Russian manufacturing industry - gaining competitiveness through organisational excellence: a study of quality practices, leadership and cultural differences

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Russian Manufacturing Industry – Gaining Competitiveness
Through Organisational Excellence: A Study of Quality
Practices, Leadership and Cultural Differences

By

Anton V. Maslov

A Doctoral thesis
Submitted in partial fulfilment of the requirements
for the award of
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October 2003

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ABSTRACT

During and after *perestroika* in Russia, the number of state orders gradually decreased, which resulted in the scaling down of production volumes, employee layoffs and a wave of imported goods which made a few Russian industrial sectors redundant. The August 1998 crisis was a turning point for the Russian industry. It shattered a speculative sector of the Russian economy, dramatically decreased import and created psychological and economical background for the development of the Russian manufacturing industries. Because of the weak rouble, export increased and with it came the pressure from foreign partners to improve quality. From this point an interest in quality systems based on ISO 9000 started to grow. But in the environment of increasing globalisation and expectations of joining WTO in 1-2 years, the issues of effectiveness in management and improving quality are not only issues of expansion, but more of survival in the domestic market. In order to survive, Russian manufacturing companies need to improve the competitiveness of their products both in the world and domestic markets.

One approach to improving industrial competitiveness that has received considerable emphasis in all Western economies during the last 25 years or so can be referred to broadly as the quality movement. This movement started with a focus on the implementation of quality management systems (the ISO 9000 standards, previously BS 5750), followed by the influence of the Japanese total quality management (TQM) practices, leading finally to the present-day emphasis on organisational and business excellence.

This project discusses the applicability of the Western quality practices in Russian manufacturing companies, including their suitability to the Russian national culture. Potential limitations for implementation of these practices are given along with the recommendations for their adaptation to the Russian economic environment. The research methodology has been constructed to achieve set research objectives. The recommendations made are a result of an analysis of a comprehensive literature review and three surveys carried out in St Petersburg manufacturing companies.
ACKNOWLEDGEMENTS

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I express my warmest and truly appreciation for the help, support and encouragement provided by my father and mother. Their help made the part of field research in St Petersburg feasible.

A word of thanks should go to all Russian people who found time and patience to participate in my surveys in St Petersburg.
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CHAPTER 1

INTRODUCTION

1.1 Research background

After the collapse of the Soviet Union and its administrative and managerial systems, manufacturing and other companies had to find their place in the new economic environment. It is still difficult for some enterprises to adapt and change. Sales recession, the emergence of new competitors (both domestic and foreign), and financial and political instability, along with other factors, have put practically all companies in the position of survivors. The collapse of the Soviet Union was also followed by the collapse of many communist regimes in Eastern Europe, which in turn resulted in a loss of a large sales market for Russian products. Additionally, inside the Soviet Union, the government was the largest consumer of products. Quantities and specifications of products were assigned to each manufacturer in a form of goszakaz (a state order) and their purchase and payment were guaranteed. However, during and after perestroika the number of these state orders gradually decreased, which resulted in the scaling down of production volumes and employee layoffs. Because of this poor domestic market, Russian manufacturing companies started to look abroad for new markets. For some industries (e.g. shipbuilding) foreign sales are still the only chance to survive. Thus competitiveness in both the domestic and global markets became a core issue to be considered.

Russian manufacturing companies faced falling sales inside the country because of three major factors:

1. Destruction of the Soviet state order system and business network (former customers and suppliers went bankrupt or scaled down their production, and many of them found themselves to be in foreign countries as all former Soviet Union republics became independent states);
2. Poor quality of produced goods;
3. Increasing imports of foreign products (i.e. Russian companies had to compete with foreign products in the domestic market).
Obviously these were completely new types of difficulties that Russian top managers were neither prepared nor trained to deal with. Statistics showed a rapid fall of production volumes in practically all industrial sectors in each year after perestroika started.

Indeed “Russian statistical year-book” (2001) produced by Goskomstat (Russian Federation State Committee for Statistics), shows the scale of the decrease in production volumes and comparison with other countries – see Table 1.1.

<table>
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<th>Indices of manufacturing of industrial products (1990=100)</th>
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<td>France</td>
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In the same yearbook we can find the structure of Russian export and import (see Table 1.2). This data clearly shows that at the moment Russia remains mostly a country that mainly exports its natural resources and imports manufacturing products.

<table>
<thead>
<tr>
<th>Table 1.2</th>
<th>Top three items of Russian export and import are (data for 2000)</th>
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<tr>
<td>Export</td>
<td>Import</td>
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<td>Mineral products – 53.8%</td>
<td>Machines, equipment and means of transport – 31.7%</td>
</tr>
<tr>
<td>Metals, precious stones and goods made of them – 21.6%</td>
<td>Provisions, agricultural raw produce (except textile) – 21.9%</td>
</tr>
<tr>
<td>Machines, equipment and means of transport – 9%</td>
<td>Products of chemical industry, rubber – 17.9%</td>
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As Russian president Putin said in his recent speech (May 16, 2003) to the Federal Assembly (a collective name for both houses of the Russian parliament), in the past
three years Russia made some progress, but still faces a lot of problems. Putin said that the main problem is the economic situation in the country and noncompetitiveness in practically all spheres of the economy. He said: “Russia faces serious threats because of the imperfection of the State’s economic and political systems and intense competition in a global economy...Russia should be and will be a country with a competitive market economy where property rights are effectively protected and economic freedoms allow people to work honestly and earn without fear and limits...Already in the nearest future Russia should occupy a firm place among truly strong, economically advanced and influential countries”. President Putin also underlined that Russia is in fact ready to accomplish these tasks.

This description of Russia’s economic situation raises questions about the current competitiveness of Russian manufacturing industry and the steps that need to be taken to improve its competitiveness. One approach to improving industrial competitiveness that has received considerable emphasis in all Western economies during the last 25 years or so can be referred to broadly as the quality movement. This movement started with a focus on the implementation of quality management systems (the ISO 9000 standards, previously BS 5750), followed by the influence of Japanese total quality management (TQM) practices, leading finally to the present-day emphasis on organisational and business excellence. Government sponsored initiatives have played an important role in driving this quality movement in Western countries.

In the UK, for example, the Government’s Department of Trade and Industry Enterprise Initiative in the late 1980s led to widespread implementation in BS 5750 (subsequently ISO 9000) quality management systems throughout British Industry. This was followed by a rapid increase in the 1990s of the implementation internationally of ISO 9000 quality management systems. Critics of this period cited bureaucracy and over-regulation of company operation as the main effects of ISO 9000 but in doing so these critics failed to see the strategic potential of the standards and recognise that when properly implemented ISO 9000 quality management systems bring dramatic improvements in productivity and competitiveness (for example, see Prabhu et al. (2000)).
This focus on ISO 9000 quality systems was quickly followed by the view that ‘quality’ was something that had to become the responsibility of everyone in a company and so the Japanese TQM approach began to receive attention. This approach was not entirely successful in UK, US and European companies since it relied heavily on the work in Japanese companies, whose national and organisational cultures differed markedly from those of Western companies at the time.

Nevertheless, a notable development took place in 1988 when, in recognition of the potential for gaining competitive advantage through the application of TQM, 14 leading European businesses formed the European Foundation for Total Quality Management (EFQM). This formation was supported by the Directorate-General III Industry of the European Commission, which is the EC Department in charge of creating and reinforcing a favourable environment for EU industry to operate in, such as regulations on market access, trade policy, and competition policy, and investment in technology, training and quality. Today the EFQM is probably best known for its prestigious European Quality Award and as the owner of the business excellence model that supports it.

The business excellence model is used internationally by many organisations as their business management model for the purpose of identifying where their strengths and weaknesses lie and how they should be developed to improve competitiveness and business performance. According to the glossary of terms for the EFQM’s Excellence Model, the term ‘excellence’ means outstanding practice in managing the organisation and achieving results based on fundamental concepts which include: results orientation, customer focus, leadership and constancy of purpose, processes and facts, involvement of people, continuous improvement and innovation, mutually beneficial partnership and public responsibility. (The EFQM Excellence Model, 1999). The attributes of business excellence, as presented by the EFQM’s model, are clearly reflected in the reported characteristics of over 100 UK companies in the UK Government’s Department of Trade and Industry report “Competitiveness – How the best UK companies are winning” (http://www.dti.gov.uk/mbp/bpgt/bpgt.html).

Similarly in the USA in 1987, the quality movement led to the creation of the prestigious Malcolm Baldrige National Quality Award Model, similar in concept to
the EFQM model and named after the former US Secretary of Commerce, Malcolm Baldrige. Its main aim was to boost the global competitiveness of US industry (see http://www.nist.gov) by recognising in particular that:

- strategic planning for quality and quality improvement programs, through a commitment to excellence in manufacturing and services, had become more and more essential to the well-being of the US national economy and the ability of US industry to compete effectively in the global marketplace.
- improved management understanding of the factory floor, worker involvement in quality, and greater emphasis on statistical process control can lead to dramatic improvements in the cost and quality of manufactured products.
- the concept of quality improvement is directly applicable to small companies as well as large, to service industries as well as manufacturing, and to the public sector as well as private enterprise.
- in order to be successful, quality improvement programs must be management-led and customer-oriented, and this may require fundamental changes in the way companies and agencies do business.

It is not surprising, therefore, that in the few years since perestroika a similar quality movement has got underway in Russia. ISO 9000 quality systems have been implemented and the Russian Government has introduced in 1996 a business excellence Quality Award based on a similar model to that of the EFQM. Undoubtedly initiatives to introduce Western-type quality management systems and business excellence practices could provide good support in the process of getting Russian manufacturing companies into a competitive place in the global market, especially at the moment when Russia is on course to join the World Trade Organisation, but these initiatives have to be appropriate to the Russian context. The significant question that remains unanswered is whether these quality management systems and practices, which were implemented first in Japan and later in the USA and Western Europe, can be applied directly in the Russian environment. Do they need to be adapted, particularly to take national cultural differences in account?
1.2 Research Objectives

The aim of this research is to analyse the influence of quality practices, leadership and cultural differences on the development of business excellence and competitiveness in Russian manufacturing companies. The research is intended to demonstrate what is required of Russian companies to achieve business excellence, what problems they could face in trying to achieve business excellence, and what they should do to address these problems. The research has been structured under the three topics of quality practices, leadership and cultural differences. These topics have been chosen as convenient labels to provide a framework for the research analysis and for grouping the many factors that influence the development of business excellence in an organisation.

