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Interface between Western and Russian
Management Attitudes:
Implications for Organizational Change

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#### **Abstract**

The present paper outlines tentative observations and interpretations focusing on management attitudes in a comparative Russian/western perspective. It identifies management attitudes and values as relevant factors in understanding, designing, initiating and managing organizational change. The assumption is that managerial behaviour is of key importance in the process of organizational transformation. The paper analyzes a situation in which foreigners have been assigned to work in the management group of a Russian organization after a large Western European multinational company has acquired an interest in it. The paper identifies several major, culturally specific attitudes towards the general management approach adopted by the two subcultures within management in the studied organization. The paper concentrates on the dynamic interface between western and Russian management attitudes and their implications for the processes of organizational change.

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# Interface between Western and Russian Management Attitudes: Implications for Organizational Change

#### 1. Introduction \*

Often managerial behavior is taken for granted without a deeper reflection upon the underlying logic that guides this behavior in a certain direction. Studying management attitudes provides a specific angle to uncovering the meaning of organizational life and managerial behavior. Part of the crosscultural literature focuses on differences in management practices, management attitudes and values that exist in different countries or larger settings. Yet more discussion has evolved around the issue of organizational change. This paper deals with the interconnectedness between management issues and organizational change (organizational transformation). It shows how management attitudes influence processes of organizational change and how organizational change alters management attitudes. Since the studied organization is situated in Russia, the paper assumes that the observed behavioral differences between Russian and western managers are caused rather by differences in fundamental attitudes than by differences in economic situations (this difference is a matter of discussion by Bulow et al., 1992).

Initially, the paper introduces a number of well-known theoretical frameworks that seek to clarify the concept of attitude (Section 2). Section 3 describes the organization which is being analyzed in this paper. The methodology applied is described in Section 4. Section 5 presents the

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empirical findings looking at differences and similarities in Russian and western management attitudes. Finally, the paper analyzes the implications of management attitudes for the process of organizational change.

#### 2. Attitudes: Theoretical considerations

Attitudes are believed to be "an intervening variable or a non-observable link between an observable stimulus and an observable response" (Tenbrunsel et al., 1996:318). Following Brown (1976), the attitude is "a relatively enduring organization of beliefs around an object or situation predisposing one to respond in some preferential manner" (quoted in Schmidt & Posner, 1984:14). The three interrelated components of an attitude are the affect, the behavioral intentions and the cognition (the so-called abc-model, Rosenberg & Hovland, 1960, cited in Nelson & Quick, 1996:54).

Attitudes are based on personal constructs (Kelly, 1980) and reflect more deeply-held beliefs. Like human conceptions, attitudes are culturally imposed - "they are believed because they always have been and behaviors are habits" (Dale, 1993:89). Following Henerson et al. (1987:11-12), an attitude is not something we can examine and measure [...]. We can only infer that a person has attitudes by her words and actions". A lot has been written about "particular" attitudes such as job satisfaction (Locke, 1976; Landy, 1985; O'Reilly, 1991), job performance (Iaffaldano & Muchinsky, 1985) and organizational commitment (Griffin & Bateman, 1986; Mowday et al., 1982), less about management attitudes. Since management is carried out by real individuals with their own agendas, attitudes and values, management attitudes may also be interpreted as the basis of management philosophy. As pointed out by Chakraborty (1991:278), "each manager is a philosopher anyway - be it of selfish hedonism, or of competitive gladiatorialism, or of other variants of

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the same genre. Nobody can perform without a philosophy, howsoever implicit it may be".

Attitudes are object-specific and situation-bound. They are learned predispositions to respond consistently to a given object in a given situation. While an attitude means that we intend to behave in a particular way, that intention may or may not be followed depending on the specific situation. Following Theodorson & Theodorson (1969:19), "an attitude results from the application of a general value to concrete objects and situations". The object-specificity allows the attitude to express underlying global values (Katz & Stotland, 1959).

In general, behaviors lie beyond attitudes and attitudes are matched by behaviors (the behavioral component of attitudes), (Figure 1). A person's attitudes influence that person to act in a certain way instead of another (Cooper & Croyle, !984; Miner, 1988).

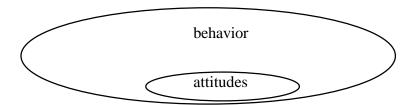


Figure 1: Attitudes and behavior

Conner & Becker's (1975:551) statement that "behavior can be viewed as the overt manifestation of attitudes and values" is in the same line of argument. When behavior and attitudes contradict in a state of cognitive dissonance, the conflict may be solved by changing the behavior or the attitudes. Moreover, behavioral change might result in attitudinal change although the process is not final. The opposite also holds true: attitudinal change might lead to behavioral change. Therefore, the causality is circular: behavior and attitudes cannot be separated and if attempted, the separation would be artificial. Moreover, the process is not automatic:

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changes in behavior are not equivalent to changes in attitude and vice versa. In situations characterized by a lack of cognitive consistency, individuals may act in ways that do not "fit" their attitudes.

Lewin (1947) studied the mechanisms by means of which collective attitudes may be influenced and changed. One of his findings implies that people are likely to align their private views with their public statement ("reducing cognitive dissonance", Festinger, 1957) if they are persuaded to express an attitude publicly that is different from their privately held views. According to Lewin (op.cit.), unfreezing, changing and refreezing are the three stages in the process of change of individual attitudes.

