

Changes in Russian managerial values: a test of the convergence hypothesis?

Yuri Alexashin and John Blenkinsopp

Yuri Alexashin, JSC Severstal, St. Petersburg; John Blenkinsopp, University of Newcastle upon Tyne Business School (e-mail: john.blenkinsopp@ncl.ac.uk).

ABSTRACT

This paper considers how Russian managerial values are developing in the context of the sweeping economic, political and social changes associated with the transition of Russia to a market economy.

By replicating earlier research (Holt et al 1994, Ralston et al 1997), it was possible to overcome the weaknesses of previous cross-sectional studies by tracking changes in Russian managers' values over time.

The paper concludes that some convergence between the values of Russian and US managers can be observed, but that the form of this convergence is not uniform. In addition, the way in which Russian managers act upon these values in the context of their own national context means that considerable divergence in managerial behaviour is still evident. Implications for international human resource management are discussed.

KEYWORDS: Managerial values; Russia; convergence hypothesis; culture

INTRODUCTION

This paper examines the impact of changes in the Russian economy and society upon Russian managerial values, and the implications of these values for management practice in multinational companies operating in Russia.

Over almost two decades now the countries of Eastern Europe and the former USSR have been moving from economic and political Socialism towards economic and political democracy, characterised by market principles of supply and demand. As the liberalisation of former Socialist economies continues, opportunities for Western companies have been growing. The size of Russia, its prodigious reserves of oil and gas, its advanced technologies in many fields, highly skilled scientists, a very well educated population and almost 150 million potential consumers make this country of enormous strategic importance for Western investors (Elenkov 1997, Montezemolo 2000, Mercado 2001). However, as a number of studies have noted, the Russian environment is very complex and Russian culture substantially different from Western culture (Bollinger 1994, Puffer 1996a, Holden 1998, Ledeneva 2001).

Knowledge of these cultural and institutional differences are of great importance for effective international management. If cultural values differ significantly between different nations, then managerial values and styles are also likely to differ. Such differences would have crucial implications for future working relationships between Western and Russian managers (Elenkov 1997) and, logically, between Western managers and Russian workers. It is therefore important to examine the values held by

Russian managers and consider the implications of differences in managerial values for management practice.

The context of the study - rapid changes in Russian society

Although the post-Soviet era represents barely more than a decade of history thus far, that short period nevertheless incorporates several quite distinct 'eras' in the development of Russia. The end of price controls in 1990 led to rapid inflation, approaching hyperinflation by the end of 1992, together with shortages of food and goods (Sachs 2000). Such a bleak situation created huge uncertainty:

Russia's reform struggle was not mainly about the niceties of sequencing market reforms. The real issues were elemental and urgent. Would there be bread in Moscow in the winter of 1991-92? Would private property be legal? Would Russia lurch towards a violent, revanchist politics? Would Russia have a national currency and when? Would there be civil war in Moscow in 1993?

(Sachs 2000)

In fact, with hindsight 1993 represented a turning point towards some semblance of economic stability (Brady 2000). The next phase is associated with the weaknesses of Yeltsin's first term as President, and the rise of the 'the oligarchs', hugely influential in all aspects of Russian life and widely credited with securing the 1996 Presidential election for Yeltsin despite his initially dismal poll positions (Soros 2000).

The current period (after 2000) can be seen as the Putin era, which for managers means greater stability, particularly in terms of law and order. Although pledged not to undo the privatisation decisions which created so much wealth for the oligarchs, Putin has not afforded these tycoons the same degree of protection they enjoyed under Yeltsin, and his administration has sought to put Russia on a less lawless business footing.

The role of managers in Russia

The ongoing transformation to a market economy creates a break with the traditional concept of organisation within Russia. As organisations attempt to reposition themselves as market-driven enterprises, managers are being given greater authority and responsibility for organisational performance – in fact, they are expected to provide the impetus for this transformation. This expectation assumes a set of managerial values and competencies which, we argue, have not hitherto not been associated with Russian management. Indeed, there has previously been no recognisably Russian model of management, ‘managers’ in the Soviet era being essentially bureaucrats. Russian managers thus find themselves in an uncertain position. They are working to markedly different sets of expectations and goals to those which characterised the planned economy of the Soviet Union, but without any obvious reference points against which to develop a ‘mental model’ of Russian management. We might contrast this with China, which has a long mercantile history. Chinese managers can thus ‘access’ Chinese business values as their reference point, effectively going back to pre-communist ideas to find values for managing and doing business which are consonant with Chinese national culture. Russian managers in search of pre-communist Russian business values are likely to search in vain.

Against this background, we conjectured that Russian managers are likely to have been influenced by non-Russian models of management and that the values of Russian managers today are likely to be relatively closer to Western managerial values than might be expected from reference to models of national culture (e.g. Hofstede 1980, 1993, 1994).

We might therefore expect to find Russian managers tending, consciously or otherwise, to adopt the managerial values of other national cultures. Given the continuing dominance of the USA both in economic terms and in management thought and education, we might expect US managerial values to be the most influential on the emerging Russian managerial cadre. One implication of this, which we explore later, might be that Russian managers will try to adopt US practices, with mixed results.

