Phoenix in the Network: The Genesis of a Hungarian Industrial Company

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Abstract
This paper presents a case study of the Hungarian company Videoton from its origin in 1938 to the present day. The aim of this paper is to describe how the company coped with changes in its business context, while the relevant network of Videoton changed significantly, and what factors enabled these changes in the network position. The analysis runs along three dimensions: changes in the key customer relationships, in the product and process technology. It describes the outcome of strategizing (Gadde et al. 2003) as influencing the network position through building up and maintaining business relationships and the company's competences and resources. The analysis takes place through the five periods in the Videoton story: (1) The foundation of Videoton; (2) Videoton in the Centrally Planned Economy ; (3) Videoton in the Decentralized-Planned Economy ; (4) The collapse of Videoton; and, (5) Phoenix Videoton, which are introduced through a case description. We investigate how the company mobilizes different types of resources according to the 4 R model in each period (Håkansson and Waluszewski, 2002 in Håkansson et al, 2009).
The paper shows that strategizing is based on the company's resources and capabilities which create value only if they are connected to the resources and activities of other companies through different types of interactions. Analysis of the case demonstrates that the focal point of strategizing is building network position and the ability to develop business relationships. In our Videoton case the outcome of strategizing shows that this process is heavily built on company experiences. We also discuss "network-bridge-over capabilities" that can help a firm facing a dramatically changing business context.

Key words: network position, strategizing, resources, capabilities, technology, learning, Hungary, Videoton

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1. Introduction

In this paper we present the results of a study about a Hungarian industrial company, Videoton. In addition to describing its history we discuss how an old, state-owned leading industrial firm was reborn after privatisation and the total collapse of its former business relationships. We highlight how a changing network affected the business relationships of the company and vice versa, how the evolving relationships develop the network (network dynamics). We also put technology and learning under the microscope because we found that these factors were very important in the development of Videoton. In our study we describe how the relevant business network of the company was changing through the different historical periods.

The history of the company started in 1938, so it has been faced with different economic policies (e.g. a decentralized-planned economy between 1968 and 1990). There are relatively few case studies in IMP literature which deal with firms with such a long and diversified history. Johanson (2000) analyses a case of a Soviet firm and its network between 1986 and 1991. He claims that "there are extremely few empirical studies that concretely discuss how firms operated in the market in the planned economy" (Johanson, 2000:2).

Our paper might contribute to the IMP conceptualization of "strategizing" since the analysis shows the outcomes of the process, how the company leverages its resources and competences through its history. The paper is only marginally related to studies which are dealing with the strategizing of newly founded companies (e.g. Aaboen et al, 2013) since in our case the different time periods have always a significant effect on the following period.

We begin the paper with the theoretical framework we use to analyse the case of Videoton. In the empirical part of our paper we first present a detailed case description. We introduce the history of the company in five periods. These periods present the most important political and economic issues and the situation of the company in each period. We then present a case analysis on the basis of the theoretical background. Finally, discussion points and some conclusions of the case are presented.

2. Theoretical framework

We may say that strategizing is the process of thinking about strategy. Its outcome is the firm's behavioural pattern (Mintzberg et al. 1999). "Despite long stable periods, organizations occasionally undergo changes: Strategic management is about keeping stability when needed and initiating and handling changes when these are necessary" (Baraldi et al. 2007:887).

In an interactive environment such as business networks, the firms' behavioural patterns are influenced by and happen within in business relationships. These business relationships generate firms' network positions. Network "positions are a consequence of the cumulative nature of the use of resources to establish, maintain and develop exchange relationships" (Johanson and

	EXISTING PROCESS	EVOLVING PROCESS
EXISTING STRUCTURE	1 REVIEW	2 CHANGE RELATIONSHIPS
EVOLVING STRUCTURE	3 ESTABLISH NEW RELATIONSHIPS	4 CHANGE NETWORK POSITIONS

Source: Ford and Mouzas (2008:72)

Figure 1 A matrix for analysing strategy in business networks

Mattsson 1992:211). Thinking about these relationships means thinking about investment, about the ability to create and maintain business relationships (Gadde et al 2003) and about strategic actions (Johanson and Mattsson 1992) which can influence the network position (Gadde et al 2003). The matrix of Ford and Mouzas about analysing strategy in business networks describes "what may happen in the relationships between actors in a network" through the evolving network structure and process (Ford and Mouzas, 2008:72). In this matrix, (shown in Fig 1) Cell 4 is the situation called 'change network positions'. Our analysis contributes to this situation. Subsequently we consider strategizing as a process of thinking about the firm's network position, business relationships and strategic actions. Network position is the result of the actor's previous investments in its relationships and this network position could be changed by different strategic actions. Nevertheless in the case of our longitudinal study which covers more than 70 years in the history of Videoton we can only investigate some outcomes of strategizing.

Change in a network position in our case is accompanied by the mobilization of resources and capabilities. Resources can be different, according to the 4 R model, we can talk about products, production facilities, organizational units and organizational relationships (Håkansson and Waluszewski, 2002 in Håkansson et al, 2009). Products are generally the results of the combination of tangible resources and they are produced and used by different actors. Production facilities are also a combination of tangible resources but they are more permanent than the products, usually they are different machines and they make possible the production of diverse or similar products. Organizational units on the other hand embrace individuals' and groups' knowledge and experience and also their skills relating to how to handle a particular resource combination. Organisational relationships are a combination of tangible and intangible resources. "They cross company boundaries and affect other intangible combinations, such as routines and procedures, and tangible combinations, such as products and facilities. Organizational relationships are much more complex than other types of resource and this complexity creates both problems and opportunities" (Håkansson et al, 2009:68).

In fact these four types of resources could be regrouped in two subcategories. Products and production facilities are tangibles and they present the physical or technical ensemble of resources. Production facilities create the possibility of manufacturing different types of products. Typically this manufacturing happens on an industrial scale and production facilities demand generally heavier and long lasting investments than the products. However the actuation of these tangible resources requires special knowledge, experience and skills which are intangible and possessed by individuals and groups involved in an organisation. It means the ability of the organisation to produce products by using production facilities. This is an important organisational ability which can be considered as an organisational resource. Furthermore these resources can only become valuable through the interaction with the resources of other companies. This happens in and by business relationships which also demand special knowledge, experience and skills in order to be managed. This crucial and highly complex ability of an organisation can be considered as an inter-organisational resource. Thus the 4R model could be understood as an ensemble of material (product and production) and behavioural (organisational and interorganizational) resources.

