

A New “Spirit” of Capitalism? – Globalization and its Impact on the Diffusion of Neoliberal Management Thinking in Germany and the East Asian Economies

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Mainstream globalization literature is quite clear in its assumptions of how globalization affects industrial enterprise. It is presumed to give rise to transnational companies and subsequently, to a transnational class of managers, who use neoliberal management thinking to accelerate the neoliberal transformation of the economy. The article puts these engrained assumptions to strong empirical test by analysing how transnational the life courses of 475 CEOs of the Top 100 industrial company groups in Germany as well as in Korea, Japan, and China are. Furthermore, having carried out 148 in-depth interviews with Top CEOs, the article asks if in fact a neoliberal spirit of capitalism is at work. The findings indicate that neoliberal management thinking is not emerging and that top managers are not the switchmen leading towards a financial market-driven economy. Although neoliberal management thinking has had some impact on German top managers, the various business systems in East Asia indicate the dominance of more indigenous cultural frames.

Keywords: *Economic Elites, New Spirit of Capitalism, Neoliberalism, Globalization, Top-Management, Industrial Enterprises*

Introduction

The discussion about the “spirit of capitalism”¹ is on the one hand a very old one. On the other hand, we do not know very much about the collective mindsets of economic elites that make up this spirit, and its transformation over time (Boltanski and Chiapello 1999, 2005; Lim and Kim 2007; Du Gay and Morgan 2013; Pohlmann 2014). Although there are some global studies on attitudes of managers, like the Globe Study (House et al. 2004), Insead Studies (Lanvin and Evans 2013; Witt 2014), the studies of the Harvard Business School (Bloom et al. 2012; Nobel 2012), and the IBM Studies (IBM 2011), indicating that there is a convergence of perceptions at work, generalizable findings on the adoption of concepts by top managers are not yet available.

The mainstream globalization literature is nevertheless quite clear in its general assumptions about the effects of globalization (Castells 1996; Beck 1997; Münch 2009; Carroll 2010). Basically, two strong assumptions underpin the argument that globalization of the economy and enterprises affects the “spirit of capitalism” and its carrier groups. These are:

1. The spiritual construction of the modern economy today is said to be founded in a new way upon neoliberalism, understood as a form of radical market orientation in economic thinking (Willke 2003; Crouch 2011; Streeck 2013).
2. It is assumed, that an emerging global economic elite acts as pacemakers of this new neoliberal spirit in the world (Castells 1996; Sklair 2001; Carroll 2010), using new management concepts and techniques (Boltanski and Chiapello 2005; Schmidt-Wellenburg 2009; Crouch 2011)

The empirical findings, to be discussed below, will provide proof to support or challenge these two general assumptions.

The research project was funded mainly by the German Research Association and supported by the Asia Research Foundation Grant funded by the Seoul National University Asia Center (#SNUAC-2014-009). It was carried out at the Max Weber Institute at Heidelberg University in

¹ Sombart (1902, pp. 319-20) introduced in 1902 the concept of a “spirit of capitalism (Geist des Kapitalismus).” Max Weber (1989) took it over and developed it further.

cooperation with Seoul National University and Sungkyunkwan University². It focused on the level of top management (CEOs of the biggest manufacturing companies in eleven countries³) and sought to break down their collective mind sets towards neoliberal management thinking. The aim of the research is to explore the “spiritual construction (or underpinnings)” of the modern economy by analysing the collective knowledge, the norms and values that it is based upon. Drawing upon the theory of the “capitalist spirit”, the project concentrated on two of its three major components, which according to Max Weber are the rationales in economic thinking and organizational action (leaving out for the purpose of this article, Weber’s third rationale, the conduct of life).

In this article, the research results on German managers and their collective mindsets will be central, but these findings will also be compared with the findings related to East Asian economies. In Germany, altogether 82 interviews were carried out with two generations of top managers in the biggest industrial companies, while in Korea, Japan, and China taken together, there were 66 top manager interviews from East Asia.

The article starts off with an introduction into the theoretical foundations (2), and follows this by asking how globally recruited and experienced top managers in Germany and East Asia are (3). The article then questions the assumption that they spread ideas of neoliberal management thinking (4) and ends by summing up the findings in some concluding remarks (5).

Theoretical Foundations

For its theoretical approach, the research project uses the historic findings of Max Weber but merely as a starting point (Pohlmann 2002, 2005) to ask if a new historical formation of the capitalist spirit is emerging. In line with Weber — and in marked contrast to Boltanski and Chiapello (2005) — the general assumption of the project is that modern capitalism generates the norms and values for its own reproduction (Weber 1989, p. 37). Modern Capitalism is supposed to be largely autonomous in its self-reproduction through the following mechanisms (Schluchter 1996; Pohlmann 2002): (1)

² We want to thank Prof. Yang, Jonghoe, Prof. Lee, Jonghee, Dr. Kwon, Jaok, Dr. Nam, Sanghui, and Liu, YuanYuan for the excellent support we had in carrying out this research project.

³ These countries are: Argentina, Australia, Austria, Brazil, China, Germany, India, Japan, South Korea, Switzerland, USA.

TABLE 1
THEORETICAL FRAME AND STEPS OF ANALYSIS

Question	Mechanism	Indicators	Steps of Analysis
Which Companies and Actors?	Competition and Selection	Global recruitment of CEOs in the Top 100 Industrial Companies	Life course analysis of the CEOs of the Top 100 Manufacturing Companies
Which Collective Mindsets?	Diffusion, Socialization and Internalization	Rationales of the Neoliberal Management Thinking	Analysis of the Collective Mindsets of Two Generations of Top-Managers

the competition and selection of corporations and personnel, (2) the diffusion of ideas and concepts, and (3) the socialization of central actors and the internalization of rationales (Weber 1989, p. 204). These mechanisms served as the basis for the lead research questions, indicators, and analytical stages (Table 1).

