledge and ignorance”, he came to analyze trust in relation to the ‘stranger’ as a personified being, but also ‘strangeness’, which scrutinizes our own we-group identities. In everyday-life the reaction of we-groups to foreigners and foreignness may take different forms, ranging from openness and changing group structure to exclusion and

maintenance of group structure. Unfortunately, Stojanov did not place his summary of Simmel's theory into a broader context. The discussion to interpret networks as a special form of we-groups, which play a crucial role in post-socialist transformation, pinpoints at a promising field to apply Simmel's theory in contemporary research.

K.-U. Hellmann's (University of Magdeburg) paper on "*Trust in Markets*" gave particular reference to N. Luhmann and a systems-theoretical approach to trust in economic sociology. Hellmann pointed out that trust in markets is a modern phenomenon. He argued that modern markets are autonomous social systems that determine economic action, and in which every single exchange act stands for itself as a "self-sufficient" element or event in the flow of market exchanges. Personal ties in terms of familiarities and reciprocal obligations in are not necessary. However, without any social embeddedness the risk to be cheated is very high. For that reason markets need trust as a means of risk-reduction and as a functional equivalent for familiarity and reciprocal obligations that structured pre-modern societies. Hellmann not only mentioned laws and regulation as such substitutes, but also cultural conditions and emphasized that – contrary to the view of economics – also modern markets are embedded in various ways to make them efficient. However, the type of trust, which is required for modern societies, is not the same as in pre-modern exchange relations. The modern type of trust is "system-trust", which is generated by "real" experiences as well as self-reflexive mechanisms. He concluded that trust in the functioning of markets is the main reason for trust in markets.

N. Glebovskaya (St. Petersburg State University) considered "*Trust in Terms of the New Institutional Economics*". She argued that also New Institutional Economics (NIE) knows trust as an element of economic action. Following O. Williamson's approach, Glebovskaya discussed three main types of trust: (a) calculative trust: an instrumental trust to maximize profits in exchange relations; (b) institutional trust: trust in formal and informal institutions of control; and (c) "nearly non-calculative" personal trust, within families and friendship relations.

One of the most interesting results of three papers and their discussion was the idea of a double character of modern economy both as an autopoietic and self-referential sub-system as well as being embedded in social structures and depending on action of, and communication with others. This contradiction is real" and requires corresponding theoretical instruments and adaptations such as the transgressing of a pure systems-theoretical approach.

Among the theoretical papers we would also like to mention *Y. Veselov's* (St. Petersburg State University) paper on "*The Sociology of Trust and Transformation Theory*". He identified two sociological traditions in explaining trust in modern societies. One school, represented by Fukuyama and others, considers trust as a phenomenon of traditional institutions (religion, family,

communities etc.), from which modern institution (markets, functional systems) can take some benefits. Here trust is more like faith or belief. The other school treats trust as a modern institution. For Luhmann or Coleman, trust is a response to the conditions of uncertainty and a risky life-world in modern societies, and it is related to rational calculations of possible gains or losses. Veselov tried to integrate the two approaches by a simple sequencing. During the transformation process from pre-modern to modern societies, traditional trust as a means of connecting (more or less) equals by “mechanical solidarity” had to be substituted by modern trust, based upon, and reproduced by, modern “economic structures” and competing market agents. As Veselov pointed out, the market economy transforms society into a “market society” (an argument that was later elaborated by H. Schrader). It activates modern trust, whereas traditional trust moves into the periphery of society. Building upon these considerations, Veselov dealt with the long-term transformations of Russia (and Eastern Europe). Considered as a long-term process, Russian society began to change the traditional rural, paternalistic and religious forms of trust at the turn to the 20th century. In spite of rapid social and economic change during the socialist period that eroded traditional trust, the totalitarian system maintained certain aspects of traditional trust. Paternalistic trust changed into “trust in charismatic political leaders”, religious trust changed into “trust in the communist ideology”, trust in traditions became “trust in order”. Instead socialism developed “highly institutionalized public trust to power, state and political leaders mixed with distrust between ordinary people (and personal) trust concentrated in private life only inside the families or small communities”. Altogether, Veselov argued for a more complex and socio-historical view on the connection of post-socialist transformation and trust.

