Assessing the potential for effective cross –cultural working between 'new' Russian managers and western expatriates

Natasza Camiah and Graham Hollinshead (corresponding author)

Bristol Business School
University of the West of England,
Frenchay Campus,
Coldharbour Lane
Bristol BS16 1QY
UK

Phone: 44 (0) 117 344 3474
Fax: 44 (0) 117 344 3911

e-mail: Graham.Hollinshead@uwe.ac.uk

ABSTRACT

This article addresses the issue of relationship building between young Russian managers, and their expatriate counterparts from western countries. The paper constructs an argument as follows; Firstly, with reference to established paradigms in cultural theory, it identifies the breadth of the cultural chasm between 'East' and 'West'. Second, implying a need for modification of 'embedded' cultural concepts, it identifies new possibilities for cross- cultural synergy involving this new generation of international actors. Finally, through an attitude survey of Russian and Western cohorts based in Moscow, it is found that, although more positive forms of cross-cultural interaction are now apparent in Moscow, there is a need for both parties to 'learn' and 'unlearn' familiar management conceptions and misconceptions.

A woman who's making jam in July
In all the chaos of a steamy kitchen,
isn't going to be absconding to the West
or buying a ticket to the States.
That woman will be scrambling out of snowdrifts,
buoyed up by the savour of the fruit.
Whoever's making jam in Russia,
knows there isn't any way out.

(extract from 'Making Jam in July' by Inna Kabysh- translated by Fay and Jay Marshall)

1. Introduction

The verse cited above, composed by a young Russian woman poet, suggests that, despite moves towards political and economic liberalism over the past decade, a form of captivity exists in Russia, even if it is felt mainly in peoples' minds. The sentiments continue to portray a sense of detachment from the West, which appears to be regarded as something of a distant territory. We would note that the West has now moved into Russia, through an influx of expatriates seeking to gain a foothold in embryonic market structures. Yet, as the verse suggests, an invisible barrier continues to separate Russians and Westerners**.** In depicting the emerging cultural back- cloth for western interventions in Russia, we should note that the experience of economic reform has been particularly traumatic in the former Soviet territory. Reflecting on this matter, it is instructive to explore briefly comparative developments in China. Here, the defining elements of 'Confucianism' have been rigorously protected and the state has exercised an authoritative yet paternalistic guiding hand over incremental reform (Chang and Nolan, 1995). In these circumstances, the distinctive 'socialist market' approach has not been compromised as economic structures have been opened to foreign direct investment. By way of contrast, political crisis in the early stages of Russian economic reform led to a reversal of original gradualist intentions, and culminated in the explosive repercussions of a 'big bang' approach. What has transpired is a ruptured national cultural complexion. Representing something of a 'Janus- face' in the domain of culture, a sizeable proportion of the Russian population displays retrospective fondness for the security of neo- communist ideology (Michailova, 2000), whilst a more youthful, generation appear to be open to a liberal brand of market economics emanating from the West. The latter constituency provides the critical focus for our study.

At the outset, we should reflect upon, and qualify, some essential terminology that forms the basis of the paper. We have resorted to the notions of 'West' and 'East', 'Westerner' and 'Easterner' to categorise both the representatives in cross- cultural initiatives and also, perhaps more importantly, the ideologies that guide their activities. Such an aggregation is necessary to provide conceptual clarity and to facilitate meaningful discussion. Of course, following Michailova, (2002), such a binary distinction represents a gross caricature of global cultural nuance. Firstly, the 'West' constitutes a mosaic of cultural and economic variations, ranging from

philosophies and practices approximating to the European 'Social Market' model, to those that may be classified under the liberal US market banner. Importantly, therefore, the physical manifestation of westerners in Russia should not be taken to mean that a unified western force is being brought to bear upon economic events as they unfold. Similarly, Russia itself is by no means a monolithic entity, comprising various ideological and ethnic factions. It is a unique region, combining, and juxtaposing, strong Asian as well as European influences. Therefore the transposition of Russian identity into a convenient 'Eastern' typology also represents an oversimplification**.**

2. Russia - opening-up for business

Following two stages of privatisation in the early 1990s, foreign direct investment has been encouraged in Russia, and western investors have been attracted by the largest territory in the world, with a population of approximately 150 million, and a wealth of natural resources (Michailova, 2000).

The closer integration of Russia into the wider international economic community has been welcomed by western interests not only because of its huge market potential, but also the scope for forming international synergies in production. Whilst indigenous producers should gain state of the art western 'know how' in fields such as marketing, research and development and technology through joint ventures, the indigenous population will bring vital ingredients to new enterprise. Not only is labour relatively inexpensive and skilled, but also Russian participants claim a monopoly of local knowledge concerning tastes, customs and ways of doing business. As McCarthy and Puffer (1995) assert, western enterprises are now seeking out the 'diamonds' amongst the 'rust' in post Soviet business fall-out. Whilst the economic logic catalysing western economic penetration of the former Soviet territory is seductive, there are profound human resource consequences associated with internationalising in general, and internationalising in Russia in particular. Adler and Bartholomew (1992) assert that ' *people* (our emphasis) create national competitiveness, not, as suggested by classical economic theory, mere access to advantageous factors of production. Yet human resource systems are also one of the major constraints in implementing global strategies'(52). For enterprises expanding into Russia, the human resource constraints

are likely to be subject to magnification, given its obvious 'distance' from the West in cultural and economic terms.

