

# *Corporate Ownership, Leadership and Job Characteristics in Russian Enterprises*

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This study tests the application of the Western theory of organization's ownership in Russia, suggesting that ownership types – such as state-owned and private – influence leadership style and employees' jobs characteristics. A sample of 724 Russian employees in 15 service and manufacturing companies was surveyed. The results indicate that, contrary to Western theories, the leadership in Russian state-owned enterprises tends to be perceived as being more effective than the leadership in private enterprises. Similarly, jobs in state-owned enterprises are more enriched than in private companies. Explanations and implications are provided.

*Key Words:* leadership, job characteristics, state-owned enterprises, private organizations, Russia

*JEL Classification:* F, H, M

## **Introduction**

### OWNERSHIP SYSTEMS

This study tests the application of the Western theory of organization's ownership in Russia. More specifically, it tests the relationship between organizations' ownership, the perceived leadership style of their management, and the degree of job enrichment. The study extends the Western research of similarities and differences between public and private sector organizations (Allison 1979; Bozeman 1987; Buchanan 1974; 1975; Chubb and Moe 1988; Coursey and Rainey 1990; Lawler 1981; Perry and Porter 1982; Perry and Rainey 1988; Rainey 1979, 1983; Rainey, Backoff, and Levine 1976, Solomon 1986) to Russia, a country that is different

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from the USA in its political, economic and social systems. Western studies that analysed organizational economic performance have found no relationship between ownership and performance in the USA (Becker and Potter 2002) or in other countries such as the Czech Republic (Kocenda and Svejnar 2003), Greece or Portugal (Barbosa and Louri 2005). Yet, the theory of ownership (Pierce and Rodgers 2004) has provided continuous support to the argument that employees' ownership influences employees' perceptions and attitudes towards their organization, and consequently their performance (Employee Ownership Foundation 2005). The question is to what extent an organization's ownership type actually influences workers' attitudes towards their leadership and jobs in the transitional economy of Russia. To answer this question we provide a short history of Russia's ideological system and its present ownership system.

Communism was the law of the state from the Bolshevik revolution in 1917. Private property was outlawed and a centrally planned economy, based on Lenin's vision of the Russian economic system as one large enterprise, was established. The Politburo was at the top of the national vertical chain of command, while the individual worker was at the bottom. Gosplan, the central planning committee, was the Politburo's economic arm, which designed five-year plans for the entire nation. These plans dictated what product would be produced in each plant, in what quantities, and at what internal price. Industrial ministries oversaw the execution of those five-year plans. Enterprise managers were personally responsible for meeting the production plans. Managers expected their subordinates to execute orders without questions in exchange for housing, health and day care, recreational centers and other fringe benefits. As a direct result of Gorbachev's *Glasnost* (openness) and *Perestroika* (change) policies, the centrally planned economic system collapsed. In 1991 the Soviet Union ceased to exist and since then the country has been steadily shifting from its previous political and economic structure into a more democratic and free market economy.

This new economic system is however still in its rudimentary stage. Students who investigated the Russian transformation into a free market economy have concluded that this transformation is less successful than that of other former Soviet states (Goldman 1997; Shama 1995). Thus, although the cultural difference between Russia and Western countries may not be as great as one may expect, the distinction between a free market economy and a transitional economy could be substantial.

Some theoreticians advised against the use of Western management ideas in other nations (Hofstede 1980, 1983; Spender 1993). Adler (1983, 1991) further contended that to assume that what was true for American workers in the USA would also be true for workers in other countries was wrong. Moreover, Western findings about the relationship between organizations' ownership type and performance are, at best, mixed. Hence, we use theories of job characteristics rather than the theory of ownership to hypothesize about a possible variance in leadership styles in Russian state-owned and private companies. The next sections describe theories of leadership and those of job characteristics.

#### LEADERSHIP

This study investigates contingencies of leadership in state-owned and private enterprises in Russia. It applies a variation on Fiedler's (1967, 1996), House and Mitchell's (1974) as well as Hersey and Blanchard's (1993) interpretation of the contingencies of effective leadership and Blake and Mouton's (1985) measure of leadership effectiveness. It uses job characteristics of employees to evaluate the perceived leadership style of management in state-owned and private enterprises in Russia. The differences between perceived leadership styles of managers in state-owned enterprises and in private enterprises in Russia could be delineated along three main issues: participation of employees in decision-making, managerial abilities, and employees' incentives. The leadership style of Russian managers seems to be changing from a centrally controlled to a market oriented style. If in the past power was centralized, today managers are trying to shift some of the decision making power to their subordinates. Yet, in a study comparing Russian managers with US managers it was found that middle level managers in Russia enjoy less authority in decision-making than their US counterparts (Puffer and McCrathy 1993). Today's Russian managers believe that with good management they can achieve most of their organization's objectives and therefore they are geared towards doing business. They have adopted the US belief that time is a scarce resource and therefore they struggle to achieve as much as possible within time constraints. While greasing palms to promote business they still demonstrate personal trust, even though it sometimes may mean over-promising and cutting corners (Puffer 1994). By doing so, new entrepreneurs tarnish the reputation of private enterprises.