M. Sinoutin (St. Petersburg State University) talked about “*Changing Trust in Modern Russian Society: Social and Economic Roots of the Problem*” . He emphasized the importance of a historical and concrete, case-based investigation of trust and argued in the way of moral philosophy that trust can only exist on a personal level, not however, on the level of systems or institutions where it only provides an “illusion”. On the personal level, trust is a kind of belief or faith melted with moral norms and ideals, which Sinoutin considered with regard to Russia and the former Soviet Union. He emphasized that traditionally Russia and also to some extent the Soviet Union is a high-trust society (from the point of view of personal faith and beliefs). This, however, changed with the transition to capitalism. Many people lost their faith or beliefs, but they are seeking trust and moral reconstruction.

The second part of the conference: “Conditions and Mechanisms for Generating Trust in Transformation Societies, especially in Russia and Eastern Germany” was opened by H. Schrader (University of Magdeburg) with his paper “Social Capital, Trust and Civil Society - Reflections on Path-Dependent Transformation”. Schrader took up the theoretical discussions by linking the

topic of trust with that of social capital – considered both on a network level as well as societal level. The latter implies spontaneous sociability, basic mutual trust, and solidarity among actors. Without this societal social capital a modern market society cannot function. Societal social capital is not an asset of culture, but it has to be built and it requires a continuous (re-)construction. It is shaped by social experience, which is passed on to the next generation. Market society also means the freedom of choice between market, hierarchy and network. Russia and some other post-socialist countries have perhaps taken the transition to a market economy (which means that certain institutions of market economies have been built), they have not yet achieved the transformation to a market and civil society. The societal social capital is rather weak, so that people do not have this choice between market, hierarchy and network, but act within their strong personal networks that provide higher security, while they simultaneously treat their network environment as dangerous. Therefore, post-socialist societies are structured by a clear-cut distinct inner and outer morality.

V. Voronkov (CISR, St. Petersburg) and *E. Zdravomyslova* (St. Petersburg State University). took up the issue of “*Double Morality and Trust in the Late Soviet Order*”. In the tradition of symbolic interactionism they distinguished different spheres (or ‘stages’ in terms of Goffman) with corresponding moralities and moral codes of conduct: On one hand, the distinction between official public, informal public and private moralities, on the other hand the incongruence of written and habitual moral codes (and to some extent also laws). Altogether we should accept a manifold plural reality and process of morality, also for Soviet, especially late Soviet society. Secondly, against this background and in opposition to many Western approaches that claim a pre-modern Russian society, Voronkov and Zdravomyslova pointed out, that also modern forms of ethos (communication, trust, solidarity etc.) existed in totalitarian Soviet Russia under the surface. People used the realms of spontaneous action, freedom and mutual aid. They concluded that trust and morality are less dependent on knowledge and more dependent on societal ethos. In so far, the problems of trust building in current Russia must not be reduced on a simple modernization problem.

In spite of the value of discussing different realms and corresponding moralities, there are certain problems with Voronkov’s and Zdravomyslova’s argumentation. First of all, their analysis stopped with the late Soviet period, not considering, which changes occurred with the transition (and here would have been the direct link to the foregoing speaker). Another question, which comes up, is as follows. If people use different moral masks in different situations and develop double (if not triple) moralities, does this switching impact upon modern knowledge, morality and trust? In our opinion such a question shows the necessity of further empirical and theoretical research. As Schrader showed, the concept of social capital could be a useful tool to approach such a question. In our view, this concept could be developed further

in two directions: On the one hand, Schrader's rather socio-cultural approach could be enriched by following Bourdieu's understanding of capital as an acting resource. In that case, capital also appears as a medium of strategic action. This would allow the comprehension of trust in his multifold nature, and the integration of other paradigms, e.g. the Rational-Choice approach. On the other hand, we could take into consideration not only social capital, but also economic and cultural capital (in Bourdieu's terminology) as resources that impact upon trust relations. This extension could also be a tool for a deeper understanding of the relation between knowledge, moralities, and emotional moments in trust relations.

Several other papers took a more economic empirical view. Ph. Hessinger (University of Magdeburg) talked about "*Trust and Power in Industrial Networks. The Case of Eastern Germany*". Hessinger structured his considerations around the connection of industrial networks and trust along a classification with three types of networking. The first type is the "pure liberal type", for which silicon-valley is a good example. The second one is the "trust- and power-based social embedded networking". Hessinger cited examples drawn from Italy after the Second World War (e.g. around Bologna) and from Denmark during the 1970^s and 80^s of the last century. Unlike the liberal type the social embedding type is based upon cooperative movements, their moral binds, and on a limited support by local authorities. The third "voluntaristic type" of "power-networks" connects old and new firms, strong political actors (including associations like trade-unions), and qualification and research agents (like universities) within a region. The agents of networking try to create networks of regional development with one or maybe some centers. For that type, the history of Jenoptik, one of the rare successful bigger East-German enterprises, is a helpful example. The discussed types belong to special economic, social and "cultural" environments as well as to special situations. Therefore, they are not simply "transferable". Nevertheless, Hessinger identified potentials of learning for the Russian society as well. To some extent, industrial networks and their trust-relations are constructible.