3. A global cultural chasm?

3.1 The dimensions of Russian corporate culture

The move towards the internationalisation of business in Russia occurs not only at a strategic level but also at a profoundly personal level. New enterprises are operating within a unique economic 'window' as Russia treads a tortuous path towards market liberalism. However, the 'holy grail' to synergistic working in Russia is potentially hampered by a series of constraints. Obvious barriers include the use of language and its translation (Holden, Cooper and Carr, 1998) as well as the well-documented problems associated with expatriation. Suutari and Brewster (1999), for example, signify the problematic effects of the preponderance of short term assignments in Central and Eastern Europe and beyond.. However it is through revisiting cultural theory that insights can be gained into incompatible 'software of the mind' across human groupings. (Hofstede, 1994). Seminal writers in the field (for example Kluckholn and Strodtbeck, 1961; Hall, 1959/1973; Hofstede, 1980) have been influential in providing insights into the embedded nature of management practice across international environments, as well as diversity as a potential source of conflict and misunderstanding. Hofstede (1980), in particular, through the publication of *Cultures Consequences,* prompted widespread awareness of the need to recognise and deal with cultural difference. Although Hofstede's own empirical work did not embrace Russia, more recently the International Consultant Daniel Bollinger (1994) has applied Hofstede's famous dimensions to a group of 55 Russian executives and directors in training at the Higher Commercial Management School in Moscow. Major findings were as follows:

Power Distance- Russia gained a high power distance score, placing it alongside countries such as the former Yugoslavia, India and Sub- Saharan Africa. This is considerably higher than the equivalent score for the US or Scandinavia. Bollinger associates this score with traditions of despotic monarchy in Russia.

Uncertainty Avoidance- Russia showed a strong tendency towards uncertainty avoidance. It gains a similar rating to France and is considerably higher than Britain's

score. This score correlates with Michailova's (2000) observation, drawing on Mikheyev (1987), that 'Russians have been found to perceive their physical and social environment as having a narrow zone of assured safety (where the environment is considered friendly and secure), a larger zone of uncertainty (containing a mixture of good and danger) and a huge zone of danger (the part of the environment that primarily contains hazards) (104).

Individualism/collectivism-Russia displayed strong collectivist tendencies, placing it in a similar category to Sub- Saharan Africa, North African countries, Mexico, the former Yugoslavia and Brazil. This contrasts with most western European countries and the U.S. In illustrating this, Bollinger cites a Russian proverb 'It is more important to have 100 friends than 100 roubles (52).

Masculinity/femininity- Russia scores poorly on the masculine score and, therefore, perhaps surprisingly from a western perspective, can be characterised as a relatively feminine society. In this respect it is in a similar category as a number of Scandinavian countries and it differs considerably from the US, Germany and Japan. Bollinger explains this by stating that successive wars forced many widows to take their destinies into their own hands in order to survive. For illustrative purposes he quotes the saying 'women know how to do everything, men do the rest' (52).

There are appealing intuitive connections between Bollinger's findings and the observed reality of Russian work and life. Thus the Russian orientation towards *power distance* and *collectivism* is helpful in explaining a time-honoured predisposition towards autocratic yet paternalistic leadership paradoxically combined with strong traditions of 'grass roots' democracy (Holden, Cooper and Carr, 1998). Similarly, the combination of uncertainty avoidance and femininity scores reflect the priority attached to security, sense of belonging and group solidarity Yet, in scrutinising the explanatory value of each of these dimensions, it is almost certainly *collectivism* that stands out in assisting comprehension of the quintessential Russian mentality.

3.2 Mutual perceptions of cultural separation

In recent years, the volume and intensity of business interaction between western expatriates and indigenous Russian managers has increased, and exposure to 'grass roots' cultural dialogue has exposed profound differences in approaches to doing business. From a western perspective, there has been concern about the ethical legacy of the notorious 'dark' side of Russian business affairs. In adjudicating the standard of ethical behaviour in Russia, Puffer and McCarthy (1997) firstly define a range of activities that could be regarded as flagrant breaches of universal codes of human integrity, including extortion and flagrant breach of contract. A second category, however, acquires pseudo legitimacy when it is situated within the highly ambiguous and volatile socio/ political environment surrounding Russian business. Implying a need for sensitivity on the part of new business interests in Russia, 'tolerable' ethical breaches include the infamous predisposition towards personal favouritism, or *blat.* According to Puffer and McCarthy, in the market-oriented economy, '*blat* may be used to improve one's business by gaining preferential bank financing, special terms in contracts, or to gain access to important customers' (1298). A second forgivable practice includes the collective breaching of 'senseless' laws, which has been necessitated by the need for survival in an overly bureaucratic and authoritarian environment.

Turning to the grounded position of the Russian 'collectivist' mentality, it is behaviours and actions do not coincide with its group norms that run the risk of censure. This detrimental view does not merely embrace 'the West' but a growing number of more market orientated and individualistic thinkers in Russia itself (Puffer, 1996). According to Puffer (1993), there has been systematic denigration of achievement, innovation and initiative. In the international sphere, The Economist (1993) talks of 'an ancestral suspicion of the West', whilst Solzhenitsyn (1991) warns countrymen against the intrusion of western firms onto former Soviet territory on terms which are advantageous to them but which humiliate the indigenous population

Puffer and McCarthy (1995) identify some specific areas of western business custom and practice that Russians take exception to, these include:

The profit motive- Epitomising individualistic, materialistic and competitive values this central tenet of western style capitalism remains an anathema to many Russians. Of particular concern are the exorbitant salary differentials between the workforce and top management in the United States (Puffer and McCarthy, 1995). This negative perception can only have been exacerbated by recent publicity concerning corporate misbehaviour in major US enterprises.

Massive layoffs - From a Russian perspective, the declaration of large-scale redundancy breaches humanitarian principles, particularly if an enterprise appears to be healthy. Consequently, the haemorrhaging of jobs as global capital shifts from region to region would likely be condemned, as would the employment fall-out from large international mergers.