Following Champoux (1996:G-1), a change of attitude can be "due to persuasion, to the norms of a social group important to the person holding the attitude, or to the person becoming uncomfortable with some aspects of the attitude". The most quoted model for changing attitudes is the following developed by Kelman (1961). Kelman discusses three mechanisms for changing the attitudes of people: compliance, identification and internalisation. Because of the significance of this trichotomy for the analysis in Section 6, I will take a closer look at these notions.

Compliance arises when the individual is forced to change through direct manipulation (punishment) or rewards by someone who is powerful. Behaviour appears to have changed when the punishment/reward is present but is typically altered when these incentives are removed. This means that compliance is short-sighted and strongly depends on certain circumstances. The particular behaviour is a function of changing these circumstances. According to Aronson (1976:30), "in compliance, the important component is power - the power of the influencer to dole out the reward for compliance and the punishment for non-compliance".

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Identification occurs when individuals try to learn new patterns of behaviour. The model(s) of this behaviour can be changed by the environment (i.e. by a person exerting influence on the individual in question). The aim is to establish and maintain a satisfying and good working relationship with others (i.e. elements of the environment). The individual tries to identify him/herself with them and to become like them. Identification is a higher degree of response to social influence than compliance, in that individuals start to believe in the attitudes they adopt. However, they do not believe in the new values as strongly and deeply as had they internalized them. Following Aronson (op.cit.:30) again, "in identification, the crucial component is attractiveness - the attractiveness of the person with whom the individual identifies". The close interaction with this person is a necessary condition for identification.

Internalization arises when individuals having been placed in a new situation requiring new patterns of behavior, feel comfortable about subscribing to the new attitudes (instead of acting out of necessity alone). This mechanism allows individuals to cope more successfully with new situations because individuals not only adapt to the new attitudes but also integrate them into their own attitude and value system. In Aronson's (op.cit.:30-31) terms, "in internalization, the important component is credibility - the credibility of the person who supplies the information". A highly credible person is, according to him, "both expert and truthful" (ibid.). Internalized beliefs are most resistant to change as they are independent of the influencer's presence.

## 3. The studied organization and its management group

X is a Russian organization established back in the 1920s. Until 1991, X employed 1,500 people and was state-owned and primarily engaged in developing projects for a particular industry. In 1992, X was turned into a joint-stock company. The majority of its shares belongs to the Russian

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state. The present number of employees is around 750. Although X is more autonomous than prior to 1990 and it acts as an economic player on the market, the organization is rather underdeveloped in comparison to western standards.

Y is a large Western European multinational enterprise which acquired an interest in X and has bought part of its shares in 1996. Y is investing capital, as well as training and technology transfer in X. Its long-term aim is to transform X into a modern western Y-type company and to develop it into its subsidiary. Personnel from Y is assigned to work on managerial positions in X. There is a clearly expressed cross-cultural diversity within the boundaries of the management group. It consists of people coming from very different cultural backgrounds; Russians and westerners who work together (at least spatially), but who have different patterns of lifestyles, beliefs, values, views, expectations and codes of behavior, both verbal and non-verbal. The extent of the cultural diversity in X is very high since the two sub-groups are not only from different cultural backgrounds, but represent very different ideological backgrounds too. As a consequence, there are multiple realities involved in the portrait of the management group. Inconsistencies among the members of the management group are substantial and reflect ambivalence towards organizational change.

Managers from both X and Y are heavily involved in X's transformation. Y develops the general strategy for change and the overall objectives (what is to be done), specific work plans (how it will be done and by whom), the schedule (when will it be done) and the budget (how many resources are needed). The various departments develop a detailed version of a transformation plan specifying the mentioned points according to their own specificity. The transformation activities in X are heavily financed by Y.

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Bearing in mind the presence of different national cultures in X, communication is one of the critical issues - especially because of language differences. Only 9 out of 750 employees in X are able to speak English and only 1 of the 6 western expatriates speaks fluently Russian. Bearing in mind that the formation of attitudes depends (among other things) on the amount and type of information about the object in question, there is strong evidence that suggests that the process of changing attitudes in the current process of organizational transformation in X is rather problematic.

#### 4. Methodological framework

The paper is based on a case study that was carried out in Russia in 1996. Open-ended interviews (some in English and some in Russian), written material, informal conversations with managers and employees as well the author's own observations were used in the process of gathering field data. Almost all members of the management team representing Y and many of the employees in key management positions from X's staff acted as informants. In the context of the present paper, the selected interviewees constitute the most meaningful and potentially most influential and powerful sub-population in terms of change initiation and change management. Quotations from the conducted interviews are italicized in the following sections.

Informants often disagreed with each other in the way they interpreted various management and organizational change issues. Therefore, the collected data contain different potential meanings. When dealing with organizational reality and organizational change in particular, one is confronted with a wide variety of nonlinear, conflicting and contradicting issues and dilemmas. The paper emphasizes "divergent problems", i.e. "problems that are not easily quantifiable or verifiable and that do not seem to have a single solution" (Quinn & Cameron, 1988:5). The

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conclusions drawn in this paper are not action-oriented. They are formulated on a conceptual and analytical level.

The usage of the term "western" requires an additional methodological remark. The term is ambiguous and formulated on a highly aggregate level. It has gained currency and broad acceptance mainly in terms of dichotomies, such as West-East, Western Europe-Eastern Europe or Europe-America in spite of an apparent diversity within each of these aggregations and even though they are factored down to many smaller entities based on national cultures, national identities and socio-cultural contexts. The result of this desegregation is a significant diversity as regards to "soft" components - organizational practices and forms, management attitudes and behavior, leadership styles, human resource policies and practices. However, the terms "west", "western" and westerners" have been proposed and used extensively by the respondents in the present study. The way the paper employs these terms is the following: Y's experts assigned to work in X are of five different nationalities that belong to the broad western context. Within the boundaries of the Russian context, they see themselves as "westerners" and, even more concretely, as representing Y's culture rather than representatives of their national cultures. From this starting point, the paper takes two kinds of differences into consideration - national cultural differences (Russia and the rest) and company cultural differences (X and Y).