Technology is understood as the triptych of product, process and market technologies (Ford et al. 1998). Product technology is related to the ability and to the capability of a company to conceptualise and create new products or services. This often demands special research and development activity. Process technology refers to the ability to produce a product on an industrial scale. Machine production facilities and, above all, skilled and well-adapted human resources and organisational knowledge are required for these technological processes. In fact, process technology is the technology of the industrialisation of production. Market technology refers to how the company's products or services are adapted to meet the requirements of other companies (which may be technological).

At the same time technologies are closely connected with resources. Each technology demands a particular combination of material and behavioural resources. Product technology typically demands product and organisational resources, process technology generally needs a combination of production and organisational resources and market technology requires at least the particular combination of product, organisational and inter-organisational resources. These particular resource combinations which always include at least one material and one behavioural resource could be considered as the organisation's main capabilities.

Our aim is to illustrate how Videoton was able to leverage its different resources and capabilities through its key business relationships during its development. In order to develop new business relationships the company had to go through continuous organizational learning.

Organisational learning is conceptualised as having two main elements: what and how the company learns from its past experiences, and how it learns from others (Håkansson et al. 1999). Past experiences can refer to older forms of technology or to old relationships and to former partners. Learning from others is influenced by the characteristics of the parties (e.g. size and culture) and by the type of relationships they have (Håkansson et al., 1999). Learning from others means having different types of partners as customers (suppliers, consultants, authorities and also competitors). If "business relationships arise through learning processes" (Håkansson and Johanson 2001:5), then we may assume that, without learning, we cannot talk about business relationships. Relationships are influenced by the product that is exchanged, among other factors. Since with Videoton prod-

uct and technology are extremely important to the relationships throughout the whole story, the role of learning is examined as well. Johanson (2000) has pointed out the importance of long-term learning in marketing for firms which survive the transition from a planned economy to a market economy.

Our paper may also be related to the topic of network dynamics, or more accurately, network-as-practice perspective (NPP). According to Chakrabarti (2012), NPP "covers aspects of structure as well as process, and is therefore well suited to understanding network changes and dynamics". Generally, the practice perspective "takes emphasis away from managerial activities (i.e. what actors in markets and networks decide to do)" (Chakrabarti, 2012) and highlights everyday activities (what actors really do) instead. So it involves more of a socio-economic approach to how firms do business.

3. Methodology

We conducted twenty-one in-depth interviews with managers at different levels at VT Automotive Electronics, one interview with a director and one with the vice-president. Furthermore, we undertook interviews with two of the CEOs of the Videoton Holding. Each interview lasted approximately 1.5 hours, although some were longer. During the interviews, voice and video recording were made. In most of the cases we used 2 interviewers for each interview. The interviews were made in November 2012, except for the interviews with the CEOs (who are owners of the company) which were made in September 2013. We have used also complementary secondary data, company internal publications and other publications.

4. Case description

In this section we present the history of Videoton in five periods. Understanding the history is useful for better appreciating the story of Videoton itself. Firstly we describe the foundation of the company just before the Second World War. The second period deals with the story of Videoton in the time of the planned economy and the third one concerns the decentralized-planned economy. The fourth period is about the collapse of Videoton. The change arrives in the fifth period that we call Phoenix Videoton. In each period, besides describing the main technological and network capabilities of Videoton, we give a brief picture of the economic and social background.

4.1 First period: the foundation of Videoton

The company was founded in 1938 in Székesfehérvár, Hungary. It was founded as an industrial incorporated company with two private shareholders. Both were very high ranking industrial figures in Hungary at that time. One owned a huge metallurgical complex in Budapest and some other parts of the country. The other founder was well placed in the administration and the government. He was a member of the old Hungarian aristocracy.

The original name of the company was not Videoton; but "Vadásztölténygyár". This Hungarian word means simply 'hunting cartridges factory'. As the company's name was quite long, it was commonly abbreviated to VT (although the company's name changed many times the abbreviation VT is still used today).

As its name indicates, the main activity of the company was producing hunting cartridges. But not exclusively... Although the company had huge capacity for cartridge production and produced high quality hunting cartridges under the brand name "Hubertus", in fact it was an important military factory. Even in its first years the most significant item of production was military cartridges. The company's most important customer was the Purchasing Organisation of the Ministry of Defence, that had very precise and strict quality requirements. An independent agency strictly and regularly monitored not only the quality of the military cartridges (mainly different artillery shells) but also their production process.

Cartridge production technology was absolutely new to the town of Székesfehérvár so it was almost impossible to find specialised skilled employees from the town. The company solved this problem in two ways. It used the most modern production technology, which involved a high level of automation. Additionally, the company founded its own industrial education centre for a very limited number of young people.

Thus the company was founded in 1938 because of the very advantageous conditions for investment offered by the town of Székesfehérvár. But behind these local issues there was the special situation of the Hungarian economy and society just before the Second World War. The specific issue, which significantly differentiated the Hungarian situation from the situation of the other countries that lost the First World War, was the Peace Treaty of Trianon that was signed in 1920. This reduced the territory of the pre-war Kingdom of Hungary to 28% of its original size, and the population to 36% (Berend T. and Szuhay, 1975). Not only did this amputation shock the whole of Hungarian society but it became the source and the most determining element of Hungarian social political and economic history in the period between the two wars. The ambition was to revise the Treaty of Trianon, which was always considered to be unfair and forced (Berend T., 1987). Hungarian foreign policy thus drove the country into the arms of the revisionist and First World War loser Nazi Germany. To support its warlike economy, Hungary announced its own programme of arms development (the so-called Program of Győr) in 1938. The program gave support to both special direct national military investment and private military investments as well.

"Vadásztölténygyár" VT was founded as a green-field investment in Székesfehérvár. It was a modern military company which created many new industrial jobs and brought brand new industrial technology to the region. The Hungarian army was its main and increasingly important customer as demand for military munitions kept increasing with the advent of the Second World War. The birth of VT was part of the general economic processes of those times. From this perspective the foundation of the company cannot be considered particularly special.

4.2 Second period: Planned Economy Videoton

As with all private industry in Hungary, the "Vadásztölténygyár" was nationalised in 1948. During the cold war it became a dedicated military plant and a huge producer of cartridge caps for the Hungarian Army and the troops of the Soviet Red Army that were based in Hungary. The company was already excellently equipped with the most modern machines from the US, Switzerland and of course from the USSR (Baráth et al., 2012)). A very strict military-controlled quality and production process was developed at the company with the help of Soviet military consultants. After the death of Stalin in 1953, the situation changed and cartridge cap production stopped entirely in 1954.