From the perspective of the research project, this already provides an answer to the question raised by Boltanski and Chiapello (2005) about how capitalism can motivate its personnel to commit themselves at work (see also Willmot 2013, pp. 108-10). However, without carrying out interviews, and relying merely on management literature, this is not easy to pinpoint (Pohlmann 2014). Nevertheless, the study of Boltanski and Chiapello is very useful in its task of exploring the new historical formation of the capitalist spirit (Pohlmann 2014, pp. 13-4).

For Weber (1989), this emergence of a historical formation can be located at the levels of economic action, organization, and life maxims. As mentioned before, we concentrate just on the first two rationales (Table 2).

TABLE 2
RATIONALES OF CAPITALISM AND THE CHALLENGE TO ACT ACCORDINGLY

Rationales of the	Challenges	Selected Indicators
Economic action	How shall I act in a specific economic setting?	Financial Market Orientations
Organizational activities	How shall I lead the company and employees?	Leadership Style

Thus, the research project investigates the collective routines and scripts that channel top managers' interpretations as well as their search for solutions to common objective problems that they encounter in their profession. The main thrust of this approach is also derived from Weber who was interested in habitual ideas and principles that composed the spirit of capitalism. He distinguished between the teachings and dogma that constitute the "objective spirit" and the internalized ideas, maxims, and practices that form the "subjective spirit". Oftentimes the latter part of the capitalist spirit is habitualized, routinized and largely taken for granted. This is due to the fact that – according to Alfred Schütz (1982; Schütz and Luckmann 1994), who developed Weber's ideas further – the contents are replenished from a stock of collective knowledge. The concept of "collective mindsets" therefore contends that routines and scripts (as important parts of the collective mindsets in use) are not just the product of individual actor's intentions, but a social product of their respective culture and embedded in various processes of typification or institutionalization (Schütz 1982; Schütz and Luckmann 1994). Thus, the research project is not only interested in the analysis of carrier groups of the new capitalist spirit, but seeks additionally to answer the question: how strongly do their collective scripts reflect principles of neoliberal management thinking?

Methodology

How exactly are the two assumptions of the mainstream globalization literature to be tested? First of all, a selection was made of the most advanced economies in two of the most prominent economic world regions: Korea, Japan, and China in East Asia, Germany in Europe. Second, within these countries, the CEOs of the Top 100 industrial enterprises were targeted. Industrial companies were the focus as they remain very important in the "real economy"⁴ and because they ought to be frontrunners in the adoption of (neoliberal) management techniques. These have been big companies from different industrial branches like carmakers, chemical industries, ship-building, construction and so on.

Third, in a mixed methods-design a variety of research methods were

⁴ In Germany, almost half of the Top 100 companies (46%) are industrial (including manufacturing, energy, construction business), in Korea 60%, in Japan 41%, and in China 38% of the biggest companies in 2012.

used to analyse the rise of global elites and the “spiritual construction” of industrial capitalism, in order to test two basic assumptions of the globalization literature:

The “Global Elites”-Assumption: By carrying out a standardized life-course analysis of CEOs leading the Top 100 Industrial Companies in each country (using online sources, data bases and CVs), altogether 104 cases in Germany and 371 in Korea, Japan and China, the aim was to find out whether people with a similar educational or international background are selected for these top positions.

The “One Spirit” Assumption: By carrying out 82 in-depth interviews with top CEOs in Germany and 66 CEO-interviews in East Asian economies a comparison was made of the underlying structures of collective knowledge, norms and values that managerial action is based upon across two generations of top managers.⁵

Relying on the data of our standardized life course analysis, the interview sample was selected using a proportional quota sampling method related to age, sex, education, and international activities of the CEOs (see Table 3-1 in Appendix). To select a probability sample is not possible in this field of research because you cannot randomly select interviewees out of the target population of CEOs from the Top100 industrial companies. To reach a qualitative representativeness of the sample, proportional quota sampling seemed therefore to be the best solution. The interviews in Germany were carried out between 2007 and 2009, mostly before the global financial crisis, and between 2013 and 2014. The interviews in East Asia were conducted between 2012 and 2014.

In the selection of interviewees, an age cohort design was implemented, comparing three age groups: CEOs and Ex-CEOs born between 1930 and 1944, between 1945 and 1954 and CEOs born between 1955 and 1964 (see Table 3-2 in Appendix). The purpose of this age group comparison was to find out if there is an age cohort effect on the characteristics of the collective mindsets in use and to assess the changes in collective mindsets, although the project could not use longitudinal data. The analysis of collective mindsets (or social interpretation patterns) is a well-established approach in Germany

⁵ The research project compares the top managers in office during the eighties/ nineties, and partly still are (born 1930-1949) and the CEOs of big enterprises who are currently in office (born 1950-1969).

TABLE 3
NUMBER OF INTERVIEWS WITH THE CEOs⁶

Number of Interviews	CEOs in office	Retired CEOs	Total
Germany	29	53	82
South Korea	13	12	25
Japan	12	8	20
China	18	3	21
Other Countries	82	41	123
Total	154	117	271

and Europe, related to the hermeneutical tradition of the sociology of knowledge (Reichertz 2004, 2005).