#### 5. Empirical findings

The purpose of this section is to reflect on the differences and similarities between western and Russian management attitudes and their implications for processes of organizational change. In order to understand the nature of the problems discussed in the paper, two things must be appreciated: the importance of the past experience and the factors which influence the present situation. They are highlighted in the following quotations:

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"The past is there and we cannot simply eliminate it, even though some try to do so. This is a fact and we have to deal with it."

"I appreciate very much the efforts of the Russians during the last few years. We from the West have no reasons to underestimate the Russians because we had the advantage of being born in a system which has resources available. In the Russian system the resources were not there. X's employees have to work under much more difficult conditions than in the West. We tend to believe that only we can do our work properly, but since this is not the case we should be well advised not to make such mistakes in our way of thinking."

X's culture is in general rather monolithic and dominated by the managers. Conformity is an important factor, contributing to its reproduction. The Russian employees feel more secure with the Russian part of the management group than with the westerners and are therefore more loyal towards the Russian managers. The Russian part of the management group can be characterized in Ouchi's (1980) terminology as a "bureaucratic culture". It tends to think in a functional way and from the point of view of the existing functional positions while its counterpart, the westerners, rely on effective teamwork that can facilitate organizational change. The western staff forms a kind of "clan culture" (Ouchi, op.cit.) although there are no deep and lasting relationships among its members. The clan consists of enthusiasts united around the potential of an idea/vision and facilitates the processes of organizational transformation. The clan culture respects diversity, complexity and fluidity.

Consequently, I observed five spheres of discrepancy between attitudes adopted by managers at X and Y.

1) The general management approach adopted by the two subcultures within X's management group is different - the Russian managers prefer the "top-down" approach while the western staff tries to impose the "bottom-up" perspective;

The bottom-up perspective is widely adopted in western management practice. It is closely associated with the delegation of responsibility *and* authority on the one hand and with the ability of taking risks on the other hand.

The decisions made by the Russian managers are usually not taken on the basis of discussions, argumentation and consensus, and if attempted, it is a difficult and time-consuming process. Exoneration from responsibility was common practice for decades. "For almost three generations the thought infrastructure was oriented according to from which direction the order came. And now the comrade general director has to do exactly what he was punished for before - take decisions by himself" (Sternberger-Frey, 1990:21, my translation). Many of the decisions are related to solving problems. The Russian staff places relatively high importance on hierarchy and formal status. The hierarchical levels are linked through pyramidal connections and forces. No creativity is required from the hierarchically lower subcultures and top-down, one-way communication makes these tendencies even stronger:

"People are somewhat hierarchical in X. Most of the things are totally controlled by the managing director. If one does not get his acceptance, it will not happen. There is no real consultation. Initiative and creativity at the lower levels are missing."

As a consequence, openness is not valued:

"If one talks openly about the problems one has, this is seen as the expression of a lack of personal qualifications. In the old system, the problem was the man who came with the problem, the messenger. In the

old days, the messenger who brought the bad message was killed. Unfortunately, we have the same perception in X today."

Most employees take no responsibility. Internal (organizational) communication in X is also top-down and formalized. A specific management instrument still in use in X is the written instruction/command and enclosure to the order:

"Open discussions are avoided as long as this is possible. There is no readiness for open conversations. One tries to be silent as long as possible. If people can't hide it any longer, then it pops up. Employees do not go to the superior unless they have to."

2) The Russians and the westerners in the management group attach different meanings to certain concepts, such as time horizons, control and dependency;

In terms of *time frameworks*, the Russian part of the management group is short-term oriented while the westerners adopt a long-term perspective. This is associated with the fact that many of the problems in X are crisis-related. The Russian managers fully concentrate their thoughts and actions on the existence and survival of their companies, but also of their own positions. Consequently, there is not much room for strategic thinking and long-term oriented actions. Moreover, the Russian managers experience much more skepticism towards their own abilities and knowledge in comparison with their western colleagues. This tendency is an expression of their overloading and anxiety (Eberwein & Tholen, 1994:96) on the one hand, and on the other hand, this does not allow a longer-term orientation in terms of decision-making.

The *notion of control* is perceived in alternative ways as well. The attitudes towards its function and role differ significantly. The Russian notion assumes that top management periodically checks everything at the lower levels of the organization. The latter are not expected to participate

in the controlling processes. The main, underlying assumption is that formal reward and punishments systems are most effective in getting employees to perform their tasks. The control orientation of the Russian managers is basically bureaucratic while the western notion focuses on involvement-oriented control. The western sense assumes that control is continuous and intrinsic to all organizational members' actions. In X's case it is manifested in the efforts to introduce a skill-based payment system and working teams.

The *notion of dependency* shared by the Russian employees is closely connected to the feeling of security whereas the westerners instead associate it with organizational inertia. The Russian employees' perception of dependency in X is interrelated with paternalism, understood as guardianship of the collective on the part of management. Paternalism was and is still strongly represented in X. "The essence of guardianship over the collective consists in the fact that the manager-guardian defines the circle of needs of his employees which can be satisfied, and either satisfies them immediately, or assists in their satisfaction." (Bizyukov, 1995:100). The paternalism in X originates from the management practices exercised under socialism; it is a specific managerial orientation towards the human aspect of work life and at the same time an expression of the hierarchical division and inequality within the organization (the figure of the general director in contrast to the mass of employees).