To benefit from Videoton's technology capacity and to ensure

Table 1 The activities of Planned Economy Videoton

Production activity	Duration
Military cartridges	1948 - 1954
Consumer electronics	
Radio receivers	1954 - 1968
Loudspeakers, sound-boxes	1954 - 1968
Televisions	1959 - 1968
Military electronics	1955 - 1968

Source: based on (Baráth et al., 2012)

work for the public, the central planning authorities decided to create a brand new profile for the company making it a production site of consumer and some military electronics. Under the provision of the system at the time the company has received investments (in equipment and like) and was able to develop some competences in larger scale production. Table 1 details the new production activities of Videoton.

In a planned economy system not only have the activities and profiles of the companies been decided and prescribed by the central planning authority but also the possible (and obligatory) partners and thus the key business relationships. In consumer electronics the only customers were the very restricted number of local wholesalers. There were only four or five all in monopolistic situation. The product delivery volumes and terms were prescribed by the planning authority. The two most important institutional relationships of the company's management were the relation with the planning authority and with the highest level of the Communist party. In both of these sites the production targets for the company were negotiated and once defined were of 'strategic importance' for the company (at the time conceived as a simple site of production. In that way "strategizing" meant just very good top level political relations.

4.3 Third period: Decentralized-Planned Economy Videoton

On 1 January 1968, Hungary officially recognised plans for the creation of a decentralized-planned economy, to be named the New Economic Mechanism. Essential to this economic reform was increasing the flexibility of the planning system by distributing decision-making powers among various economic agents and localized production units (Berend T., 1996). This change was very significant as it created great opportunities for growth and certain types of strategy-making, mainly at large, state-owned companies like Videoton at that time. It is important to note that the new system, which was always a planned economy, only created certain opportunities. Precisely how companies profited from exploiting their new circumstances depended on the capacity and the open-mindedness of their managers. In fact, only a relatively small number of big companies were able to make the best of the opportunities. In which organisational form did Videoton experience this new situation?

During the middle of the 1980s and at the end of the decade, Videoton became one of the most modern, best developed and biggest Hungarian state-owned companies with three main activities (consumer electronics, military electronics and computer technology) and about 20,000 employees. Two of these three fields of activity Videoton had to begin from zero as it had experience neither with electronics nor with computer technology. There was always a steep learning curve for the company. Table 2 summarises the company's activities during this period.

4.3.1 Consumer electronics

Consumer electronics played a highly important role at Decentralized-Planned Economy Videoton in several senses. Firstly, this activity (more precisely, the production of televisions) gave rise to the name Videoton. This happened in 1967, just before the New Economic Mechanism came into force when a new model was introduced to the local market. The publicity for this television, which was very popular, announced the coming of a new model of 'VT-TV' (i.e. a TV from the VT Company). As the official name of the company was still very long and complicated the sales director proposed changing the name of the company to Videoton in the spirit of this new model, thereby creating a clear break with the past for public perception and within the company itself. After some hesitation, the general manager accepted the proposal (Baráth et al., 2012) and VT-TV received its newer meaning, Videoton Television, and the company a new name.

Perhaps more importantly, forays into consumer electronics

Table 2 The activities of Decentralized-Planned Economy Videoton

Production activity	Duration
Consumer electronics	
Radio receivers	1968 - 1990
Loudspeakers, sound-boxes	1968 - 1990
Televisions	1968 - 1990
Optical devices	1986 - 1990
Military electronics	1968 - 1990
Computer technology	1969 - 1990
R&D Institute (mainly computer technology)	1971 - 1989

Source: based on (Baráth et al., 2012)

made it possible for the company to acquire newer and more modern technology. Acquisitions happened over time and in different phases. They began with radio receivers and loudspeakers and continued with the production of television. Ten years later they finished with the introduction of equipment for manufacturing optical devices. At the same time there was continuous development of the production technology of the monitoring processes and an increase in the level of quality as well. Beginning with vacuum tube technology in the 1980s, Videoton later became capable of using VLSI technology. VLSI refers to highly-developed, printed-circuit technology that involves the large-scale integration of hundreds of thousands of components on a single silicon chip.

Consumer electronics created the opportunity (and later the necessity) to begin to develop R&D activities. Loudspeakers were the first product for which Videoton conducted its own research activity. This activity was so successful that some years later the very first cooperation agreement between a socialist company (Videoton) and a Japanese company (AKAI Electronics) took place over the production and development of this product (Baráth et al., 2012).

The production of consumer electronics (mainly televisions) made Videoton one of the best known companies in Hungary. Everybody was acquainted with Videoton TV, Videoton radio receivers, portable radios, cassette players and car radios. Accordingly, Videoton at those times was one of the strongest Hungarian brands. Videoton products were also exported and in high demand in all the socialist countries because of their relatively high quality and fairly modern design. Videoton's production capacity was large enough to produce for export; the only constraint came from the very rigid bilateral foreign trade system of the Comecon (Council for Mutual Economic Assistance, which included the U.S.S.R., Bulgaria, Hungary, Czechoslovakia, Poland, East Germany, and Cuba). Thus Videoton existed in the minds of people as a large electronic consumer product manufacturer while it continued to engage in very important military activity as well.

4.3.2 Military electronics

The military activities no longer concerned the field of engineering but high level military communication. To reach this level was rough going. Almost the only buyer for these products was the Soviet Union (more precisely, the Soviet leadership). Based on the domestic military industry and the military strategy of the Soviet Union the leadership decided in which direction participating actors should develop and what tasks they should undertake. The main technological problem arose with the significant discrepancy between the expectations for utilisation and the level of technological development of the Soviet military electronics industry. The main expectation for utilisation was that the communication equipment should work in extreme meteorological conditions. This required the use of appropriate semiconductor technology (transistors at that time). But the Soviet military electronics industry was ten years behind the American one (Baráth et al., 2012). Perhaps surprisingly, Videoton profited from this situation to a certain extent. Its engineers had to find special technical and technological ideas to bridge the problem. Videoton's military exports to the Soviet Union and to other Warsaw Pact countries developed so well that they proved the success of their level of technological development. Furthermore, at the end of the 1980s the company began exporting these military electronics to some developing countries such as Libya, Syria and India. Based on the technological development and market demand that existed at the end of the 1980s, Videoton was able to produce and research at a high level in the military electronics field (Baráth et al., 2012).