As its first step, this research assesses the awareness and understanding of quality management practices within Russian manufacturing industry since these concepts and principles underpin many of the activities required to achieve business excellence. It is widely recognised that the implementation of an ISO 9000 quality management system is a valuable first step along the road to developing the approach of total quality management (TQM) or business excellence. The recent update of the ISO 9000 standards, in the year 2000, will require all companies to adopt a business process approach to quality management. It has ensured that all ISO 9000 quality systems and company operation are based on business process analysis, thereby addressing a key criterion of business excellence. Nevertheless, Russian managers are usually not well educated in Western and ISO approaches to quality and they experience difficulty with using models and frameworks of business excellence. A big problem is the lack of training and information, and for many Russian managers, operating in the new Russian business environment provides a serious challenge. Key elements in implementing any necessary changes in Russian enterprises include having sensitivity to the Russian language, culture and management values. Leadership is one of the key elements to be developed to implement the necessary changes in Russian enterprises, especially to establish modern practices such as continuous improvement and organisational learning. Experience and education are
needed to develop the skills required by Russian companies to operate effectively in the new economic reality.

Thus the first objective of the research is to establish the current situation with regard to awareness and understanding of quality practices in Russian manufacturing enterprises.

The shift in recent years in Western organisations to a focus on management through horizontal business processes rather than through vertical hierarchical structures has required company managers to move from a management style of top-down direction to one that encourages bottom-up initiatives from operating units, which are closest to a company's customers. As a consequence there has been much emphasis in Western organisations on the development and management of people. For example, the UK Government's Department of Trade and Industry has promoted during the last 10 years or so the Investors in People initiative throughout British industry (see www.iip.co.uk) and emphasised the building of partnerships with people through shared organisational goals, culture, learning, effort and information (http://www.dti.gov.uk/pwp). The importance of human resource management in the achievement of business excellence is emphasised in all business excellence models, for example through the criteria of leadership, teamwork, motivation, communication and the management of people. The EFQM's and corresponding Russian Quality Award's blocks of criteria called 'Leadership' and 'People' are devoted to the development of a company's human resources.

People are becoming an increasingly important variable in the equation that makes up successful business. Modern managers should realise that if they get motivated, eager to perform and innovative employees, their organisations can accomplish peak performance and financial prosperity. In order to reach this undoubtedly desirable goal, managers need to create a working environment where employees on all organisational levels can unlock their potential and use it in full power at work and personal level. In turn, to create this environment, managers have to be aware of the ways, i.e. means and techniques, to achieve it. That is why it is vital that managers receive necessary training in leadership and motivation theories and practical techniques to implement this knowledge.
In their unique 10-year study among workers in more than 100 UK companies, Patterson et al. (1998) examined main factors that influence company performance. By excluding the effects of previous productivity and profitability, it was found that 5% of the variation between companies in their profitability and 16% in their productivity could be explained by variations in the level of job satisfaction of their employees. Additionally, after allowing for prior profitability, the results revealed that human resources management practices explain 19% of the variation between companies in changes in profitability and 18% of the changes in productivity. The authors said: “Companies with high levels of job satisfaction and commitment show increased performance in terms of profitability and productivity”.

Thus the second part of this research work is a detailed analysis of the issues of leadership, motivation, and implementing change in Russian manufacturing industry, and how they affect the applicability of Western quality practices in the Russian Federation.

The second objective of the research is to establish how managers from Russian manufacturing enterprises use their leadership potential, possibilities of different motivation techniques and capabilities of teamwork in their daily activities.

Finally, this research will take account of the cultural differences, both rational and organisational. Internationalisation is a key component to a success for companies today. It opens new markets and allows the exchange of new technologies, skills and expertise. Nonetheless, with internationalisation comes increased competition. Given the confrontation with different corporate and national cultures, and different communication and management styles, managers who are effective within their home market must add new skills to maintain excellence in the competitive international markets (Gancel, 1995). According to Miroshnik (2002), the analysis of problems and failures of multinational business abroad has shown that the first dominant factor is culture. A lot of organisations nowadays operate in different countries, and have international partners and employees. Every large, globally operating organisation or company needs a universal organisational culture that would work perfectly in all its subsidiaries in different parts of the world. A universal organisational culture is one where all organisational members, regardless of their origin and place of work, have similar views and beliefs that guide their behaviour
when transacting with members of both own and others societies (Boeker, 1989; Chatman and Jehn, 1994). Thus these global organisations should not only understand diverse values within their subsidiaries (locations of operations), but also learn to integrate and converge these diverse values when creating their own organisational cultures (Yip, 1992). To accommodate these different values, companies should be aware of the cultural differences of its employees, partners and so on.

The study by Patterson et al. (1998) found that differences in corporate culture account for 10% of the variation in profitability between firms and 29% in productivity. The authors said: “This is a clear confirmation of the importance of organisational culture in relation to company performance. Concern for employee welfare was by far the most significant factor”.

There are two different levels of culture – national and corporate. Although both of them use the term culture, they are different. National cultures differ primary in the fundamental, invisible values held by a majority of their members, acquired in early childhood, whereas organisational cultures are much more superficial phenomena residing mainly in the visible practices of the organisation, acquired by socialisation of the new members who join as young adults (Hofstede, 1993).

Thus the third objective of this research is to establish the characteristics of Russian national character (in quantifiable parameters) that would differ them from other nations.

The above three research objectives form the basis of this research to analyse how Russian manufacturing companies might improve their competitiveness through the development of business excellence. The uniqueness and originality of this research is based upon the following:

➢ There is not much evidence in the literature of positive transfer of Western quality management style to Eastern European companies in general and to Russian companies in particular.

➢ It is unclear if the premises that underlie the concepts of excellence, for example as embodied in the EFQM’s model, apply to Russian organisations; are existing models suitable for use as comparators? Answering these questions leads to the need for a critical analysis of business excellence criteria and their suitability for use in a Russian organisational context.
A number of recommendations will be presented that will help Russian enterprises to change their practices in order to reach excellence levels of performance and combat inevitable obstacles on the way. Therefore this research project will demonstrate what is required of Russian companies to achieve business excellence, what problems they could face, and what should be done to address these problems. It is anticipated that the findings of this project will be used not only by Russian enterprises themselves, but also by foreign companies looking for expansion of their activities to the vast Russian market. The latter could include a search for partners to create a joint venture or carry out a joint project, search of potential distributors or suppliers, and acquisitions of high-profile Russian enterprises.

1.3 Organisation of the thesis

The thesis is divided into eight chapters:

Chapter one gives a general picture of the research. It defines the background of the research, the research objectives and its novelty. It also gives an overview of the structure and the organisation of the thesis.

Chapter two presents a detailed and comprehensive literature review on different subjects, which lays a basis for the current research. Chapter starts with the presentation of the review objectives, its methodology and information sources. The literature review consists of two main topics:

1. a review of quality practices and different business improvement approaches and models. It defines these approaches, including their methodology, ways of implementation, their major strengths and weaknesses, and both positive and negative outcomes of implementation. The main focus is given to the Total Quality Management (TQM) concept, the Quality Award of the European Foundation for Quality Management (EFQM) framework and ISO 9000 standard. A part of this review is devoted to the current situation with implementing the above-mentioned programmes in the Russian Federation.
(including a description of the Russian Quality Award model) and defines Russian business environment and characteristics of Russian managers.

2. a review of leadership and motivation theories used in practice at the present time. The review on motivation covers topics of how motivational factors contribute most to organisation's success and failure, how to foster internal employee motivation, and different empirical research on motivation and describes motivation studies devoted to Russia. The review on leadership describe different types of leadership, leadership styles, distinguishes managers from leaders, gives examples of bad and good use of leadership in organisations and overviews studies on leadership in Russia.

Chapter three is devoted to the description of the research methodology used in this research. The description includes the research approach, data gathering and research technique, and presents three surveys completed as part of the research project.

Chapter four presents the description, methods, results and discussion of results of two surveys conducted in Russia. The first survey described is on general quality practices used by Russian companies; it was conducted through a set of interviews with quality managers in manufacturing companies. The second survey used was about particular leadership styles used by Russian managers, motivation practices used in Russian manufacturing companies and their effectiveness, and a section on teamwork. Analysis of the results of both surveys provides a general picture of how Russian manufacturing companies function now.

Chapter five presents a detailed and comprehensive literature review on national and organisational cultural differences. It shows how national cultural differences affect the application of different management practices around the world. References to researchers who have studied and proposed dimensions of cultural variations are given. The main focus however is on the work of Geert Hofstede and his five cultural dimensions.

Chapter six is devoted to a survey of national cultural dimensions conducted in Russia and the UK using Hofstede's recommended questionnaire. Five dimensions are presented in this survey: Power Distance, Uncertainty Avoidance, Individualism,
Masculinity and Short- and Long-Term Orientation. Acquired results are analysed, compared with results of other similar surveys and the results’ implications on managerial practices are given in this chapter.

Chapter seven discusses the applicability of Western quality practices in Russian manufacturing companies, including their suitability to the Russian national culture. A summary of potential limitations for implementation of these practices is given along with the specific recommendations for their adaptation for the Russian economic environment.

Chapter eight gives a summary of the research, important conclusions and general recommendations. It defines the extent to which the research objectives have been achieved; the limitations of the present research, and gives directions for future research.
CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

2.1.1 Scope of literature review

The literature review has been structured around the four topics of quality practices, leadership, motivation and cultural differences. This chapter deals with the first three topics. Chapter 5 reviews the literature on cultural differences since the cultural survey was the last part of the research work.

Section 2.2.2 of this chapter, on quality practices, includes an explanation of business excellence models. It is important to appreciate that the leadership criteria of business excellence models refer to motivational behaviour even though leadership and motivation have been reviewed separately in this chapter. Leadership is one the most important enabler criteria of business excellence. In the EFQM business excellence model, assessment of the leadership criterion includes "how leaders motivate, support and recognize the organisation's people". Not surprisingly therefore, case studies of companies winning business excellence awards emphasise the attention paid to leadership. In an article in Quality World, John Condron (2000), Managing Director of the Yellow Pages Group (www.yell.com), winner of the European Quality Award in 1999, explained: "I, as chief executive, own the leadership criteria and take responsibility for enabling managers to lead their people in a way that is consistent with the values of the business. Leadership should reflect a set of behaviours, such as being accessible and giving recognition. We expect all our managers to lead rather than manage. Leadership is the key enabler for a motivated workforce." For the purposes of this research, therefore, both leadership theory and motivational theory are relevant to the leadership criterion.