3) Differences in national cultures result in different organizational and administrative practices and employee expectations. Additionally, they are associated with a preferred set of management practices, indicating a specific, nationally-bound management style.

The argument that managerial style and practice are closely related to national culture is well known (Hofstede, 1980, 1991) and the empirical findings of the present paper confirm it. When talking about cross-cultural differences, drawing comparisons and contrasting differences were often used as the main language tools for expressing opinions:

"I don't like the western/Russian separation, but it is there. When, for instance, westerners commit themselves to something, even if only orally, then they do it. This is not the case in Russia, and not in X - if you don't follow up, nothing is done."

"The Russian employees are not worse than the western ones, but at the management level the westerners are better."

Different cultural encoding and decoding create significant barriers to mutual understanding between persons of different nationalities in X. Cultural synergy does not really occur since the cultural differences are not really used as a source of creativity for increasing organizational efficiency:

"There is a linguistic and financial difference between us and them within the organization itself."

The differences between the local staff and the western expatriates in terms of compensation are considerable. While the variation is natural and understandable for the westerners, it is rather demotivating for the Russian employees. Hence, it complicates additionally the relationship between these two groups. "When local employees begin to learn about those benefits people working next to or sometimes under them enjoy, and compare them to their own compensation, they may feel underpaid, betrayed, or discriminated against. [...] When local people don't see super performance by extremely well-paid expatriates (which often is the case due to various reasons), they begin to question the relation between expatriates' costs and the value they add to the company as well as the fairness of the compensation system itself' (Shekshnia, 1996:246). As he observes in general, "So far this problem has not caused any major revolts

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on the Russian side, only silent disapproval, but it could be a time-bomb" (ibid.).

The westerners are perceived by the Russian employees as outsiders. In this role, it is difficult for them to know the background of the problems with which they are confronted. However, the western expatriates have the advantage of possessing more varied experience and the possibility of referring to certain situations from other organizations where they have been working prior to their assignment in X. Westerners are, unlike their Russian colleagues, more objective in terms of being independent of the established organizational culture and power structures and therefore it is easier for them to push for radical transformation. From this point of view, the combination of Russians and westerners in X may prove to be optimal in terms of the possibility to managing organizational change.

4) There is often a clear difference in the way western leadership is exercised and the way it is interpreted by the Russian staff and vice versa;

The managerial implications of this finding are important in terms of avoiding culturally bound misunderstandings and misinterpretations. The western staff of the management group tries to apply soft and human leadership methods and invoke democratic values in X. This is interpreted by the Russian employees as "confusion and lack of clear vision", "lack of strategy" and "lack of understanding of the specificity of the situation in Russia" and has therefore demotivating consequences. The perceptions of softness and humanity differ in the two contexts and this culturally based divergence is historically rooted. In the socialist past, the Stalinist management system exercised in Russian organizations included a very high degree of centralization, dominance of formal rules, authoritarian leadership style and lack of pluralism. Consequently, Russian attitudes and norms emphasize the authority of hierarchy rather than being accustomed

to the wide application of participatory attitudes and practices. One-man authority was accepted as a part of the natural order and even as a premise for the success of the organization, and the authoritarian leadership style was not always seen as inappropriate. A principle rule in the workplace was "Nachal'stwo znaet lutche" ("Superiors know better").

Bearing in mind the underlying assumptions about the superior-subordinate relationship from the near socialist past, it is not surprising that the employees react in this way towards the management behavior of Y's staff. The meaning of the managerial role, of power and authority, and the entire question about the employees' initiative and participation in the management process, are very much different from what is believed and experienced in the West. X's employees put pressure on Y's staff, although most often this pressure is not out-spoken. However, at other times, it is made clear and explicit that the westerners should use "a more powerful leadership style" for X's staff to follow, especially when organizational transformation is heavily on the agenda.

5) There are certain similarities between the Russian and the western subcultures in X's management group in terms of management values and attitudes. Both groups tend to think in terms of resolving conflicts rather than coping with them. Additionally, both subcultures have difficulties in constructing and negotiating the processes of organizational change although options of substantial change are not missing.

There is a well-expressed tendency to suppress conflicts and contradictions instead of dealing with them:

"There are no conflict situations in X. The management group is afraid of conflicts."

In fluid (transitional, transformational) times, it is at any cost more appropriate to think in terms of conflict management than in terms of conflict resolution, especially when conflicts emerge because of variations in perceptions and interests. This dilemma represents a shift in paradigm focuses on the process. Managing conflicts is premised on communication and negotiation of the different perceptions in order to achieve agreement and to a great extent reduces the existence of blind conflicts or "pseudoconflicts" (Rhenman et al., 1967, cited in Borum, 1995:83). Additionally, both parts of the management group have certain images and options in terms of organizational transformation. However, the concrete ways of how to design and implement the process of change are often not agreed upon.

These similarities and shared views have a number of positive connotations in terms of consistency in management vision and action, but they also inhibit the management group and the entire staff in terms of their ability to reframe the organization, that is, to create choices by changing the meaning of events (playing with the boundaries versus playing within the boundaries).

# 6. Discussion: Management attitudes and organizational change in X

X, as any other organization, does not exist independently of its surroundings - it is a product of the beliefs and basic assumptions, actions and interactions of both its managers and employees and people outside the organization. In some ways, it is possible to trace a coherent pattern of thoughts, beliefs and actions in X; in others it is not. Many of the previous socialist frameworks have been destroyed, others continue to function and be powerful.