Qualitative analyses of Russian national culture

Fey (1999) describes stereotypical Russian modes of behaviour. Resourceful and cautious, Russians are used to facing adversity and deprivation. They have learned how to stay calm and find creative solutions to situations that would lead to crisis for the average American. Living in the present, they tend to focus more on what is happening around them than on the larger picture or the long-term ramifications of their actions. Hence, they are very good at monitoring current conditions but not as good at developing and working steadily towards long-term objectives. They like to break larger projects into smaller parts. Ambiguous situations are familiar to them and they are good at taking whatever uncertainty exists and twisting things so that the situation

portrays the picture they find most useful. They can also be hard workers but intense activity is normally followed by idle periods. The group is the traditional building block of the society, which means Russians prefer to work together in groups rather than individually.

Analysing corporate governance in Russian companies, Russian Economic Trends (2000) notes an astonishing continuity of communitarian values and decision-making processes which involve strong centralism and collective participation based on consensus not majority. Management is resistant to job cuts, and exclusion of outsiders and retention of information are common features in all organisational structures.

Holden (1998) notes that Russian managers are very different from their Western counterparts. Russians see themselves working collectively or with a community spirit and are more accepting of authoritarianism, as long as the human side is manifested. The manager must likewise be paternalistic and egalitarian, since the Russian organisation by tradition is seen as a democratic institution where everyone is entitled to have his or her voice heard.

Polonsky (1998) highlights the ambivalent attitudes of Russian managers. He argues that in circumstances of political and economic instability the behaviour of Russian managers exhibits a number of paradoxes. Firstly, there is a conflict between the material self-interest of managers, manifested in pursuit of organisational ownership, and a paternalistic concern for the workforce evident in their negative attitudes towards jobs cuts and a continuing commitment to the maintenance of aspects of a company's social infrastructure. Secondly, there is a tension between adherence to traditional

methods of operating (exploitation of personal ties and networks) and development of new forms of activity.

Various authors (Holden 1998, Snavely 1998) observe that one-to-one relationships are highly valued, but not impersonal group meetings. Very often business laws and contracts do not mean as much in Russia as they do in the West. Russians tend to put their trust more in relationships than in contracts. Detailed contracts come after friendship, not before.

Elenkov (1997) and Fey (1999) note that the rapid changes in Russia since the end of the Soviet Union have created two distinct workforces: those who have spent most of their working life in the Soviet system and those who entered the workforce in the last ten years or so. These two groups have very different expectations and concepts of the nature of the organisation and the context in which it operates. Elenkov (1997) found the values of Russian business students were closer to US managerial values than were the values of current Russian managers. Another difficult issue is that the two Russian workforces are not motivated by the same factors. Effectively managing this two-workforce dilemma is a critical issue for organisations.

Fey (1999) also notes that because of high uncertainty avoidance, Russian employees attempt to avoid any conflict that may result from acting on personal initiative outside the strict guidelines of the hierarchy. This results in the average employee being reluctant to take initiative, which combined with enormous respect for hierarchy, often results in an absence of empowerment.

High power distance is reflected in Russian managers' difficulties in accepting that they might learn from employees at lower levels of the organisation. This is well expressed in their resistance and dissatisfaction when they have to work in a group with people from hierarchically lower levels, for example, in the context of management education and training programmes.

An important dimension of organisational culture today is the extent to which teams are used. Fey (1999) found the top-performing organisations in Russia used teams extensively and considered them very beneficial. He notes that over centuries, Russian people have been taught to value group loyalty and the protection it offers, as well as to avoid standing out. It is thus natural for them to show a positive inclination to work in groups.

Several authors (Lewis, 1999; Hill, 2001; Ledeneva, 2001) observe that Russian political and organisational culture has been strongly influenced over time by the psychological attitudes of, and the practical techniques developed by, the earliest Slavic settlers. The conditions they faced – isolation, poor land, a severe climate, unpredictable harvests and a generally hostile environment – gave rise to a vigorous culture with specific traits: caution, calculation, resoluteness, stoicism, endurance and, above all, an emphasis on survival.

Ledeneva (2001) argues that over the centuries these traits manifested themselves in the three distinct but compatible cultural settings of medieval Muscovy: the peasant village, the tsarist court and the bureaucracy. These share certain common features, which constitute the enduring elements of Russian political and organisational culture:

- The operational basis of each settings is informal and traditional (there is a lack of connection between real power and formal status);
- Decision-making is “corporate and conspiratorial”;
- Stability and risk avoidance are favoured over innovation and progress;
- There is a reluctance to promulgate systematic codified law (those who need to know the rules know them).

It is thought better to rely upon informal and personal relations than upon the impersonal legal procedures and institutions that are favoured in other societies.

Foreign investors have attempted to introduce and apply Western business practices and norms to Russia. Such attempts have had limited effect, however, because they have been subverted by existing informal codes. Unwritten rules have always been a powerful invisible hand within Russian culture and their presence is unlikely to melt away.