4. The building blocks of new cultural understanding?

So far, our analysis has been based upon an 'embedded' notion of culture, this manifesting a rather negative prognosis for the possibilities of cultural consonance between management representatives from 'East' and 'West'. In recent years, however, internationalisation of business, accompanied by a proliferation of new and varied cross- cultural configurations, demands a rethink of nationally- based and essentially negative cultural concepts. In seeking to comprehend the new realities of cross- cultural working, some of the limitations in orthodox formulations of cultural theory described above are now being recognised. Gertsen and Soderberg (2000), for example, assert that culture has been artificially envisaged 'as an empirical category and as a relatively stable, homogenous, internally consistent system of distinctive assumptions, values and norms, which can be objectively described'. Turning specifically to the environment for cross- cultural working in the new Russia, we would make two main assertions that hinder the explanatory value of cultural orthodoxy. First, Russian managers and western expatriates find themselves in a

radically new economic (and political) milieu in which cultural precedents from west and east require continual adaptation and re-negotiation. As well as having to learn from past experiences, it seems also that 'unlearning' needs to occur. Second, the erstwhile emphasis place upon 'form and substance' in cultural systems (Haastrup, 1996) is unhelpful where there is an over- riding need to establish meaningful *relations* across the cross- cultural groupings. Effective relationship building between indigenous and exogenous managers is likely to be a prerequisite of an optimal pooling of local and internationally based knowledge. Taking a 'knowledge perspective' on cross- cultural working in Russia is instructive, not only as it accentuates the potential for consonance rather than dissonance in international team working, but also because it fits with contemporary conceptions of international management. In this sense, cross border engagement can be regarded as a potential resource rather than a threat, and networking of this nature can become a prized organisational skill. According to Holden (2000) 'The modern world of business is, in effect, creating new kinds of cultures, which are perhaps better understood as infinitely overlapping and perpetually redistributable habitats of common knowledge and shared meanings' (285).

To date, there has been considerable pessimism in the West about the possibility of entering into meaningful cross cultural dialogue in the former Soviet territory (Holden, Cooper and Carr,1998). More recently however, in keeping with new theoretical developments, western observers are picking up more friendly signals. In particular, the following 'beacons of light' seem to be flickering in the post-Soviet wilderness:

A new generation of managers - According to Puffer (1996), a new generation of 'market-oriented managers' is now emerging. These are typically young, educated (only partly in the Soviet business system), dynamic, ambitious, and will have

working experience in a western company with western peers. Additionally, they are likely to speak a foreign language proficiently. Displaying more individualistic behaviour than their unreconstructed predecessors, the new generation seemingly offers the tantalising possibility of cultural 'bridge construction' between West and East.

A reservoir of feminine relational skills -The aforementioned feminine orientation of Russian society could well be a factor that has been underestimated in its potential to contribute toward cultural consonance. Various authors have pointed to the intuitive competence of women in cross-cultural working. Adler (1994) asserts that women are particularly effective networking as equals, whilst Parker and McEvoy (1993) contend that relational skills are important precursors to cross cultural adjustment, and that these 'appear to be present to a greater extent in women than in men' (369). Specifically in the Russian context, Puffer (1993) observes a number of Russian women founding their own businesses and joining business clubs to promote entrepreneurship among women. Holden, Cooper and Carr (1998) make more than an anecdotal point in observing that both the younger generation and women are less likely to imbue embryonic business relationships with vodka induced paralysis than their more 'macho' and unreconstructed colleagues!

New Ideas - A product of the rising profile of the market-orientated manager is a moderation of a number of the ethical grey areas defined above. According to Puffer and McCarthy (1997) generational shifts have created a desire for change and have created 'new standards and values more consistent with a market- oriented economy' (1301). In recent years, for example, employee layoffs have gained greater acceptance. The winds of change are being so profoundly felt in Russia that a US ambassador to the Russian Federation in 1996 predicted the imminent convergence of Russian and US tax laws and accounting standards, as well as the arrival of Russia 'as one of America's top trading partners'.

If western representatives in Russia are to grasp the tantalising opportunity of cultural consonance with a more favourably disposed generation of Russian managers, then they too will be called upon to make extraordinary adjustment to the new economic and social milieu. Adler and Bartholomew (1992) suggest critical areas of skill for the

trans-nationally competent manager, which will need to be present to a heightened extent amongst expatriate managers in Russia. Included is the need to learn about indigenous cultures' perspectives, tastes, trends, technologies and approaches to doing business, as well as the capacity to adapt to living in other cultures. Importantly, expatriates should be able to interact with foreign colleagues as equals, rather than from within clearly defined hierarchies of structural or cultural dominance and subordination. The achievement of cross-cultural synergy in contemporary Russia therefore implies the creation of a new order of cross- cultural competence on the part of all parties to international ventures, and the next section explores the reality of such skills acquisition.

5. The Study-

5.1.Introduction

5.2 Context

Between November 2000 and March 2001 fieldwork was carried out in two stages:

- An e-mail questionnaire administered to 50 Russian and 50 western managers based in the Moscow region designed to elicit brief responses on three main areas; level of respondents' preparation for cross- cultural working, a statement of primary motivation for entering into cross- cultural working, and major problems and issues identified.
- Semi- structured telephone interviews with 8 candidates selected from each of the broader samples designed to probe attitudes relating to the complete experience of cross- cultural working.

One of the authors of this paper has both lived and worked in Russia, as well as being a fluent Russian speaker. This assisted in striking up empathy with respondents, and with avoiding ambiguity and misunderstanding in translating the contributions of respondents.

5.3 Sample and procedure

- Stage 1 - Using the Moscow Business Guide (2000) and the American Chamber of Commerce Directory, as well as a list of foreign companies from the European Business Association, a number of international companies based in Russia, regardless of industry or sector, were randomly selected. It was assumed that the pool of respondents would be self- selecting, as it was explained at the initial point of contact that the survey was to focus on Russian managers engaged in cross cultural working and western expatriates. The questionnaire was distributed, in most cases, via a Human Resources Manager in order to counter natural feelings of suspicion amongst respondents as to its nature and purpose. Anonymity was also assured in all cases. Just below one half of potential respondents replied in each category. Responses were coded in a data matrix assigning discrete values of 1 to *n* relating to different levels of agreement in multiple- choice questions. Microsoft excel was used to organise the respective data.
- Stage 2 - Eight Russian and western managers were selected to represent a cross section of survey companies. Once again, complete confidentiality was assured to respondents at the start of each interview, which varied in timing from sixty to ninety minutes. A semi- structured approach allowed rapport to be established with interviewees, this usefully personalising the encounter and permitting flexibility in dialogue, as well as the offering of interpretative statements by respondents. Data were recorded instantaneously through note taking or recording. An informal and systematic approach was used to analyse responses, following Lindlof (1995), reducing data and examining 'such things as repetitive or patterned behaviours' (216).