4.3.3 Computer industry

Meanwhile, a new industrial revolution occurred in the 1970s. The main advances were in the computer industry, the nuclear industry, electronics, aerospace, biotechnology and genetics. This new industrial revolution, compared to the previous environment, required an entirely new industry. This new industrial environment had three main features: it required particularly sophisticated, highly complex equipment and production systems, as well as new types of division of labour (Berend T., 1996).

After the 1970s Hungary and other Central and Eastern European countries did not respond appropriately to this new challenge. Despite making huge efforts to industrialize (and there is no doubt that results were achieved with heavy industry, engineering and the chemical industry), the core rigidity of the typical post-Stalinist economic structure and management systems clearly became an obstacle to development. Socialist countries were not able to develop the communication industries typical of leading post-industrial societies, especially in the field of computer sciences (the production of microprocessors in particular). Therefore, from the beginning of this new industrial revolution the failure of the Central and Eastern European periphery became evident (Berend T., 1996).

Videoton, however, was the exception. Due to the open-mindedness and the great political power of its general manager, the support of the Hungarian government, and, last but not least, the intensive work of the company's young engineers, Videoton planned and carried out an ambitious development program for the computer industry. It started from zero and was hampered by a western embargo on computers and their parts (these restrictions on technology transfer were part of the CoCom list[1]) which paralysed the other socialist countries to develop their industries. Videoton engaged itself in the production of modern computers and some peripheral devices such as matrix printers, line printers and world-class video terminals. At the beginning of the computer development programme, one of the desired goals was to create a complete system of computer production based on the best western licences and to avoid any influence from companies located in socialist countries (Baráth et al., 2012). This example nicely characterises the specific and exceptional approach of Videoton. The program allowed Videoton to create a modern product and the production technology to export to western countries, and to build and maintain good relationships with leading companies in the West.

All in all, through the era of the Decentralized-Planned Economy, Videoton was one of the most important, best known and most valued major state run companies. Its consumer and industrial products were popular in Hungary and in socialist countries. Videoton had a large market and strong network position due to the high level of technology they employed, their ambitious and powerful management, international-level engineering activity and highly-skilled labour force. Everything continued going well until 1989.

4.4 Fourth period: The Collapse of Videoton

On 23 October 1989 the Republic of Hungary was proclaimed and the process of changing the system made great strides. It

marked the beginning of the transition period from the socialist system to market economy. In a very short time and in spectacular fashion the decentralized planning system was abolished. The Hungarian local market became open and free for Western consumer goods and investors. The country was enthusiastic about the changes and, above all, about the new freedom it offered. However, this freedom, together with other circumstances, caused the collapse of Videoton.

All of Videoton's activity was deeply and tragically influenced by this freedom. The opening of the Hungarian market to the influx of western consumer goods (in a matter of days) made many Videoton products obsolete. Formerly enthusiastic Hungarian consumers were flooded with alternatives from the big western and multinational brands and simply turned away from the company's products. Videoton TVs, which were being produced under a high-level multinational licence, became too expensive in the new market situation because of their very costly sources of supply. In a very short time Videoton lost its leading market position and the position of the Videoton brand declined. The same process occurred in numerous companies across the region. "This thing was working but when this all tumbled down, the Comecon thing crumbled, the firm lost its breath and then it finally went bankrupt. There were huge staffs here. The work went away. A hard period followed... " said one of the managers interviewed at Videoton.

The situation with military electronics was still worse. With the disappearance of the Warsaw Pact,[2] Videoton's military export market also collapsed and Hungary's new NATO membership stopped local military sales as well.

Unfortunately, Videoton's computer industry was in no better situation. One smaller unit of production was sold to a joint venture which went into liquidation very shortly afterwards. Some high level products lost their competitive edge, also because of the costly resources required. Different economic (and mostly political) changes created important obstacles to exploiting the remaining parts of the business (Baráth et al., 2012).

The overall situation of the company became totally bleak. It was obliged to fire several thousand people. Before the inevitable bankruptcy, Videoton was privatised in 1992 by a consortium led by the company's biggest creditor bank. However, the management of the company was taken over by three people who in 1995 through a management buy out (MBO) became the owners of the company.

The changing of the system (from socialism to capitalism) gave Hungary (and other Central and Eastern European countries) a historic opportunity to fall into line with Western Europe. The core-periphery concept "is interested first, and foremost, in identifying similarities and differences between the core countries of Western Europe and the nations of the European periphery [...] with respect to economic advancement or backwardness, and with special emphasis on industrialisation" (Reill and Szelényi, 2011:4).

Following the core-periphery concept, the centre of European economic history is today's Western Europe (the Netherlands, England, France, Germany, Italy and the Scandinavian countries). The fundamental question for Hungarian and Central-Eastern European economies and societies is how to understand and foster the process of modernization. In other words, how to catch up with the centre; how to become a member of the centre. This clearly involves a very complex social economic and political process.

One of the pre-requisites for entering the centre is a minimum level of competitiveness, behind which, in turn, there are some basic structural factors. The structure of industry is one of these. However, perhaps the most important factor is human resources; their composition, how prepared they are and the structure and mobility of the industry/profession in question (Jánossy, 1972).

4.5 Fifth period: Phoenix Videoton

The real development of Phoenix Videoton truly began in 1995 when the three owners took control of affairs. The new owners immediately ceased all the loss-making activities (primarily the whole manufacturing sector) and carefully analysed and used the old Videoton capabilities to begin to rebuild a completely new industrial complex.

After privatisation the company began activity as a simple contract manufacturer (CM). In fact, at that time Videoton had only its manpower and its specific machines' capacity to offer its first customer. After the transition the first business relationships were initiated by Western European customers who had knowledge about the manufacturing capacity of Videoton—reported one of the CEOs of the company. "The partners were willing to invest in lifting us to a level that made them good. So it is a very interesting thing that the first company which got in contact with Videoton was Philips. At Philips, the first such major project that we did was laser optics in CD players and all the associated mechanisms were assembled here. Clear room, a lot of equipment and knowledge were required for that project, and these were given to us by Philips" explained a senior manager.