Ledeneva (2001) argues that Russia’s vibrant network culture serves to dissipate any efforts at reform, because of its compensatory functions. As in many societies, personal networks within Russia’s economy perform dozens of functions, including those of redistribution, survival (food, money, mutual help), security, business, rent seeking and so on. However Russian networks are overwhelmingly personalised and, as such, are distrustful of depersonalised forms of exchange involving organisations, contracts and distance. Because all levels of society operate according to the network principle, it is difficult to generate significant targeted reforms within any sector or constituency. The

logic of unwritten rules is one dominated by personal interest or by the interests of the network, both completely divorced from interests of the economy or society as a whole. The protection of one's narrow interests or the interests of one's network almost always take precedence over wider interests or general principles of economic rationality. This logic is maintained in Russia to an absurd degree.

Quantitative analyses of Russian national culture

Although there are a number of different models of national culture (e.g. Lewis 1999, Trompenaars & Hampden-Turner 1997), in the context of Russia the main research has been undertaken using Hofstede's model. The data gathered by researchers using Hofstede's model allows us to consider whether any changes have taken place in Russian national cultures over the last decade, a period of dramatic change in Russia.

Hofstede's original study in the early 1970s included only one Eastern Bloc country (Yugoslavia). Hofstede (1993) later provided estimates for Russia derived through the study of national statistics, regional cultural studies and archetypes found in literature and history.

Bollinger (1994) undertook the first study applying Hofstede's methodology in a Russian setting, with 55 executives from the Higher Commercial Management School of Moscow. In a much larger study Fernandez et al (1997) surveyed 1,236 Russia managers, using a slightly different instrument developed by Dorfman & Howell (1988) to obtain scores along Hofstede's dimensions. Elenkov (1998) obtained responses from a variety of nationalities, including 178 Russian managers, and Naumov & Puffer

(2000) surveyed 250 Russian respondents. See Table 1 below for a summary of findings from all five studies.

<<<< INSERT TABLE 1 ABOUT HERE >>>>

In the context of the present research, the key question is whether these earlier findings suggest any convergence. Although there is some slight variation between the different studies, there is no obvious pattern and it would appear that Russian national culture remains broadly as Hofstede originally estimated.

a) Uncertainty avoidance

All studies found Russians to be fairly high in Uncertainty Avoidance, something Bollinger (1994) attributes to the geo-politics of Russia's size, citing Berdiaev:

The Russian soul is tortured by space; it feels no boundaries. It is not liberated by this absence of limits; on the contrary, it is enslaved by it.

Elenkov (1998) notes that since the beginning of the Russian centralised state, policies and procedures for virtually every aspect of organisational life were dictated by officials in central government. Compliance with rules was rewarded, while taking risk was discouraged and often punished.

Later research suggests a slight reduction in Uncertainty Avoidance over the 1990s (e.g. Elenkov 1998, Naumov & Puffer 2000). The extremely high scores in earlier research

may relate to the period of economic and political stagnation in the 1980s. Russian citizens were virtually guaranteed a job and a modest standard of living if they did not challenge the status quo. In contrast, the transformation of Russian society into a market-oriented society gave rise to greater uncertainty and forced decision-making by individuals. Russians are now less able to avoid uncertainty and thus might be expected to achieve some greater degree of tolerance, albeit that the underlying cultural preference remains in place.

b) Individualism-collectivism

All studies suggest Russia is moderate to low on this dimension (by contrast with the USA which is very high on individualism). It is difficult to disentangle the effects of the recent Soviet past in this area. Elenkov (1998) suggests that in Russia individual success still arouses feelings of envy because of ingrained beliefs that wealth and success are achieved at the expense of those who have less. As a result, many Russians feel exasperation rather than admiration for people who earn more, even if success is gained through hard work. Negative attitudes towards individual success are deeply rooted, Russians seeking to realise their ambitions may encounter public scorn and their own guilt from violating the values they were raised with.

Russian Economic Trends (2000) found that the process of redistribution of state property in Russia has led to extreme inequalities in wealth, along with rising poverty and an overall decline of incomes. These developments run counter to communitarian

values such as egalitarianism and collectivism and it is easy to understand why the new distribution of property rights is perceived as illegitimate by the vast majority of Russians.

Naumov & Puffer (2000) suggest it is debatable whether Russians are group oriented or actually extreme individualists. The Russian expression 'don't live worse than your neighbour' combines hostility towards, and envy of, those who have more than oneself. In contrast, in the West the same idea (captured perhaps in the idea of keeping up with the Joneses) means that individuals must exploit their own potential in a competitive society. It is generally recognised that the Russian communal collective had already started to disintegrate in the late 19th century, and was shattered by Communism in the 1920s. This led to an individual approach to a Communist system that was unable to meet the basic needs of the population. The limited relevance of collectivism for the average Russian was further reduced by perestroika and later economic reforms.

c) Power Distance

The majority of studies found Russia to be very high on Power Distance, in marked contrast with the USA (40 points). Bollinger (1994) suggests this might be explained by a long history of Russian superiors possessing a very high degree of power over their subordinates' destinies. Given the history of the former Soviet Union and keeping in mind the dramatic social and political change in progress during the early 1990s, it is perhaps unsurprising that Fernandez et al (1997) found Russian respondents expected a large disparity between those in power and those not in power.