R. Karapetjan (St. Petersburg State University) dealt with "*Networks of Trust on the Russian Labor Markets*". He distinguished between a "market type of action", where supply and demand is driven by "labor purchase and sale", and a "trusting type of action", which is built upon personal relations and memberships in social networks. Both types exist in all economies. The question and a possible social problem is the proportion of the two types to each other. In the Russian case, social networks predominate in all segments of the labor market. For employees as well as for employers, the use of networks and informal relations seem to be the first "reflex" and the best mean to minimize risks in economic action.

E. Ganskau talked about the empirical research project on “*Trust in Food: Institutional Map of Trust at Food Market in Saint-Petersburg*” (conducted together with *L. Volchkova* and *V. Minina*, all St. Petersburg State University). She firstly described the role of trust in the context of food production and consumption and interpreted trust in food as “a particular form of communication between consumers and institutions involved in the food sector that is achieved by positive changes in food policy, legislation, and public opinion”. The institutional map in investigations of trust especially includes the distribution of responsibility (legal and institutional frameworks), analyses of food markets and descriptions of consumer’s attitudes. For Russia and St. Petersburg the government has been trying to establish laws guaranteeing food safety, healthy consumption, and consumer right protection. But corresponding actor-structures and real political acting have not accompanied this progressive legal framework. The system is rather non-transparent and action is uncoordinated. But it has to be remarked too, that public control is becoming more and more active. This ambivalent situation is mirrored in a low public confidence in food safety, and a widespread feeling of powerlessness in getting justice in realization of consumer rights.

Another topic of interest that was brought up by *V. Dudina* (St. Petersburg State University) is the issue of “*Trust in E-Trust*” that she wants to approach in a research project. She wants to investigate the new communication media in order to determine whether a new type of trust is emerging. Starting from Garfinkel’s trust concept, which emphasizes the face-to-face features of everyday-life trust, Dudina sees three important areas, which have to be investigated when we deal with e-commerce: (a) Community: Will the internet generate new forms of community, and what will be the consequences concerning trust?; (b) Brand identity: What role will brands play with regard to familiarities and trust communication?; (c) Personal experience. What influence in trust and its features will the changed forms and possibilities of personal experiences and narratives within the World Wide Web have?

The papers and discussions revealed that the phenomenon of trust is multi-layered, that old forms of trust disappear or alter, and new forms of trust emerge in changing social contexts. *E. Dittrich*’s “*Closing Remarks*” took up this issue. Dittrich stressed the obvious role of trust in the transformation economies and societies and the necessity of further empirical research on trust and transformation.

In our concluding remarks we shall take up three issues. Firstly, as this conference showed, we need a deeper understanding of the nature, (developing) forms and functional equivalents of trust. Often, trust serves as a residual category in explaining (dis)integration processes in societies. Trust seems to be a passpartout, which can be used whenever other categories like culture, morality, social norms etc. fail. Hence, we observed some tendencies of

categorial confusion, also during this conference. Moreover, it is necessary to clarify the relation between cognitive and emotional elements of trust and its forms. In so far, basic investigations and considerations remain an important task for the future. Secondly, these conceptual problems get a specific weight and importance in relation to post-socialist transformations. The reason for that is clear: If the “normal” mechanisms of social integration are destroyed because of society in flux, the danger of using trust as a passpartout is even greater. And in consideration of all problems of pre-modernity or modernity, we should make great efforts to elaborate a complex and at the same time highly sensitive theoretical framework reflecting the concrete conditions and times of social life. In “real” transformations, attempts at simple transfers have already failed. Simple conceptual transfers will fail too, as – in our view – some discussions have shown at the conference. Thirdly and as a cheering prospect, sometimes it could be a reasonable research “method” to follow the core idea of the “grounded theory” (A.L. Strauss/B.G. Glaser). As reports in the context of the following workshop “*Research Perspectives and Strategies in the Field of Trust and Transformation*” have shown, e.g. those by *O. Pachenkov* (CISR St. Petersburg, about ethnic networks), *E. Bogdanova* (St. Petersburg State University, about trust in client-bank relations) or *I. Oswald* (St. Petersburg State University, about life courses in rural Russia), some seemingly “strange” themes and approaches may allow new interesting questions and insights. Against this background, I would also like to recommend more comparative, cross-cultural and multi-dimensional research projects in the field of trust.