#### 6.1. The need for change and the change stages

There are two significant aspects of organizational change in the case of X. The first is associated with changes coming directly from the macro context after 1990 - changes which have strongly influenced X. The second aspect of organizational change in X is connected to the ambitious aim to transform X into a western-style, modern company. Therefore, X is not simply going through a process of organizational change but rather copes with a "cascade of changes" (Kanter et al., 1992).

"We went through serious changes within a short period. First, we became a joint-stock company, and then Y appeared on the stage. This is not easy."

"Gradually something has to be done about all things. A lot of what is going on is not what we want to see in the long term. We have to introduce skills that do not exist."

The generally shared view is that Y brings work to X which is better paid than the work in other Russian companies. The aim is to achieve concrete positive financial results, otherwise the employees are likely to interpret the current changes as an initiative that does not differ from the many meaningless and useless change projects undertaken in the past. The crucial point which will not only make the changes visible, but also tangible, is "to make more money" and to be competitive, both nationally and internationally.

According to the most optimistic change objectives as they have been outlined in X's written documents, there have to be substantial changes implemented by the end of 1998. As everything looks now, the major change processes will last longer - at least four to five years. When distinguishing between various phases of the transformation process, such as diagnosis, design of change strategy, planning the change process, and implementing it, informants state that:

"Although there are jumps back and forth, we are pretty close to finishing the stage of diagnosis. At the same time, we already started implementing several transformative steps. We still have a lot of work to do. In fact, we continue diagnosing all the time."

"Right now we are in the transition between planning and implementation. Diagnosis is continuing since we find new surprises every day. The diagnosis phase is never ending."

The quotations suggest that, in Lewin's (op.cit.) terms, X is in the stage of unfreezing (established mind-sets and constructs are examined and questioned) and partly changing (new alternatives are considered and explored).

X's employees are expected to be responsible for what happens in the workplace, to take initiative and work independently, yet be able to work effectively as part of a team. Difficulties in terms of overcoming the old working patterns are obvious:

"We continue to work in the old style like 50 years ago."

"Our working style did not change yet, but I suppose it will. In fact, our job activities will change in the following way - they will become more difficult, but more interesting. Our freedom is bigger now, but we have to think and work much more. People are not aware of the simple fact that time is money, and this will hopefully change."

"Before we pretended to work, and the managers pretended to pay us. This must obviously change."

The organizational transformation, if implemented successfully, will create opportunities for learning, both by doing and in terms of training which will improve the employees' ability to understand and influence the processes developing within the organization. This concerns the

relationships between individuals in their roles at work, between groups, and between X and its environment.

#### 6.2. The meaning of change and attitudes towards change

Organizational change in X has to support a variety of different needs - financial, psychological, and social. Change evokes strong feelings which are often deeply ambivalent: change is both needed and not needed, expected and unexpected, constructive and non-constructive. Unless these meanings are taken into serious consideration, decisions about organizational change may bring about unintended consequences. However, the sources of uncertainty and fear that the Russian employees face are not sufficiently understood by the western staff. At the same time, X's employees do not really know what choices and possibilities are open to them - nor do they even imagine that they might be capable of any serious self-initiative and action.

Considerable diversity exists in management attitudes towards the primary objectives of and the reactions to change processes in X.

The dissatisfaction with the status quo experienced by the *westerners* pushes the change ahead and makes it happen. They constitute the subpopulation which is most active in initiating, managing and supporting the transformation activities. The concern however is that even if they use the chance to demonstrate and implement their vision of transforming X into a western-type organization, the external environment (mainly the customers) will not accept the creative innovation. It is believed that:

"Even if X changes tomorrow, its customers won't. They are resistant, and since we are closely interrelated, time is needed to prepare them for the changes we undertake in the organization."

For the time being, the change efforts have been concentrated on certain levels and groups in the organization - department heads and lower

managers. The western management team is not active towards involving the broader mass of X's employees in the transformation activities.

The Russian employees from the shop floor level and the management levels do not internalize the change, that is, they do not feel comfortable subscribing to attitudes which have already changed to a certain extent. Organizational players are forced to change, and managerial power is the decisive instrument in this process. It is likely that if Y's experts are removed from the management group, organizational transformation will stop or slow down considerably. Russian employees do not make considerable efforts to be an active part in the organizational transformation. They agree ostensibly with the change, but they do not commit to it, e.g. they are passively in favor of the change. Russian employees in X are partly dissatisfied with the former management system, but it is hard to state that they see the new alternative carried by Y as more promising. Therefore, it is difficult to draw a clear distinction between passive resistance against the change and passive support for the change. The most difficult group to cope with consists of employees who are passively against the change. As Ward (1995) describes them, they may agree to change, but their agreement is, in truth, rejection, and they cannot be counted upon. In X, there are no employees who are actively against the change. Most of the members of the organization do not openly disagree with the proposed or imposed changes. Compliance is the main mechanism for changing employees' attitudes in X's case.

"Everybody is waiting for the change, but it is not clear what the reactions towards it will be. It is not simple - all our habits will be confronted with something new. I would say that around 50% of the employees support the change, 30% simply wait, and 20% are against the change although in a covert way."

#### According to others:

"Around 60% of the employees are against the change, but the opposition is covert and silent. For many of X's staff, this has not been very pleasant, but the only possibility."

The more pragmatically oriented employees accept the change in a positive and constructive way:

"The mind has to overcome the feelings. We are neither a pension fund, nor a charity organization. As much as possible has to be introduced from the West in terms of practices and concrete instruments."