After, based on its very good and stable performance on the one hand and on successful personal relationship-building on the other, Videoton rapidly developed its activity. However for successful relationship building there is a very important condition. "It is not just the partner's interests we need; on the other side we need a person who is the engine, the "motor" of everything. So, people who try...of course, problems always occur, but the problems have to be solved in the shortest time. The whole thing has to go this way. On the other side we need somebody who is the engine; the "motor" of all this and who believes in it. It is important that we should perform well. After this, it works", explained a senior manager of the company.

Videoton has very clear expectations about the behaviour of its partners and its customers. "If we don't cry together, or we don't laugh together, if you are just crying us we don't want that. We try to look for partners we can have good relations with and we make acquaintance with this firm, that firm or another firm. The most important thing is the recommendation on of one businessman to another", said one of the top managers we interviewed.

Videoton was able not only to learn and to acquire the required industrial culture but to make huge investments both in machinery and (mainly) human resources to climb higher and higher up the value added chain. Closely working together with its customers and other partners, Videoton is today capable of undertaking all the production and production design phases of the contract manufacturing business. As a result of this complex, long-lasting and ongoing organisational learning process, Videoton is now one of the world's thirty most important electronic manufacturing service (EMS) companies. 2012 was the sixth year that Videoton increased in size (thereby becoming Europe's 4th largest EMS company). Videoton has now been profitable for more than ten years.

Asked about this success one of Videoton's top managers explains: "Many times people are taken aback when they ask what the strategy of the Videoton actually is. Truly, we don't have anything like for example the beautiful statements that the mul-

tinationals come out with. We simply say that we try to continue doing those things that we feel we are good at, or that we will be good at sometime, and for which we can find partners who are able to help us to build something, in which we can grow together."

Today the vertically integrated Videoton is the largest Hungarian industrial group in local private ownership offering manufacturing and related services for industrial firms. The company has nine locations in Hungary, one in Bulgaria (Stara Zagora) and one in Ukraine (Mukachevo). Employing 7600 people, Videoton's turnover was 326 million EUR in 2011. Videoton is a professional, regional, integrated supplier and contract manufacturing company. The company is also a competent multi-commodity supplier of parts, assemblies and modules, a professional regional EMS provider with extended engineering services, a turn-key contract manufacturing partner for international industrial customers.

One of the most important and most successful activities of Videoton is automotive electronics. In Videoton's holding organisation the car electronics activities (as with the other important fields of activity) are operated in a form of daughter-company 100% owned by the holding. We briefly present here how Videoton penetrated and re-embedded itself into the automotive electronics industry, a novel field for the company.

While automotive electronics was an absolutely new activity, Videoton could fall back on its history. As one of the senior managers of the auto electronic company explains: "The defence industry was the base, and all that was there was a very good base for the automotive industry. The automotive industry is a highly disciplined world. What parts and technology are required is written down. A customer comes here, approves the technology and we cannot deviate. This determines which machine should be used, at how many degrees, under what circumstances parts have to be wave soldered, tested, etc. So it is all very precisely defined. It is described and must be respected. Such was the defence industry. You have to do disciplined work from paper. If there is no material cannot be put else instead. If something is not possible, the worker should speak to the foreman, otherwise it will not be. People who come in from the street will accept this and try to assimilate. This is what I call work culture, industrial culture, a kind of sense in the hands of the workers. And so it was historically. This arrived from the old factory of Videoton TV, the radio factory, etc...[the military factory was called a radio factory]."

Videoton automotive electronics has only a few types of customers. Most of them are huge multinational automotive parts manufacturers and Videoton is a direct supplier of a Hungary based international carmaker as well. The most important customer represents about 30% of the yearly auto electronics turnover. All automotive electronics products like electronics (e.g. climate control panels, electronic steering lock panels), modules (e.g. heating controllers, air flow sensors) or electro mechanics (e.g. steering switches, fuse boxes, relays) are designed and developed by the customers. Videoton is typically responsible for all industrialisation design, manufacturing and testing.

Videoton has changed from having product manufacturer status to becoming a highly-developed contract manufacturer in the field of the electronic manufacturing service (EMS) industry. The services offered by Videoton represent a complex industrial production process which is organised and tailor-made according to the demands and expectations of industrial customers. This change can be considered a kind of genesis from classic product-oriented industrial activity to customer-oriented service based activity. Service here has a special meaning as the main operation of the company is of course industrial in nature, particularly as concerns electronic manufacturing, but it is organised and industrialised in the form of special services for very different industrial companies.

This means a fundamental change in operations, and mainly in the culture and of the identity of the company. One of the managers we interviewed said that: "Videoton produced computers televisions radios, tangible things that I could associate with the name of Videoton. Now this Videoton doesn't exist any more... so many times I have been asked about Videoton: what does it do? I say it is a private company which started almost from zero in 1991 and arrived at today's level; it has huge revenues and it makes large profits. Anyway it is a great issue. And it employs many people and it has put bread into the hands of many people. And they say OK, but what does Videoton do? Thus they don't know what Videoton is doing at all."

As mentioned above, after the change of the system, modernisation can be considered a social and economic historical process. This process is very complex and as a result of the social and economic context is essentially unfinished, but the political system (and especially Hungary's accession to the European Union in 2004) actually paved the way for substantive changes. Central and Eastern European countries have followed suit and are following this modernisation process in different ways. Countries that are serious about modernising seem to be more successful (Reill and Szelényi 2011).

The transformation from socialism to capitalism raises two very important questions. One is how capitalism can be made without capitalists, and the other is how capitalism is created after industrialization (King and Szelényi, 2005). Applying the authors' categorisation here, the peculiarity of the Hungarian transformation is that it was done without the assistance of the old party bureaucracy which did not retain power. Instead, it was mainly done through foreign direct investment (FDI), and, generally, foreign investors became the new owners of Hungary's major industries (King and Szelényi, 2005). From this perspective, the case of Videoton is not typical, since 1995 (until now) it has been owned and effectively managed by three private Hungarian owners.

5. Case analysis

The case analysis is organised in two steps. Firstly the company's network position changes will be analysed. The question is here how Videoton coped with changes in the relevant network. The second stage of the analysis deals with the outcomes of strategizing as influencing the network position. Both steps follow the previously described five periods of the company's history.

Videoton's relevant networks analysis comprises three dimensions: key business relationships, material resources and capabilities (product and process technologies) and organisational learning.