Critical abilities that may lead to the success of Russian managers are networking, socializing, and politicking, followed by motivating and re-

warding subordinates (Luthans et al. 1993). Puffer and Shekshnia (1994) found that the more foreign and the more privatized the company is the better will be workers' compensation.

Theories of leadership (Hersey and Blanchard 1993; House 1974) suggest that the more mature the employees are in their jobs and the more familiar they are with their specific tasks, the more participative would be the leader's style. A positive profile of leadership should reduce the amount of uncertainty inherent in workers' tasks and, therefore, enhance workers' sense of control with regard to receiving their rewards. Employees in state-owned enterprises have been employed by their organizations longer than employees in the private sector because the private sector is a new creation in Russia. It is assumed that since employees in state-owned organizations have been there longer than their counterparts in the private sector they are more familiar with their jobs. It is also assumed that since employees in state-owned organizations are better prepared to carry out their jobs they enjoy a more participative leadership style than their counterparts in the private sector, and therefore they would perceive their leaders to be more positive than would employees in private enterprises perceive their managers to be. Consequently, the following hypothesis is delineated:

*Hypothesis 1:* Russian workers employed in state-owned enterprises perceive their organizations' leadership more positively than their counterparts in private companies.

#### JOB CHARACTERISTICS

One job diagnosis that can be used to delineate variance in organizational leadership appears to be the Hackman and Oldham's (1975, 1980) Job Characteristics Model. Banai and Teng (1996) found that Russian workers employed in state-owned enterprises enjoyed more enriched jobs than their counterparts employed in the private sector. We suggest a set of hypotheses relating to seven job characteristics, namely: autonomy, feedback from agents, feedback from job, dealing with others, task identity, task significance and skills variety that correspond with Hackman and Oldham's structure. These are hypothesized to differentiate between state-owned and private companies as follows:

*Autonomy.* Russian private companies are by definition small newly established companies that are managed by one or a few partners/owners. Owner managers were not trained in Western-style management. They are concerned with relinquishing too much knowledge to their subordi-

nates fearing that the subordinates would 'steal' their contacts and therefore their companies. They are also afraid that employees would leak information to the competition to be used against their own companies. This attitude is not unique to Russian private businesses and could also be found in Western organizations. Yet, the fear of 'stealing the business' is not common in state-owned monopolies. Hence, managers in private businesses would refrain from delegation of authority to their employees. With less delegation from their managers, workers in private companies would possess very little autonomy.

*Hypothesis 2:* Russian workers employed in state-owned enterprises are perceived to enjoy more autonomy than their peers employed in private companies.

*Feedback from job and from agents.* As earlier suggested managers in private companies limit workers' contacts with suppliers, customers and others, fearing that the workers will take advantage of the networking to create a competition for the newly established business. Hence, workers in private companies would generally have less feedback than their counterparts in state-owned companies.

*Hypothesis 3:* Russian workers employed in state-owned enterprises are perceived to enjoy more feedback from job than their peers employed in private companies.

*Hypothesis 4:* Russian workers employed in state-owned enterprises are perceived to enjoy more feedback from agents than their peers employed in private companies.

*Dealing with others.* Based on the same explanations delineated above, workers in state-owned enterprises would have more contacts with entities external to the firms than workers in private companies.

*Hypothesis 5:* Russian workers in state-owned enterprises are perceived to deal with others more than their peers employed in private companies.

*Task Identity.* The newly established private company structures are more likely to be simple production lines. Workers in small newly established production lines have fewer opportunities to observe the final product than workers in large state-owned enterprises in industries such as grains (bakeries) and heating (installing and repairing electric and gas appliances) or other state monopolies.

*Hypothesis 6:* Russian workers employed in state-owned enterprises are perceived to enjoy more task identity than their peers employed in private companies.

*Task Significance.* Extending the logic applied regarding the first five hypotheses and based on the description that workers in privately owned companies experience less enriched jobs than employees in state-owned enterprises, the following hypothesis is formulated:

*Hypothesis 7:* Russian workers employed in state-owned enterprises are perceived to enjoy more task significance than their peers employed in private companies.