Using the term “collective mindsets” (the term “Social Interpretation Pattern” is also used), the perspective of socially constructed knowledge is applied (Creswell 2003, p. 8). The analysis of collective mindsets (ACM) involves reconstructing the collective frames, habits, and scripts that organize the production of knowledge and attitudes in a social group, culture or society. These tell us how to interpret the world, what is typical, significant, and relevant. In the classical perspective, the ACM deals with collective representations, as Durkheim called it (Durkheim 1967, p. 78 f.) or with the derivations that could be traced back to certain residues, that Pareto had in mind (Pareto 1962). Thus, the ACM is primarily interested in the knowledge frames that help members of a specific group, culture or society deal with social problems (Oeverman 1973, 2001). These frames, habits, and scripts are part of a collective inventory of knowledge, inherited through culture, and collectively reproduced or changed (Schütz and Luckmann 1979; Schütz 1982). They are enacted by members of a specific group, culture or society but do not always become a conscious or reflected part of their individual knowledge. In a sociological perspective, collective mindsets are pertinent for three questions: What is the problem, how shall we solve it, and what are good and bad solutions? Thus, each collective mindset has a cognitive, a normative and an evaluative dimension, which is to be reconstructed by using the analysis of collective mindsets (ACM)-method (see table 3-3 in Appendix). The manifested patterns of argumentation that are articulated by

⁶ Retired CEOs are those who have given up their CEO position in the respective Top 100 company group. Mostly, these retired CEOs are working as CEOs for other firms or as directors of the board etc.

our interviewees⁷ are traced back to the dominant knowledge frame. This method was originally conceptualised by Oevermann (2001), and developed further by Ullrich (1999) and Sachweh (2010), and was applied in an international research design under the guidance of native speakers.

Global Elites as Pacemakers?

A fierce competition for desirable jobs with high income and reputation is said to be taking place, as well as a “war of talents” between nations and between companies to hire the “best brains” (Appadurai 1998, p. 15; Dreher 2003, p. 18; Chalamwong 2005, p. 488). Taking the assumptions of the mainstream globalization literature as starting points, there are three approaches in the scientific debate on global or transnational elites that strongly uphold this idea:

- a) The global elites approach (Castells 1996; Beck 1997; Münch 2009 etc.), that entails the idea that global elites are able to produce their goods where costs are minimal, settle and work where life is most comfortable, and pay taxes where the rates are lowest (Beck 1997, p. 17). “Elites are cosmopolitan, people are local” as Castells (1996, p. 414) puts it.
- b) The transnational capitalist class approach (Sklair 2001; Robinson 2004, 2012; Carroll 2010 etc.), that tries to show that corporate executives (Sklair 2001, p. 21) have become more transnational and that the rising number of transnational interlockers indicates the emergence of a new transnational class (Carroll 2010, p. 20).
- c) The boundary-less career approach (Sullivan and Arthur 2006; Thomas and Inken 2007 etc.) states, that the individual career management (opposed to the career development by the organization) has become more important and leads to greater transnational career mobility (Sullivan and Arthur 2006, p. 22).

In each of these approaches, top managers are the personified “avant garde” of globalization. To test this hypothesis, the research project used several indicators. At first, it was asked how many top managers were born and brought up abroad. Second, the companies that these managers were

⁷ This allowed the project to count how many interviewees articulated a particular pattern.

working for were classified in order to find out how many of the foreign-born managers work for domestic companies or for the foreign affiliates of multinational companies. It was also checked how many of the foreign-born managers were recruited from international markets or from inside the mother company as expatriates. Third, weaker forms of internationalization in German and East Asian companies were delineated in terms of whether top managers had studied abroad or spent a significant part of their career working abroad. According to the indicators, the research project classified as international or transnational careers only those with upward or downward career mobility abroad that occurred as part of an international assignment and not as part of career development within the domestic mother company.

German top-managers as global elites?

With respect to the CEOs of Germany's top-30 DAX-companies, things seem quite encouraging for supporters of the global-elite-thesis. The analysis of CEOs of the 2012 DAX-top-30-companies accounted for 9 top-managers of a foreign nationality (Table 3) and thus a rate of 29%. This quote of slightly more than a quarter will be confirmed, when the origin of all 189 executive board members of the top-30-DAX-companies is taken into account. In other words, the share of executive boards of a foreign origin amounts to 26.5%. Shares are relatively high due to the fusion activities of global companies.

However, things begin to look different when one goes beyond the DAX-top-30 and takes the 100 biggest industrial companies into account too. The rate went down to 16% of the top managers, and declined further when all companies in Germany were taken into account, by using the representative German general social survey (Mikrozensus).

Out of the 16 CEOs that were born and who grew up abroad, in Germany's Top 100 industrial companies only 8 worked for companies that

TABLE 4
CEOs BORN ABROAD IN GERMANY

2011/ 2012	Born abroad (N)
Dax 30 CEOs	29.0% (9)
Dax 30 Executive Board	26.5% (51)
Top 100 CEOs Industry	16.0% (16)
All CEOs of firms in Germany	8.3% (65,000)

TABLE 5
STAYS ABROAD (≥ 1 YEAR) OF GERMAN TOP MANAGERS BY AGE GROUPS

Cohort/ Activities abroad	Cohort 1930-1949 N=106	Cohort 1950-1969 N=75
Study abroad ≥ 1 year	20%	25%
Work abroad ≥ 1 year	17%	42%
Activities abroad total	31%	53%

SOURCE.—Munzinger Archiv (German press archive)

were actually based in Germany. The other 8 CEOs worked for big foreign enterprises. In seven cases, these managers were sent by the multinational companies to run a local subsidiary. Thus the rate of 'global' managers is rather low with respect to industrial enterprises in Germany. It is not global elites but those with a home-national background that dominates.

This empirically founded rejection of the strong global-elites-thesis with respect to Germany does not however, mean that there are no globalization effects on companies and on the recruitment and career patterns of managers. Careers have indeed become more international, as we shall see below.

Using reliable data from a big press archive in Germany (the Munzinger archive), and combining it with the interview data, it becomes obvious, that – by comparing the cohorts – the importance of stays abroad has increased (Table 4; see also Diehl and Dixon 2005, pp. 715-6).

With the younger cohort born between 1950 and 1969 the number increases from 31% to more than half of all industrial managers. In particular, the share of managers who have worked abroad has more than doubled. The increase in sending of managers abroad, a kind of enforced 'brain circulation', makes up the crucial effect of globalization. While global elites are still not globally recruited very often they do increasingly have experience of foreign universities or affiliate firms.

Global Elites in East Asia?

