

HUNGARY OPENS DOOR TO GSM PROFESSOR

Jone Pearce, Associate Professor of Organizational Behavior, recently shared management theory with Eastern Bloc students at The International Management Center in Budapest.

The front row. That's where Jone Pearce was sitting to view the historic political upheavals taking place in Eastern Europe at the end of 1989.

An Associate Professor of Organizational Behavior at UCI's Graduate School of Management and a Fulbright Fellow, Pearce spent the last five months of the decade teaching at The International Management Center in Budapest, Hungary.

"The incredible political changes taking place in Eastern Europe are in part a result of the organizational and managerial failures of those economic systems," explains Jone. "Therefore, the success of the unprecedented political changes now underway may also rest on the new economic systems that are developing there."

Teaching at The International Management Center, which offers the only MBA program in the Eastern Bloc, Pearce led four week-long leadership training seminars exposing some Hungarian managers to their first-ever input on Human Resources.

"The students were very smart, very adaptable and very eager to learn," she says. "But they desperately needed technical information. The social sciences have long been suppressed there. Very few people with training in Organizational Behavior exist."



Jone Pearce, Associate Professor, Organizational Behavior

Of all Eastern European nations, however, Hungary is the most advanced, says Pearce. The country legalized the private sector in 1968, allowing some small businesses in the tourism, home construction, restaurant and computer industries. Two years ago, a stock market was formed, and today 80 percent of all U. S. investment in Eastern Europe is in Hungary.

Even with the head start, Hungarian business leaders have major hurdles to overcome.

According to Pearce, there are no performance pressures or quality controls in the current state-owned Hungarian economy. Pay scales are quite low and the average worker brings home \$200 a month.

Bonuses account for from 40 to 200 percent of a worker's income, and there are no real standards for awarding bonuses.

"It's management by haggling," says Pearce. "Everything hinges on personal relationships and connections."

"In the past, Personnel Directors were really spies for the police. Activities, such as finding an apartment, depended on a worker's standing with the Communist Party. Now Personnel Directors have a new function. They need new organizational skills including how to manage layoffs which will soon be massive," explains Pearce. "Up until now, there were no criteria for who was to be laid off. The idea of using some scale, whether it be seniority or performance, is entirely new to them."

For Dr. Pearce, who earned her Ph.D. and M.A. in Administrative Sciences at Yale University, Hungary offers an incredible challenge and a fertile ground for study and instruction.