Elenkov (1998) suggested the high score on this dimension is related to a long history of authoritarian leadership and centralisation of authority in Russia. Russian culture, over the centuries, was overfull of ruling authority figures who tightly controlled society and suppressed personal freedom. Among these were the Orthodox Church, Tsars, landowners, and the communist party elite. The clearest evidence of the unequal distribution of power in Russian society was the Table of Ranks instituted by Tsar Peter the Great in the 18th century. This system, which assigned status and privileges in society according to 14 ranks, remained in effect until 1917.

d) Masculinity-femininity

Result on this dimension vary quite considerably. It is perhaps worth noting two of the explanations offered. Bollinger's (1994) results placed Russia close to the traditionally feminine Scandinavian countries. He suggests that centuries of serfdom followed by Communist dictatorship have prevented men from developing a sense of initiative. Successive wars also contributed to Russia's low rate on masculinity in that many widows were forced to take their destinies into their own hands in order to survive. The independence which women have managed to protect in their small domestic dominions has helped them feel equal to men and perhaps even superior to them.

By contrast Fernandez et al (1997) found Russia to be above the mean on the masculinity dimension. Despite the fact that women work alongside men in Russia, the men hold the more senior positions, and they suggest that traditionally masculine values hold sway.

The influence of managerial values on business

The convergence versus divergence debate has mirrored one of the key concerns of international companies as they have struggled to understand the diverse cultural values to be found within their multi-national operations. Having identified truly global operations as a potential source of competitive advantage many international companies are attempting to become global organisations in the sense of having a seamless approach to the organisation, which implies having a universal corporate culture (cf. Peters and Waterman 1982). Since corporate culture grows out from the values (or shared perception of daily practices) held by organisational members, a universal organisational culture implies that all organisational members – regardless of nationality – have similar views and beliefs that guide their behaviour when transacting business with members of other societies, as well as with members of their own society (Ralston et al 1997).

McCaughey & DeCieri (1999) note the early dominance of convergence hypothesis in management research. The approach assumed there were principles of sound management that held regardless of national environment; therefore, the existence of local practices and values that deviated from these principles simply indicated a need to change these local practices. The convergence hypothesis also suggests the universality of sound management practices would lead to societies becoming more and more alike in the future. Conversely, the divergence hypothesis proposes that individuals will retain their different, culturally determined values and practices, despite managerial, economic or technological developments.

Pineda & Whitehead (1997) suggested a hypothetical linkage between cultural values and norms through individual heuristics with managerial activities, which in turn based on managerial competences.

<<<< INSERT FIGURE 1 ABOUT HERE >>>>

Various researchers (Holt et al 1994; Puffer, 1996a; Ralston et al 1997; Elenkov, 1997; Shama, 2001) have explored the cultural values of Russian managers through the last decade. Puffer (1996a) argues that while there are many similarities in the value systems of Western and Slavic people, some marked differences also exist. In Slavic cultures there are often two sets of ethical standards – one for personal relationships and one for business and public life - whereas in the West, people tend to employ the same set of ethical standards regardless of situation. Another difference deals with conflict and compromise. Whereas Slavs often consider it a sign of weakness to make compromises and smooth over conflicts with adversaries, Westerners usually consider this behaviour to be positive.

Puffer (1996a) argues that 70 years of Communist rule have resulted in a situation when Russians may not see any interdependence between their pay and the quality of their work. Salary is viewed as being attached to position, not to performance. She also notes that with the workplace such values as friendship, social contacts, entertainment and equality are much more important for Russians than the work itself. However, Russians care a lot about what their peers think and say about them. So, if everybody

works hard in the group, even the laziest will work hard, but if hard work is not valued in the collective, even the most hardworking person is likely to slow down.

Previous research on Russian managerial values

The studies of Russian managerial values undertaken by Holt et al (1994) and Ralston et al (1997) can be seen as an ongoing programme of research. The first study analysed differences and similarities in managerial work values between Russian and US managers. In the second study participants were managers from several nations - Russian, USA, Japan and China. Both studies used the Schwartz Value Survey (SVS). This is a widely used measure, comprising ten sub-dimensions and three higher-order dimensional continua of universal values (Schwartz & Bilsky 1987). Schwartz argues that ten universal sub-dimensions of motivation are to be found in every culture but the level of their importance differs from one culture to another. These sub-dimensions are:

- *Power* – attainment of social status and prestige and control or dominance over other people and resources;
- *Achievement* – success through demonstrated competence. Competence is based on what is valued by the society or organisation in which the individual is located;
- *Hedonism* – pleasure or sensuous gratification for oneself. This value type is derived from orgasmic needs and the pleasure associated with them;
- *Stimulation* – excitement, novelty and challenge in life. This value is derived from the need for variety in order to maintain the optimal level of activation;

- *Self-Direction* – independent thought and action. Comes from the need for control and mastery along with need for autonomy and independence;
- *Universalism* – understanding, tolerance and protection of the welfare of all people and nature;
- *Benevolence* – preserving and enhancing the welfare of people with whom one is in frequent personal contact. This is concern for the welfare of others that is more narrowly defined than Universalism;
- *Tradition* – respect, commitment and acceptance of the customs and ideas that one's culture imposes on the individual. A traditional mode of behaviour becomes a symbol of the group's solidarity and an expression of its unique worth and, hopefully, its survival;
- *Conformity* – restraint of action, inclinations and impulses likely to upset or harm others or violate social expectations or norms. Derives from the requirement that individuals inhibit inclinations that might be socially disruptive;
- *Security* – safety, harmony and stability of society or relationships and of oneself.