Human resources strategy and policy are also determinants of leadership and motivational behaviour within an organisation. In business excellence, human
resources management is assessed under the people management criterion. For example, the EFQM people criterion refers to how an organisation develops and involves the full potential of its whole workforce in achieving results and improvements within the organisation. Associated aspects include human resource planning, identification and development of competencies, and communication and reward systems. Human resources strategy and policy have not been researched as part of this thesis.

2.1.2 Sources of information

The literature review is an important stage of a research project as it provides an invaluable source of knowledge for the research student. It provides ideas on the directions of the project. The objective of this stage is to explain and give detailed information on the work done by other researchers in each particular research area. Studying the literature gives a general picture of each area, with different authors providing information on similarities and contradictions in the work of previous researches, criticism and analysis, and strengths and weaknesses of particular theories and areas of further research.

Naturally, the process of literature review was a never-ending process, conducted throughout the whole course of this project. It was done in order to obtain an up-to-date view of ongoing developments and progress in the fields of interest, both on theoretical and practical parts of them.

This literature review presents a detailed and comprehensive study of all the sources of information related to the research objectives and available to the student. The review was undertaken using the following types of references: books, PhD theses, DTI promotional publications, UK and Russian newspapers (both online and offline), journal articles from all over the world, conference papers, online databases such as BIDS and Emerald, and some other sources. The literature review covered a wide range of topics. However, the main focus was on the following three main areas: ISO 9000, TQM and business excellence; leadership and motivation; and, finally, national and organisational cultures.
2.2 Quality practices

Extensive discussions are presented in Western literature about different concepts of quality and models of quality. The two main approaches for implementing organisational quality are the ISO 9000 series of standards for quality management systems and total quality management (TQM) or business excellence (BE). The sheer volume of the literature on 'quality' can cause confusion because it is fair to say that often the literature seems to have an excessive focus on semantics and the explanation of theoretical concepts. Therefore the purpose of this literature survey is to give an overview of the issues with a view to identifying the important principles that link competitiveness and business excellence, and how these can be put into practice in the Russian Federation.

2.2.1 ISO 9000

Obviously ISO 9000 registration has become a prerequisite in many industrial sectors, especially for companies supplying governmental, military and some foreign markets. Registration can be lucrative and its internal and external value should not be overlooked. However, the contribution of the ISO 9000 series of standards as a way to TQM or any other subsequent quality programme can be assessed only within the scope of the standard as it is intended (Stratton B., 1994). Thus, it is very important for managers to understand both ISO 9000 and TQM concepts in order for the transition between them to occur.

Basically, ISO 9000 standards are "used for external quality assurance purposes and designed for internal use". Zhiwei Z. and Scheuermann L. (1999) point out two main differences between the TQM and the ISO 9000 standards. Firstly, ISO 9000 certification focuses on one aspect of quality, namely consistency in manufacturing of a product or service, and does not address the nature of quality, which is customer-driven. Secondly, applying for ISO 9000 certification is a good way of measuring a firm's progress, but it really should be considered as the beginning of a continuous process rather than a goal to be achieved. This idea is backed by Zuckerman A. (1994): "We've got to stop telling people they must go for certification
systematically, that they must have an ISO 9000 certificate. All these tools – ISO, quality awards – are just tools. But people think of them as an end in themselves”.

Many authors (see Meegan & Taylor, 1997, Reimann & Hertz, 1993, Smith, 1993) point out that being certified in ISO 9000 only means that a company has particularly documented their operational procedures and managerial actions, as well as convinced an ISO 9000 auditor to approve certification. But ISO 9000 certification only ensures that a company has a set of procedures by which quality is managed; it does not guarantee the most valuable aspect – product quality. A registered company could have a very high level of defects but achieve an ISO 9000 certificate because non-conforming products are handled in accordance with a corrective action procedure (Smith W.B. Jr., 1993).

Another possible weak point outlined in the literature, for example by Struebing (1996), is that companies miss one real opportunity given by the certification process itself. Companies usually choose external consultants to prepare quality documentation for them. This approach eliminates the internal constituent of a quality programme, i.e. employees are poorly involved in the process. They consider it as something they should not care about, perhaps preventing better communication between employees and managers, and causing a lack of understanding within the company. At the end, when consultants write the documentation, they leave the company with a documented system it does not know how to alter or update. However, there are defenders of third party certification, who claim that third-party ISO registration promotes a higher level of quality leadership, human resource development and many other benchmarks (Subba Rao et al., 1997).

Some authors, for example Stephens (1994), suggest that companies should not emphasize third-party registration and certification but improve promotion of TQM implementation since organisational results of it would speak for themselves. However, it is worth mentioning that there should not be “either-or” thinking in choosing between these two concepts. Organisations should consider “how to move beyond ISO 9000 rather than discarding it to go back to the starting point before beginning TQM” (Meegan & Taylor, 1997).

In contrast to the above-mentioned negative examples, Sissels (1996) presents his survey of 1880 respondents done by Quality Systems Upgrade and Dun & Brandstreet showing the success of ISO 9000 certification. Results show that almost 95% of
companies reported internal benefits and 85% reported external benefits. External benefits in descending order are:

- higher perceived quality,
- competitive advantage,
- reduced customer demand,
- increased market share
- quicker movement of product to market.

Internal benefits are:

- better documentation,
- greater awareness of quality by employees,
- enhanced internal communication
- increased operational efficiency.

Moreover, documentation enables a company to open its internal lines of communication and review and alter current processes. Often firms discover that informal processes do not equate with formally documented ones. Documentation also improves communication between management and employees, easing tensions and destroying misconceptions (Zhiwei Z. and Scheuermann L., 1999).

A new improved version of ISO 9000:1994 was issued in the year 2000 and companies must substitute their ISO 9000:1994 systems by December 2003. Old version had 20 clauses and was quite heavily criticised as being too bureaucratic (Vasilevskaya, 2002). A very serious drawback of the 1994 version was that the 'weight' of all elements was equal. Although different discrepancies have different effects on product quality (for example, the absence of a signature on a job description vs. a machine not checked for technological accuracy), their importance was practically the same. Although the new 2000 version also has some 'bugs', it definitely represents a large step towards TQM principles.

The year 2000 revision of ISO 9001 and 9004 is based on eight quality management principles that reflect best management practices. These eight principles are:

- Customer focus
- Leadership
- Involvement of people
- Process approach
- System approach to management
The main new requirements include:

- Continual improvement
- Increased emphasis on the role of top management.
- Consideration of statutory and regulatory requirements.
- Establishment of measurable objectives at relevant functions and levels.
- Monitoring of information on customer satisfaction as a measure of system performance.
- Increased attention to resource availability.
- Determination of training effectiveness.
- Measurements extended to system, processes, and product.
- Analysis of collected data on the performance of the quality management system.

Figure 2.1 - Model of a process-based quality management system (Taken from ISO 9000:2000)

Two approaches are used in ISO 9001:2000 – process and system-oriented. The process approach means presentation of the management process as a continuous
chain of interrelated management functions. The system-oriented management approach is a presentation of a company as a large open system. The "20 element" structure of ISO 9001:1994 has been replaced by this process-based quality management system, which is shown schematically in Figure 2.1.

2.2.2 Total Quality Management and Business Excellence

One of the definitions of TQM was given by Tobin (1990): "TQM is the totally integrated effort for gaining competitive advantage by continuously improving every facet of the organisation culture". Another definition is: "TQM is an evolving system of practices, tools and training methods for managing companies to provide customer satisfaction in a rapidly changing world" (Shiba et al., 1993).

However, there is criticism in the literature concerning the definition and usage of the term TQM. Hellsten U. and Klefsjo B. (2000) named most of the available definitions "vague", because often they use such words as "a way to...", "a philosophy of...", "a culture of...", "an approach to...", "a business strategy to..." and so on. The authors proposed two possible reasons explaining these confusions. The first is that over time TQM developed from something like a philosophy to something more like a culture. The second explanation might be that consultants write much of the literature and therefore the question of what TQM really is has not interested academia to a larger extent. The authors claim that the absence of a clear definition of TQM is probably the most important negative factor for people studying this subject. According to their literature survey, no definitions were found that included the following components: values, techniques and tools, and, most importantly of all, clear explanations that enable links to be made to work from values via techniques to tools. But despite this reasonable criticism, no definition complying with all the above-mentioned components was given in this paper by Hellsten and Klefsjo.

Furthermore, even famous quality gurus do not seem to like the term TQM. In particular, Deming said: "The trouble with total quality management, the failure of TQM, you can call it, is that there is no such thing. It is a buzzword. I have never used the term, as it carries no meaning" (Deming, 1994). In a conversation with W. Latzko in 1992 Deming said "the term TQM implies that quality is a method when in reality it is the outcome of a method" (Latzko, 1998). In addition, Juran expressed: "It is astonishing how the term TQM is tossed about without defining what it means. To
me, TQM consists of those actions needed to get to world-class quality. Right now, the most comprehensive list of those actions is contained in the Baldrige Award criteria...” (Juran, 1994).

The following fundamental principles are usually attributed to the TQM concept (Svitkin et al., 1999):

- Customer focus
- Looking at fellow employees as internal customers (supplier-customer relationship inside a company)
- Continuous improvement in the field of quality
- Comprehensive and system-oriented approach to quality provision in all stages of product life-cycle
- Shift of main efforts in the field of quality on human resources
- Involvement of all employees in quality process (quality – everyone’s responsibility)
- Continuous professional development of employees
- Focus on preventing nonconforming products, not their detection
- Continual improvement of the quality system
- Optimisation of the ‘quality-costs-time’ triad
- Provision of correct data through application of statistical methods.

Figure 2.2 shows the evolution of TQM concept (Svitkin et al., 1999).