Note: Selected papers of the conference will be developed further and published.

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**Deutsche Vereinigung für sozialwissenschaftliche
Arbeitsmarktforschung (SAMF) e.V. gründet ständige
Arbeitsgruppe zu „EU-Osterweiterung – Auswirkungen
auf Arbeit, Wirtschaft, Region“**

Es ist weithin unstrittig, daß die EU-Osterweiterung sowohl in den Volkswirtschaften der „Alt-Mitglieder“ als auch für die Beitrittsländer zu gesamtwirtschaftlichen Wohlfahrtszuwächsen führen wird. Unsicherheit besteht allerdings darüber, wie sich die EU-Osterweiterung auf einzelne Beschäftigtengruppen, Unternehmen und Branchen sowie Regionen auswirkt. Einiges spricht dafür, daß es auf beiden Seiten Gewinner und Verlierer geben wird: In der EU15 profitieren vor allem kapital- und wissensintensive

Branchen, hochqualifizierte Arbeitnehmer und die Ballungsräume. Zu den Verlierern dürften arbeitsintensive Branchen, gering qualifizierte und niedrig entlohne Arbeitskräfte sowie strukturschwache grenznahe Räume zählen. In den osteuropäischen Beitrittsländern ist mit einer deutlich zunehmenden Konkurrenz 'westlicher' Anbieter zu rechnen, die auf der Basis überlegener Produktivität eine Vielzahl von Unternehmen in ihrem Bestand gefährden dürften. Darüber hinaus ist nicht auszuschließen, daß die Abwanderung mobiler und hochqualifizierter Arbeitskräfte zu einem 'brain drain' führt, der die wirtschaftlichen Perspektiven der dortigen Unternehmen durchaus beeinträchtigen wird. Ein hohes Maß an Unsicherheit herrscht zudem hinsichtlich der Bedeutung der Erweiterung für die künftige Entwicklung der europäischen Arbeitsbeziehungen, insbesondere hinsichtlich der Befürchtung eines erweiterungsinduzierten Drucks auf Einkommen, Arbeitsbedingungen und Interessenvertretung einzelner Beschäftigtengruppen in der EU15.

Diese Themen wurden auch im Rahmen der SAMF-Jahrestagung „Benchmarking in der erweiterten EU“ (11./12.Dezember 2003, Frankfurt a.M.) diskutiert. In seinem Einleitungsvortrag zum „Beschäftigungsranking in den EU-Beitrittsländern“ widmete sich K. Hafemann (Centrum für angewandte Wirtschaftsforschung, Münster) der Frage, inwieweit die Beschäftigungsentwicklung in Osteuropa in das Internationale Beschäftigungsranking integrierbar ist. Im Rahmen der Vorstellung der Ergebnisse eines solchen Rankings wurden beschäftigungspolitisch relevante Faktoren (Rechtssicherheit, Abwesenheit von Korruption und Inflation) in den einzelnen Beitrittsländern diskutiert. Auf dieser Grundlage erwies sich die Beschäftigungsentwicklung in Slowenien als besonders vorteilhaft, in Polen stellt sie sich hingegen sehr ungünstig dar. In seinem Korreferat formulierte H. Schütz (Wissenschaftszentrum Berlin) methodische Einwände; insbesondere sei ein solches Ranking aufgrund der Vielzahl nicht berücksichtigter Einflußfaktoren (Preis für Faktor Arbeit, Marktstrukturen, Nachfragebedingungen) von nur begrenztem Aussagewert.

J. Tholen (IAW Bremen) wagte in seinem Beitrag zu den „Arbeitsbeziehungen in den Beitrittsländern“ den Versuch, die heterogene Entwicklung der Arbeitsbeziehungen in den Beitrittsländern gebündelt darzustellen und mögliche Entwicklungspfade zu skizzieren. Im Mittelpunkt der Diskussion seines Beitrags stand die bislang ungeklärte Frage, inwieweit eines der in der EU15 etablierten Modelle industrieller Beziehungen sich für die Beitrittsländer als dominant erweisen wird oder ob sich stabile Typen patchwork-artig zusammengesetzter Arbeitsbeziehungen etablieren werden.