TABLES 1 and 2 ABOUT HERE

5.4 Areas for investigation

We shall devote most attention to Stage 2 of the fieldwork (the semi-structured interview responses) this yielding the most candid and interesting responses from respondents. Briefly, Stage 1 of the procedure produced the following key findings:

- All respondents had experience of cross- cultural working. However, whilst the majority of western respondents had worked in Russia for up to six years, only a small minority had remained beyond this period.

- The vast majority of Russian managers were fluent in the company's official language (as this is one of the hiring requirements), Only around one- fifth of the western respondents claimed fluency in Russian, whilst around a half claimed good conversational Russian.
- Only a quarter of western managers took the view that the preparation they had received for working in Russia had been adequate. Less than one fifth of the Russian cohort was satisfied with preparation provided for cross-cultural working on joining the company.
- Both sets of managers regarded financial reward as the primary motivator for entering into international collaborations at work. This was the case for around two- thirds of the westerners and three quarters of the Russians.

Detailed areas of questioning for semi- structured interviews in Stage 2 of the fieldwork (see Table 3) were informed by questionnaire responses in Stage 1.

TABLE 3 ABOUT HERE

The following rationale guided the content formulation of semi- structured interviews:

- As far as possible, the same/similar questions were asked to western and Russian respondents. The purpose of this approach was to 'mirror' the experiences and observations of parallel samples in relation to a common series of phenomena.
- The aim was to cover a broad range of issues impinging on the experience of cross-cultural working. Three main categories of questioning were pursued. Firstly, in the area of *adjustment* observations were requested from the westerners on the totality of their experience in acclimatising to life and work in Russia. Following our theoretical assertion above, equivalent questions for the Russian set in this area related to problems and issues in adjusting to the new 'westernised' business environment in their organisations. Secondly, the category of *barriers to effective cross- cultural working* prompted observations on the behavioural factors that helped or hindered effective international team-working. Frequently observations in this category took the form of critical observation of perceived values and beliefs of international counterparts. The third category sought to capture the important area of skills and knowledge acquisition, and investigated not only the respective 'knowledge base' within western and Russian contingents, but also opportunities for mutual learning.

The findings section that follows is structured to capture aggregated opinions in the three categories defined.

6. Findings

6.1 Adjustment

Expatriates found considerable difficulty in settling into both domestic and working life. In respect of the former, problems related to the standard of living, especially the state of available accommodation, the stifling effect of 'red tape', endemic inefficiencies and lack of transparency in dealing with Russian authorities. Many of the respondents were single, and therefore were not exposed to the trials and tribulations associated with schooling or dual career families.

Respondents referred to a type of 'cultural wall' to be penetrated both at work and at home. According to one westerner, it was recognised that if one survived an initial testing and traumatic period (around 18 months) the expatriate would then begin to be accepted by Russian colleagues, and could become a more relaxed international manager. However, it was also well known that many expatriate failures occurred during the trial period. Another westerner observed:

> *'It's obviously better to start the way to you mean to continue, the problem is that when you come to Russia for the first time, you really cannot imagine the situation, and as a result, you either sink or swim. If you want to swim, you really have to understand how to communicate in a way which is understandable- from how you should show gratitude to being firm'*

Turning to the Russian perspective on adjusting to a rapidly changing economic environment, the following observation from a respondent is insightful;

> *'We need to understand what the priorities are. This is very clear to Westerners because they are working in their own system, it's not clear to us because capitalism is very new to us… it is very important to know what the consequences are for certain actions or non achievement of tasks…we are playing a new game and the rules need to be explained clearly'*

It was widely felt by the Russians that working in the market economy constituted a new experience. One manager poignantly observed that the new generation were torn between 'two worlds', one inhabited by their parents, and one by themselves. As a result it was not clear to see what the appropriate 'code of behaviour' should be, the subservient attitude from the past, or a more proactive 'westernised' disposition.

6.2 Barriers to cross- cultural working

Western and Russian groups identified certain common issues within this area of questioning, and we now address critical emerging themes in turn.

6.2.1 Communication and language

At first sight this may be thought to be a minor concern for the samples we describe, as they enjoy relatively high levels of fluency in common tongues, or if this is lacking, ready access to translation services. Nevertheless, some specific frustrations were reported that hampered fully effective communications with foreign counterparts. Western respondents were aware that the communist schooling system and post communist culture exposed managers to what is now referred to as *novoyaz,* or the art of using many words, but not providing any relevant information to listeners for fear of persecution (this was especially a common practice in Soviet party political speeches). Western managers thus become frustrated by the apparent Russian preference for long windedness, and sometimes this tendency is taken for lack of understanding. Turning to Russian perceptions of western modes of expression, and particularly usage of English in the foreign context, one local manager observed:

> *'Russians speak plainly and to the point. Sometimes foreigners, and especially the British, are considered to be false. They seem so nice and friendly and then they are dissatisfied. Russians do not understand this- if they don't like something they should say it clearly.'*

In many cases, misunderstandings occurred not as a result of problems in literal translation, but because of etymological problems in ascertaining meaning. For example, the words *health insurance* are completely understandable to a Russian, yet the new concept associated with them may be difficult to grasp. The tendency of

Russians, as plain talkers, to act on the basis of direct and literal translation of western expression, was often found to be problematic. One westerner observed:

> *‘ Sometimes when something is agreed upon, the Russian manager takes it literally, and instead of using his initiative and delegating the work, his initial reaction will be to carry it out himself.’*