**Figure 2.2 Evolution of TQM concept**

<table>
<thead>
<tr>
<th>Establishing Deming prize.</th>
<th>Introduction of ISO 9000:1994</th>
<th>Establishing national and international quality awards</th>
<th>Improvement of general management in companies basing on TQM principles</th>
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<tr>
<td>Forming TQM principles</td>
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<td>TQM models of 1-st generation</td>
<td>TQM models of 2-nd generation</td>
<td>TQM models of 3-rd generation</td>
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<tr>
<td>1950-70s</td>
<td>1980-90s</td>
<td>2000-s</td>
<td>2000-s</td>
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Obviously, such quotations confuse people keen to study and/or implement TQM. However, models of total quality management such as the European Quality Award known as EFQM business excellence model (www.efqm.org) and the Malcolm Baldrige model (http://www.nist.gov) define more clearly within a framework of self-assessment the management practices that underpin the successful implementation of TQM. The EFQM model is presented in Figure 2.3 and Appendix A gives a detailed description of each criterion.

These models are now being used widely by Western organisations. Malcolm Baldrige award was introduced in 1987 and EFQM quality award followed four years later. In 1996 the EFQM Award was extended to include a separate category for organisations in the Public Sector. In 1997 the Award was further extended to include operational units - such as factories, assembly plants, sales and marketing functions and research units. Also launched in 1997 were the two categories for Small and Medium-sized Enterprises (SMEs) which were for companies of fewer than 250 persons. Initially EFQM was an extended version of Malcolm Baldrige award, but after critical analysis of the model's conception, changes have been made. The most important change was separating Enablers and Results. According to Konti (1997), these changes shifted EFQM to a new conceptual level in comparison to the Malcolm Baldrige and Deming (Japan) prizes. Hence, the EFQM quality award with its system view of a company can be seen as the ultimate business excellence model.

Specialists say that participation in national or European quality award competitions are 10% fight for victory and 90% self-assessment. These models give a perfect opportunity for companies to conduct self-assessment of their own activities and benchmark them against the best-in-practice companies. People, customer and society results in this case are only a sequence of management policies and strategies, aimed at achieving excellent performance. TQM models motivate companies to continual improvement, because those who ignore it not only stagnate but also start to get behind. Rephrasing a Chinese proverb, improving quality management system is the same as rowing against the current: if you stop rowing, you will be carried back (Svitkin et al., 1999).

However, Hellsten U. and Klefsjo B. (2000) point out that there are some differences between the core values contained in the models and the definitions of the core values themselves (see Table 2.1). Porter and Tanner (1996) have made a thorough comparison of all business excellence models.
However, Hellsten and Klefsjo point out that the use of models confuses even further the explanation of TQM since the award models and especially their criteria have more influence on practical TQM implementation than scientific articles. Nevertheless, the use of models is widely popular, if not at least for the reported improvements to business performance that they bring. A study conducted by Tatikonda and Tatikonda (1996) on the winners of the Malcolm Baldrige Quality Award reveals that on average these companies achieve a 70% increase in return on sales and a 50% increase in return on assets.

A survey made by Hellsten (1997) showed the following core values common to the majority of TQM descriptions, namely:

- Focus on customer;
- Management commitment;
- Focus on processes;
- Continuous improvements;
- Fact-based decisions.
Table 2.1 Core values of awards as presented by Hellsten U. and Klefsjo B., (2000)

<table>
<thead>
<tr>
<th>Malcolm Baldrige National Quality Award</th>
<th>European Quality Award</th>
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<tr>
<td>Customer-driven quality</td>
<td>Results orientation</td>
</tr>
<tr>
<td>Leadership</td>
<td>Customer focus</td>
</tr>
<tr>
<td>Continuous improvement and learning</td>
<td>Leadership and consistency of purpose</td>
</tr>
<tr>
<td>Valuing employees</td>
<td>Management by process and facts</td>
</tr>
<tr>
<td>Fast response</td>
<td>People development and involvement</td>
</tr>
<tr>
<td>Design quality and prevention</td>
<td>Partnership development</td>
</tr>
<tr>
<td>Long-range view of the future</td>
<td>Public responsibility</td>
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<tr>
<td>Management by fact</td>
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<tr>
<td>Partnership development</td>
<td></td>
</tr>
<tr>
<td>Public responsibility and citizenship</td>
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<td>Results focus</td>
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</table>

One of the definitions for the aim of the TQM system was proposed by Hellsten and Klefsjo (2000), i.e. "to increase external and internal customer satisfaction with a reduced amount of resources". Hellsten and Klefsjo (2000) also ask other researchers and authors to regard TQM as a *system*. It means that core values are supported with proper techniques and tools in order to form a single whole. For instance, the core value "Let everybody be committed" cannot be implemented without suitable techniques such as "improvement groups" or "quality circles". These techniques should be backed with pertinent tools such as "Flow charting/mapping", "Pareto analysis" and "diagrams". Indeed, for a successful TQM effort it is important to have solid managerial techniques in place before the TQM effort is initiated. Kristensen et al. (1993) reported from their survey in a number of European and East Asian countries that quality motivation and empowerment constitute the most important drivers for business success. Quality control circles or quality improvement teams alone were highlighted as the individually most essential explanatory variable for constituting quality motivation and, consequently, business success.
At the same time a number of barriers for TQM implementation are identified in the literature (i.e. Zhiwei Z. and Scheuermann L., 1999). Probably the main one is a lack of management commitment to the TQM concept. Top managers often shift responsibility to middle management for the solution to core business problems (Tatikonda and Tatikonda, 1996). Gordon et al. (1996) describe the seven “sins” of TQM that cause a loss of management confidence and demotivation of personnel:

1. Reorganisation with no real reason, causing damage to people, processes and profit;
2. Being obsessed with winning a quality award;
3. Collecting data on every aspect of the processes, which is wasteful and expensive;
4. Over-doing the meaning of customer satisfaction;
5. Wasting time, effort and money when all employees are trained in statistic process control (SPC);
6. Allowing workers to solve non-consequential problems so that productivity suffers because TQM places all employees above management;
7. Removing management from the process of TQM, so the sole focus shifts to the process analysis.

Moreover, TQM’s success is too dependent on management, i.e. when TQM is implemented properly, a management change can forgo all achievements (Zhiwei Z. and Scheuermann L., 1999). There have also been cases when companies that won the Malcolm Baldrige Quality Award or the Deming Prize have experienced subsequent financial problems or even became bankrupts. Despite proven positive examples of TQM implementations, approximately two-third of companies in the US attempting TQM efforts have failed to produce results or have stalled (Hubiak & O’Donnell, 1996). Gordon et al. (1996) report that 26% of Fortune 500 CEOs were either “disappointed” or “very disappointed” in their returns on investments in TQM. Many of these programs are currently being cancelled due to the negative impact on profits. Another interesting research question is what concept to start with – ISO 9000 or TQM? In reality many companies do not have a choice, and driven by customers they go for ISO 9000. Ho (1994) states that: “the merits of either first implementing TQM or first registering to ISO 9000 are debatable; however, if one sees ISO as a route to TQM, they are complementary to each other”. Meegan & Taylor (1997) suggest that the transition from ISO to TQM is not a linear progression. They both need each other and should coexist. Corrigan (1994) underscores that even when ISO 9000 is not the
most suitable path to TQM, it surely would not be a detriment. Alternatively, Binnery (1992) argues that due to the limited scope of ISO 9000 it "makes it a strange place to start the implementation of quality" and advises that if an organisation "has a choice", i.e. is not under external pressure, it should not start its way to quality with ISO registration. He suggests self-assessment against the criteria of either the Malcolm Baldrige National Quality Award or the European Quality Award.

In contrast to this latter approach, Meegan & Taylor (1997) commented that "those who argue staunchly that accreditation to ISO 9000 should, or indeed should not, be sought before implementation of TQM principles are missing the point. So long as a company continues to realise its full quality potential, it matters little which path it chooses to get there". This idea is further elaborated upon by Svitkin et al. (1999). They argued that ISO standards and TQM concepts complement each other. ISO standards are intended for regulation of rapport between manufacturer and customer, while TQM is designed only for the manufacturer's internal needs. ISO answers the question 'what to do to ensure quality' and TQM tells how to do it. While ISO 9000 standards proclaim reaching a certain quality level as the ultimate target, TQM sees reaching quality as an ongoing process, where the movement is as important as the target itself.

2.2.3 Russian business environment and characteristics of Russian managers

It is difficult for an observer to understand how Russian managers make decisions and think in general without having an appreciation of the Russian business environment after perestroika to the present time, and trying to comprehend the styles of Russian managers' behaviour.

During the post-1991 conditions of political and economic transition in Russia, the fragmentation of the USSR as a federal state caused reduced access to both markets and suppliers. Government orders for defence equipment have been radically reduced and hyperinflation raged for some time following the removal of price subsidies in 1992. These factors combined with the previous disintegration of the COMECON trading system and the exposure of the domestic market to highly competitive imports to create a major industrial recession. Russian output has fallen to crisis level for a wide range of industrial products. Moreover, the large size and vertically integrated
structures of many factories in the region, previously developed in the central planning system to gain economies of scale, continuities of supply, and process innovation, are now regarded as inflexible and inefficient for a privatised system of production relationships (Hill, 1995). As revealed by the Moscow correspondent in The Economist, (1993), the cumulative percentage drop in output in the Russian economy from 1990 till 1993 was greater than that experienced by the USA during the whole of the Great Depression. These factors have put former large enterprises in a position of survivors. All former Soviet enterprises had to find ways of adapting to new market realities by trying to keep old customers and suppliers whilst finding new ones (including foreign counterparts), introducing new products and acquiring new technologies and machines, establishing reliable supply and distribution chains, and introducing Western-type quality systems and so on.

Starting with perestroika, company managers were free to establish their own prices and make cost decisions, but external prices (prices not controlled by enterprises, such as utilities) did not reflect opportunity costs and levels of utility within the economy (Dent, 1994). On the one hand perestroika gave Soviet managers more freedom, but on the other hand it could not create effective incentives for managers, workers and capital owners. Thus, a loss of control on microeconomic level led in turn to macroeconomic chaos (Smith, 1993).