5.1 Key business relationships

Key business relationships are not only the main structural elements of the networks but they also play important roles in both the cost efficiency (Håkansson and Snehota 2006) and the development of the potential of a business (Håkansson and Waluszewski 2002). Key business relationships are generally with main customers but they could be also with other important network actors (Easton and Araujo 1992) such as authorities or innova-

tion partners.

During the foundation period the company had two different and not-so-interrelated network positions. As a hunting cartridge producer presumably VT had well-founded business relationships with the small number of specialised hunter product distributors. Furthermore as this market was quite strictly regulated VT had strong relationships with regulating authorities. The military market, of course, was still more strictly regulated and absolutely centralised. It was impossible to do business without excellent, well-developed relationships with the military administration. The greatest complexity came from the need for personal relationships at the highest level of government administration. The VT founding owners had these contacts.

During the planned economy period VT was also involved in two different networks. These networks were created first and regulated later by the Hungarian Planning Authority, thus the relationships with the consumer electronics and the military products were designed and imposed. Both the nature of the relationships with suppliers and with the state monopoly distributors were decided on and prescribed by the planning authority. As Johanson (2000) notes, "the orders of the planning authorities established new relationships and terminated existing ones....Finding exchange partners and linking firms to each other was an exclusive right of the planning authorities" (Johanson, 2000:4). "The firms regularly received quantitative plans specifying products, transportation, customers, suppliers, etc." (Johanson, 2000:3). This means that the planning authorities also determined the network position of firms, including Videoton. Thus the most important relationships for Videoton were with the planning authorities. On the military field key business relationships were established and exploited with the Soviet Red Army and the Hungarian Army. Key business relationships in consumer goods based on the imposition of the planning authorities were developed with a restricted number of national wholesalers.

During the decentralized-planned economy Videoton was involved in at least three different macro networks (industries) and many meso-level ones (local and export). Throughout these years Videoton had developed strong business relationships with national and local consumer goods distributors who no longer had monopolies. Videoton was working directly with the neighbouring Comecon countries' consumer goods importers who still had monopolies in their home countries. Videoton obviously had and had to have very strong and highly-complex relationships with the Hungarian and Soviet military authorities and with some military importers in different developing countries such as Syria, Libya and India. On the other hand, Videoton had established wide and mainly direct business relationships with local computer buyers. It is important to highlight that, since the 1980s, Videoton had created more and more direct business relationships with leading international companies such as AKAI and Philips. With consumer electronics production in general (mainly TV production and the computer industry) Videoton had created its own relationships, independent of planning authorities.

During the Collapsed Videoton period nearly everything went awry. The military electronics network drastically fell off, and for various reasons Videoton got out of the computer industry. Consequently, the major part of previous business relationships came to an end and with them previous partners disappeared. Ultimately some relationships with local consumer electronics wholesalers and most interestingly with some foreign licence partners remained and with them some possibilities for co-operation which later had never been really exploited.

During the Phoenix Videoton period the relevant networks were completely changed. Becoming an international leading electronic manufacturing service (EMS) company key business relationships were built and developed with different multinational and foreign customers. A very small number of large multinational automotive component manufacturers and some mainly medium size international industrial companies were the main customers. Videoton had strong relationships with different quality control agencies.

With regard to the changes of key relationships during the long history of Videoton, the interesting point is that though it had five very different network constellations the company always tried as much as possible to use or re-use its previous key relationships as crucial resources. In the decentralized-planned economy period for instance the old relationships with national consumer electronics wholesalers were continued in a different way, or more characteristically the contract manufacturer activity of Phoenix Videoton was begun with the relationship with a previous consumer electronics partner, Philips.

The next dimension of Videoton's relevant networks analysis concerns its different material resources and capabilities: product, process and market technologies.

5.2 Technologies

The analysis of Videoton technology during the five phases has two elements. The first is what kind of technology was introduced and used during each period. The second question is whether Videoton possessed all the types of technology at the same moment. The first question concerns the different capabilities of the company while the second focuses on the complexity of the technological process from product design capability to the final market launching activity. These technological issues are closely connected to the company's network positions (Ford et al. 1998).

During the foundation period the company established an important cartridge production capacity for hunting and the military. During the war years production capacity was turned completely towards military products. The company developed an adequate distribution strategy and advertising activities and created a relatively strong brand in its niche market. Thus it had good market technology for reaching the end user market. It was also excellent with the highly administrative military (government) market technology. On the other hand, it did not really have innovative product development technology.

During the planned economy period the company changed its technologies. At the beginning there were only production technologies for consumer electronics (radio receivers) which had been transferred to Videoton from other Hungarian companies following the orders of the planning authority. In military fields the cartridge production, till 1954, was the continuity of the application of the pre-war technology but the installation of military electronics had a similar centralised process to that of consumer electronics. By the nature of the planned economy system, there was neither room nor demand for any marketing technology.

During the time of the decentralized-planned economy period Videoton made important investments and efforts in the consumer electronics field, namely in loudspeakers, to develop its own research and development activity. This was so successful that Videoton was able to co-operate with AKAI at the beginning of the 1980s. The company built its own very strong and popu-

lar Videoton brand and worked directly with foreign importers. The situation was similar in the computer industry with the only difference that there the customers were always organisations. However, Videoton used all the three technologies in the military electronics field as well. To sum up, in this period Videoton was a completely integrated and diversified company and used all the necessary technology.

During the Collapsed Videoton period the company had enormous technological problems. Their products (both the most modern ones and those which were produced under license from leading western companies) became very expensive or obsolete, simply unsalable in the newly-open Hungarian market. High level military electronics research and product design efforts went up in smoke. Videoton existed with relatively well-developed production technologies and huge unexploited capacity but without any real market technologies which could be applied to the new markets and economic situation. However, some personal industrial connections remained to give hope for the future of the company.

During the Phoenix Videoton stage the company's technological situation significantly changed. Based on the strategic decisions of its new owners, Videoton focused on production technology. Some of this technology was already being used but in different conditions and for different products, like VLSI in consumer electronics; some other technology like the production of auto electronics was newly-introduced. Using the remaining personal industrial connections and successfully exploiting the fact that some western companies (mainly but not only from Germany) wanted to base one part of their production operations in Hungary, Videoton entered the contract manufacturing industry. The company constantly developed greater production technology to become more and more able to serve its industrial customers. Videoton continuously developed its production design and testing capabilities but it currently does not want to reintroduce the product design activity. However, in the field of market technology it has crafted a highly developed and very sophisticated customer relationship management practice.