6.2.2 Orientation to work

The survey revealed a couple of provocative manifestations of Russian collectivism in contemporary organisational practice. Firstly Russian managers make less of a distinction between personal and professional life than is normally the case in the West. One result of the blurring between work and domestic responsibility in Russia, that caused some consternation to the westerners, was the persistence of relatively high rates of absence. Also evoking the ‘feminine’ orientation of Russian society, as a result of family sickness, carers will take time off to look after a sick child or parent more often than in the West. According to a male Russian manager:

> *‘In Russia we use the word ‘collectiv’ which refers to the group or team. It’s similar to communist ideas of community. We Russians still use this word to refer to workplace, group of friends and other groups. We can’t get away from the idea of the ‘collectiv’ which is like a big family- and that’s why, when we go to work, we share all our problems and probably even dress as if we are going to see friends.’*

The fusion between work and home is probably most graphically expressed through the absence of a distinction between ‘professional dress’ and ‘dressing up’. According to a Russian female respondent:

> *‘Russian women in particular overdress for work. They look more sexy and glamorous than they should. When sending candidates out for interviews, much more time is spent on prepping candidates on how to dress up than in Europe’*

On the other hand, from a Russian perspective, there was some evidence in the survey of a conviction that the westerners should 'lighten up'. The hectic pace of life being asserted from the West, in which 'time is money', was creating some resentment and even nostalgia for a more leisurely era.

From the western perspective, motivational levels among Russian managers were lower than those experienced amongst counterparts in other countries. Central to this observation was the concern that Russian colleagues had little commitment to the organisation and were primarily motivated by short- term material goals. According to one westerner:

> *' A Russian will change jobs for a difference of 50 dollars a month… Russian employees are purely money driven, there is such a contrast to how other nationalities make their choice about the place of work. It's incredible, it's all about money.'*

As a result of such an orientation to work, there is a very high turnover of Russian staff. A Russian manager with knowledge of a foreign language and some western company experience is highly sought after, and can generally move freely between jobs. Probing the Russians' point of view on this matter revealed that they were reluctant to place high levels of trust in western controlled organisations. Moreover, there was general uncertainty about the economic climate that sustained organisations in Russia, so an attitude prevailed of 'making hay while the sun shone'. Low levels of organisational trust were exacerbated by Russian perceptions as to why westerners should come to work in Moscow. As one Russian respondent cynically observed:

> *'...you can compare the arrival of Americans to the gold rush in America in the last century… the word exploitation comes to mind'*

6.2.3 Ethics

Turning to the issue of ethical behaviour, a perceived lack of honesty on the part of the Russian workforce was raised forcefully as a point of concern by many western managers. Although the respondents did not state categorically that they thought their Russian counterparts were *dishonest*, the consensus view was exemplified by the

statement *'there is more willingness and greater tendency to be dishonest'* with items such as travel expenses and company property than is the case for international colleagues from other countries. Every western respondent had a couple of stories about ethical breaches on the part of Russians, most notably involving forms of bribery. As a result, these managers, possibly over-reacting to the point of paranoia, put very tight controls in place, checking and double- checking processes and taking nothing for granted. Interestingly, in response to these assertions, the Russians conveyed a conflicting set of ethical values that served to justify their own behaviour and indict the westerners. According to them, taking from the company is not stealing in the strictest sense, as previously everything had been communally owned and somehow this idea lingered in the back of their minds. They asserted, furthermore, that there were other ways of being dishonest, including, for example, the westerners allocation of large salaries and bonuses to themselves and their colleagues.

Inevitably the issue of *blat* arose in interviews, many Russians agreeing that they conduct business on the basis of friendship. According to a female respondent '*It is very much a relational thing. Based on emotional relations which can sometimes count for more than business logic'* According to another Russian respondent it had been customary to hire employees who had good contacts with the Ministry to '*push through whatever needs to be pushed'.* In response to western assertions that such arrangements were tantamount to unfair industrial practice, a few of the Russians pointed to the disingenuous nature of the western position in this respect. One stated:

> *'Westerners use their connections to further their careers and business purposes, their connections are the people that they know. In Russia, it's quite different. We look for someone who knows someone whom we could pay to help us.'*

If westerners were mistrustful of their Russian counterparts' motives and behaviour, they needed to recognise also that accepted ways of doing business in the West were frequently interpreted in a prejorative fashion by their opposite numbers. Russian managers found the pay gap dividing them and their western counterparts unacceptable. One Russian manager called it a 'type of apartheid'. Which still

resonates badly in the aftermath of communist egalitarianism. According to another Russian manager:

> *' There is a feeling that Russians are being treated as second- class citizens. They are paid much less than the expatriates, who, in addition, have large living allowances, live in better accommodation than Russians and frequently have a chauffeur'.*

6.3 Skills and knowledge issues

Western respondents were unanimous in their acknowledgement of the high intellectual calibre of their Russian counterparts. Factors such as general knowledge, overall standard of education, technical ability and language proficiency were rated very highly. According to one western manager:

> *'...Russian managers are young and very open to learning and being trained... we are very lucky because we work with an elite section of the Russian population.'*

However, a number of western respondents referred to intransigent mindsets on the part of their Russian colleagues and resistance to change. An explanation, offered by both Russians and westerners, was a deep chauvinism possessed by Russians. According to a Russian respondent:

> *'...we (Russians(are chauvinistic. We were taught that we are the best and I think that deep down we still want to believe this story...I think it's insulting for Russians when westerners think they know more about Russia, especially when they know so little.'*

A number of the western respondents took the view that Russian managers rejected potential solutions to problems without good argumentation, other than the typical statement that 'this will not work in Russia'. As a result, western managers were concerned that they were spending time proving that actions were *possible*, rather than creative thinking and forward planning. According to one:

'*In the West, it is generally accepted that if a solution is rejected, an alternative should be provided. In Russia, this second step of problem solving is not in place to the same extent. Issues are raised and solutions rejected without providing alternative solutions. This does not lead to a constructive, smooth working atmosphere. There is also resistance to the policies and practices from head office. They are rejected from the beginning simply for being non- Russian ways.'*