Soviet industry used to be highly oriented on production of defence products because of the ‘cold war’ with the USA and the associated ‘arms race’. But after the fall of the Iron Curtain, defence budgets decreased on a global scale and both Russian and USA companies started to look for effective ways to convert their military industry’s outputs to consumer goods. The USA also had to face defence conversion after the Korean and Vietnam wars, which was not smooth. For example, the Grumman Corp. erred in building municipal buses, the Boeing Co. had bad luck with trolley cars, the McDonnell Douglas Corp. with computer services and the Rockwell International Corp. with digital watches (Miller, 1994). Russia also had problems and failures, although it managed to convert its facilities and to make civil production account for 80 per cent of its defence industry’s outputs according to the Russian State Committee of the Defence Industry (Technology Transfer Week, 1994).

Sillers and Kleiner (1997) quote an American entrepreneur Di Ruggiero, who first came to Russia in 1991 on a business trip and discovered that his fax machine plug did not fit into a Russian outlet. Less than a year later his company in cooperation
with one of the Russian factories manufactured the first adaptor. His success story became one of many examples of defence conversion opportunities that can become healthy and viable business (Central European Business Guide, 1995). Di Ruggiero identified several keys of success in the Russian market including:

- Personal relationship (people have to get to know each other personally before talking business);
- Being local (production should take place inside Russia to avoid excessive taxation);
- Persistence (his faith in the viability of this business was not immediately shared by potential investors and he needed time to persuade them).

During the last fifteen years practically all Russian industrial enterprises have gone through the privatisation process, becoming joint stock and sometimes joint venture companies instead of being state owned ones. However, many Western authors have criticised the privatisation process because of the usual retention of control by the pre-1991 factory management (Blasi et al., 1997, and many other writers summarised in Hendley, 1998) which has sometimes led to the asset stripping of newly privatised companies (Linz and Krueger, 1996) within the context of reduced investment and high levels of capital leaking abroad (Tikhomirov, 1997). Many of these authors have therefore concluded that the restructuring of company assets to meet the transitional market conditions in Russia can only be achieved through radical changes in corporate governance, brought about by continued and increased pressures from external shareholders, enforceable changes in corporate legislation, and continued liberalisation of the economy.

Co-operation through joint ventures or other forms can be a helping hand for Russian enterprises in critical times of change. Hill (1998) gives an example of such a joint venture between the large St Petersburg factory Leningrad Metal Factory (LMZ) and Siemens. The author says that this co-operative work provided a stimulus for LMZ ‘to extend its quality management expertise beyond that of quality control and traceability of products and components, to the workplace control of process conformance which is widespread in Western factories’.

Given the financial and other difficulties, which inevitably result in staff cuts, Russian companies still try to keep their most valuable and skilled workers and engineers (Hill, 1998). Generally speaking, the workforce in Russia is well educated, highly
skilled and imbued with a deep industrial culture, while its costs are still relatively low (Dent, 1994), although most factory managers believed that they could reduce their workforce by about 20 per cent without output levels being affected (The Economist, 1993).

Another trend highlighted by Hill (1998) is that large companies in an attempt to keep suppliers and secure their product’s quality can acquire shares of these important suppliers. Other possible choices not mentioned by Hill are, for example, sending constant or occasional representatives to suppliers, putting people in top management positions there, and providing technical and consulting assistance in the implementation of quality systems. However, Hill concludes that large Russian enterprises can continue to operate effectively if there is an adequate level of demand for their products, an established platform of technological expertise and potential for technology transfer from the West.

Some research has been done on the psychological characteristics of Russian entrepreneurs (Green et al., 1996; Hisrich and Grachev, 1995) describing the personality characteristics and management skills required by Russians who desire to start own business. But how do Russian managers in general, including those who stayed in former jobs, adapt to new business realities, how should they change to be successful in the new conditions, and what are the difficulties they face?

In the past the external environment was predictable and controlled by government, and so the manager did not have to pay attention to such activities as marketing, sales, competitive pricing and customer satisfaction (Seixas, 1992). Risk-taking and ‘unauthorised’ activities were strongly discouraged and managers were focused on the fulfilment of ‘the plan’ and following Communist party doctrine in terms of their organisational leadership and human resources practices (Ivancevich et al., 1992). But from the beginning of the 1990s, the same managers had to compete in a new market-driven environment and come through privatisation processes. Competition, demand and supply became new economic watchdogs (Pierce, 1991). This transformation period was described by many as ‘economic and organisational chaos and quicksand’. Russian managers, executives and administrators found themselves in a new world that they were often ill-prepared for given their past economic orientation, philosophies and practices (Puffer, 1994).

This change in the overall business climate influenced the leadership and management paradigm shift during the past ten-fifteen years. This paradigm shift has been
described by Puffer (1995) and has identified key leadership traits of effective leaders in Russia. These critical leader traits include:

- Leadership motivation;
- Drive;
- Honesty and integrity;
- Self-confidence.

Longenecker and Popovski (1994) defined a new skills set required of managers who wish to be successful in market-economy conditions. The four groups of skills include:

*Technical business skills*: possessing a strong marketing and sales orientation, technical knowledge of the organisation's operation and product line, financial and accounting skills and informational technology skills.

*Conceptual skills*: including ability to make decisions quickly, solve problems and crises, develop effective business plans and to organise rapidly changing operations.

*Interpersonal skills*: possessing connections and personal contacts, leadership and communication skills.

*Personal leadership qualities*: including being action-oriented, willing to take risks, be creative and innovative, and possessing drive and persistence.

Clearly these skills need time, experience and education to be developed, which are a serious challenge to many Russian managers, both future and present, and to organisations that employ them. Management failure is common and the demand for effective and skilful managers in Russia has never been stronger (Puffer, 1995).

A survey made by Longenecker (2001) presents four major groups of categories that show typical causes of managerial failure in Russia, including those beyond a manager's control. The four categories are presented in descending order of importance. The *first* and primary category is 'not being prepared for the job', which includes lack of prior managerial experience and lack of formal business training and education. The *second* is 'an ability-skills gap' around specific competencies. These include poor communication skills; lack of marketing skill and know-how; ineffective planning and control practices; inability to create clear directions and solve conflicts; being ineffective in running a business; and poor interpersonal skills and inability to be creative/innovative. The *third* is the attitude/personality category. This category includes lack of ability and/or willingness to change and take risks, not learning from their mistakes, unprofessional/unethical behaviour, and simply absence of motivation.
for doing work. The final category can be defined as ‘extrinsic factors’ or factors that are out of control of individual managers and their enterprises. These factors include a lack of capital/cashflow, ineffective organisational structure/systems, destructive external environment/economy, lack of up-to-date technology, and the lack of needed connections/business contacts. At the end, Longenecker (2001) concludes that in general Eastern European managers are ‘willing students, capable of rapid learning, willing to overstate their free-market skills and experience, and need guidance and leadership to develop into effective and successful managers’.

Thus leadership is one of the key elements required to implement necessary changes in Russian enterprises. However, the attributes that were seen as characteristics for leaders may vary strongly across cultures (Den Hartog et al., 1999). House (1995) drew attention to the fact that prevailing theories of leadership are North American in character, and are based on the assumptions of individualism as opposed to collectivism, rationality rather than ascetics, hedonistic rather than altruistic motivation, and centrality of work and democratic value orientation. But cross-cultural psychology and sociology research showed that many cultures do not share these assumptions (Den Hartog et al., 1999). ‘As a result there is a growing awareness of a need for a better understanding of the way leadership is enacted in various cultures …’ (House, 1995).

For example Puffer (1996) suggests that modern Russian managers tended to share power, were inclined to delegate decision making (mostly to avoid the responsibility for unforeseen consequences), prefer to concentrate on strategic decision making, are tenacious and energetic and have strong collectivist attitudes. Hofstede (1993) speculated that Russian work values would be characterised by high power distance, high uncertainty avoidance, medium-range individualism and low masculinity. His theory was later backed up by the researches of Bollinger (1994) and Naumov (1996). Elenkov (1998) compared Russian and USA business cultures and concluded that since Russian managerial culture was characterised by high power distance and a strong collective mentality, Russian employees would expect an autocratic leadership style, which was offset by the support given to employees’ families. Moreover, Hickson and Pugh (1995), Puffer (1996) and Trompenaars (1993) have observed that Russian management culture was characterised by a high degree of paternalism in the relationship between superiors and subordinates. Finally, Ardichvilli et al., (1998) found that a significant number of participants from his research showed autocratic
leadership styles and preferred to make important decisions individually, without consulting with their peers or subordinates.

All the above features are well highlighted in a case study made by INSEAD (Florent E. and Pavlovsky P., 2000). It describes a real story of a French company Danone, which acquired a Russian biscuit and wafer producer 'Bolshevik'. The case study pictures the Soviet management system as totalitarian with all power concentrated on the top level of a rigid hierarchy, with sheer lack of trust between top management and close subordinates, lack of delegation, low staff morale and frequent delinquency, rampant bureaucracy and abundance of parallel procedures. Top executives were spending time in a myriad of operational meetings and were directly responsible for solving all operational and personal issues. A thesis of high power distance among Russians is also supported in the case study as 'executives place great importance on hierarchy and formal status...'. Additionally, a dependence on strong leadership and risk avoidance among Russians contributed to lack of initiative and passive behaviour.

After a few years, Danone's management decided to change the former director and replaced him with another Russian, an immigrant who had spent about twenty years working in France. Further, the situation development is shown, picturing how changes are gradually brought to this Russian factory. The following barriers to change were revealed:

- No experience in market-driven environment;
- No structure for appropriate appraisal and reward system;
- No capable leadership;
- Psychological inertia based on fear of unknown;
- Habitual dependency on instructions from the top, lack of initiative or decisiveness;
- Lack of motivation – overall situation was so depressing that any effort seemed pointless;
- No common vision, values – main motivation for all employees was stable income.

Research by Ardichvili and Gasparishvili (2001) has identified leadership styles of enterprise managers in four countries of the former USSR (Russia, Georgia, Kazakhstan and the Kyrgyz Republic) based on responses from 2,391 managers and employees at nine manufacturing enterprises. The results suggest that managers in these four countries used three well-known leadership styles - transactional,
transformational, and laissez-faire, but the laissez-faire style was not prevalent. Transactional and transformational leadership styles are described by Bass (1985) and Avolio et al. (1995).

Transformational leadership theory helps to understand how a leader influences followers to make self-sacrifices, commit to difficult objectives, and achieve more than was initially expected. Transformational leaders motivate people by inspiring them, offering challenges, and encouraging individual development. Transformational leadership stresses achievement of higher collective purpose, of common mission and vision (Bass, 1985).