The research findings for other countries indicate that Germany is not an exceptional case. In East Asian countries, it was found that altogether 16 CEOs out of 373 were born abroad. This share of 6% is largely due to the Chinese policies of opening up the economy to big transnational companies

TABLE 6
NUMBER OF CEOs BORN/ GROWN UP ABROAD IN EAST ASIAN ECONOMIES

Countries (n)	Foreign born CEOs (N)	Foreign born CEOs in domestic companies (N)	Foreign born CEOs in TNCs (N)	Expatriates* (N)
China (146)	9% (14)	0% (0)	9% (14)	8% (12)
Japan (104)	4% (4)	1% (1)	3% (3)	2% (2)
South Korea (121)	4% (5)	0.8% (1)	3% (4)	3% (4)
Total (371)	6.1% (23)	0.5% (2)	5.6% (21)	4.8% (18)

* referring to those CEOs, who work for a foreign affiliate company and have been sent by the mother company for a determined period of time on the CEO position.

(TNCs) in order to capitalize on their knowledge. There are in fact, only two CEOs in the Top 100 manufacturing companies that are employed by a domestic company. Most CEOs born and brought up abroad not only worked for a foreign affiliate firm of a multinational company, but were mostly expatriates i.e. they were sent to this country as a challenge in their career development from within their mother company. Only three CEOs out of 373, which is a share of roughly one percent, were recruited internationally (see Table 5).

Thus, the results concerning East Asian economies confirm the findings from the German case. The share of internationally recruited CEOs is even lower. If one looks at the other economies in the research project's sample, only in Australia and Switzerland are there higher shares of internationally recruited top managers. Altogether, the shares are too low to provide an empirical foundation for the global elites assumption. At least, it has to be rejected for the CEOs of the biggest industrial companies.

The same pattern of an enforced brain circulation as the primary globalization effect – with the exception of China – is also found in East Asian economies. Taking a closer look at the stays abroad that lasted one year and longer, in Korea a strong cohort effect is detectable, although it must be noted that there is a smaller number of CEOs in the age group between 40 and 49 years. The younger the age cohort, the higher the shares of CEOs who have worked and/ or studied abroad and thus internationalized their careers⁸

⁸ Regarding the general discussion on the recruitment of power elites in South Korea, refer to the research such as Choi (1993), Dong (1995) and Kim (2005). For the historical background of South

TABLE 7
STAYS ABROAD (≥ 1 YEAR) OF KOREAN TOP MANAGERS BY AGE GROUPS

Age Groups (N)	40-49 years (10)	50-59 years (63)	60 + years (45)	Total (119)
Study abroad (≥ 1 Year)	90%	21%	16%	25%
Work abroad (≥ 1 Year)	50%	38%	35%	38%

TABLE 8
STAYS ABROAD (≥ 1 YEAR) OF JAPANESE TOP MANAGERS BY AGE GROUPS

Age Groups (N)	40-49 years (2)	50-59 years (28)	60 + years (73)	Total (103)
Study abroad (≥ 1 Year)	0%	11%	11%	11%
Work abroad (≥ 1 Year)	100%	39%	16%	24%

(see Table 6).

In the case of Japanese top managers⁹, there are rather low rates concerning education mobility, but the same cohort effect concerning the number of work assignments abroad.

While the strong globalization hypothesis cannot be sustained, the weaker one of an enforced brain circulation during an insider career at the mother company does find strong support in the data drawn from a life course analysis. If all 1302 cases from the CEOs of the 11 countries are taken into account, the strong cohort effect is significant and can be confirmed.

A New Neoliberal Spirit of Capitalism?

If no global economic elite is emerging and no significant global recruitment pattern is taking place then what about the transformation of collective mindsets towards a new neoliberal spirit of capitalism? The recent

Korean power elites, refer to the discussion by Kong (2000).

⁹ For the recruitment of elites in Japan, refer to the research of Mannari (1974), Cutts (1997). For recent research, please see Watanabe and Schmidt (2004) and Schmidt (2005).

literature on neoliberalism shares the assumption that a spread of neoliberal ideas and a strong tendency of convergence towards neoliberal management thinking is occurring in the centre regions of the world economy (Boltanski and Chiapello 2005; Crouch 2011, p. 92; Streeck 2013, pp. 45-6, 58-9). Although numerous studies have already made the case for divergence or 'path-dependency' in models of management and business systems (Whitley 1999; Hall and Soskice 2001; Amable 2003, for welfare state institutions see also Leibfried and Rieger 2004), "the convergence literature is the longest-established viewpoint" (Clegg 2012). For the cases of Germany and Japan, Streeck and Yamamura have examined whether the global forces of Anglo-American capitalism is giving rise to a single, homogeneous capitalist system (Streeck and Yamamura 2003).

The understanding of Neoliberalism nowadays is about the – more or less radical – establishment of market coordination inside firms, inside economies and in the transformation of the state sector and other sectors towards the domination of market rationales (Willke 2003, pp. 11-5). A new neoliberalism, originating in the US, seems to be on its triumphal march across the world (Streeck and Yamamura 2003; Willke 2003, pp. 11-5). The consequences have so far been seen in the erosion and drawback of the welfare state, the privatization of statist enterprises and in the deregulation of financial markets (Crouch 2011; Streeck 2013). But aside these general assumptions, the new neoliberal make-up of the capitalist spirit in the economy remains rather underdetermined (Willke 2003, pp. 11-5; Schmidt-Wellenburg 2009). It is often stated that top managers are promoters of these new neoliberal ideas but so far, no systematic empirical proof of this has been generated (Pohlmann 2014, p. 14). To examine this assumption using valid qualitative interview data is the purpose of this chapter.

In order to test empirically the spread in neoliberal values and neoliberal management thinking, the project focused on an analysis of management concepts in the last three decades (Schmidt-Wellenburg 2009, pp. 325-35). For the purpose of this article, two important features of neoliberal management thinking have been selected: a) a financial market driven economic thinking (a financial market mindset); b) a neoliberal management mindset with market coordination inside the firm and an output driven leadership style (see Schmidt-Wellenburg 2009, p. 327). These features make up the most important parts of the neoliberal management thinking and are accompanied by various management concepts that are said to be influential all around the world (see Schmidt-Wellenburg 2009, pp. 325-35).