Researchers found the following results on ten sub-dimensions:

<<<< INSERT TABLE 2 ABOUT HERE >>>>

Although there are some similarities, on a number of sub-dimensions Russian and US managerial work values were found to be different and very often on opposite ends of the continuum.

Statement of Hypothesis

Having examined both qualitative and quantitative analyses of Russian national culture, there is a clear suggestion of continuity, and little or no evidence of convergence.

However, studies of Russian managerial values suggest a possible trend of convergence.

It has been apparent during the last ten years that Russian managers have had to face a faster pace of change in their business environment than their counterparts operating almost anywhere else in the world. Management styles in different regions of the world economy are commonly seen as “convergent”, owing to common factors apparent in developed international capitalism and the growth of multinational enterprises (Hill 2001). Owing to the fact that Russia moved from an agrarian to an industrialised country only after revolution in 1917 and stayed as a single Communist party political entity and centrally planned economy with nationalised commercial assets until the late 1980s, a “business” culture did not exist among Russian leaders and managers.

Therefore, the last ten years of sweeping transition toward the market driven economy, where Russian managers were influenced by Western managerial practices to a great extent, would result in convergence in managerial values of Russian managers with their Western counterparts.

Hypothesis: The managerial values of Russian managers will show convergence towards those of their US counterparts, as measured by the Schwarz Value Survey, when compared to data from earlier research.

Methodology

As McGaughey & De Cieri (1999) argue, longitudinal studies represent the most appropriate design for testing the convergence-divergence hypotheses. Cross-sectional studies merely show how close countries and/or organisations are at a given moment in

time, which does not in itself indicate that they are converging or diverging. Although the present study gathered information at only one time, it adopted the same methodology as earlier research by Holt et al (1994) and Ralston et al (1997). This allows analysis of Russian managers' values at 3 different times - 1993, 1996 and 2001. As argued above, although these years are close in time, it is our view that the pace of change in Russian society has been so swift that each time frame can be viewed as qualitatively different period of modern Russian history.

The Schwartz Value Survey (SVS) provides a well validated set of measures, and allowed direct comparison with the earlier research. The SVS also contains instructions for completion which are clear and concise. The formal structure of the questionnaire is based on categories that are easy to understand and analyse. The SVS consists of 56 items. Each of the 56 items is measured with a nine-point Likert scale that elicits responses on the relevance of a particular item to an individual, ranged from 'opposed to my values' (-1) through 'important' (3) to 'of supreme importance' (7).

The ten categories of motives can studied separately to evaluate what might be important to motivate an individual, or collectively to assess trends in group behaviour. In this study, the collective response from Russian managers was compared with the Holt et al (1994) and Ralston et al (1997) findings for Russian and US managers, and with the Egri et al (1999) findings for North American managers.

A pilot questionnaire was distributed among a group of Russian MBA students, in order to identify and correct any potential problems with the main survey. These participants were all practising managers and had been seconded to attend the course from their

managerial positions in Russia. These participants found the questionnaire was clearly laid out, and were able to complete it in a reasonable time.

Participants were given a Russian language version of the SVS questionnaire, this was confirmed as being identical to that used in the earlier studies (Ralston 2001, personal communication). The subjects were informed that there were no right or wrong answers and that only their opinions were of crucial importance. They also were told that their anonymity would be maintained. After the data had been collected, interested subjects were briefed on the general purpose of the research.

Sample

The sample for the present study consisted of 102 senior, middle and operational level managers, selected from different private companies based in Moscow, St Petersburg and Cherepovetz. This is consistent with the minimum sample size of 100 recommended for the Russian version of the Schwartz Value Survey (Ralston 2001, personal communication).

Moscow and St Petersburg, as in previous studies, were chosen as the major business centres in European Russia, but many participants were also drawn from a third city, Cherepovetz. Cherepovetz is of particular interest because it symbolises the wider socio-economic changes. During the Soviet era, Cherepovetz was closed to Westerners, due to the strategic importance of its dominant industry, steel manufacturing. Now however it is the site for a leading Russian metallurgical company, JSC Severstal, noted for its Western approach to corporate governance. The biggest companies represented

in the present survey, namely JSC Severstal, JSC Rosgosstrakh-St. Petersburg and Procter & Gamble (Moscow office) are among leading companies operating in Russia. Employees of these companies accounted for 69 participants in the present study. The remaining 33 participants were randomly selected with the help of the St. Petersburg Administration's Committee of Economy & Industrial Policy.