It is believed, and rightly so, that organizational transformation begins with individual transformation:

"A transformation of the brain is needed. That is the most important, but at the same time the most difficult issue."

An important distinction is made between real active changes in the minds of X's employees on one hand and their adaptation to the changing situation on the other. While the first tends to be an exception, the second is a natural reaction. It is stated that:

"There will not be 100% change. The conditions in Russia are simply different. The whole system has to be changed, and this is a very, very difficult and long process. Change requires time - one has not simply to understand and accept, but really to internalize what is going on. At present, we don't really change, we rather try to adapt."

These behavioral patterns are associated with uncertainty, confusion and inertia. The need for reorientation is not really recognized by the majority of the employees, mainly because the organization is trapped in past meanings:

"I have not seen a lot of resistance, at least not open. I think there is instead fear and confusion. The uncertainty the employees experience is great. Most of them are indifferent. They have seen many leaders come and go, what is the difference now?"

"We don't know how is it going to be - it might be worse, it might be better. We won't know until we go through; everything else is a pure speculation."

Even when confronted with a crisis situation, the most likely organizational response is to re-emphasize well-established values and procedures:

"My strong impression is that very few people can move or want to move. Russians are generally passive and slow. But there are people that we have to concentrate our efforts around."

A somewhat contrary statement was made that:

"The Russians are the most entrepreneurial people in the world. If there is an opportunity to make money, they will immediately jump after it. It confuses me that they can understand our concepts and appreciate them on a personal level, but have a certain difficulty adapting them to the business level."

As far as the *Russian managers* in X are concerned, identification is the mechanism which is most likely to work in terms of changing attitudes. Since Y's experts are in close contact with the management levels in X, the Russian managers have a greater possibility to respond to the influence of their western colleagues. The appearance of Y's staff brought about a change in the roles of X's managers. They were trapped in particular roles for years that shaped their identities as managers. Since 1996, they are in a highly ambiguous situation. On the one hand, the western staff wants them to change radically; that is, they want them to change their leadership style, way of communicating, motivating, etc. On the other hand, the Russian employees prefer to preserve at least part of the long-term alliance which resulted from the specific relationships between workers and

managers in the socialist past. Following Kuznetsov & Kuznetsova (1996:1176), "the enterprise itself was more than just a place of work but a medium of self-realization. [...] in Russia. With the mentality and spirit of paternalism remaining very strong, managers continue to enjoy the support and trust of the workers on many occasions as far as strategic decision-making is concerned."

As a result, X's managers are not completely sure what their role is, and how they can meet the various expectations coming from different groups within the organization. Additionally, the difference between the others' expectations and the way X's managers perceive and interpret their own roles makes the situation even more difficult.

Roller (1992:3) distinguishes between the "inside learning model" and the "outside cultural learning model". While the first model assumes that the information comes from the old system, the second model focuses on information coming from another system. According to Roller (op.cit.), learning from observing others' experiences requires that two conditions are fulfilled; people must have information about other countries and they must see similarities between their country and the country (or countries) serving as a point of reference. As regards to X's case, both conditions (although on an organizational, and not on a macro level) are fulfilled to a certain degree. X has considerable information about Y's experiences, successes and failures. Even though there are big differences between the two organizations, certain similarities exist which can be taken as a common denominator for successful organizational transformation. Bearing in mind the dynamic nature of the diffusion of experiences, it is likely that employee and managerial attitudes in X will change more rapidly than in a Russian organization that is not directly being influenced by the West. This gives better possibilities for learning and adapting quickly, both on the organizational and the individual level.

#### 6.3. Factors for and against organizational change

This sub-section pays attention to the *social aspect of the change process* (the human relationships and their (re)arrangements in organizations). Johnson & Lundvall (1992:10) make a distinction when approaching the issue of change. They distinguish between "people & people" relations and "people & thing" relations. The authors conclude that "since institutions are about relations between people and people, and technology, to a higher degree, is about relations between people and things, there is usually more resistance to institutional change [change in regulations in social behavior] than to technical change [change in relations between people and things]." It is easier both for managers and workers to accept changes in the work process which merely involve that technical things should be done in a different way than accepting changes resulting from a restructuring of hierarchical patterns and the introduction of new ways to communicate.

Table 1 lists the main forces which support the transformation process in X as well as those that are against it.

#### Table 1: Factors supporting and impeding organizational change in X

#### **Factors supporting organizational change**

- clearly defined change agents, mechanisms and instruments;
- the shared view that change is unavoidable;
- positive long term perspectives;
- sensitivity towards cultural differences.

#### **Factors impeding organizational change**

- X's age structure;
- close and lasting relationships among organizational participants;
- serious communication problems;
- the "inheritance" from the socialist past and certain features of the traditional Russian managerial motivation;
- lack of clearly communicated change vision;
- the "conservative syndrome" in X.

#### **6.3.1.** Factors supporting the change process

There is a director of transformation (a westerner) who is directly responsible for achieving the goals of the organizational change process in X. He sees his job as:

"being an enthusiastic, positive thinker who tries to see the best in everything. My role is internal. I am a change agent, but I am somehow treated as a consultant. My clients are people from the organization, mainly from the top. I try to help them, transform their groups, that is, I deal mainly with relationships. It is a process which is a great challenge, an important project."

