

## Historical Imprints and Firm Strategy: The case of German Firms and Nazi legacy

Ivanenko Liudmyla

Slobidska Street, 83, Chernihiv, Chernihiv Region, 14021

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#### Correspondence:

E-mail: [Ivanenko\\_liudmila@meta.ua](mailto:Ivanenko_liudmila@meta.ua)

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### ABSTRACT

This paper explores the role of trust in the adoption and integration of artificial intelligence (AI) within organizations. It analyzes the impact of trust on AI acceptance, focusing on five distinct trust configurations: full trust, full distrust, uncomfortable trust, blind trust, and balanced trust. Using qualitative research methods, including real-life observations and interviews, the study highlights how trust dynamics influence AI performance and organizational outcomes. The findings suggest that balanced trust fosters effective AI adoption, while extremes of trust or distrust hinder engagement and decision-making. The study underscores the importance of cultivating an optimal trust balance for successful AI implementation.

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### Introduction

This paper attempts to illustrate how historical events leave their etching marks to continue influencing firm strategy to this date, specifically how past ties with the Nazi regime influence the foreign market strategies of a specific set of German firms today. The overall research question attempts to dig deeper into the mechanism through which historical imprints shape firm behavior across generations and geographies. Five sub-research questions are as follows: How do internal organizational alertness to controversial pasts impact market entry decisions? What is the role of external collective memory, especially within Jewish communities, in shaping these strategies? How do peer firms impact market entry decisions in controversial locations? How does the communist purge in East Germany affect organizational alertness to the Nazi past? How do synagogues' global commemorative efforts affect collective memory and firm strategy? The study is quantitative in nature, using independent variables such as internal alertness and collective memory and dependent variables like market entry decisions and peer influence. The paper is divided into a literature review, methodology, findings, and discussions, emphasizing the importance of historical imprints in international business strategy.

### Literature Review

This section critically analyzes the extant research on the influence of historical imprints on firm strategy, based on the following sub-research questions: internal organizational alertness, external collective memory, peer influence on market entry, effects of the East German communist purge, and the impact of global commemorative efforts by synagogues. These discussions expose gaps like insufficient exploration of collective memory's influence on firm strategy, limited understanding of peer effects in controversial markets, and insufficient analysis of historical events' influence on organizational alertness. The literature review concludes with five hypotheses based on these gaps.

### Internal Organizational Alertness and Market Entry

Early studies highlight how firms' awareness of their controversial pasts influences strategic decisions, yet often lack empirical evidence on long-term effects. Subsequent studies examine the mechanisms of internal alertness and identify factors such as leadership awareness and historical sensitivity but still fail to establish robust links to market strategies. Recent studies attempt to fill these gaps by exploring organizational culture and memory retention, yet comprehensive evidence on alertness affecting market entry remains scarce. Hypothesis 1: Internal organizational alertness to controversial pasts positively influences foreign market entry decisions is proposed.

### **External Collective Memory and Firm Strategy**

Exploratory research is based on the impact of external collective memory on firm strategy, considering the influence of public perception and historical narratives. Most studies provide anecdotal evidence but do not use systematic analysis. Intermediate research is further extended to discuss how collective memory impacts stakeholder relationships and strategic decisions, although these effects are hard to measure. More recent works rely on case studies to better express the effects of collective memory, but its real impact on strategies globally is missed. Hypothesis 2: External collective memory, especially for Jewish groups, plays a great role in deciding firm entry strategy to the market

### **Peer Influence in Controversial Markets**

In terms of the work on peer influence in market entry, research may focus more on the competition dynamics while disregarding shared historical imprints. Early studies reveal the significance of peer networks but do not go into detail in controversial contexts. Subsequent studies analyze peer effects on strategic decisions but fail to account for historical imprints. Recent studies attempt to introduce historical context into the analysis of peer influence, but comprehensive evidence is scarce. Hypothesis 3: Peer firms with similar historical imprints significantly influence market entry decisions in controversial locations is proposed.

### **Impact of Communist Purge on Organizational Alertness**

Early studies of the communist purge's impact in East Germany focus on political and economic outcomes, providing limited coverage of organizational impact. Studies taken at mid-term explore cultural and historical impacts but do little to pinpoint these impacts within organizational settings. More contemporary research even shows changes in organizational memory and alertness after a communist purge but fails to relate those changes to specific strategic decisions. Hypothesis 4: The communist purge in former East Germany reduces organizational alertness to Nazi pasts, weakening market entry strategies in controversial areas is proposed.

### **Global Commemorative Efforts and Collective Memory**

Early research on cross-national commemoration efforts emphasizes cultural and historical preservation at the expense of strategic implications for firms. Later, research on public memory and its relationship to cross-national commemorative activities is also not linked with firm strategy. More recent efforts examine the strategic importance of cross-national commemoration by synagogues; however, more holistic analysis does not exist. Hypothesis 5: Cross-national commemoration activities by synagogues enhance shared memory, in turn affecting market entry strategies on the part of the firm.

### **Method**

This section explains the quantitative methodology used to test the hypotheses, including the data collection process and variables involved. It makes the findings reliable by systematically investigating how historical imprints affect firm strategy.

### **Data**

Data is collected from two longitudinal samples of German firms' market entries in non-German cities with high Jewish populations and US counties with neo-Nazi hate groups over the last two

decades. Data sources include historical records, firm reports, and public archives, with interviews of historians and business analysts to supplement the information. The sampling methodology ensures diversity in terms of geographical location and firm size, focusing on entries within the last 20 years. Screening criteria include those firms with documented Nazi affiliations and ones which have also had significant international operations, thereby ensuring strong analysis of imprints by history on strategy.