*Skills Variety.* Extending the logic applied regarding the first five hypotheses and based on the description that workers in privately owned companies experience less enriched jobs than their counterparts in state-owned enterprises, the following hypothesis is formulated:

*Hypothesis 8:* Russian workers employed in state-owned enterprises are perceived to enjoy more skills variety than their peers employed in private companies.

## **Methods**

### SETTING

The study was conducted in Kazan, the capital city of Tatarstan, Russia. The sampling has been conducted at two points in time. In the first sample three private companies and two state-owned companies were studied. Among private companies there were a specialty shoes factory, a wholesale trading firm, and a plastic consumer products manufacturer. Local entrepreneurs created these three companies from scratch. They had to secure facilities, machinery, raw materials, labour, and financing. The state-owned companies included a major polymer production factory and a utility company. The factory was the largest in the city and the utility company had a monopoly in providing energy to the city.

A private plastic consumer product plant and four state-owned companies were sampled in the second case. The state-owned companies included a utility company, a grain products company, an oil products company, and a gelatin company, all major employers in the city.

The sample employed in this study was quasi-random. State-owned and private firms were used as proxy indicators of what might be found if one can get a representative sample of firms in Russia. State-owned companies were large enough to allow for a random sampling of employees by the administration. Managers were instructed by the researchers to go

through the list of workers in production and manufacturing functions in their organization and, based on the size of the company, to ask every (n) person to complete a questionnaire. To control the type and level of job, managers and service people were omitted from the study. Due to the small size of the private specialty shoes factory and the private trading company, all employees were asked to be included. The plastic products company was large enough for a random sampling of the employees.

The final statistics of the responses in the first sample are as follows: In the private plastic company, where about 150 people were employed, 50 employees received questionnaires and 36 completed them (72% response rate). In the private trading and shoe company, 18 out of a total of 25 employees responded to the survey (72%). The state-owned utility company had about 3000 employees of whom 100 were approached and 93 (92%) completed the questionnaire. In the state-owned polymer company with around 3,000 employees, 100 were approached and 61 (61%) completed the questionnaire.

The statistics for the second sample are as follows: A private plastic company with 300 employees was sampled and 86 out of 100 (86%) completed the questionnaire. In the state-owned utility company with 3000 employees 95 out of 100 (95%) completed the questionnaire, while in the gelatin company where about 300 employees were employed 27 out of 50 (74%) completed the questionnaire. 225 out of 300 (75%) completed the questionnaire in the grains company where about 1000 employees were employed, and 66 out of 100 (66%) answered the questionnaire in the oil company where about 300 people were employed. In total, 724 out of 950 (76%) respondents completed the questionnaire.

As can be learned from the statistics, state-owned companies were much larger than private ones. The newly established private companies were at the beginning of their life cycle, and therefore they were small. The state-owned companies have been there for many years and they were large.

#### SAMPLE

*Education.* All but a few of the 724 employees received at least a high school diploma. The scale of this measure, ranging from 1 to 5, represents the following degrees: high school, associate, bachelor, master, and Ph.D. respectively. Employees in state-owned companies had significantly ( $p = .00$ ) more education ( $M = 2.35$ ,  $SD = .85$ ) than their counterparts in private companies ( $M = 2.02$ ,  $SD = .80$ ).

*Age.* The average respondent was 36.6 years of age ( $n = 724$ ); employees

in private companies were 34.0 years of age ( $n = 158$ ) while the age of employees in state-owned companies was 37.5 years ( $n = 566$ ).

*Tenure.* Since all companies in the private sector have been recently founded, the average job tenure of private sector employees was only 3.65 years ( $n = 158$ ) compared with 11.5 years for employees in state-owned companies ( $n = 566$ ).

*Gender.* Ten percent of all respondents were women. There was no significant difference between the presence of women in state-owned and private companies.

Too many missing cases limited our ability to introduce the bi-demographic variables into bi-variate and multivariate analyses. The incompleteness of the bio data information is a result of the fact that while questions regarding all other items were photocopied on one side of the page of the questionnaire some of the questions regarding bio information were written on the backside of the page causing many respondents to miss it.