Out of an in-depth analysis of the situation and a serious diagnosis of X's strengths and weaknesses, the idea emerged of what came to be called the "Transformation plan". It has been worked out by some of the western experts working in X. The transformation plan legitimizes the notion of planned change based on analysis and conceptualization of problems, and the implementation of possible solutions. It describes the various steps involved in the transformation of X in detail. The plan is based on the underlying assumption that organizational change should be systematic, not fragmented, that is, if the structure, procedures and jobs of the organization are not "aligned", people will probably continue to operate as they did before the transformation was initiated.

The transformation plan requires both serious modifications and the introduction of new elements. It is an open-ended organizational "experiment", the aim of which is to enhance business performance and increased individual learning as well as personal growth. If the transformation plan is going to be sufficiently communicated, it will

"show the direction (where employees are going), why they are going there, and what is happening to them. Organizational members should be involved in the transformation of the respective departments they belong to."

The view that organizational change is unavoidable is widely shared although the consequences of the change processes are interpreted differently. The majority of X's staff believe in more positive long-term perspectives concerning the company's development in case the transformation plan is implemented successfully. Being confronted with a reality that required the meeting of different cultures, both X's employees and Y's expatriates developed a certain sensitivity towards cross-cultural and cross-system differences which can support the processes of organizational change. Successful management of cultural diversity goes beyond dealing with stereotyping and seeks to create an organizational culture that values diversity and capitalizes on the contributions of different perspectives.

#### **6.3.2.** Factors impeding the change process

Complexity and diversity in organizational life makes the implementation of organizational change difficult. The latter tends to be costly, sometimes dramatic, involving shifts in established patterns of behavior. It is widely recognized that organizational change often does not work when it is confronted with deeply embedded attitudes, assumptions and values. These are significant factors impeding organizational change.

A plausible explanation of the resistance to change in X is the age of the organizational members:

"It is not easy to change X with the present age structure in the organization. There are some younger people at the management level. This creates more difficult situations and conflicts than it does good."

X's age structure is closely associated with the existing general climate in the organization:

"There is a kind of uniformity here and also a special kind of rigidity in the whole system. X is a very structured, stable and rigid organization."

Additionally, employees are connected with each other in various informal ways - in terms of families, friendships etc. Since organizational transformation affects already established relationships, it is not always welcomed by organizational participants:

"Russia is very much a country of relationships. The reality of relationships is very important."

There appear to be communication failures between the Russian and the western representatives in X's management group. Their attitudes differ as to whether they perceive organizational transformation as being at all beneficial. Change is highly valued by the western part of the management group combined with a relatively high degree of caution. This suggests a dynamic and active orientation but also careful action. Russian managers and employees find it difficult to internalize change, and it probably does not impose great behavioral significance to them.

The Russian managers' orientation originates to a large extent from the socialist past. They harbor certain expectations regarding equality (as a fundamental principle of the socialist system), formal status (as a clearly defined attribute of hierarchy) and leadership style (one-man authority), expectations which are congruent with socialist attitudes. At the same time, as already discussed, the presence of the western expatriates and the interaction with them offer possibilities of learning from the experience of others. Accordingly, the attitude structure appears to be mixed, comprising elements of both socialist and post-socialist experience. The effect of the attitudes and values imposed by the western staff cannot be immediate because of the gradual character of psychological transition.

When talking about "traditional" and "typical" Russian management motivation, we need to be concerned about certain preferential features, practices and constructs that form a specific system which differs from similar systems in other national and socio-cultural contexts. Following Puffer (1993:479), "Russian managerial motivation is the product of communal traditions and attitudes passed on from peasant society, as well as the egalitarian principles of communist ideology and the stultifying bureaucracy of the centrally planned economic system".

Initiative and ambition have been denigrated in Russia. The system tolerated gray, drab and conventional people and excluded (even physically) those oriented towards personal achievement. Employees at lower levels were afraid of how the top would understand and interpret what they said. There was always the question of whether something would not be dangerous for the career of the particular employee. People preferred to keep their opinion to themselves. Openness was regarded as inappropriate behavior. At the same time, subordination and exoneration were characterized by a high level of dynamics. To illustrate this, Heinrich (1996:226) cites the popular Russian quip "Ty nachal'nik ya durak - ya nachal'nik ty durak" ("You are the commander, I am the fool, I am the commander, you are the fool").

The complete lack of tolerance towards employees with different agendas may be noticed as another specific feature of management in Russia. Disobedient and independently thinking organizational members were regarded as conflict-prone or as anti-social personalities and often called "enemies of the people". Another main feature of the general climate in organizations and at the same time a highly valued property was acquaintance: in order to make a career one needed friends or relations at the top of the organization. Time-serving was a specific mark of the value system too - time-servers were good for nothing and got easy jobs. This particular climate has aroused feelings of self-promotion and envy.

With regard to ideas associated with the lack of clearly communicated vision as a factor impeding organizational change, it is worth mentioning that the Russian staff is used to certainty and lack of ambiguity concerning the direction, the concrete organizational goals and the means of achieving these. Since managing is (in a very general sense) directing others' work, vision must be conceptualized, experienced and transmitted to those working at the lower levels - where the everyday work is performed. Since managers work through and with other people, their values and attitudes need to be sufficiently communicated to organizational members who carry out the organization's work.

The lack of clear transmission of the vision of X's future, organizational goals and primary tasks, creates a vacuum in terms of responsibility:

"In the past, some of the managers were excellent professionals who took on responsibility. There is no responsibility now. Instead, one can clearly feel the uncertainty and lack of self-confidence. It is not clear to me who is managing right now. Everything is discussed, coordinated, agreed, signed, but who has the responsibility? One should act operationally. Otherwise, a lot of time is simply wasted."