Alternatively, transactional leaders stress specific benefits that their subordinates would receive by accomplishing agreed tasks. It involves negotiations between the leaders and their subordinates and an exchange relationship between them.

Overall Ardichvili and Gasparishvili found that transactional contingent-reward leadership was used more often than any other approaches. Charisma and individualized consideration received the lowest scores among the transformational leadership style dimensions. However, tests of the relationship between leadership styles and managerial performance measures indicated that contingent reward and charisma had the strongest relationship with positive outcomes.

2.2.4 Quality management and ISO 9000 in Russia

The Russian philosopher Il'in (1928) in his article “Salvation in quality” wrote: “Russia will rise from disintegration and humiliation and will start an epoch of prosperity and new greatness. But it will rise and prosper only after Russian people would realise that salvation should be sought in quality!”.

Not much has been written on the topic of quality management in Russia by either Western or Russian authors. Most of the current quality systems present in modern Russia and other countries of the former USSR were inherited from Soviet times. There was a comprehensive number of technical standards managed by Gosstandart and a well-developed infrastructure in this field (Hill and McKay, 1986). There were many professionals in the field of quality employed in industry, state standard organisations and educational institutions. In some industries the achievements could be called impressive, while in others, especially consumer markets, less quality and customer orientation was to be found. It is possible to say though that Soviet quality
systems formed a good background for quality management with a number of principles later adopted in the Japanese as well as the US TQM trends. A "fitness for purpose" definition similar to Juran's was used in USSR and the outcome was the introduction of the "Complex System for the Management of Quality" in the late 80s, which was similar to the ISO concept (Dickenson R.P., et al., 1999). However, quality management in the Soviet Union could not grow into real customer-oriented systems due to specific political and economical issues: qualitative rather than quality activities were encouraged by the Soviet planning system, which eliminated the possibility of effective utilization of quality methods. In the mid 1980s subsequent implementation of quality systems was suspended with the start of perestroika and the financial problems that followed.

The current rules and principles for organisation quality systems in Russia are determined under national standard GOST R 40.001-95 issued on October 1, 1995. Additionally, there are Russian analogues of the ISO 9000 series – GOST R ISO 9001-9003, GOST R 10011-94, and a few others. Today, all major international registration firms are present in the Russian market, such as:

- Bureau Veritas,
- BSI (British Standard Institute),
- Lloyd Register,
- TUV in act of TUV-Intercertifica,

and other Russian organisations providing different kind of consulting and other services. Today, international competition puts a new emphasis on the need to develop quality management principles in Russia. After years of declarations and political slogans both individual companies and Gosstandart are said to be focusing on the improvement of the quality of goods and services and further concentration on customer needs. At the same time more and more Russian companies strive to gain ISO 9000 certification, but their number is still too small. According to ISO bulletin (data for December 2002), only 1710 Russian companies had certified quality systems out of 561,747 in the world. And compared to December 2001, the growth for Russia was only 23 companies. By the end of 2002 the largest St Petersburg certification body "Test – St Petersburg" issued 146 ISO 9000 certificates.

There is not much evidence in the literature of a positive transfer of Western quality management style to Eastern European companies in general and Russian companies
in particular. Successful examples have been reported in cases of green field sites, mainly in the car industry (Lee et al., 1992) as compared with significant problems in existing industries (Harwitt, 1993). Partial success was reported in implementing quality management methods in modern Russian aerospace industry (Dickenson and Blundell, 2000). Success was partial because on the one hand knowledge transfer of quality management techniques took place, but on the other hand these initial gains were lost due to overwhelming external factors such as the collapse of markets and political instability.

In addition, some empirical evidence of ISO 9000 and Business Excellence awareness in Russia was reported by Dickenson et al. (2000a). Despite the limited number of surveyed Russian organisations and geographical restrictions (the majority of the companies were from Moscow), this study gives a general impression of the up-to-date situation in this field in Russia and indicates problems experienced by Russian managers on their way to quality production. Data was collected by means of three techniques – questionnaire (n=56), feedback from a seminar of key stakeholders (n=54), and semi-structured interviews with senior managers – in a period between October 1997 and March 1998. Results are not consoling: despite a broad (although usually superficial) knowledge of ISO 9000, “its relation to broader quality management issues was not generally understood. The implementation of Western type quality systems was extremely low”. The authors quote one of the deputy directors who admitted that even having a quality system similar to ISO 9000, e.g. “Complex System for the Management of Quality”, it was not implemented effectively. In other words, surveyed organisations had no awareness of such concepts as TQM, Organisational Excellence, different Quality Awards and similar.

This is particularly interesting because in April 1996 the “Quality Award of Government of Russian Federation” was introduced. It is a Russian official Quality Award based on the European Foundation Quality Management (EFQM) criteria and is divided into two groups of criteria. First is “how” the organisation is reaching the results in the area of quality, “what” is done for it – “Possibilities”. The second criteria characterise “what” is reached – the “Results” (see Figure 2.4). However, the period since Dickenson’s work is too short for raising the awareness about quality management models in such a vast country as Russia. None of the top managers interviewed by Dickenson even mentioned that they knew about this domestic award. More contemporary empirical research needs to be made on this subject among
Russian organisations to find out what, if any, changes in managers’ awareness has occurred during the last 3-4 years.

Table 2.2 presents some data about the award results (information from the http://www.vniis.ru):

<table>
<thead>
<tr>
<th>Competitions</th>
<th>Number of participating organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td>1997</td>
<td>71</td>
</tr>
<tr>
<td>1998</td>
<td>76</td>
</tr>
<tr>
<td>1999</td>
<td>77</td>
</tr>
<tr>
<td>2000</td>
<td>105</td>
</tr>
<tr>
<td>2001</td>
<td>69</td>
</tr>
<tr>
<td>2002</td>
<td>50</td>
</tr>
</tbody>
</table>

The Russian Quality Award model and the contents of its criteria were evolving through time (last change was made in 2002) to make them more in line with changes of the EFQM model of 1999 and the new 2000 version of the ISO 9000 standard (see Table 2.3). In addition to ‘partnership’ as a new enabler, the ‘resources’ now also include knowledge as an important asset. It increases the role of methods of acquiring the knowledge, its analysis, dissemination and use within a company. Practically all components of criteria saw an increase of assessable areas and their description became more details and hence more clear. Gradually the amount of points required to receive Diplomas of the Council for Quality Awards or become a Winner increases as well. The distinction of the Russian Quality Award from the EFQM is in taking in account peculiarities of the current period of transition in the Russian economy – the value of ‘enablers’ is higher that the value of ‘results’.

Therefore, the Russian Quality Award model more and more resembles the EFQM model it was based on. It gives Russian companies an excellent opportunity to assess themselves according to the same criteria as the European companies do. This fact can help participating Russian companies integrate to the European business community. Releasing employees initiative and encouraging them in this direction will alone allow to increase effectiveness of quality management systems (Versan, 2000).
Table 2.3  Enablers of the Russian Quality Award

<table>
<thead>
<tr>
<th>Enablers</th>
<th>2002</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leading role of management</td>
<td>Role of management of all levels</td>
</tr>
<tr>
<td></td>
<td>Personnel</td>
<td>in the organisation of work</td>
</tr>
<tr>
<td></td>
<td>Quality policy &amp; strategy of an organisation</td>
<td>Quality planning</td>
</tr>
<tr>
<td></td>
<td>Partnership &amp; Resources</td>
<td>Use of employees' potential</td>
</tr>
<tr>
<td></td>
<td>Processes performed by an organisation</td>
<td>Efficient use of resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Management of technological and other processes</td>
</tr>
</tbody>
</table>

Even though improvements have taken place during the last 4-5 years in Russia – for example many companies have registered for ISO 9000 and won or became laureates of the Quality Award of Government of Russian Federation – in a majority of industrial companies the “traditional” approach to quality still remains. This means inspections of finished-products (associated with the Russia acronym OTK (department of technical control)) and often one-hundred percent controls of incoming goods from suppliers. Here are some interesting facts. There is a competition called the “100 best products of Russia”, which is considered a springboard to getting the Quality Award of Government of Russian Federation. Out of 860 companies that participated in this competition in 2000 only 26 had certified quality systems, 80 had the old Soviet KS UKP system and 261 had only the OTK system in place (Vasilevskaya, 2002). At the same time 48.7% of the presented products exceeded average domestic characteristics, more than 60% were on the same level as the best foreign comparable products and 21.5% exceeded best foreign comparable products! Obviously about 1000 of 1134 companies that have ISO 9000 certificate do not participate in this “100 best products of Russia” competition (and probably do not produce them) and more than 800 companies that produce these best products do not possess quality systems.
Vasilevskaya (2002) argued that something has broken in the chain of the evolution to quality approaches in Russia if 30.4% (261) of companies still operate just the OTK system, separating defective products from good ones at the last stage before sending them to customers. This system was used in 1920-30s of the 20th century, but as figures show, many manufacturers still possess this kind of mentality.

Some “advanced” industries such as military industry, aerospace, gas, oil, food, drink and few others have better awareness about quality programs and techniques, mostly because they are involved in export trade and have strong business ties with foreign counterparts. But the biggest problem still remains – the lack of training and hence lack of information. Huge efforts are required to establish a comprehensive education
system in Russia for the quality management area. There is some anecdotal evidence of Russian managers, usually of top level, trained in Western Europe, but this knowledge remains only within these managers and is not further disseminated throughout the organisation. Hence, since the assimilation of a business excellence model requires a deep process of management change though learning, this represents an obstacle for its implementation in Russia – and even in some other Eastern European countries and those of the former USSR (Dickenson et al., 2000a).

The most obvious explanation for the poor implementation of Western quality systems is a lack of resources by companies in conditions of financial instability, i.e. memorial 1998-th financial default. The same reason usually prevents Russian companies in their desire to gain ISO 9000 certification either by third party or self-assessment because certification costs are seen as major obstacle in this process. In this context, excellence models have two features that are worthy of mention. Firstly they do not provide Russian companies with some kind of certificate, which can be used for example, in marketing. Nevertheless, secondly, despite this disadvantage, companies benefit from real quality improvement, better external and internal relations, and last but not least important, costs of implementation are less when compared to those of ISO 9000, which is essential in the contemporary situation in Russia.