Comparison of demographic data with the Ralston et al study indicates similarity, in terms of age, gender, marital status, length of employment and employment background (i.e. most respondents worked for large companies).

<<<< INSERT TABLE 3 ABOUT HERE >>>>

Holt et al (1994) do not cite specific demographic data, but they described their participants as middle managers with at least two years experience, all working in a manufacturing company within the Russian city of Chelyabinsk. Like Cheropovetz, this was a closed city during the Soviet era.

Results

The aggregate results for the 10 sub-dimensions are presented in Table 4, together with data from the previous studies.

<<<< INSERT TABLE 4 ABOUT HERE >>>>

* Holt et al (1994) do not cite actual scores, the terms Low, Moderate and High are thus derived from their verbal descriptions of their results.

Discussion

Implicit in our research design was an assumption that there would have been relatively little change in US managerial values, given the relative stability in US society when compared to the significant political and economical change in Russia over the same time period. This is largely borne out by the results, with considerable consistency in findings from Holt et al (1994) through to Egri et al (1999). The one exception to this is the security sub-dimension, which appears to have grown steadily in importance for US managers over this period.

Power. Both US and Russian managers show an increase over time on this dimension, but the increase for Russian managers is more substantial, and overall the effect is one of divergence. This suggests respondents in the present study are much more conscious of the attainment of social status and prestige and their control and dominance over other people and resources. This result is not surprising for a society with high power distance but it emphasises an influential pattern of managerial behaviour. This can be matched, as mentioned earlier, with extreme inequality in distribution of wealth (Russian Economic Trends, 2000). That inequality could be based, among other factors, on the dominant means of Russian privatisation in the form of employee and management buy-outs. The main distinction of the Russian insider ownership model is found in the absolutely pre-eminent role of managers in governance and control over privatised enterprises that were formerly owned by all categories of insiders (Polonsky,

1998). Specifically, one critical consideration for economic transformation in Russia is loss of power as authority is diffused through less hierarchical organisational structures. Many individuals in middle and senior managerial, bureaucratic and political positions might be threatened by loss of status, prestige and control over resources; therefore resistance against impending changes is possible. This research found a statistically significant difference ($p < .05$) between males and females, and between middle and operational managers ($p < .05$). Males and middle managers thus showed a higher need for power.

Achievement. Again, both groups show shifts in an upward direction, the change for Russian managers is more substantial and the effect is convergence. Russians now appear to place greater importance on personal success through demonstrated competence.

While these findings suggest that Russian managers' need to achieve has become closer to that of US managers, it may be too early to speak of greater compatibility of Russian and American managers on this sub-dimension. Russian managers' perception of achievement may be distorted by the logic of network interests (Ledeneva 2001), where competence is often associated with accumulation of formal credentials and behavioural compliance with particular network principles. This is consistent with the Trompenaar & Hampden-Turner (1997) description of Russia as an ascription culture. In contrast, Americans place greater value on individualism, and achievements are reflected in behaviour to satisfy personal needs; super-ordinate goals are seldom emphasised. Therefore, Americans and Russians may seem to have similar achievement needs but they are starting from a different set of cultural assumptions (Holt et al 1994).

Hedonism. The results for Russian respondents show a marked increase over time, whilst US managers show a decrease on this dimension. The most recent results are 3.92 and 4.21 respectively, suggesting considerable convergence on this dimension. This suggests that Russian managers are now more concerned with self-gratification. The previous low scores might be explained by the fact that at the beginning of the 1990s Russian managers felt events or resources were beyond their control. Consequently, they conditioned themselves to suppress aspirations that could be gratifying as a psychological defence mechanism to protect themselves from a debilitating feeling of constantly being dissatisfied (Holt et al 1994). This situation changed when Russian managers obtained comparatively more control over resources and events.

Stimulation. These scores show an unusual pattern. Holt et al found Russian managers scored highly on this dimension, and noted their surprise at this result. Ralston et al found a more moderate score (2.65) whilst the present study found a score of 3.60. Over the same period, US managers appear to have exhibited a gradual decrease on this dimension, with the result that the scores are now very similar. That Russian managers now report a need for excitement, novelty and challenge in life as being significant is perhaps not surprising for a dynamic society in transition. Managers in Russia are expected to lead changes toward new systems of business behaviour.

Self-Direction. Both sets of managers continue to show high scores on this dimension. Both appear to be increasing slightly over time, with Russian managers 'catching up' with US managers. We would suggest that this dimension offers an example of

relatively close convergence growing even closer. The results shows the increased importance of independent thoughts and actions for the Russian respondents. The result seems to be encouraging, yet also baffling in the context of high power distance and uncertainty avoidance. The reason may be that Russian managers, lacking a history of free choice in decision making, may be assigning a high value to the opportunity for making more of their own decisions (Holt et al 1994).

Universalism. There has been no significant change on this dimension, US and Russian managers show similar scores, with the US consistently slightly higher.