Considering the role of different technologies throughout the story of Videoton we may say that the chosen technology significantly determined which network to enter; for instance, the military and the hunting network at the time of the company's foundation. This was also true at the time of the planned economy although it was the planning authority instead of the company which made the decision about when to begin radio receiver production. In the Phoenix Videoton stage the owners decided about the contract manufacturing technology. Here we can see that the network position (or more exactly, the efforts to change it) relate back to technologies. The investment decision to develop step by step the testing and the industrialisation design activities are particular examples in the case of Videoton.

Our third dimension to analyse is organisational learning.

5.3 Organisational learning

In this section two questions are examined for each period: What did the company learn from its past and what is it learning from its partners? The first question concerns old networks (or the heritage of previous relationships); the second concerns the emergent new relationships. Both are closely related to technology and organisational culture..

During the foundation period the company naturally had nothing to work with. It was a new industry in Székesfehérvár without any antecedents. However the two founders had their past experiences and a well developed personal network. After some years of activity the company created a small industry study unit to pass on some of the technological knowledge it had acquired. Additionally, it had continuously learnt from the demanding and sophisticated military buyers and from the military production control authorities.

During the planned economy period Videoton first of all learnt from previous radio and television producers. Later the learning from the past became a step-by-step process. What Videoton learnt from the radio receiver and the loudspeaker production, and later design process was used and applied to military electronics.

During the decentralized-planned economy period all of the past knowledge of the company helped Videoton to successfully start computer design and production. From the 1980's one of the most important learning sources for Videoton was leading multinational companies. More exactly, there were different licences or cooperation agreements with these actors. With consumer electronics this mainly concerned product production licences, but in the computer field the cooperation mainly took the form of a division of industrial production.

During the Collapsed Videoton period the company had some special advantages. This means that based on its history Videoton had the potential to recommence operations from zero. This experience existed together with the readiness of its (mainly young) engineers to learn. However, the basic question remained: who to learn from?

During the Phoenix Videoton period the situation once again significantly changed. Learning from the past became essential and extremely useful as one of the auto electronics company's senior managers explained referring to the elementary role of military industry culture in the development and the success of the company. Organisational learning was very much related to organisational culture. The long-term learning of Videoton from the process of military production technology (military industrialisation) is strongly correlated to Johanson's (2000) comments about ways of finding the opportunity to survive in transition economies.

Furthermore, learning from customers and other partners (for instance, from quality auditors or from suppliers) is one of the most important processes at Videoton. It is happening in the existing business relationships through the different types of exchange episodes. In fact, it is the main process of the company's very sophisticated business relationship management practice, even though this learning process is often somewhat hidden and not always expressed directly throughout interactions. A successful personal relationship-building process usually opens the way to working more closely with the company's customers.

In summary, the history of Videoton has been a process of innovation and hard-won learning; a complex, long-lasting and continuous organisational learning process. The second stage of the case analysis concentrates on the outcomes of strategizing in the five different periods of the company's story. Following the theoretical framework different behavioural resources influence these outcomes. Therefore relationship building up capabilities and organisational resources were analysed all along the Videoton's history.

5.4 Building up business relationships

Building up business relationships demands the harmonisation or at least the coordination of product, process and market technologies and the techniques and the abilities of the establishment

Table 3 Comprehensive summary of case analysis

Dimensions of Analysis	Periods in the Videoton history				
	Foundation of Videoton	**Planned Economy Videoton**	**Decentralized-Planned Economy Videoton**	**Collapsed Videoton**	**Phoenix Videoton**
Relevant network					
key business relationships	hunting product distributors; military administration	central planning authority; Soviet Red Army; Hungarian Army, national wholesalers	armies (Soviet, Hungarian, Warsaw Pact); national wholesalers; computer buyers; international companies	some national wholesalers; some international companies	multinational component manufacturers; international industrial companies
technologies	not really product development; strictly regulated cartridge production technology; Hubertus brand; administrative military market	product development (loud speakers); consumer electronics and military electronics production technology	product development (computer, video display); consumer electronics and military electronics production technology; licence contracts; Videoton brand	products including computers became totally inappropriate; good technological level without exploitation; totally collapsed markets	continuous development of production technology; sophisticated customer relationship management
organisational learning (from the past and from others)	industry study hall, from the military buyers	step by step; from previous local manufacturers	step by step; from international companies	potential to recommence from zero; readiness to learn but from whom?	determining role of the military technology past; from international customers
Outcomes of strategizing					
building up business relationships	through huge military investment and production quality processes hunting product distributors; military administration	centrally decided and prescribed relationships	through its open-minded and politically very powerful general manager; Videoton brand; computer customers	lost almost every opportunity; some foreign partners remain, and some opportunities for co-operation (never exploited)	by cautious technological development and partners' recommendations; strong and deep relationships with a restricted number of partners
organisational resources	newly skilled workers some more experienced management stuff	newly skilled local workers; experienced management stuff; politically strong top management	very well educated product and production engineers skilled workers strong, open minded top management	reduced number of very well educated and experiences engineers; few very skilled workers	internationally experienced engineers; skilled and specialised workers; customer oriented management; private owners and top management

Source: constructed by the authors

and develop professional personal relations.

During the foundation period the building up of business relationship capabilities benefited from huge military investment and the established strict quality control process. They made possible the continuous high quality cartridge production which was the material basis of the strong relationship with hunting product distributors and military management. "Hubertus" brand building on the one hand and the founding owners' high level personal relationships at the government on the other hand complemented the company's relationship building capabilities.

During the planned economy period Videoton the most important element of the relationship building capability was neither the production quality nor the strong brand but very good personal relationships with the central and the local communist party leaders.

During the decentralized-planned economy period the high level political relationships continued to remain important. However the open-mindedness of the general manager became decisive. The very strong Videoton brand resulting from a heavy investment in brand building helped to establish strong and fruitful relationships with national wholesalers, computer customers and socialist countries' monopoly importers.

During the Collapsed Videoton period the company lost almost every opportunity and capability of successful relation-

ship building. Only some relationships with western partners remained but these co-operation opportunities were never exploited.

During the Phoenix Videoton period, as a result of heavy and cautious material resource investments and with the help of partners' recommendations the company became able to establish, maintain and develop strong and deep business relationships with a restricted number of international partners.

Business relationship building capability is part of inter-organizational resources and capabilities which contribute to the outcomes of strategizing. Nevertheless it also demands some special organisational resources. Thus our case analysis continues and finishes with the study of some of Videoton's organisational resources.