#### PROCEDURE

The survey data for this study were collected through questionnaires and interviews. A graduate student from Russia, under the supervision of a management professor who is bilingual, translated the questionnaire from English into Russian. A second graduate student from Russia translated the questionnaire back from Russian to English. Any resulting discrepancies between the two versions were then resolved. This back-translation technique has been advocated in cross-national studies in order to provide reliability to the questionnaire (Brislin 1980; Rosenthal and Rosnow 1991). One of the authors controlled the distribution of questionnaires to employees by their managers. The workers were gathered for the distribution and they completed the questionnaires without disclosing their names. Confidentiality was assured. Once completed, the questionnaires were then turned to the author and therefore there was no interference of management in the process.

#### MEASURES AND STATISTICAL ANALYSES

All participants were asked to complete a questionnaire that contained measures of leadership, job characteristics, and background information such as age, gender, education, and work experience.

*Leadership.* The instrument measuring leadership used (Korman 1994) is based on the expectancy theory (Vroom 1964), which suggests that



TABLE 1 Loadings of 3 perceived leadership-style factors

Item	F1	F2	F3
Organization makes jobs as interesting as possible	<b>.81</b>	.08	.05
Organization emphasizes performance evaluation and employees growth	<b>.78</b>	.03	.13
Organization's rewards system is clear and consistent	<b>.76</b>	.01	.22
Organization leadership all powerful	<b>.75</b>	.12	.14
Organization states the problem it is facing in realistic and straight forward terms	<b>.75</b>	.13	.06
Organization rewards good job performance	<b>.74</b>	.19	.16
Org. structured for independent decision making	<b>.72</b>	-.08	-.02
Organization states its plans realistically	<b>.71</b>	.30	-.03
There are long range organizational goals	<b>.68</b>	.22	.11
Organization uses mistakes for learning	<b>.64</b>	.25	-.15
Job provides opportunity for individual initiative	<b>.57</b>	.14	-.13
Employees know and understand the standards for effective job performance	.16	<b>.76</b>	.11
Job rules and/or performance guidelines exist	.24	<b>.75</b>	-.12
Organization requires to perform unethically	.09	<b>.43</b>	.32
Employees have a sense of control in the organisation	.10	-.12	<b>-.68</b>
Organization is hesitant in stating long term goals	.06	.06	<b>.68</b>
Organization takes negative view of the world	.33	-.27	<b>.52</b>
Eigenvalue	6.36	1.44	1.38
Percentage of variance	37.4	8.5	8.1
Cumulative percentage	37.4	45.9	54.0

Notes: F1 – positive leadership; F2 – performance management; F3 – negative leadership.  $N = 724$ .

the level of work motivation is a function of valence, instrumentality, and expectancy. The instrument used here focuses on these aspects of leadership style and it contains 17 items. The Cronbach Alpha reliability test of the internal consistency of the items is .87.

A factor analysis procedure measuring the perceived leadership yielded three factors (see table 1).

The first factor contains 11 items and it has been labelled 'positive leadership'. The Cronbach Alpha reliability coefficient value for the factor is .92. The second factor, containing three items, reflects performance man-

agement and has been therefore labelled 'performance management'. The Cronbach Alpha reliability coefficient value for the factor is .52. The third factor is limited to three negative aspects of leadership and has been labelled 'negative leadership'. The Cronbach Alpha Reliability coefficient value for this construct is .54. Though the last two values are below the level recommended by the literature we used the newly established constructs because of the exploratory nature of this study.

*Job Characteristics.* The Job Characteristics Model (Hackman and Oldham 1974) differentiates organizations by the prevalence of seven characteristics: autonomy, task identity, task significance, skill variety, feedback from job, feedback from agents, and dealing with others. According to Hackman and Oldham (1980) these characteristics are positively related to a number of desirable organizational outcomes, such as higher internal work motivation and job satisfaction. The model was criticized for failing to distinguish between the objective characteristics of jobs and the respondents' perception of job characteristics (Roberts and Glick 1981). However, the validity of the model was generally supported by empirical studies (Fried and Ferris 1987) in the USA as well as in other countries (Birnbaum, Farh and Wong 1986).

The Cronbach Alpha reliability test of the internal consistency of 21 items is .78.

In this study a factor analysis procedure revealed six factors with eigenvalue greater than one (see table 2).

The factors yielded in this analysis correspond reasonably with theoretical constructs proposed by Hackman and Oldham (1974). Out of seven original factors proposed in Hackman and Oldham's model we were able to replicate six factors. Factor 1 (JC1) includes a variety of items, two of which are concerned with autonomy; hence, it has been labelled 'autonomy'. The Cronbach Alpha reliability coefficient value for the factor is .84. Factor 2 (JC2) is comprised of 'feedback from agent' items (Alpha = .83); two items out of four on the third factor (JC3) belong to the 'dealing with others' construct (Alpha = .74), and two out of three items on the fourth factor (JC4) belong to the 'task identity' construct (Alpha = .67). The fifth factor (JC5) includes three items that belong to three different theoretical constructs. However, all three could be interpreted to indicate 'task significance' (Alpha = .54). The last factor (JC6) includes two items, one of which is feedback from job, and is therefore entitled 'feedback from job' (Alpha = .53). Oldham and Hackman's original construct of skills variety did not show up in the factor analysis procedure.