Benevolence. The score in this dimension rose, but to a non-significant extent, for Russian managers in present study, whilst the US managers' score remain the same. Paternalistic concern for the workforce is still evident in making workers redundant and a continuing commitment to the maintenance of the companies' social infrastructure (Polonsky, 1998).

Tradition. Russian managers show a significant increase over time, and are now very similar to US managers on this dimension. We might interpret this in terms of Russian managers becoming more conscious about respect, commitment and acceptance of the customs and ideas that newly developing Russian business culture imposes on the individual.

Conformity. The results suggest divergence between Russian and US managers on this dimension, with US managers becoming more conformist and Russian less conformist. Holt et al (1994) suggest a low value for conformity is consistent with high value for

self-direction, which was not found in their study. This pattern is now emerging for Russian managers, with self-direction increasing at the same time as conformity is decreasing. It is worth noting Holt et al's comment that for Russians conformance might be more narrowly defined as "expedient conformance", implying that individuals will publicly behave in accordance with the majority's expectations while privately maintaining different opinions. In this specific case, it might be important to distinguish between conformity to network requirements (unwritten rules) and conformity to impersonal legal procedures and institutions that are favoured in other societies (Ledeneva, 2001).

Security. This is one of the most surprising results, with US managers showing a marked increase in their need for security whilst Russian managers show a marked decrease. The results suggest that whilst the two groups were initially quite different on this dimension, over time they converged and have now 'crossed over' and are beginning to diverge - Russian managers now score lower than US managers on this dimension. This serves to emphasise the importance of longitudinal studies, which allow researchers to examine patterns over time.

Summary

The overall findings of this research might seem to confirm the hypothesis that there will be convergence of Russian managerial values with those of US managers.

However, the implicit assumption that US managers' values will remain consistent while Russian managers' values move towards them is NOT supported. Although eight of the 10 dimensions show some evidence of convergence, the nature of this

convergence varies e.g. for hedonism it appears that two groups are converging towards a mid-point between their original positions, whilst for tradition the US managers appear to have remained the same whilst Russian managers have shown a significant change.

Conclusions

Perhaps the first point to note is that the results of this study do not invite simple conclusions. The analyses of Russian national culture earlier in this article illustrate its rich complexity. The sub-title of the article, 'A test of the convergence hypothesis', can be interpreted in two ways. We set out to test whether Russian managerial values might exhibit convergence with what might be deemed the dominant managerial values of the USA, and our findings suggest to some degree this might be the case. However, the test might alternatively be interpreted in terms of whether convergence 'works'. Will the apparent adoption of US managerial values by Russian managers make these managers more effective? The results from research using Hofstede's survey, which is more sociological and anthropological in intent, appear to indicate that the core values within the Russian national culture have remained relatively constant over the same period, despite the turbulence within Russian society. We might therefore speculate that the values of Russian *workers* will have remained somewhat more constant. This creates the interesting scenario of convergence in managerial values *across* nations leading to a growing divergence in values between managers and workers *within* a nation. It has already been noted that the Russian workforce is divided into two distinct groups, depending on whether they entered the workforce before or after the Soviet era. It seems reasonable to suggest that our findings apply almost exclusively to the younger

age group, although this may be different in the case of some older *managers*, who may have been exposed to and adopted many Western management ideas at a mid-point in their careers. We could argue for a three workforce model, in which the values of workers varying according to this before or after distinction, whilst those of managers are different again, because of the influence of Western management education to which many managers have been exposed. However, Puffer (1996b) suggests that there is a distinctly different generation of managers, whom she terms “market orientated managers”. Although not offering a direct test of this hypothesis, Peng et al (2003) found that the impact of new directors and new managers in Russian firms did not have the positive effect on organisational performance which the literature (i.e. agency theory) would lead one to expect. Assuming that *new* directors and managers are more likely to have the changed managerial values noted in our research, we might tentatively suggest that a clash of culture and values could be one explanatory factor for the Peng et al findings.

Although the results of this study support the convergence perspective to a major extent, the Russian connotations for sub-dimensions such as achievement and conformance have meanings that could be far different from meanings assumed in American or other Western cultures. This suggests caution in assuming transferability of Western management techniques, values or organisational expectations. Therefore, focusing effort on understanding and co-ordinating the different cultural values would be beneficial in establishing a corporate culture for American organisations operating in Russia.

Furthermore, despite the evidence of Russian convergence with US managerial values, multinational enterprises (MNEs) in Russia are operating in a country divergent in myriad ways from the West's political, economic and cultural environment, and within a society in the midst of turbulent change. Camiah & Hollinshead (2003) surveyed Russian and expatriate managers on issues surrounding their cross-cultural working and collaboration. Although some of the issues they identified were cultural, most were related to lack of knowledge and understanding of non-cultural issues such as differences in legal systems, approaches to performance management etc. They suggest both groups of managers have both learning issues (e.g. expatriate managers' language proficiency) and unlearning issues (e.g. Russian 'chauvinism' – a tendency to think compartmentally and domestically).