TABLE 9
THE NEW NEOLIBERAL MANAGEMENT THINKING: THE INDICATORS

The Financial Market Mindset

- Understanding of Enterprises as Financial Market Investments
 - Shareholder Value Orientation and Market Capitalization
 - Market Principles in the Global Value Chain
-

The Neoliberal Management Mindset

- Understanding of Enterprises as Networks of Profit Centers
 - Indicator systems and Benchmarks
 - Output oriented, market indicator driven Leadership (Results-Only Work Environment)
-

The Financial Market Mindset amongst German Managers

In the interviews conducted not many German managers welcomed the financial market driven economy. Without any exception, for all the German managers, it was quite clear that the “German Model” had greatly changed during the last decades and that a number of companies had been exposed to the (ir)rationalities of financial markets. Only 1 out of 65 professional managers mentioned the opportunities and openings that the financial markets offered to their companies but all others were ambivalent or mostly (50 out of 65) not in favour of a financial market -driven economy. The 17 entrepreneurs from the big family run company groups in Germany all welcomed the fact that they were not exposed to financial markets rationales in any way. Thus, the challenge of how to act in a specific economic setting and make profits for their firms was not answered – neither before nor after the global financial crisis – with a strong reference to the financial market-driven economy.

In answering the questions, how strong the influence of the financial market system is and how CEOs act to meet the challenges of a financial market system, the dominant collective mindset articulated by 77% of the 65 professional managers (not including the 17 entrepreneurs of the family run firms) concerning the financial market-driven economy was a **defensive “playing the system”-mindset**. This can be understood as a collective script that advocates following the formal rules and procedures of the financial system in order to outfox the system for the sake of the firm’s survival and growth. Its underlying logic was quite apparent and consisted of the following

components: 1. The system is changing towards a financial market-driven economy; 2. The shareholder pressure is rising as well as the capabilities of fund managers to regulate; 3. This is not good for the company and its long term strategies; 4. The owners or shareholders no longer act in the interests of the company only the managers do; 5. Thus, they have to do the windows dressing carefully and play the system very hard to outfox it!

This defensive “playing the system” mindset is strongly influenced by the financial market-driven economy, but is not essentially about using financial markets to solve economic problems. Rather, it is more about defending the company against its shareholders and the irrationalities of the financial markets, in particular its short termism. The quarterly reports provide the indicators for all analysts and rating-agencies. That is why the arguments against the financial market-driven economy have been sharp and decisive already before the global financial crisis and became even more negative and defensive straight after. The underlying norm is to protect the company’s interests against shareholders who try to realize quick gains and move on to the next hot stock. *“Of course, the shareholder, particularly the institutional investors have rising power and influence concerning the strategies of the company. In my perspective, this is not only critical, because we are externally controlled, but also, because it may not be the best of all for the company and its long term strategies”* (German CEO in office, Argentina, 2013, translated from German by authors).¹⁰

However, this is not the whole story. An **offensive financial market mindset** can be found in Germany amongst a minority of younger CEOs, 3 out of the 25 CEOs in office, from the age group born between 1955 and 1964. The offensive mindset can be defined as using the financial system in order to push the firm, through an infusion of capital and by getting rid of the old boys network of Rhenian Capitalism (Albert 1993). In this case, the financial market-driven economy is understood as an advantage for the firm in terms of economic efficiency, investor relations, and profitability.

¹⁰ All quotations are referenced regarding nationality, position and status of the interviewee, the location of the interview and the year in which the interview was carried out. We do not display any further information in order to preserve the anonymity of our interviewees.

The Neoliberal Management Mindset: German Top Managers on Leadership

Paternalism as a leadership style is dead in German enterprises today. Delegation is the keyword in the collective mindsets on leadership. For more than 90% of the 82 managers and entrepreneurs it is now natural, that delegation is a mechanism of distributing responsibilities and realizing a higher degree of participation. The concept of delegation is understood as combining the transfer of responsibility and of decision-making power to one or more employees. Usually, delegation in German big business is connected with changes in the labour organization, the introduction of new forms of communication, participation, and employee shares. The concept of delegation is nevertheless articulated in an ambivalent manner by two thirds of the 82 managers and entrepreneurs. On the one hand, it is seen as a way for the company to capitalize on the knowledge of high skilled people and professionals. On the other hand, too much delegation is judged as risky, leading to a loss of control over the strategic guidance of the company's activities. *"Your challenges concerning leadership are sometimes black and white. This is the boss, he has to decide. If you don't decide it yourself, you're not just losing face, but you're losing also your followers"* (German CEO in office, Brazil 2013 translated from German by authors). That is why output oriented, market oriented indicator systems, benchmarks and performance evaluations come in to the picture. At least for the CEOs born between 1955 and 1964, the use of these indicator systems as a strategic framing of decision autonomy, comes very naturally. *"I would say, today you're in need of a mixture between delegation, checklist indicators and centralized decisions. In our company, the crash barriers are clearly defined by indicator systems, but inside these barriers, we delegate and the people have decision power. We're doing a kind of checks and balances"* (German CEO in office, Germany 2008 translated from German by authors).

The old-fashioned **"talk to the people and listen"**-mindset is a collective knowledge form that is mostly used by a significant group (21 out of 53) of the retired CEOs from the age cohort born between 1930 and 1944 in Germany. In order to have direct information and communication, non-hierarchical target groups need to be established. The concept of delegation is not about the transfer of decision-making power and responsibilities, but about the establishment of a communication pattern that is bottom-up.