One way of overcoming problems associated with expensive ISO 9000 implementation in Russian enterprises is to introduce a mixed or hybrid model, combining Western approaches with the elements and realities of Russian practice. It could also eliminate some cultural differences, incorporate common industrial traditions and practices and additionally withdraw the danger of using ISO 9000 certificate just as a promotion tool without focusing on internal quality process improvements (Dickenson et al., 2000a). In particular, being sensitive to language, culture and a need to build on and complement Russian management values are seen as critical points for success. The example of how such a hybrid system works was presented in a study by Dickenson R.P. and Blundell B. (2000). The approach to improve quality management had the following features:

- Maximum accommodation of cultural differences;
- Not changing anything unless necessary;
- Minimum changes in documentation, aiming at satisfaction of customers needs;
Not changing the production system, just documenting it properly;
Step-by-step approach – consolidation of the gains at each point;
Developing and integrating current documents into the new system where possible.

Dickenson et al. (2000a) make an assumption that a new paradigm is required in the conditions of the former Soviet Union countries, but they state that the current social and economic instability makes it premature to define its borders and might represent idle speculation. They draw analogies with the quality movement in Japan in the 1950s, which started with evolutionary quality development and the introduction of basic quality management principles and was followed with an industrial framework. The decisive factor was the expansion of the educational infrastructure, encouraged by American gurus Juran and Feigenbaum and organised through the Japan Union of Scientists and Engineers (Garvin, 1988). Hence, similar learning has to start in Russia to bring knowledge of quality management to organisations and academic staff. One of the most important messages to be delivered is the continuous improvement of quality inside organisations, so managers do not see quality models, such as ISO 9000, as the end in themselves, but always look and move forward.

But to do so some negative aspects of Russian organisational practice and culture inherited from Soviet times have to be overcome. For example, in most cases, if a defective product is detected, the most likely consequence will be looking for and punishing a guilty person in the production division. In contrast, the quality management philosophy requires the cause of defective product manufacturing to be eliminated, i.e. 'poor quality' procedures should be revealed and revised. Another obstacle is that the general perception of instructions in Soviet times was that they are something abstract and employees should not pay much attention to them. Moreover, if it was desirable to breach them, then they should be breached. Obviously, such practice is impossible in organisations employing Western quality management principles. To avoid such problems Kolesnikov (2000) have suggested creating a system of corporate standards, which could support quality systems in Russian enterprises.

Russian literature also reveals other barriers for practical ISO 9000 implementation for domestic companies ("BIG – SPb", 2000). Problems may occur in really unpredictable areas. For example, at the initial process of preparation for certification, it could be hard to define employees' functions and their areas of responsibility, i.e. to
distinguish “who is doing what” and to find “process owners”. Obviously, the absence of such primary differentiation makes it hard to manage a company even if its management is not going to pursue ISO certification.

But probably the major difficulty for Russian companies on the route to ISO certification is the need to create documentation on each clause of its requirements. This sometimes excessive documentation creates more problems than it solves and is a sign of a formal and thoughtless approach to achieving ISO certification. Moreover, an even bigger problem is not only creating appropriate documentation, but also keeping it up-to-date. Neglecting documenting its activities and keeping them up-to-date is one of the Russian national problems, inherited from USSR practices of constantly ‘combating’ bureaucracy. The word ‘bureaucracy’ always had a negative shade in Russia and fighting it was something like a national sport, but as they say: “Although bureaucracy is muck, nothing better was yet invented”.

Quality groups, as quality circles are called in Russia were introduced in 1986 (Svitkin et al., 1999). This form of involving staff in quality activities started in Japan and later disseminated all over the world. Unfortunately in Russia they did not become widespread. Many of these programmes were introduced too hastily, too formally and without necessary interest of top and middle management. In most cases group members did not receive appropriate training in problem solving techniques. In many cases the voluntary principle of participation was violated and people were forced to join. For this reason quality groups still exist only in a few organisations.

Also there are psychological barriers to the introduction of quality systems, ISO 9000 in particular, that should be taken seriously because their underestimation could lead all efforts to come to nothing. For example, top managers face psychological problems when making decision about introducing ISO 9000. They are afraid to get involved in another ‘total campaign’, many of which they have experienced before and which just lead to complete loss of trust of any innovations. Many of current top managers want guarantees that just ISO 9000 and not something else is the best solution, and that later this approach will not appear to be erroneous.

Svitkin et al. (1999) summarised the biggest difficulties with introducing quality management systems in Russia based on their practical experience of introducing quality management systems. These difficulties are:

- Social and psychological aspects linked to the creation of ‘market-oriented thinking’ in terms of quality management and quality provision.
• Organisation of activities previously absent from the practice of quality management, such as management responsibility, quality system audit, marketing, calculation and evaluation of quality-related costs, analysis and evaluation of quality system by top management, contract analysis, product identification and traceability and corrective actions.

• Involving personnel from top management down to workers in the process of quality provision.

Mazur & Shapiro (2003) offered their list of what they consider the problems of Russian companies on the way to TQM:

1. the main problem is methodology. ISO 9000 is the only real alternative Russian top managers have, but it is inadequate for the current situation in Russia. On the one hand Russian companies need to conduct serious changes in organisational structure and culture, in management styles and methods and in many cases in product range. On the other hand, however, ISO 9000 standards are quite conservative and are based on the principle: ‘document what you do and do what you documented’. But if the existing system is documented, then nobody will be satisfied with its effectiveness. Moreover documenting an existing system will lead to stagnation of product quality and procedures at current low levels.

2. violating Juran’s 85%-15% and Deming’s 96%-4% principles. Juran argued that management is responsible for 85% of quality related problems, and workers or employees are responsible for the other 15%. Deming strengthened this rule, saying that 96% of problems owe the system’s responsibility and workers are responsible only for 4%. Later he made these figures 98%-2%. This puts a dominant responsibly on top management, but in Russia the situation is opposite – the main share of inconsistencies falls on workers.

3. culture in Russian companies is a culture of repressive management based on looking for someone to blame. It is necessary to move from management based on force and fear to management based on rules and cooperation.

4. little emphasis on management development and little use of statistical methods in quality management.
Mazur & Shapiro (2003) then propose the first steps to solve the above problems:

1. start producing goods that are demanded by the market. Improving these products would lead to an increased number of customers and hence better financial results. These improved results would give the funds needed for realisation of the next steps towards quality improvement.

2. create dealer and sales networks, as well as networks for product delivery and advertising.

3. minimise production costs. To do this, companies need to reorganise their material and technical bases.

4. learn to manage finances and first of all organise the use of management accounting systems.

Mazur & Shapiro (2003) argued that in the majority of companies these conditions still have to be established. Only after a company has managed these four tasks, can it start creating and certifying quality systems like ISO 9000 and the TQM concept. However, some Russian top managers still believe that an increase in the level of product quality leads to increased costs. This opinion is based on their evaluation of the effectiveness of other quality systems, including KS UKP, in Soviet Union. The approach was: if a system did not provide a decrease of costs, in particular from defects, it is not effective and thus spending money on system introduction and maintenance is not justified (Svitkin et al., 1999). Logically this approach is correct, but it is based on a misunderstanding of quality system aims. One of the main aims of a quality system is to facilitate prevention of possible defects and deviations from set requirements and to ensure these requirements. If this aim is achieved, the outcome will be a decrease of quality-related costs and of other process costs.

Three common approaches to obtaining ISO certification are taken by companies in Russia at the moment (Vasilevskaya, 2002):

1. inviting an independent consulting company to first teach all managers and specialists the basics of quality management. These managers then develop the quality system documentation and conduct its internal audit. The independent consultants help with the system's development and implementation. Advantage: it guarantees development of a real and working quality management system. ‘Disadvantage’ (in an ironic sense): during the
development and implementation phase, the director takes the role of a leader, not an observer.

2. inviting a consulting company, a satellite of some certification body, to provide certification with 'a guaranteed result'. The basis of documentation development in this case is usually the documentation of some other organisation, which passed certification by a particular certification body. Minor changes are made in this documentation; no attention is paid to personnel motivation and education. Disadvantages: the system is only functioning on paper. The director is practically not involved. This certification method is used when an emergency certification 'for outward appearances' is required.

3. purchasing a set of 'standard documentation', which is sold by 'independent consultants' (sometimes employees of certification bodies). It has nothing to do with true quality system development but in some circumstances can lead to certification, perhaps by a lesser well-known certification body.

Steps taken in Russia towards establishing a better understanding of quality include establishing Quality Award of Government of Russian Federation and a Centre of Excellence for quality management, designated the "European Quality Centre" in Moscow. This Centre was founded by the Academy of the Problems of Quality, the Moscow Institute of Electronics and Mathematics and the Moscow Aviation Institute on the Russian side, and Cranfield University (UK) and the Institute of Quality Assurance (UK) on the EU side. In addition, recently the Russian Ministry of General and Professional Education officially registered the discipline of quality management in the national higher educational curriculum (Dickenson et al., 2000b). A largest chunk of the work on quality education is performed by the Moscow-located Academy for Standardisation, Metrology and Certification of Gosstandart (ASMC), as well as other state education institutions. In 2000 alone, ASMC prepared 10300 specialists: 6800 in standardisation and quality management, 1200 in metrology and 2300 in certification.

In Soviet times, the common opinion among manufacturers was that quality products are needed only in the West. Even the first Soviet quality standard GOST 40.9000-88 (issued in 1988) recommended certification of exported and military products in the first place. During and after perestroika, the most important order winning criteria
were price and time of delivery, but in Russia today the product’s customer-value is increasingly becoming an important factor of companies’ competitive ability. A skilful merchandiser can get an order; however, only product and service quality determines whether the customer will repeat the order or not. And fortunately, Russian companies are beginning to understand this now, especially when they have foreign competitors or partners to deal with.