The problems of operating with an assumption of practical convergence is well illustrated by Luthans et al (2000), who examined application of four High Performance Work Practices (HPWPs) identified *a priori* as having the best fit with Russian culture - 360 degree feedback, pay-for-performance, self-managed work teams and employee involvement/participation/empowerment. In practice, for each HPWP there were cultural factors that both enabled and constrained its application in a Russian setting. For example, the Russian characteristics of being relatively diffuse and ascriptive inhibits the use multi-source feedback, even though other dimensions of Russian culture e.g. particularism, individualism and emotionalism (Trompenaars & Hampden-Turner 1997) would be quite compatible with the 360 degree feedback approach.

Similarly, pay-for-performance would seem to be quite compatible with high individualism and particularism, but in conflict with moderately high ascription

(Luthans et al 2000). Pay-for-performance would seem to fit most easily with the younger workforce in Russia, whose values tend to be more individualistic, achievement-focused rather than ascriptive, and masculine (this was partly confirmed by the present study).

Because of the increasing liberalisation of Russian society, significant changes are taking place in the general business environment, the market orientation of Russian business executives, internal organisational structures and forms of external corporate governance. These changes are leading to greater recruitment of entrepreneurial people and Western-style training of Russian managers in market-oriented skills. Moreover, the cumulative effect of these developments is expected to be considerable over the next decade (Elenkov, 1998).

We might conclude that growing similarities in managerial values between Russia and the USA may yet provide the cultural foundation for a cross-national transfer of knowledge to take place successfully. However, sufficient differences remain to require that considerable care and attention in attempting to apply Western management approaches in a Russian cultural context. Thus although our research provides some evidence of divergence, a strategy based upon assumptions of continuing difference/diversity may be advisable.

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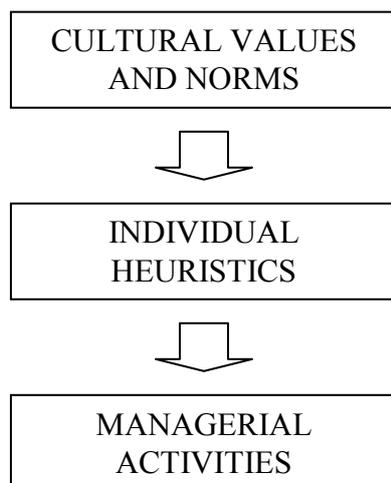
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Table 1: Russian national culture expressed in Hofstede's dimensions

Study	Uncertainty Avoidance	Individualism	Power Distance	Masculinity
Hofstede (1993)	High	Moderate	High	Moderate to low
Bollinger (1994)	High	Low	High	Low
Fernandez et al (1997)	High	Moderate to Low	High	Moderate to high
Elenkov (1998)	High	Moderate to Low	High	Moderate to high
Naumov & Puffer (2000)	High	Moderate to Low	Moderate	Moderate

Figure 1: The Culture-Managerial Activities Linkage

Adapted from Pineda & Whitehead (1997).

Table 2: Results from previous studies of Russian managerial values

Sub-dimension	Country	Holt et al (1994)*	Ralston et al (1997)
Power	USA	Lower	2.79
	Russia	Higher	2.75
Achievement	USA	Similar, both high	4.79
	Russia		3.97
Hedonism	USA	Higher	4.52
	Russia	Lower	3.06
Stimulation	USA	Similar, both high	4.05
	Russia		2.65
Self-Direction	USA	Similar, both v. high	4.92
	Russia		4.34
Universalism	USA	Similar, both high	4.06
	Russia		3.53
Benevolence	USA	Similar, Russians slightly lower	4.66
	Russia		4.03
Tradition	USA	Moderate	2.44
	Russia	Very low	1.93
Conformity	USA	Both high, Russians highest	3.89
	Russia		3.55
Security	USA	Moderate	4.03
	Russia	Higher	4.65

Table 3: Demographic Data for Managers

	Age (Mean)	Gender (% Male)	Marital status (% married)	Years employed (Mean)	Company size (% >100 employees)
Ralston et al (1997)	38	68	69	12.9	73
Present study	35	60	77	13.8	82

Table 4: Findings

Sub-dimension	Country	Holt et al (1994)*	Ralston et al (1997)	USA - Egri et al (1999) Russia - present study
Power	USA	Lower	2.79	3.01
	Russia	Higher	2.75	3.52
Achievement	USA	Similar, both high	4.79	4.94
	Russia		3.97	4.26
Hedonism	USA	Higher	4.52	4.21
	Russia	Lower	3.06	3.92
Stimulation	USA	Similar, both high	4.05	3.77
	Russia		2.65	3.60
Self-Direction	USA	Similar, both v. high	4.92	5.05
	Russia		4.34	4.64
Universalism	USA	Similar, both high	4.06	4.18
	Russia		3.53	3.65
Benevolence	USA	Similar, Russians slightly lower	4.66	4.65
	Russia		4.03	4.16
Tradition	USA	Moderate	2.44	2.56
	Russia	Very low	1.93	2.36
Conformity	USA	Both high, Russians highest	3.89	4.17
	Russia		3.55	3.34
Security	USA	Moderate	4.03	4.44
	Russia	Higher	4.65	4.30