In discussing the Russian conservative syndrome in a broader perspective, Obolonsky (1995:18-21) maintains that there are several constants of this syndrome. Among them are the anti-personal social attitude, expressed in the notorious Soviet slogan, "everybody can be replaced"; the complex of social inferiority and fear of change; the inadequate development of a normal work ethic; and the quasi-etatism or fetishization of power and the moral justification of one's own passivity.

Obolonsky summarizes the essence of the anti-personnel attitude as "to reject even a relative independence of the person. This aggressive anti-individualism has at least two basic features: a leveling psychology

(pseudo egalitarianism) and a compulsive pseudo-collectivism (p.18). They are based on a "dramatically anti-personal stereotype of 'all as one', implying situations where, irrespective of the will of the individual, he is involved in a sectarian joint activity where his personal opinion means practically nothing. The person is sacrificed, victimized in a vulgarized idea of unity and conformism" (ibid.). Regarding the fear of change, he focuses on the intersection of two controversial components: "on the one hand, a feeling of dissatisfaction and lack of prospects concerning the dominant social system; and, on the other, an awareness of one's own organic kinship with this system by virtue of which even a change for the better seems to threaten the routine 'harmony' and order of things" (p.19).

The inadequate development of a normal work ethic is associated with the fact that "many categories of laborers were alienated from the results of their own work and had no positive incentives to increase their efficiency. As a consequence, work [...] was psychologically disregarded as a kind of unprofitable conscription enforced from above" (Obolonsky, op.cit.:19). In discussing varieties of the double standards of morality, he points to the "ethic of the 'work horse' when a person is confident of the virtue of not interfering in things which are 'none of his business'; an ethic of one's inferiority and one's boss's superiority: 'Whatever I do nothing happens', 'They can twist me to a ram horn'". These views are characterized by a marked loyalty to whatever happens according to the others from 'above', which camouflages a pragmatic, selfish calculation, a practical desire to insure oneself against all sorts of risk; or a cynical disposition to make moral relativism a life-time principle" (p.21).

Conservatism froze the processes of organizational innovation and did not allow significant modernization trends. As ambiguity and uncertainty became increasingly threatening and painful, the syndrome of conservatism became even stronger.

#### 7. Conclusion

There are several major, culturally specific attitudes towards the general management approach adopted by the two subcultures within the management of X: top-down management is preferred by the Russian managers while the westerners adopt the bottom-up perspective. Although the top-down approach can be maintained at the cost of continuing dependency on the upper levels, it seems to be more adequate at least during the initial phases of organizational transformation when the focus is on survival. Significant differences exist in certain notions, such as time, control and dependency. Additionally, there are often clear differences in the way western leadership is exercised and the way it is interpreted by the Russian staff. Soft methods and democratic values are perceived by the Russian employees as a sign of the westerners' confusion and lack of consistent vision regarding X's present and future development. This creates passive resistance against the organizational change process, especially because the western staff does not succeed in communicating why the employees should be part of what to them could appear as "just another transformation process".

However, it would be a mistake to think that the Russian and the western managers differ on all accounts. In fact, because of the multicultural environment, the divergent managerial attitudes and the complexity of the situation, they all have difficulties in managing and coping with conflicts. Additionally, both management subcultures have difficulties in designing and implementing a consistent, clear-cut change process in X.

X is faced with the challenge and necessity of changing attitudes. The case clearly demonstrates that management attitudes are the key to organizational transformation and that the process of changing attitudes is slow and gradual. Major changes are initiated and concrete mechanisms are worked out by the westerners in X who act as "strategists" and partly "implementors" (Kanter et al., op.cit.) of the change activities.

Communication efforts and heavy training are significant factors in changing attitudes that are low in differentiation, that is, attitudes based on few beliefs and values. Attitudes that are deeply held and ingrained are harder to be changed. This should not be misunderstood or underestimated, although the psychological resistance can be overcome by concrete and clear changes in corresponding or related behaviors, for instance. The difficulty is perpetuated by the fact that it is virtually impossible to change a particular attitude independently of changing an individual's other attitudes on the one hand, and that behavioral changes do not necessarily mean or lead to attitude changes on the other hand.

Factors such as clearly defined change agents, mechanisms and instruments, a shared view that change is unavoidable, positive long term perspectives and sensitivity towards cultural differences, support the processes of organizational change in X. At the same time, there are several factors acting in the opposite direction. Among those are X's age structure, the lasting relationships among organizational members, serious communication difficulties, the inheritance from the socialist past and certain features of the traditional Russian managerial motivation, the lack of clearly communicated change vision and the so-called conservative syndrome in X. The interplay between the two groups of factors makes the processes of organizational change difficult, ambiguous and very complex.

The change in management attitudes in X takes place through identification while compliance is the mechanism for changing attitudes adopted at the lower levels. The latter act as "recipients" (Kanter et al., op.cit.) and focus on what they perceive to be the personal costs and benefits related to the change. Both inside and outside learning make it possible to influence and change attitudes in X. Open resistance to change is absent, but it is difficult to draw a clear distinction between passive resistance and passive support in terms of attitudes towards organizational transformation in X.

The representation of a variety of cultures was outside X's previous experience, and therefore, there are a lot of situations arising with which X's managers and employees have not been used to deal. On the other hand, the cultural heterogeneity may enable the effective management of organizational transformation by widening managerial experience, enhancing creative thinking, problem-solving and communications skills, and improving motivation. The awareness of differences, including different attitudes and patterns of behavior, develops knowledge and gives inspiration and can therefore actively contribute to the processes of organizational change.

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