Im Mittelpunkt des Beitrags von A. Ziegler (WSI Düsseldorf) zu den „Auswirkungen der erweiterten EU auf den Einsatz europäischer Strukturfonds in der Bundesrepublik“ standen Wirkungen der Reform der Strukturfonds auf die nationalen und europäischen Arbeitsmarktpolitiken und die EU-

Regionalfonds, die sich bisher als ein „Innovationsmotor“ erwiesen hätten. Das Fazit lautete, daß es zwangsläufig zu einem Rückgang der Förderung in den ‘alten’ Mitgliedsländern kommen wird, zumindest in Ostdeutschland jedoch nicht mit einem Kahlschlag zu rechnen ist.

R. Steiner und A. Bleicher (BTU Cottbus) stellten in ihrem Beitrag zu den „Auswirkungen der EU-Osterweiterung auf Betriebe und Beschäftigung“ die Frage in den Mittelpunkt, welche Wirkungen unterschiedliche betriebliche Anpassungsstrategien auf Unternehmenserfolg und Beschäftigungsentwicklung haben. Es konnte gezeigt werden, daß die – relativ wenigen – Betriebe, deren strategische Ausrichtung auf die Kombination von Ausstattungsvorteilen und die Ausweitung der Geschäftsfelder zielte, eine besonders vorteilhafte Performance zu verzeichnen hatten.

In ihrem Referat zur „EU-Osterweiterung und Situation der Arbeitnehmer in der ostbayerisch-tschechischen Grenzregion“ verwiesen M. Deiß und H. G. Mendius (ISF München) darauf, daß in der ostbayerischen Grenzregion mit erheblichen Nachteilen der Erweiterung für Unternehmen arbeitsintensiver Branchen sowie entsprechend negativen Effekten für die Beschäftigten und ihre Interessenvertretung zu rechnen ist. Deutlich wurde zudem das bislang eher unzureichende Niveau der Vorbereitung der Betriebe auf die mit der Erweiterung verbundenen Veränderungen der Wettbewerbsbedingungen.

E. Hönekopp (IAB Nürnberg) betonte in seinem Beitrag zur „Migration als Folge der EU-Erweiterung“, daß ab dem Beitrittsdatum keineswegs mit einem, wie mitunter befürchtet, massiven Anwachsen von Arbeitskräftewanderungen aus Osteuropa zu rechnen ist. Insofern könne auch nicht von einer erweiterungsinduzierten Verschärfung der direkten Beschäftigungskonkurrenz ausgegangen werden.

Die Diskussionen im Anschluß an die Beiträge haben gezeigt, daß eine Reihe von Fragestellungen existiert, die für die Perspektiven betriebsbezogener und arbeitsmarktorientierter Forschung im erweiterten Europa von Bedeutung sind:

- Läßt sich im Sinne einer ‘good practice’ eine Anpassungsstrategie der Unternehmen an veränderte Wettbewerbsbedingungen identifizieren, die zur Stabilisierung von Beschäftigung und Unternehmen beiträgt?
- Welches sind die Erfolgs- und Gefährdungsfaktoren für eine grenzüberschreitende Kooperation von Unternehmen und Arbeitnehmervertretungen?
- Mit welchen Auswirkungen auf Arbeitsmarkt und Betriebe ist in den osteuropäischen Beitrittsländern zu rechnen? Stehen diese vor der Wiederholung der Erfahrungen in den neuen Bundesländern?
- Welches ‘Modell’ der Arbeitsbeziehungen bzw. der Corporate Governance wird sich im erweiterten Europa etablieren? Ist zu erwarten,

daß es zu einem weiteren Auseinanderdriften unterschiedlicher ‘Modelle‘ der Arbeitsbeziehungen im erweiterten Europa kommt?

- Was bedeutet die Umstrukturierung des EU-Strukturfonds für die bisherige Praxis der Regionalförderung und Arbeitsmarktpolitik?
- Existieren Ansätze für die Herausbildung grenzüberschreitender Facharbeitsmärkte oder ist mit einer zumindest sektoral und regional ausgeprägten Zunahme der Beschäftigungs- und Lohnkostenkonkurrenz zu rechnen?

Ingesamt herrscht hinsichtlich dieser und anderer Fragestellungen, die mit den Herausforderungen und Perspektiven der EU-Erweiterung für Unternehmen, Beschäftigung und Arbeitsbeziehungen verbunden sind, ein hohes Maß an Unsicherheit. Mit der anlässlich der Jahrestagung ins Leben gerufenen SAMF-Arbeitsgruppe „EU-Osterweiterung – Auswirkungen auf Arbeit, Wirtschaft, Region“ soll ein Forum zur Auseinandersetzung mit diesen und weiteren Fragen geschaffen werden.