TABLE 2 Loadings of 6 job characteristics factors

Items	Original	F1	F2	F3	F4	F5	F6
To decide on your own how to work	AUT	<b>.77</b>	.04	.10	.08	-.04	.02
To see the end result	TKI	<b>.73</b>	.13	.09	.01	-.09	-.14
Performance info. is provided by job	FBJ	<b>.58</b>	.22	.18	.21	.07	.00
To do many different things at work	SKV	<b>.51</b>	.07	.39	-.07	.30	.09
The job affects the life of people	TKS	<b>.49</b>	.32	.20	.03	.20	.19
Freedom in how to do your job	AUT	<b>.47</b>	.17	-.06	.18	.25	.37
Feedback about your performance	FBA	.15	<b>.84</b>	.15	.07	.04	-.01
Supervisor's evaluation of performance	FBA	.09	<b>.84</b>	.15	.07	-.04	-.01
To know how well you are doing	FBA	.28	<b>.80</b>	.11	-.00	.01	-.00
A lot of cooperative work	DWO	.07	.09	<b>.80</b>	.11	.12	.03
To work closely with other people	DWO	.20	.17	<b>.74</b>	-.09	-.21	-.03
People are affected by your job	TKS	.13	.29	<b>.59</b>	.15	.23	.10
To use a number of high level skills	SKV	.26	.21	<b>.44</b>	.02	.38	.13
To do an entire piece of work	TKI	.09	.08	.00	<b>.79</b>	-.08	.02
To complete the job to end	TKI	.06	-.03	.01	<b>.77</b>	-.13	.11
The job provides feedback	FBJ	.18	.18	.37	<b>.52</b>	.12	.02
The job is unimportant to other people	TKS	-.08	.08	.02	.21	<b>.67</b>	-.10
The job is simple and repetitive	SKV	.13	.02	.01	-.24	<b>.63</b>	-.18
The job can be done by one person	DWO	.05	-.15	.13	-.26	<b>.61</b>	-.02
Personal initiative in carrying out the job	AUT	.02	.07	.03	-.02	-.10	<b>.77</b>
Clues about performance from job	FBJ	-.02	-.07	.08	.12	-.12	<b>.74</b>
Eigenvalue		4.86	2.13	1.49	1.29	1.28	1.12
Percentage of variance explained		23.1	10.1	7.1	6.1	6.1	5.4
Cumulative percentage		23.1	33.2	40.4	46.5	52.7	58.0

Notes: F1 – autonomy (AUT); F2 – feedback from agents (FBA); F3 – dealing with others (DWO); F4 – task identity (TI); F5 – task significance (TS); F6 – feedback from job (FBJ).  $N = 724$ .

Significant statistical differences between the means of workers' attitudes in state-owned companies and private companies were calculated using ANOVA tests. Finally, logistic regression was conducted to reveal the variables that contribute to the explanations of differences in perceived leadership style and job characteristics in state-owned and private enterprises. The findings are presented below.

TABLE 3 Pearson correlations among job characteristics and leadership style

Variables	JC1	JC2	JC3	JC4	JC5	JC6
LD1	.23**	.52**	.12**	-.04	.12**	-.04
LD2	.01	.20**	.37**	.18**	.01	.10*
LD3	.09*	-.07	.02	.05	.09*	-.28**

Notes: JC1 – autonomy; JC2 – feedback from agents; JC3 – dealing with others; JC4 – task identity; JC5 – negative job characteristics; JC6 – feedback from job; LD1 – positive leadership; LD2 – performance management; LD3 – negative leadership; \*  $p < .05$ ; \*\*  $p < .01$ .  $N = 724$ .

## Findings

Correlations between job characteristics and leadership are presented in table 3.

Positive leadership is positively and significantly correlated with autonomy, feedback from agents, dealing with others, and task significance. Negative leadership is negatively and significantly correlated with feedback from job, and positively with autonomy, and task significance. Performance management is positively and significantly correlated with feedback from agents, dealing with others, task identity, and feedback from job.