Following from this, there was consensus amongst the western respondents that it was the 'softer' management skills of decision-making, problem solving and pro-active involvement in corporate affairs that their Russian counterparts needed to develop. There was an over- riding need for this new cadre to move away from domestic and compartmentalised thinking about enterprises towards identification with the purpose of the organisation and awareness of its standing within the international economic milieu. The westerners strongly believed that that the Russian managers needed to acquire a broader repertoire of managerial attributes, including preparedness to take risks, ability to motivate and to delegate. The Russians themselves were conscious of the need for them to adapt their own thinking to fit new market circumstances. One female respondent stated, for example, that:

'*we need to learn how to be contradictory, question in a positive way. I mean we should not be afraid to question and be critical in a constructive way'.*

And another admitted:

'*There us a need to understand that it is essential to carry out tasks from beginning to end. Not just to do 'my bit' but seeing each project in its context and understanding how it contributes to the overall picture…'*

TABLE 4 ABOUT HERE

7. Discussion

Although westerners have picked up 'friendly' signals from the new breed of Russian managers, and an ostensible 'buying in ' to the capitalist tenets of individualism, competition and materialism, the survey evidence suggests that to equate these

developments with a radical manifestation of post Soviet economic reform would be misguided. Beneath the veneer of entrepreneurial enthusiasm (and resonating Hofstede's (1994) 'onion' of cultural layers, where 'symbolism' constitutes the outer layer, and 'values' the core), the vestiges of Soviet psychology clearly continue to permeate even the modern managerial mindset in Russia. Yet, undoubtedly, the appearance of a new generation of Russians on the managerial stage, who are listening to overtures from the West with at least one ear, offers unprecedented opportunities for a more positive form of cross cultural engagement, embracing the opportunities for mutual learning that Holden (2002) has envisaged.

TABLE 5 ABOUT HERE

The survey evidence we have presented indicates however, that the massive reservoir of human potential that lies beneath the surface of West/East interaction is scarcely being tapped. The most obvious explanation for this is an interplay of negative 'psychic rebounds' between Western and Russian participants in cross-cultural working, causing each to take a predominantly tactical and opportunistic approach to engagement within international enterprises. As we have pointed out, the rationale for each side to become involved in international organisational initiatives has tended to have been money driven and short term. What is needed at this stage in the process of economic reform in Russia is a deepening of the relationships between the parties to cross- cultural working to promote greater levels of organisational commitment, higher trust, and a fuller sense of managerial commitment in the execution of joint projects. It is clear that unleashing higher levels of commitment to international enterprise in Russia is conditional upon entering a more positive cycle of mutual engagement, calling for learning and unlearning capacities on all sides. Table 5 specifies a number of the factors we regard as prerequisites to the establishment of a new cross- cultural order, implying he need for a more complete process of *adjustment* to unfolding circumstances by western and eastern cohorts than has been previously been the case. For westerners, not only is there is a need to become more immersed in Russian culture both at home and at work, but also there is a need to be sensitive to the negative symbolic effect of overt expressions of inequality. If there is to be an optimal sharing of local and international knowledge in joint ventures, then priority needs to be attached to the intricacies of relationship building, and this implies drawing upon a reserve of 'feminine' skills. It is perhaps no accident that half

our self selected respondent group were women, as they have pivotal roles in new cross- cultural projects, and are fully aware of the complexities and ambiguities of new international management.

Russian managers also will need to adapt their behaviour to meet the requirements of the rapidly changing circumstances around them. They need to empathise with, and absorb 'western' visions of organisational purpose, thinking in a less domesticated and more international fashion, and developing 'soft' skills such as the ability to delegate and motivate others. As Puffer and McCarthy (1995) have pointed out, it is vital for new Russian managers to examine critically their own ethical standards, and to reinvent codes of business conduct for the new market environment.

As emissaries for the new market agenda, however, we would considerable responsibility rests with western expatriates, to promulgate a refined and culturally sensitive form of capitalism. If western agents were, through their actions and behaviour, to lend a sense of greater stability to fledgling forms of international enterprise in Russia, and were eventually to be accepted as 'insiders' by indigenous groupings, the recompense in terms of human intelligence, is likely to be immense. It is for this reason that we conclude with recommendations for western researchers and management.

8. Implications for western corporations active in Russia

8.1 Take action to assist fuller integration of expatriates in local Russian communities

Such an action would serve the dual purpose or reducing 'symbolic' separation of expatriates in the eyes of local managers, and would help westerners in achieving a more complete view of Russian culture, this being transferable into work experience. Useful policies are likely to include selecting staff for relocation on the basis of previous knowledge of Russia, language and cross- cultural sensitivity training (for expatriates' families also if appropriate), and longer- term placements. Proactive corporate policies to assist with accommodation etc could pay dividends.

8.2 Take action to remove the in- organisation barriers between westerners and Russian managers

This would facilitate the pooling of local and international knowledge and enhance motivation, particularly of the Russian group. A priority here would be to break the appearance of a 'glass ceiling' separating western and Russian executives, and implying a superiority of western knowledge. Useful policies are likely to include deliberate engineering of real and virtual cross cultural groupings, establishing equal opportunities to ensure excellent Russians gravitate to senior positions, promoting mentoring systems between Westerners and Russians, and *vice versa* as appropriate, enhancing the Russian knowledge base through internships in the West

8.3 Manage the interface between the organisation and its environment

It is important that western- owned concerns become accepted as part of the fabric of the new Russian business environment, so as to sustain that environment and to learn form it. Useful policies are likely to be the explicit management of business ethics and legal regulation, prioritising social responsibility in terms of matters such as urban regeneration, environmental protection, training and job creation. Western owned companies could take the lead in establishing new business networks.