5.5 Organisational resources

Organisational resources are the knowledge, experiences and skills of the individuals and groups within the company. In this analysis these resources are mainly considered as the characteristics of the company's human resources and the results of the investments in them.

During the foundation period as the company was a greenfield investment in the town of Székesfehérvár it had only newly skilled local workers and some more experienced management staff from other points of the country. Later the company founded its own small local industrial education centre.

During the planned economy period Videoton organisational resources were composed of a huge number skilled workers and a relatively small number of well educated engineers. The company was guided by a strong, politically well established top management.

During the decentralized-planned economy period Videoton had a very strong, open minded general manager who was at the same time member of the highest communist party leadership. He made important investments in human resources. Consequently besides a great number highly skilled workers Videoton had a young, very well educated, foreign-language-speaking engineer staff (mainly Russian but also German and English). Many of these young engineers had also some expatriation experiences.

During the Collapsed Videoton period the company lost most of its human resources. Only a few skilled workers and a restricted number of very well educated and internationally experienced engineers stayed.

During the Phoenix Videoton period the new private owners and top management gradually developed and improved the human resources based on the new activities of the company. A highly skilled and specialised workforce and young, internationally experienced engineers and middle management characterise today's Videoton. Deep customer orientation is one of the fundamental values of the Phoenix Videoton.

Table 3 presents a comprehensive summary of the analysis above.

6. Discussion

The long history of Videoton allows us to explore its network dynamics through different periods (from the first period to the fifth). An important characteristic is that in the different periods Videoton was a part of different networks because of its changing industrial activity (along with its use of different technologies). So the question not only concerns how Videoton had to build up new relationships (or to change existing ones) but rather how it could find its network position in each historical period as well. For example, it could not use its old networks of relationships from the planned economy (when the relationships were determined and controlled by the planning authority and the networks were stable) because after the transition it started a totally new form of business activity (contract manufacturing). Presumably, however, building on some personal social networks from the previous period.

However, due to the time and space dimensions of the business interaction, "there is no such a thing as a new network" (Håkansson et al., 2009:41), the more than seventy-year horizon and the drastic changes (in key business relationships, technologies and organisational learning) that occurred in the history of Videoton led us to differentiate old and new networks. The various circumstances originated from the different time periods – described in the case – may raise the question whether we can talk about the same network or not. At the same time it is important to realize that during each drastic network change some kind of overlap between the old and the new networks can be noticed. After nationalisation the new military cartridge network had some similarities with the old one. The actors were changed and internationalised (Red Army) but the military production technology and its culture were quite similar. The presence of some of the old engineers and workers and their knowledge helped Videoton to find and to create a strong network position. The Collapsed Videoton had gained advantage from its previous international consumer electronics network. Moreover that was Philips who was the first client of the Phoenix Videoton. In each new situation Videoton could reckon upon something inherited from different old networks. In the Videoton case each discontinuity is always accompanied by some continuity.

The impression is that the company over the story has always been building on some aspects of its operations; sometimes the interpersonal relationship (actor bonds) at other times making use of production technologies and products (resource ties) at other time still relying on certain capabilities to carry out distinct activities (activity links). Videoton appear always able to mobilize some of these assets and use thes to develop its position in the existing business context.

We can draw analogies between the relationships that Videoton had in the planned economy to the relationships of highly regulated industries, where "actors are forced into relationship and network structures through different restrictions", and "positions, roles and networks may be mandated and forced by governmental authorities" (Persson and Steinby 2005:9 and 10). What is important in the Videoton case is that, one of the most successful activities of Phoenix Videoton is automotive electronics. This industry is highly structured and thus quite similar to the regulated industries studied by Persson and Steinby (2005), though it is not regulated by external authorities. In fact, the culture of this industry is very similar to the military industry with which Videoton gained quite substantial experience in the past (a long time before the company entered this field and began to install the new technology demanded by the buyers of automotive electronic parts).

7. Conclusions

The aim of our paper with the case of Videoton was to contribute to the topic of strategizing from the industrial network perspective. Strategizing is based on company's resources and capabilities which create value only if they are connected to the resourc-

es and activities of others through different types of interactions. The focal point of strategizing is building network position and the ability to develop business relationships.

Strategizing demands a good understanding of interrelationships and how they overlap with technology and organisational learning. Strategizing catches the relationships of three dimensions of management: What to do (technology), how to do it (organisational learning) and with whom to do it (relationship management).

Strategizing also means focusing on the overlapping parts of the network of what the firm is embedded into, of the implemented technologies related to this network and of the related organisational learning. Networks are always changing. What to do if the network has disappeared? Or if the company is confronted with a network that is totally new for it?

Phoenix is a bird in mythology. It is a long-lived bird that is cyclically reborn. A phoenix dies in fire and obtains new life by arising from the ashes of its predecessor. Learning from the case what spans 70 years of company history which contains at least four drastically and imposed network changes we distilled some "network-bridge-over capabilities". These capabilities were always present in that situation when the company was obliged to leave off a network and to enter a completely new one. These capabilities helped to facilitate or perhaps made possible the forced jump from a network to another one.

These "network-bridge-over capabilities" are: to re-organise, to re-combine and to renew old drilled activities adapting to the network; to maintain and to re-qualify experienced old staff who are still familiar with the company culture; to continuously fall back on the existing capabilities and to radically and deeply re-interpret these same capabilities in a new network making use of past. They are connecting the future to the past.

A phoenix must be consumed by fire to be reborn... and different ashes are used all the time in all periods. The case shows that what is important is the competence of interpreting and enacting new solutions in an uncertain, drastically new context, always leveraging various resources and capabilities developed in the past.

Our research has several limitations. Firstly based on a case study it is not possible to make any generalisations. Another limitation is that our data collection was focused on the company; other actors in the networks were not included.

For further research we are continuing the work with interviews with other actors who are or who were connected with Videoton. The capabilities identified can open the way for future investigation of firms' behaviour and survival possibilities in drastically changing industrial networks.

Endnotes

1. 'CoCom' refers to Coordinating Committee for Multilateral Export Controls. This was established during the Cold War to embargo western exports to socialist countries.
2. The Warsaw Treaty of Friendship, Cooperation and Mutual Assistance: a military alliance of the Soviet Union, Poland, East Germany, Czechoslovakia, Hungary, Romania, Bulgaria and Albania between 1955 and 1991

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