Table 4 presents ANOVA for 3 factors obtained for the Leadership Style Model and 6 factors obtained for the Job Characteristics Model in the private and state-owned organizations.

### LEADERSHIP STYLE BY OWNERSHIP

Performance management was significantly lower in private organizations ( $M = -.02$ ;  $SD = .75$ ) than in state-owned enterprises ( $M = -.06$ ;  $SD = 1.05$ ). Negative leadership was significantly lower in state-owned enterprises ( $M = .05$ ;  $SD = 1.00$ ) than in private organizations ( $M = .18$ ;  $SD = .75$ ). Hence, two out of three factors measuring different constructs of leadership in this study were found to follow the hypothesis. Positive leadership was not found to cause a distinction between private and state-owned enterprises.

### JOB CHARACTERISTICS BY OWNERSHIP

Three out of 6 hypotheses tested for the relationship between job characteristics and ownership type (private versus state-owned) were confirmed. Feedback from agents was significantly lower in private organizations ( $M = -.15$ ;  $SD = .98$ ) than in state-owned enterprises ( $M = -.04$ ;

TABLE 4 Leadership style and job characteristics: Comparison between private companies and state-owned enterprises

Leadership style	Private*		State-owned**		F	Sig.
	Mean	SD	Mean	SD		
LD1 positive leadership	.05	1.02	-.01	1.00	.44	.51
LD2 performance management	-.02	.75	.06	1.05	8.02	.00
LD3 negative leadership	.18	.75	.05	1.00	6.03	.01
<i>Job characteristics</i>						
JC1 autonomy	-.06	1.00	.02	1.00	.62	.43
JC2 feedback from agents	-.15	.98	-.04	1.00	4.23	.04
JC3 dealing with others	-.32	.85	-.09	1.02	19.99	.00
JC4 task identity	.02	.77	-.00	1.06	.11	.74
JC5 negative characteristics	-.09	1.04	.028	.99	1.64	.20
JC6 feedback from job	-.14	1.00	.04	1.00	3.38	.05

Notes: \*  $n = 158$ ; \*\*  $n = 566$ ;  $N = 724$ .

$SD = 1.00$ ). Dealing with others was significantly lower in private organizations ( $M = -.32$ ;  $SD = .85$ ) than in state-owned enterprises ( $M = -.09$ ;  $SD = 1.02$ ). Feedback from job was significantly lower in private organizations ( $M = -.14$ ;  $SD = 1.00$ ) than in state-owned enterprises ( $M = .04$ ;  $SD = 1.00$ ), thus hypotheses 3, 4, and 7 are corroborated. Hypotheses 2, 5, and 6, suggesting significant differences by sector, were not found to be significant, and were therefore not confirmed. Hypothesis 8 could not be tested.

#### MULTIVARIATE LOGISTIC REGRESSION

In order to learn about the multivariate profile of being employed either in private or in state-owned enterprises a multivariate logistic regression analysis was performed employing 3 factors representing leadership style, 6 factors representing job characteristics, and the variable of the SAMPLE which differentiated between sample one and sample two.

The results presented in table 5 demonstrate that two out of three leadership style factors show a significant difference by type of ownership. Additionally, state-owned enterprises are characterized by 3 out of 6 job characteristics that are significantly different from job characteristics in private enterprises. Specific results are described here.

Performance management is positively and significantly correlated

TABLE 5 Logistic regression of private and state-owned enterprises on job characteristics and leadership style factors

Variable	B	SE	Wald	Sig
Constant	.57	.17	11.51	.00
Sample/Year	1.10	.22	24.15	.00
LD2 job evaluation	.29	.12	6.08	.01
LD3 negative leadership	-.31	.11	8.62	.00
JC2 feedback from agents	-.38	.11	11.57	.00
JC3 dealing with others	.43	.11	14.87	.00
JC5 task significance	.21	.10	4.14	.04

Variables excluded from the equation: JC1 – autonomy; JC4 – task identity; JC6 – feedback from job; LD1 – positive leadership.  $N = 724$ .

with employment in state-owned enterprises ( $B = .29$ ;  $SE = .12$ ; WALD test of significance = 6.08; Sig. = .01)

Negative leadership is positively and significantly correlated with employment in private organizations ( $B = -.31$ ;  $SE = .11$ ; WALD test of significance = 8.62; Sig. = .01).

Feedback from agents is positively and significantly correlated with employment in private organizations ( $B = -.38$ ;  $SE = .11$ ; WALD test of significance = 11.57; Sig. = .00).