9. The agenda for research

We would identify three pressing areas for academic study that have been alluded to in our work, but that we have been unable to pursue in depth. Firstly, a number of authors have theorised about expatriate adjustment (for example, Suutari and Brewster, 1999; Adler and Bartholomew, 1992; Parker and McEvoy, 1993; Selmer, 1998; Tung and Yeung, 1998) and have highlighted problems in the areas of work, interaction and general living adjustment. Empirical and theoretical work of this nature now needs to be pursued with particular reference to Russian and other reforming countries. Secondly, there has been a novel strand of literature in the field of organisation studies on the 'travel of ideas' (Czarniawska and Sevon, 1996) and the problems of translating business concepts, as well as language, in Eastern European countries (Jankowicz, 1994; Kostera, 1995; Hollinshead and Michailova, 2001). This area, too, could be developed with specific Russian applicability. Finally, and probably most importantly, the entire field of cross-cultural managing, despite recent contributions, (for example Holden, 2002) still rests upon contributions of seminal authors which are now becoming dated. There is now a pressing need to re- invent the

concept of cross- cultural management in a fashion that accounts for the full modern complexity and ambiguity of the globalisation process.

References

Adler, N.J. (1994). Competitive Frontiers: Women Managing across Borders. *Journal of Management Development*, 13(2): 24-41

Adler, N.J. and Bartholomew, S. (1992). Managing Globally Competent People. *Academy of Management Executive*, 6 (3): 52-65.

Bollinger, D. (1994). The Four Cornerstones and Three Pillars in the "House of Russia" Management System, *Journal of Management Development*, 13 (2): 49-54.

Chang, H.J. and Nolan, P. (1995). Europe versus Asia: Contrasting Paths to the Reform of Centrally Planned Systems of Political Economy. In H.J. Chang and P.Nolan (Eds.) *The Transformation of the Communist Economies; Against the Mainstream* (pp. 3-45) London: Macmillan.

Czarniawska,B. and Sevon,G. (1996). Introduction. In B.Czarniawska and G. Sevon (Rds.) *Traanslating Organizational Change* (pp.1-12) Berlin, New York: De Gruyter *Economist* (1993) EC aid to the East.10 April.

Gertsen, M. and Soderberg, A-M., (2000). Cultural change processes in mergers: A social constructional perspective, *Unpublished manuscript. Copenhagen Business School.*

Haastrup, K. (1996). *A passage to anthropology: Between experience and theory.* London and New York: Routledge.

Hall E.T. (1959/1973). *The Silent Language.* New York: Doubleday.

Hingley, R. (1981). *The Russian mind.* New York: Charles Scribner.

Hofstede, G. (1980). *Culture's consequences: International differences in work related values.* Beverley Hills CA: Sage Publications.

Hofstede, G. (1994). *Culture and Organizations: Intercultural cooperation and its importance for survival- software of the mind.* London: HarperCollins.

Holden, N.J. (2002).*Cross Cultural Management; A Knowledge Management Perspective.* Harlow: Financial Times, Prentice Hall.

Holden, N.J., Cooper, C. and Carr, J.(1998).The New Language Barrier. In N.J. Holden, C. Cooper and J. Carr, *Dealing with the New Russia; Management Cultures in Collision* (pp189-202) Chichester: Wiley.

Hollinshead, G. and Michailova, S. (2001). Blockbusters or Bridge-builders? The Role of Western Trainers in Developing New Entrepreneurialism in Eastern Europe. *Management Learning* 32(4): 419-436.

Jankowicz, A.D. (1994). The New Journey to Jerusalem: Mission and Meaning in the Managerial Crusade to Eastern Europe. *Organization Studies* 15(4): 497-507.

Kluckholn, F. and Strodtbeck, F.L. (1961). *Variations in value organizations.* Westport CT: Greenwood Press.

Kostera, M. (1995). The Modern Crusade: The Missionaries of Management Come to Eastern Europe. *Management Learning* 26 (3): 332-52.

Lindlof, T.R. (1995). *Qualitative Communication Research Methods.* Thousand Oaks: Sage.

Michailova, S. (2000). Contrasts in Culture: Russian and Western perspectives on organizational change. *Academy of Management Executive,* 14(4): 99-112.

Michailova, S. (2002). When common sense becomes uncommon: participation and empowerment in Russian companies with Western participation. *Journal of World Business,* 37: 180-187.

Mikheyev, D. (1987). The Soviet Mentality. *Political Psychology* 8(4): 491- 523.

McCarthy, D.J. and Puffer S.M. (1995."Diamonds and Rust" on Russia's Road to Privatization: The Profits and Pitfalls for Western Managers. *The Columbia Journal of World Business,* Fall, 56-69.

Puffer, S.M. (1993). A Riddle Wrapped in an enigma- demystifying Russian Managerial Motivation, *European Management Journal*, 11(4): 473-480.

Parker, B. and McEvoy, G.M.(1993). Initial Examination of a Model of Intercultural Adjustment, *International Journal of Intercultural Relations*, 17:355- 379.

Puffer, S.M. (1993). Women Managers in the Former USSR: A Case of 'Too much Equality?' In N.J. Adler and D.N. Izraeli (eds.) *Competitive Frontiers: Women Managing Worldwide,* Cambridge MA: Blackwell.

Puffer S.M. and McCarthy D.J. (1995). Finding the Common Ground in Russian and American Business Ethics, *California Management Review,* 37 (2):29-46.

Puffer, S.M. (1996a). Understanding the Bear: A Portrait of Russian Business Leaders In S.M. Puffer, *Management across Cultures; Insights from Fiction and Practice*, (pp.300-322) Cambridge, Oxford: Blackwell.

Puffer, S.M. and McCarthy, D.J.(1997). Business Ethics in a Transforming Economy: Applying the Integrative Social Contracts Theory to Russia, *University of Pennsylvania Journal of International Economic Law*, 18 (4): 1281-1304.

Selmer, J. (1998). Strategic Human Resource Management: Expatriate managers in China. In J. Selmer (Ed.) *International Management in China; Cross Cultural Issues*, (pp. 152-165) London and New York: Routledge.

Selmer, J. (1998). Conclusions: current issues and emerging trends. In J. Selmer (Ed.) *International Management in China; Cross Cultural Issues*, (pp. 253-264) London and New York: Routledge.