Als eine erste Aktivität der AG bereiten wir zur Zeit die Publikation der Beiträge der Jahrestagung vor, die zusammen mit weiteren einschlägigen Arbeiten zu diesem Thema unter dem Titel „Chancen und Risiken der EU-Osterweiterung“ (hg. von A. Bleicher, S. Gensior, R. Steiner) im Shaker-Verlag (Aachen) erscheinen werden.

Darüber hinaus möchten wir Kolleginnen und Kollegen, die sich mit Fragen der EU-Osterweiterung beschäftigen, einladen, sich an der SAMF-Arbeitsgruppe „EU-Osterweiterung“ zu beteiligen. Gegenwärtig ist an einen ersten Workshop gedacht, zu dem auch Experten aus den osteuropäischen Beitrittsländern eingeladen werden sollen.

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Call for Papers

Conference Theme: International Entrepreneurship, Innovation and Competitiveness in The Transforming (CEE) and Enlarging Europe

Celebrating its 10th Anniversary, Stockholm School of Economics in Riga will host The 3rd International Conference "International Business in Transition Economies" on September 9-11, 2004, in the capital of Latvia Riga. The Conference is organized by Stockholm School of Economics in Riga, Latvia, Aalborg University, Denmark, and CIBER-Vilnius, Lithuania, alongside with its international partners. As the first two, the 3rd Conference invites papers addressing the key questions of International Business in the transforming Economies of Eastern and Central Europe:

1. The Changing Institutional, Industrial and Cultural Context of the CEE Economies: Barriers and Opportunities for International Business
2. International Trade, Production and Competitiveness of the CEE Countries
3. Internationalization of Companies and International Marketing in the Transforming Economies
4. International Management, Organizational Learning and Change in the Transforming Economies

The Year 2004 is a historic year for the European Continent as ten new countries are joining the European Union. The European integration has already affected the CEE and other firms in many important ways. Still, there are many pressing questions in need of answers. For example:

1. How will the CEE firms and industries in the region respond to the new economic environment and growing international competition?
2. How will the EU enlargement affect economic development of the region and what role and in what way will International Business play?
3. What should the CEE and EU governments do in order to enhance competitiveness of their firms, industries and economies?
4. Will the current EU companies take advantage of the enlarged common market and how?
5. How will the companies left outside the Enlarged EU adjust their international growth strategies?

We believe that, broadly defined, answers at least to some of these challenges lies in International Entrepreneurship, Innovation, Competitiveness and

Building Knowledge Economies, specifically, increasing commitment to and investment in research and education, and intensifying research-industry partnerships. Like the two previous conferences, this Conference, we hope, will also attract a significant number of scholars who will share their ideas and present research findings on these and related issues.

Scholars interested in attending the Conference are cordially invited to send us extended abstracts to the following two email addresses (both at the same time):

1. ibconference2004@sseriga.edu.lv
2. ibconference2004@ciber.lt

The revised deadline for extended abstracts is May 21st, 2004, while complete papers should be sent by August 10. The papers will be accepted based on the review of the extended abstracts. The authors will be notified about the acceptance/rejection by May 30, 2004.

The Conference will consist of three main activities:

1. The Conference Plenary, Parallel Sessions and Special thematic sessions
2. Doctoral Seminar offered by the experienced international faculty
3. Round-Table Discussion with the Baltic Governments' and Industry leaders

Those wishing to organize parallel session on a specific theme should contact Dr. Arunas Starkus at arunas.starkus@ciber.lt.

As part of the Conference, a two-day intensive Doctoral Seminar will be offered to the selected group of Ph.D. students. We expect to have about 20 students from the CEE, NIS, Western Europe and developing countries.

The first two Conferences have resulted in the special issues of international journals such as Journal of East-West Business (JEB), Transformation in Business and Economics (TBE) and Management International Review (in progress). Currently, we are engaged in discussions with several high level international journals, thus, the Conference journal and other publishing opportunities will be announced very soon.

For information, please kindly consult our website at:
<http://www2.sseriga.edu.lv/ibconference2004>
<http://www.ciber.lt/ibconference2004>

In addition, you may send you inquiries to the two conference emails and also to Ms. Monica Thorn at Monica.Thorn@hhs.se

We are looking forward to meeting you in Riga in September.

Anders Paalzow

Conference Chairman, Rector of Stockholm School of Economics in Riga