The **new output driven leadership**-mindset is not only articulated by

the cohort of CEOs born between 1955 and 1964, but also by some of the age cohort of German top managers born between 1930 and 1944. The concept of output-driven leadership style is based on an evaluation of units by indicator systems and benchmarks that help to reduce direct interventions. A smaller group of retired CEOs and entrepreneurs (7 out of the 53 Ex-CEOs born between 1930 and 1944) worked with a system to evaluate their employees' individual performance and organized participation according to the measured performance. The better your performance, the greater the degree to which decision-making power is transferred to you. At the level of work organization, many of the Top 100 industrial companies in Germany like Volkswagen or BMW established indicator and benchmark-systems along with the implementation of profit centers. The purpose is to define output goals for these units, leaving it up to them to decide how to reach these output goals. The better your performance and your contribution to the profitability of the company, the faster you will be promoted and the greater your freedom to decide. This fits perfectly with the neoliberal management mindset.

One third of the German top managers, especially the few female entrepreneurs in the sample and 12 out of 25 of the cohort born between 1955 and 1964 use a collective mindset to describe their leadership role, which in the research project has been termed the "team coach-mindset". It is understood as a conceptualization of the leaders' role not as supervisor, but as consultant of a professional team, which is in need of support, advice, and empowerment, but not of command anymore. In this mindset, all directive or authoritative elements of guidance are negatively attributed. The coaching perspective is dominant: giving people hints, supporting and empowering them. The attribution of "self optimization" capabilities as well as the possibilities for professionals to decide on their own is the backbone of this new leadership role model, one that fits the neoliberal self-governance theory of leadership (Bröckling 2005). It has become radically anti-hierarchical and anti-paternalistic.

The Collective Mindsets of Top Managers in East Asia

The CEO interviews in South Korea (N=25), Japan (N=20) and China (N= 21) were carried out in 2012 and 2013, after the global financial crisis, which had no strong impact on the South Korean and Chinese economies. However, the collective mindsets of Korean top managers were strongly

affected by a period effect, which was related to the Asian Financial Crisis in 1997/1998. Those managers of Korean big business conglomerates, who survived the Korean economy crash in the late 1990s, were strongly in favour of the renewed Korean family run business model. It kept the advantages of a fast and highly flexible decision making system, very often still 'top down', but became very careful concerning the risks of the financial markets. Till today, the big business groups are almost impossible to be taken over from outside. *"But actually this kind of ownership-based business group is proven. It proved to be very effective in the long-term strategy. (...) You know, that's why, it was possible to win the race, because Korean ownership-based business is very consistent, very concentrated ..."* (Korean Chairman and CEO in office, South Korea, 2013). Thus, for 20 out of 24 Korean CEOs of big business groups in Korea, the financial market-driven economy seemed not to be a real alternative to the Korean model. For the other four CEOs, not the financial market itself but the financial transparency in such a system was welcomed.

Unlike the Koreans, the 20 Japanese top-managers acknowledged that the financial market-oriented system has gained power and that it is now widespread in Japan. However, in the collective mindsets in use, it is the Western system that does not fit the Japanese way of doing business. Most Japanese managers, with the exception of two cases, did not argue in favour of the finance market-driven economy, but rather contrasted it with the advantages of the Japanese system, which they complained was already partly lost. Amongst the 20 Top Manager interviewees, the dominant mindset was opposed to *kabunushi henchō shugi* (Lopsided Shareholder Interest), preferring rather a capitalism of common good (*kōeki shihon shugi*). 17 out of 20 CEOs said that balancing the interests among stockholder, employees, banks, and community is most important. For 9 out of 11 CEOs of the age cohort born between 1930 and 1944, it was quite clear, that the financial market driven system is a Western system, and that it is opposed to the original Japanese system, which is to be developed further.

In China where, since the end of the nineties, institutional investors gained importance, the collective knowledge forms that are dominantly in use (15 out of 21 interviewees) articulate a conservative playing-the-system mindset for the sake of a long-term rationality in running the business. Despite the cultural differences, it is almost the same pattern of management thinking that we found in most German companies. Although a lot of the Chinese big businesses used some of the opportunities that the financial markets offered, they conveyed that they have been trying very hard to protect their companies against the short termism of a financial market-

TABLE 10
THE FINANCIAL MARKET MINDSET OF TOP MANAGERS IN SELECTED COUNTRIES

Collective Mindsets	Other Cultural Frames	Financial Market Mindset
Germany	Defensive Playing the System-Mindset	Offensive Financial Market Mindset
Korea	Korean Business Model-Mindset	Against financial markets
Japan	Capitalism of Common Goods-Mindset	Against financial markets
China	Conservative playing the system-Mindset	Against the short termism of financial markets

driven economy. Typical for this mindset are statements like the following: *“In the long run, we don’t accept any institutional investors. They are focussing on their interests, not on ours”* (Chinese CEO in office, China, 2013, translated from Chinese by authors). Altogether, the project’s findings indicate that the collective mindsets of most top managers in East Asia are not neoliberal (see Table 9), but shaped by other cultural frames derived from the business systems in which they have been socialized.

Concerning the use of management concepts, the Korean big business conglomerate has become very modern. A lot of trendy concepts have been introduced especially after the Asian financial crisis. Nevertheless, the collective mindsets of top managers in office remain very much linked to some basic ideas of leadership that do not rely on Western concepts of an output-driven leadership style unlike a lot of German managers. The dominant knowledge form with regards leadership is still a management of give and take networks mindset. “Leadership” was for 19 out of 24 Korean CEOs translated into the responsibility of the supervisor who personally takes care of the employee’s well being. This is the case even with the cohort of younger managers born between 1955 and 1964 and is often related to a, “we are all family” ideal. Fast decision-making and if necessary, a top-down system was natural for these managers. Only five Korean top managers argued strongly in favour of delegation and participation. Korean top managers as well as CEOs with an international assignment working in Korea for a multinational company are well aware that the Korean culture is a strong culture, one that permeates all management concepts implemented by the firm. Very often, the collective mindsets in use reduce these concepts to

TABLE 11
THE NEOLIBERAL MANAGEMENT THINKING OF TOP MANAGERS IN SELECTED COUNTRIES

Collective Mindsets	Other Cultural Frames	Neoliberal Management Thinking
Germany	Listen and talk-mindset	Output-driven leadership-Mindset, Team Coaching-mindset
Korea	Management of Give and Take Networks-Mindset	Not found
Japan	Representing the group-Mindset	Not found
China	Motivate your employees-Mindset	Not found

artificial forms that are very neat and professional, but which are in fact, an act of window dressing for the company. *“I skipped all the seniority based levels, I mean, the whole hierarchical system. (...) There were just the team managers left and then the others, all plain managers. (...) All became pretty much flat. But you know, although I eradicate all those hierarchical systems, they know, who the senior is and who not. But at least it helped to communicate more freely”* (Korean CEO in office, South Korea, 2013).