Schneider, S. and Barsoux, J.L. (1997). *Managing Across Cultures*, London: Prentice Hall.

Solzenitsyn, A. (1991). *Rebuilding Russia: Reflections and tentative proposals,* London: HarperCollins.

Suutari, V. and Brewster, C. (1999). International Assignments Across Europe. In C. Brewster and H. Harris (Eds.) *International HRM; Contemporary Issues in Europe* London and New York: Routledge.

Sweeney, P.J, (1996). *A Veteran Observer,* Bisnis Bull.

Tung, R.L. and Yeung, I.Y.M. (1998), Confucian Connections in China. In J. Selmer (Ed.) *International Management in China; Cross Cultural Issues*, (pp197-206) London and New York: Routledge.

Table 1- Western Respondents

American	Patrick P	Male	30s	Marketing Director	Software company
British	David M	Male	50s	Director	Insurance
British	James K	Male	30s	Marketing Director	Tourist Industry
British	Mary S	Female	30s	Head Hunter	Recruitment
French	Christelle C	Female	30s	Operations Director	Food Manufacturers and Distributors
French	Helen S	Female	20s	Sales and Marketing Manager	International Drinks company
German	Markus F	Male	30s	Finance Director	Manufacturing
German	Christian N	Male	30s	Business Development Director	Telecoms

Table 2- Russian respondents

Alla K	Female	30s	Sales and Marketing Manager	International FMCG * company
Andrei K	Male	30s	Finance Director	Manufacturing Company
Maya A	Female	30s	HR manager	International FMCG company
Nadya G	Female	30s	Sales and Marketing Manager	Drinks Company
Natasha M	Female	30s	Sales and Marketing Manager	Tourist Industry
Sergei K	Male	30s	Operations Director	International FMCG company
Slava U	Male	30s	HR Director	Telecoms
Tatyana B	Female	30s	Head Hunter	Recruitment

*fast moving consumer goods company

Table 3- semi structured interview questions

Questions to Russian Managers	Questions to Expatriate Managers
Adjustment Issues 1. What difficulties are you experiencing as a Russian manager adjusting to working in Russia with expatriate managers?	**Adjustment Issues** 1. What difficulties are you encountering as a western manager adjusting to working in Russia?
2. What do you think are the reasons for these difficulties?	2. What do you think are the reasons for these difficulties?
Barriers to cross-cultural working 3. What would you say holds up the process of smooth working in a cross- cultural team?	**Barriers to cross-cultural working** 3. What would you say holds up the process of smooth working?
4. What do you most enjoy/ least enjoy working in a cross-cultural team as a Russian manager that you would not experience working in a purely Russian management team?	4. What do you most enjoy working in Russia as a western manager that you would not experience in other countries?
5. Can you compare and contrast the differences between working in a cross-	5. Can you compare and contrast the difference between working in a cross-

cultural team and a purely Russian team?	cultural team and a purely western team?
Skills, knowledge and learning 6. What skills and knowledge would you say Russian managers had to learn or improve in order to become better international managers?	**Skills, knowledge and learning** 6. What skills and knowledge would you say western managers have to learn or improve to better cope with working in Russia?
7. What skills and knowledge would you say expatriate managers should improve in order to perform better in Russia?	7. What skills and knowledge would you say Russian managers should improve in order to become better international managers?
8. What organisational advantages and disadvantages do you feel there are in working in a cross- cultural team?	8. What organisational advantage and disadvantages do you feel there are in working in a cross- cultural team?
9. What have you learned from working with an expatriate manager?	9. What have you learned from working with Russian managers?
10. What do you think expatriate managers have learned from working with you in a cross- cultural environment?	10. What do you think Russian managers have learned from working with you in a cross-cultural environment?

Table 4- Summary of findings

Western orientation	Russian orientation
Adjustment Concern about adaptation into wider Russian society and practical living problems. Concern at excessive 'red tape' Benefits of youth and absence of 'attachments'	**Adjustment** Concern about adjusting to 'new rules' apparently imposed from the outside. Straddling two Russian generations- the old and the new
Barriers to team working Relative disadvantage in language proficiency. Displaying work orientation- 'time is money' Importance of western networking- protection of senior status in symbolic and real terms- introducing notion of 'meritocracy' Primarily financially motivated- opportunistic	**Barriers to team working** Relative advantage in language proficiency Difficulties in establishing linguistic nuances Displaying strong home/ work orientation Relationships with 'insiders' prevailing over 'business logic'- egalitarian ethos-bending bureaucratic regulation Primarily financially motivated- opportunistic

Skills and Knowledge Possession of 'softer' skills- risk taking, delegation, motivation, time management, international thinking- tendency towards western 'imperial' thinking	**Skills and knowledge** Possession of vital local knowledge- awareness of local uncertainties- tendency towards Russian 'chauvinism'

Table 5- learning and unlearning issues

Learning issues for western managers	Learning issues for Russian managers
Russian culture and language, practicalities of living and working in Russia Particular systems of doing business in Russia, particularly the use of relationships, balancing home/ work interface etc. Sensitivity to environmental instabilities and constraints Greater language proficiency- awareness of Russian interpretation and contextualisation of western terms Relationship building including equal opportunities sensitivity	'western' concepts of organisational purpose- understanding of individual 'added value' to corporate goals International vision 'soft' HR skills such as motivation, delegation and time management Westernised meanings associated with western terms Relationship building including equal opportunities sensitivity

Unlearning issues for western managers	Unlearning issues for Russian managers
Unnecessary overt and symbolic manifestations of individualist and competitive thinking- e.g. pay differentials, imposition of 'glass ceilings', job cuts - and outside work- vastly superior housing, chauffeur driven cars etc. Primarily financial motivation	Legacy of clearly unethical practices (e.g. bribery)- moderation of practices such as *blat* and legal evasion in new market culture. Russian 'chauvinism,- compartmentalised thinking and domestic orientation Primarily financial motivation