Dealing with others is positively and significantly correlated with employment in state-owned enterprises ( $B = .43$ ,  $SE = .11$ ; WALD test of significance = 14.87; Sig. = .00).

Task significance is positively and significantly correlated with employment in state-owned enterprises ( $B = .21$ ;  $SE = .10$ ; WALD test of significance = 4.14; Sig. = .04)

The model is significant (chi-square = 62.61,  $df = 6$ ; Sig. = .00,  $-2$  Log Likelihood = 583.95 and Goodness of Fit = 552.43). The overall prediction power is 75.25%.

## Discussion and Conclusions

As Russia is moving from a centrally planned economy to a free market economy, its workers in the private and state-owned enterprises are changing the perceptions of their organizational leadership and jobs. A profile constructed of two elements of leadership style and three elements of job characteristics may best predict that a change occurred in the perceptions of workers in private enterprises and not in state-owned

companies. State-owned organizations are characterized by a leadership style that maximizes 'performance management' and minimizes 'negative leadership,' and job characteristics that include 'feedback from agents,' 'dealing with others' and 'task significance.'

This profile could be regarded as part of the culture of the enterprises studied. Perceived negative organizational culture may spill over into employees' perceptions of their leadership and, among others, of their jobs. This major finding could be used by researchers and managers of transitional organizations. Researchers should aim to use holistic methods in analyzing transitional organizations, methods that measure and control as many organizational variables as possible. Managers should aim to improve not only their leadership style but also job characteristics of their employees as part of their improvement of the culture of their organizations.

While a profile of characteristics enables scholars and managers to look at the big picture, the study results could be used also to discuss each factor's potency in predicting the ownership system.

The first hypothesis suggested that Russian workers employed in state-owned enterprises perceive their organizations' leadership more positively than their counterparts in private companies. This hypothesis has been corroborated by two independent explanatory factors that have indicated differences in the perceptions of workers in private and state-owned enterprises. The first independent explanatory factor is *performance management*. This factor includes items on a leadership questionnaire that refer to workers' jobs, such as understanding the standards for an effective job performance, existing job rules and/ or performance guidelines, and requirements by the organization to perform unethically. While in both private and state-owned enterprises there was a negative shift in this factor over the years, the changes in state-owned enterprises were much more significant. It seems that workers in state-owned enterprises have changed the perceptions of their leadership to be less and less definitive and clear about the leadership expectations from the workers.

The second independent explanatory factor that may explain differences between workers' perceptions of their leaders in private and state-owned enterprises is the factor of *negative leadership*. It includes items such as employees who have a sense of control in the organization, management that is hesitant in stating long-term goals, and leadership that takes a negative view of the world. This factor that was perceived to prevail in state-owned enterprises has improved in privately owned enter-

prises. Employees in private companies see their organizations' leadership to be more negative and less orderly than their counterparts in state-owned enterprises.

The second hypothesis suggested that Russian workers employed in state-owned enterprises are perceived to enjoy more *autonomy* than their peers employed in private companies. This hypothesis has not been corroborated by the data and therefore it is rejected. Autonomy on the job could be an imperative of the nature of the job itself, which is mostly a result of the technology employed (Woodward 1958), rather than a consequence of the ownership type.

The third hypothesis suggested that Russian workers employed in state-owned enterprises are perceived to enjoy more *feedback from job* than their peers employed in private companies. Feedback from job could not explain differences between jobs in state-owned and private organizations and therefore the third hypothesis has been rejected. Again, feedback from job may be a function of the technology used rather than the ownership's type of the organization.

The fourth hypothesis has predicted that Russian workers employed in state-owned enterprises are perceived to enjoy more *feedback from agents* than their peers employed in private companies. This independent factor explained differences between jobs in state-owned and private enterprises and therefore hypothesis four has been corroborated. *Feedback from agents* – includes feedback on job performance (the worker knows how well he or she is doing on his/her job), and supervisor's evaluation of job performance. While over the year workers in private enterprises have learned to ask and to receive this feedback, workers in state-owned enterprises have lost some of the same feedback. The first possible explanation is that in the private enterprises performance is strongly linked to rewards and therefore it is not surprising that, as the economy is shifting to a more competitive mode, managers and workers have focused on this issue. On the contrary, workers in state-owned enterprises, which traditionally have not linked performance to rewards, just got confused over this issue in the face of the changing societal values.

The second possible explanation is that facing weakening state-owned enterprises, managers actually could not provide workers with a good performance management since the managers themselves did not have the authority or the means to link employees' performance to their rewards.