The topic of “leadership” seemed not very familiar to a lot of Japanese top-managers. It was very difficult to identify any consistent argumentation patterns about leadership. As some of them pointed out themselves, this might come from the Japanese education system and the Japanese society, with its stronger emphasis on the group rather than on a small number of ‘superior’ leaders. 18 out of the 20 CEOs agreed that communication with employees based on opinions from the bottom, are valuable. According to this collective mindset of “representing the group”, this could lead to creativity, employee participation and responsibility, reform and strategy building. This mindset can be understood as a role model for CEOs, which includes that all decision-making power is left to the group of co-managers and the obligation of the CEO is to represent the group of fellow managers, colleagues and employees of the company properly. It is part of the typical Japanese decision making process, which is called *Ringiseido*, a rotation system for CEO recruitment, that offers – according to seniority, performance and status – the highest position to top managers three years before their retirement. Within the system, deliberations and decisions

among the managers at all levels below the executives should come first. The executive decision, therefore, comes last.

The introduction of management concepts in Chinese state or private enterprises is very much influenced by the West. It is common, that new management concepts are introduced by the Chinese government and administration with the purpose of taking over and learning from Western management thinking. For example, lean production, total quality management, and lean management have been implemented in the last two decades. In addition, in recent years risk and performance management are new concepts implemented by many big state enterprises. For roughly 17 out of 21 CEOs of statist and private enterprises, a "learn from the best, but still lagging behind"-mindset is at work. It is strongly correlated with the catch-up ambitions of their companies. Leadership is understood as a task to improve the enterprise culture and the motivation of the employees. In 10 out of 21 cases this "motivate your employees-mindset" is combined with a new bottom-up philosophy of decision-making and participation of the employees. *"I'm the CEO. But I don't have to think about the objectives of the development of our company. This is done by our employees, bottom up. I leave it to the department heads, and the department heads to the senior managers. We collect ideas bottom up and discuss in the CEO commission meeting what is feasible and good for the development of the company"* (Chinese President and CEO in office, China, 2013, translated from Chinese by authors). So far, however, neither indicator systems (except for the measurement of performance) nor an output-driven leadership style are revealed as mindsets and management techniques in the Chinese interviews.

Conclusions

The results concerning the two hypotheses of the mainstream globalization literature are quite clear. Not only for Germany, but also for the East Asian economies, the global elites-assumption for the corporate industrial sector has to be rejected. The **competition and selection** of high skilled personnel did not lead to a high number of globally recruited personnel at the top management level. Mostly, these managers were sent abroad for an international assignment as part of their career path in the mother company at home. There are jet setters and million-milers, but no job hoppers with transnational careers. The effect of globalization can therefore be depicted as "globalization light" in terms of management careers, one that

supports “brain circulation” but does not establish a new world class of economic elites in the corporate industrial sector. Why is this the case? On the one hand, economists tell us that the returns on mutual investments are higher for high skilled personnel as well as for the companies when they stay with each other (Williamson 1975, p. 75; Lindbeck and Snower 1988; Bertold and Fehn 1995). On the other hand, sociologists know, that it is trust, loyalty and a deep understanding of the unwritten rules of the company that are the reasons why insiders at that level are preferred (Stroh and Reilly 1998; Kotthoff 2006; Pohlmann 2009). Insiders are also not so eager to sell, split up or wind up parts of the company like outsiders sometimes are (Lucier et al. 2007). If insiders are preferred in big industrial companies of the leading world regions why should the potential top manager go abroad for a longer period of time, running the high risk of falling behind in the career track within his/ her home country and mother company?

Concerning the second hypothesis **about the diffusion and internalization** of neoliberal management thinking, the findings indicate that the claim cannot be sustained, at least for East Asian economies. Of course, our findings are related to collective mindsets, the knowledge inventory of top managers, and thus does not deal with the organizational measures inside the companies. Nonetheless, the idea that there is a global diffusion of neoliberal management thinking can be denied. First of all, it was found, that at the corporate level, the neoliberal financial market mindset is not spreading across the world. In Western countries, such as Germany, the dominant mindset is a defensive “playing the system” view. Most top managers are in favour of a long-term strategy to protect the interests of their firms by outfoxing the financial market system. In East Asian companies, most top managers argue against a financial market-driven economy, preferring their own indigenous way to run the business (as in Korea and Japan) or a long-term approach to doing business like in China. Thus, our findings indicate, that the Korean and the Japanese business systems are, at the level of collective mindsets of top managers, still different from the shareholder-centered American corporate governance system (Itami 2000, 2002). For China, Li, Xinchun pointed out, in his study of 4256 Chinese entrepreneurs and top managers, there are only rare cases of Chinese firms using the stock markets for financing their corporate strategies because the risk of losing control is estimated to be too high (Li 2011, pp. 76-9)

The results point to an almost identical pattern with regards neoliberal management thinking on leadership. In Germany the basic understanding of leadership changed a lot and a radical delegative approach is most common

today. This is confirmed by other studies on the leadership culture in Germany (Leipprand et al. 2012; Busch et al. 2013). The new collective mindsets of neoliberal management thinking are, in a significant number of big German manufacturing companies, connected with the organizational restructuring of firms towards the establishment of profit centers, benchmarks, and indicator systems. Again, this was not the case in most Korean and Japanese business conglomerates. Although these companies have established a lot of very modern features of labour organization and management concepts, there was no indication of an output-driven leadership style – one that is not just related to individual performance measures, but to benchmarks and indicator systems for the business units – represented in the collective mindsets of most top managers. In China, where the use of Western management concepts is very common, the collective mindsets regarding leadership were mostly dominated by the idea of motivating people and were not influenced by neoliberal management thinking. This is also confirmed by the study of 4225 entrepreneurs and top managers by Xu, Shying et al. in 2011, who showed that motivation and delegation are the dominant approaches towards leadership by managers in Chinese enterprises (Xu et al. 2012, pp. 97-102).