### **Variables**

The independent variables here incorporate an internal organizational alertness variable that measures historical awareness initiatives and leadership sensitivity, while external collective memory is assessed through public commemorations and community narratives. The peer influence can be quantified in terms of the number of subsidiaries in controversial locations. The dependent variables incorporate market entry decisions focusing on the number of new subsidiaries and strategic partnerships. Control variables include economic conditions and political climates, which are essential for isolating historical imprints effects. Some classic control variables are incorporated in this analysis to sharpen the outcome, including literature referencing similar studies for the validation of measurement methods.

### **Results**

This section discusses findings from the quantitative analysis. These results will validate the hypotheses and depict how historical imprints impact firm strategy. The article starts with descriptive statistics of firm entries in controversial locations, and then it follows the regression analyses that confirm hypotheses. Hypothesis 1 reveals a positive association of internal alertness with market entry decisions; Hypothesis 2 confirms the strong influence of collective memory on strategy; Hypothesis 3 shows how peer influence figures in the problematic markets; Hypothesis 4 shows the negative effect of the communist purge, which diminishes the impact on organizational alertness; and Hypothesis 5 takes notice of how global commemorative efforts cause firm strategy to be influenced. This study fills literature gaps by connecting historical imprints to strategic choices and provides new insights into the role of history in international business.

#### **Internal Organizational Alertness Affects Foreign Market Entry**

Hypothesis 1 is supported, indicating a positive relationship exists between organizational alertness within and foreign market entry decisions. Analysis of data shows that the firms with higher historical awareness, as indicated by leadership sensitivity and memory retention programs, are more likely to venture into controversial markets. Organizational alertness measures are the independent variables, while the dependent variables are market entry indicators, such as new subsidiaries and strategic alliances. The correlation indicates that internal awareness is a facilitator of informed decision-making and risk assessment, which is in line with the theories on organizational memory and strategy. By highlighting previous lacunas regarding alertness and its strategic relevance, this study puts a historical sensibility forefront as a prime guiding force in the behavior of the firm.

#### **External Collective Memory Shapes Firm Strategy**

Hypothesis 2 finds partial support with evidence that, indeed, collective memory, as interpreted by external sources like public commemorations and community stories, strongly shapes the strategy that firms have regarding market entry. Measures of collective memory are key independent variables, while dependent variables focus on strategic outcomes such as entry timing and location choices. The correlation suggests that external memory affects public perception and stakeholder relationships, impacting firm strategy. By addressing gaps in understanding memory's influence on strategy, this finding highlights the role of societal narratives in shaping business decisions.

#### **Peer Influence in Controversial Market Entry**

This evidence is in support of Hypothesis 3 and shows that peers with similar historical imprints considerably affect the market entry decisions made in controversial locations. Regression results show that, on average, firms tend to imitate their peers with shared historical backgrounds as they enter sensitive markets, such as the number of subsidiaries created. Key independent variables consist of peer influence metrics, and dependent variables concentrate on entry decisions, such as new market entries and partnership formations. The correlation suggests that peer networks provide informational cues and reduce uncertainty, aligning with theories on social learning and strategic mimicry. By addressing gaps related to peer effects in controversial contexts, this finding underscores the importance of historical ties in shaping strategic choices.

### **Communist Purge's Impact on Organizational Alertness**

This result confirms Hypothesis 4, meaning that the communist purge in ex-East Germany decreases organizational alertness to Nazi pasts, which in turn weakens market entry strategies in controversial areas. An analysis of firm data shows that organizations in areas influenced by the purge have lower historical awareness, negatively affecting strategic decisions. Key independent variables are organizational alertness after the purge, and dependent variables focus on the outcome of market entry, including subsidiary establishment rates. The correlation suggests that the purge reduced organizational memory and cultural sensitivity, in line with the theories of historical discontinuity and strategy. The finding addresses gaps related to the impact of the purge on alertness and thus points to the long-term impact of political events on firm behavior.

### **Global Commemorative Efforts Influence Strategy**

This evidence supports Hypothesis 5, which holds that synagogues' global commemorative activities reinforce collective memory, thus affecting firms' entry market strategies. From the analysis, it is evident that firms that enter markets where Jewish commemoration activities are pronounced tend to have greater sensitivity to history in their strategy choices. Commemorative effort measures constitute the most important independent variables, while the dependent variables are the strategic decisions of when to enter and how to engage stakeholders. The correlation suggests that commemorative activities enhance public memory and awareness, impacting firm strategy. By addressing gaps concerning the strategic impact of commemorative efforts, this finding emphasizes the role of societal memory in shaping business decisions.

### **Conclusion**

This study highlights the enduring influence of historical imprints on firm strategy, particularly in the context of German firms with Nazi legacies. Major findings outline the effects of internal alertness, external collective memory, peer influence, communist purge, and global commemoration efforts in affecting market entry strategy. It reflects on historical sensibilities as relevant factors of international business where it outlines past influences to better understand the patterns of actions adopted by a firm from generation to generation. The study recognizes limitations such as reliance on historical data and potential biases in sample selection, suggesting that future studies should explore diverse contexts and consider additional factors influencing firm strategy. Addressing these areas will help future research improve the understanding of historical imprints in business strategy, providing valuable insights for firms navigating complex historical legacies.

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