The third possible explanation is that this finding may be a statement



of self justification, as if workers in state-owned enterprises were trying to tell that job security in their companies is independent of the employees' performance and is therefore preferable to a job in the private enterprises where non performance might lead to dismissal.

The fifth hypothesis suggested that Russian workers in state-owned enterprises are perceived to *deal with others* more than their peers employed in private companies. This hypothesis has been corroborated, as dealing with others has been found to be a significant explanatory factor of the differences between jobs in private and state-owned enterprises. Dealing with others includes items such as: cooperative work, working closely with other people, affecting other people by one's job, and the use of high level skills on the job.

As workers in private enterprises perceived their jobs to include more and more elements referring to dealing with others, workers in state-owned enterprises seem to have lost some of these aspects over the years. The first possible explanation is that in private companies workers have been forced to work closely with each other to solve operational problems while workers in state-owned enterprises continue to refer to their supervisors to make decisions for them, as used to be the tradition in the central planning economy, and therefore they do not have to cooperate in their work activities. A second possible explanation is that as private organizations are improving their performance, workers have to take more and more responsibility, and hence they have to cooperate in their jobs. In state-owned enterprises, there are no incentives for taking responsibility and therefore workers do not really care about the end results of their jobs and, hence, would not bother to cooperate to solve organizational or operational problems.

The sixth hypothesis suggested that Russian workers employed in state-owned enterprises are perceived to enjoy more *task identity* than their peers employed in private enterprises. This hypothesis has been rejected. Task identity is the extent to which the worker can see the end results of his/her job and it may be related to the nature of the final product/ service rather than to the organization's ownership type.

The seventh hypothesis suggested that Russian workers employed in state-owned enterprises are perceived to enjoy more *task significance* than their peers employed in private enterprises. Task significance encompasses items such as: a job unimportant to other people, a simple and repetitive job, and a job that could be done by one person. While in private organizations the tendency to perceive a job as less significant has

been reduced over the years, in state-owned enterprises it has increased. Since it is plausible to believe that workers in state-owned enterprises have changed very little of their job characteristics over one year, the change in their perceptions could be attributed more to the change in their attitudes towards their jobs rather than to a real job change. It is possible that as a result of the changing societal perceptions of organizational efficiency and the private market shift in focus to high level skills jobs, workers in private organizations see their jobs to be more positive in general than workers in state-owned enterprises.

The eighth hypothesis suggested that Russian workers employed in state-owned enterprises are perceived to enjoy more *skills variety* than their peers employed in private enterprises. The hypothesis could not be tested since the factor analysis procedure of the Job Characteristics Model has not yielded a skills variety factor.

The study is not free of limitations. First, the survey results show that there are differences in some aspects of leadership and job characteristics between state-owned and private enterprises in Russia. The results do not indicate which factors cause the differences. Ownership may be one affecting factor, but not necessarily the definite one. Since the study did not control the samples as a comparable set, there are many other plausible factors contributing to the differences, such as a company's size or age. Second, the sample that is comprehensive and includes many organizations is still quasi-random. Third, the sampling has been conducted in one city in Russia and may not be representative of other Russian places, after all Russia is a huge country with eleven time zones. Fourth, despite the careful translation of the questionnaire it is difficult to estimate its face value. Russian workers were not experienced in taking questionnaires and they may have found the whole experience confusing and even threatening. Despite all these limitations, the study is unique in its investigation of organizational attitudes during a major economic and political transition.

From current knowledge about the transition in Russia it may be possible to infer that significant differences among workers could be better identified in organizations that vary in their size and age, represent various industries, and are located in certain regions of Russia, rather than in state-owned and private enterprises. Moreover, since Russian economic and political systems are still in transition it is possible that employees' attitudes that were measured a few years ago have changed again. It is therefore recommended to view this study's results as a snapshot that

has the potential to explain current differences between state-owned and private enterprises in Russia, yet the application should be carefully done by testing those attitudes again. A replication of this study may refine the theories used to enable them to explain the relationship between job characteristics and leadership style.

Local and foreign managers in Russia may realize that modern Russian state-owned and private enterprises do not resemble public and private sectors in the West. State-owned enterprises seem to be more stable and less diffused in their activities, probably as a consequence of seventy years of tradition. Private companies have just been created and therefore they seem to be more chaotic and less focused than state-owned enterprises. Yet, despite this tendency, it is likely that as the free market matures and managers learn how to prioritize, manage and measure profit, their organizations will more and more resemble western-style private organizations. Managers should learn how to integrate western-style management into the Russian business environment to design better jobs for their employees and to exercise a desirable leadership style. This may enhance the culture and performance of Russian organizations.

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