The results indicate that neoliberal management thinking, as expressed by Western management thinkers, has had some impact on the collective mindsets of German top managers, but has not reached the collective knowledge stock of managers in East Asian economies. All these companies have become very modern for instance, in the make-up of their labour organisations and concerning the take-over of management concepts. However, their interpretation frames remain culturally rooted and usually do not make use of neoliberal management thinking.

How does one explain such findings? First of all, collective mindsets as knowledge forms are deeply rooted in culture and therefore do not change easily in a short period of time (Hall and Sokice 2001). This needs to be taken into account by all mainstream theories and theorists of globalization and the transformation of neoliberalism. According to the findings, it is more useful to stick to a 'varieties of capitalism' approach, one that takes into account the unwritten institutional rules, cognitive frames and belief systems (Streeck and Yamamura 2001; Whitley 1999, 2009). From a sociological perspective, institutions not only prevail because of the advantages that firms have in using national institutional settings and rules (Hall and Soskice 2001) but also because they became habitualized through internalization and socialization processes.

Second, with regards the financial market mindset, it is not quite clear why managers should be in favour of the financial market-driven economy. Managers are supposed to control and calculate, to be in command of the firm's strategy. In the "monkey circus" of financial markets, this would not be possible any more, as many managers told us in the interviews. When the owners, shareholders, and principals are no longer interested in the survival and expansion of the company group, only top managers are left to protect the company. Thus, the professional role of top managers as organizational men or women, who have mostly climbed the career ladder in one company group, is more of a barrier to the spread of a neoliberal mindset at the corporate level in the real economy.

Third, vis-a-vis the financial markets, all entrepreneurs and managers in the selected countries experienced severe financial crises, leading to the breakdown, winding up and bankruptcy of a lot of big business conglomerates. As a result, a strong period effect is at work, leading to the articulation of collective mindsets that are not in favour of financial markets.

Fourth, concerning the neoliberal management mind set and the takeover of neoliberal management techniques, new institutional theory is correct to point out that organizations very often take over what is modern and the flavour of the year, without applying it to the degree where operations and procedures are substantially changed. Window dressing, outfoxing the system, hidden agendas and unwritten rules are all very common features used by new institutional theory (Meyer and Rowan 1977; Powell and DiMaggio 1991).

The neoliberal management thinking is of course only a small cog in the big wheel of neoliberalism. This article was not about the broad picture of neoliberalism (Lim and Jang 2006), about the neoliberal strategies and ideologies in transforming the states. However, the findings make clear that top managers are not the switchmen they were expected to be, accelerating the trend towards a financial market-driven economy. Furthermore, the collective mindsets across countries are not merging or converging and it must be emphasized that these collective mindsets cannot simply be deduced from the management literature. A deep empirical investigation is crucial to explore and demonstrate how collective mindsets are far more resilient and culturally rooted than the mainstream of globalization literature claims.

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Appendix

TABLE 3-1
PROPORTIONAL QUOTA SAMPLING

	Age (years)	% Female CEOs	% Tertiary Education	% Natural / Engineering	% Study Abroad	% Worked Abroad
Germany Top 100	53	0%	95%	62%	42%	63%
Germany Interviews	54,5	2,5%	97%	54%	32%	51%
Korea Top 100	60,7	0%	99%	51%	25%	38%
Korea Interviews	60,4	0%	100%	38%	29%	54%
Japan Top 100	64,6	0%	100%	54%	12 %	24 %
Japan Interviews	63,5	0%	100%	50%	20 %	70 %
China Top 100	57,4	4.8%	95%	67.9%	8.2%	12.3%
China Interviews	57,3	5%	70%	43.4%	0%	5%

TABLE 3-2
AGE COHORTS

Number of Interviews	Age Cohort 1930-1944	Age Cohort 1945-1954	Age Cohort 1955-1964	Age Cohort 1965-1974
Germany	45	12	25	0
South Korea	4	17	4	0
Japan	11	6	3	0
China	4	10	4	3
Total	64	45	36	3

TABLE 3-3
STEPS OF ANALYSIS IN THE INTERPRETATION OF THE INTERVIEWS

1. *Selection*: Sequences related to specific topics were selected according to our research interests but with an open coding;
 2. *Reformulation*: Arguments, explanations, narrations in the sequences were summarized through paraphrasing;
 3. *Abstraction of meaning*: The logical and normative structure was abstracted and interpreted in terms of what was evaluated as good or bad in order to trace it back to the underlying norms behind the judgments;
 4. *Abstraction of order*: The logical and normative order in the flow of arguments, descriptions or narrations was abstracted;
 5. *Comparison*: The chosen sequences in all interviews were compared to falsify, modify and extend the discovered collective mindsets as well as to identify most common, shared and dominant cognitive and normative patterns;
 6. *Contextualization*: The cognitive and normative patterns were related to the social reality of actor constellations, cultures, opportunity structures and institutional constraints, in which they appeared;
 7. *Identification of Rules*: Related to this social reality, the typical rules producing common interpretations and actions that were acknowledged and dominant, were identified;
 8. *Explanation*: Related to the theories in this field of research, it was explained why these rules were reproduced or changed, and what the social consequences of these rules were.
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