Despite a generally grim picture of quality management in Russia, there are also some positive signs. Eklof and Selivanova (2000) reported results of a survey conducted in St Petersburg during September-November 1999 among about 200 companies (see Table 2.4). The results were comparable with results from similar surveys carried out in the first few years of the 1990s in other regions of the world during a Quality and Economic Development (QED) project (Juhl et al., 2000). Here are some comparative figures:

- The percentage of companies with quality documentation varied between 100 (for Japan) and 61 (for India). For Russia the figure was 81%.
- The communication with all personnel was about 80% both for certain East Asian and a few Nordic countries at one extreme and was only 25% in Estonia at the other extreme. The figure for Northwest Russia was 77.5%.
- The number of hours used for staff training was between 30 and 80, where Estonia was top. For Russia this annual figure was 58.
- Quality motivation by operating suggestion systems and the use of monetary rewards to stimulate suggestions varied between 90% in Japan and less than 20% in Denmark. For Russia the figure was 69.4%.

Eklof and Selivanova (2000) concluded therefore that the current situation in Northwest Russian industry is in the middle, between that in East Asia and Europe in the first half of the 1990s. However, given the fact that many Russian customers have, during last few years, turned away from domestic producers in favour of imported goods, the authors ask whether the observed practices are implemented and accepted in the prevailing management structure, or whether they are merely a ‘lip service’ attitude. Further and more detailed research is required to answer this question.
Table 2.4 Prevalence of quality management practice, broken down by company size

<table>
<thead>
<tr>
<th>Indicator</th>
<th>&lt;499 employees</th>
<th>500-999 employees</th>
<th>&gt;1000 employees</th>
<th>All companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality document</td>
<td>67.8</td>
<td>86.5</td>
<td>94.8</td>
<td>83.0</td>
</tr>
<tr>
<td>Mission statement</td>
<td>47.8</td>
<td>62.2</td>
<td>67.2</td>
<td>59.1</td>
</tr>
<tr>
<td>Quality certification (ISO 9000)</td>
<td>13.3</td>
<td>21.6</td>
<td>24.1</td>
<td>19.7</td>
</tr>
<tr>
<td>Quality organisation member</td>
<td>14.4</td>
<td>35.1</td>
<td>29.3</td>
<td>26.3</td>
</tr>
<tr>
<td>Self-assessment</td>
<td>81.1</td>
<td>89.2</td>
<td>87.9</td>
<td>86.1</td>
</tr>
<tr>
<td>Quality competitions</td>
<td>15.6</td>
<td>35.1</td>
<td>41.4</td>
<td>30.7</td>
</tr>
<tr>
<td>Quality prize winner</td>
<td>39.5</td>
<td>76.0</td>
<td>72.7</td>
<td>62.7</td>
</tr>
<tr>
<td>Regular customer satisfaction studies</td>
<td>51.1</td>
<td>43.2</td>
<td>63.8</td>
<td>52.7</td>
</tr>
<tr>
<td>Regular employee satisfaction studies</td>
<td>32.3</td>
<td>40.5</td>
<td>48.3</td>
<td>40.4</td>
</tr>
<tr>
<td>Benchmarking work</td>
<td>73.3</td>
<td>64.9</td>
<td>74.1</td>
<td>70.8</td>
</tr>
<tr>
<td>Quality – top priority</td>
<td>77.8</td>
<td>86.5</td>
<td>81.0</td>
<td>81.8</td>
</tr>
<tr>
<td>Customer orientation – top priority</td>
<td>87.8</td>
<td>83.8</td>
<td>86.2</td>
<td>85.9</td>
</tr>
<tr>
<td>Staff involvement – top priority</td>
<td>30.0</td>
<td>35.1</td>
<td>44.8</td>
<td>36.6</td>
</tr>
</tbody>
</table>

Selivanova and Eklof (2001) pinpointed major similarities and differences in TQM practices in Western, Russian and Asian companies based on QED survey results (Juhl et al., 2000):

- Western and Asian companies have more similarities between them than in comparison with Russian companies. Russia stands a bit aside in terms of state-of-the-art leadership style and presenting a double standards way of running business, adhered to previously in the Soviet era. This double standards way can be illustrated by the following: the majority of Russian managers express their confidence that quality is the most important factor of business excellence. However, in practice they focus on a price-variety-advertising orientation. Moreover, in Russia much of the idea of evaluation is aimed at negative and corrective aspects, such as finding grounds for dismissing unqualified employees (instead of training them) and making decisions on salary.
Formally, the general picture of Russian practice in TQM looks rather promising and impressive. For example, 99% of top managers participate in setting up quality goals and 85% of them take part in quality audit. In many ways Russia practically coincides with those of other countries and even leads, although when it comes to results (Russian Customer Satisfaction Index) the reality does not confirm this. For example, imported goods and commodities achieve a higher RCSI. This could be due to the bureaucratic way in which quality management was introduced and preserved in Russia.

- Russian leadership tends to be described as more autocratic and oriented to the technical side of quality, not encouraging all employees to participate in quality improvement. Evaluation and motivation systems are more 'negative' than 'positive' in their purpose.

- Russian TQM reflects not national peculiarities, but the current transition economy status.

Selivanova and Eklof (2001), based on their St Petersburg survey results, list the following main problems with quality management in Russia:

- The quality management models in use do not always prove the declared quality and consumer priority: 82% and 87% of companies state that quality orientation and customer orientation correspondingly are the top priorities, but only 53% of them conduct customer satisfaction surveys on a regular basis. This means that a technical approach to quality still dominates in most companies.

- 86% of companies carry out regular self-assessments, but regular employee satisfaction measurements are carried out in only 40% of them. Employee involvement is a top priority at only 36% of companies.

### 2.3 Leadership

#### 2.3.1 Introduction

Leadership as many other social science concepts does not have a single definition. Lussier (1990) defined leadership as “the process of influencing employees to work toward the achievement of objectives”, while Robbins (1993) proposed that it is “the
ability to influence a group toward the achievement of goals". And Tannenbaum et al. (1961) defined leadership as "interpersonal influence, exercised in a situation, and directed, through the communication process, toward the attainment of a specified goal or goals". The American general, Dwight Eisenhower, once said that the essence of leadership is to make people do what you want them to with as much will, determination and enthusiasm as if they had decided for themselves. Kotter (1990a) claimed that leadership is "getting people to act without coercion". Bartol and Martin (1994) stated that "leadership is the processing of influencing others to achieve organisational goals" and Zaleznik (1989) defined leadership as "the ability to influence a group toward achievement of goals". The common theme of these definitions is the direction of a group toward a goal. According to Drouillard and Kleiner (1996) though, most of the definitions are "decidedly amoral and yet, often, the definitions are followed by lists of "good" leader attributes that include terms like: integrity, honesty, fairness and humanity". Thus they offered their own, more appropriate definition: "The influencing of others, by means of reason and inclusion, to achieve organisational goals that are in the long-term best interest of all involved, with the well-being of society in mind".

2.3.2 Leadership styles

Leadership style is an important aspect of leadership and it is underlined by many authors. For instance, Gebert and Steinkamp (1991) argued that there is a close relationship between the economic success of an organisation and the leadership style used. Leadership style also has a major impact on organisational commitment (Alley and Gould, 1975; Glisson and Durik, 1988; Kraut, 1970, Newman, 1974, Wilson, 1995, Zeffane, 1994), on job satisfaction (Page and Wiseman, 1993; Savery, 1994; Skinner, 1969), and on performance (Dawson et al., 1972; Swanson and Johnson, 1975). Thus, it is possible to conclude that leadership style can influence the productivity and profitability of organisations.

A widely used classification of leadership styles was introduced by Likert (1967). It consists of four systems:

1. Exploitative authoritative: utilises an autocratic, top-down approach to leadership. Employee evaluation is based on punishment and occasionally on rewards. Downward communication is predominant and there is little lateral
interaction or teamwork. Both control and decision-making reside at the top level of the organisation.

2. **Benevolent authoritative**: is similar to system 1, but management tends to be more paternalistic. Employees are given a little more freedom than in system 1. Management defines the limited boundaries for interaction, communication and decision making.

3. **Consultative**: employees have more interaction, communication and decision making than in system 2. Although employees are consulted about problems and decisions, management makes the final decisions.

4. **Participative**: this system makes extensive use of employee participation, involvement and groups. The groups are highly involved in setting goals, making decisions, improving methods and appraising results. Communication occurs both laterally and vertically.

In his book Likert (1967) also discussed the characteristics of communication processes and motivational forces, which are also linked with the way leadership is exercised in organisations. Bass and Avolio (1994) proposed the following six leadership styles — idealised influence, inspirational motivation, intellectual stimulation, individualised consideration, management by exception and contingent reward. They also proposed ways to measure them through a MLQ 5X questionnaire (see section 2.3.7 for more details).

So what factors can influence a choice of a leadership style? Tannenbaum and Schmidt (1958) proposed three forces that affect this choice: forces of a leader himself or herself, those of the subordinates and finally those of the situation. Yukl (1981, 1994) offered the following factors: level in the authority hierarchy, function of the organisational unit, size of the organisational unit, task characteristics and technology, lateral interdependence, crisis situation, stages in the organisation life cycle and, ultimately, subordinates' competence and performance. Herbert (1981) argued that leadership style is a function of the need for participation, the result of commitment, and closeness of supervision required. And Maheshwari (1980) argued that the style of decision making is a result of a complex interaction of several factors, including the context and characteristics of the organisation, the nature of the decisions and the attributes and preferences of the decision makers. Blanchard and Wakin (1991) pointed out that the degree of difficulty of the task plays a significant role in determining the right leadership style. Whyte (1988) argued that the choice of
leadership style depends on the nature of the task, the power available to the leader, the experience of the subordinates, the culture of the organisation, the preferred style of the leader, the style preferred by subordinates and time available for task completion.

There is an implicit understanding that good leadership relies on first articulating personal and professional value orientations (e.g. England and Lee, 1974; Sashkin, 1992; Schein, 1985; Westwood and Posner, 1997). For example, Biggart and Hamilton (1987) claimed that "leadership is embedded in social and cultural beliefs and values, and cannot be fully understood apart from the context in which it exists". Westwood and Posner (1997) claim that "the personal values held by managers have increasingly been shown to have an impact on their behaviour and performance and, ultimately, on organisational performance". Heskett and Schlesinger (1996) asserted that organisations with strong cultures and clear values increase their chances of success and longevity. And according to Drucker (1999), "to be able to manage yourself, you finally have to ask, What are my values?" Mahoney (2000) adds that "not only that the organisation values should be stated, but also all parties should have a part in moulding and developing them."

Studies made on leadership values and worthy of comment are surveys of Japanese, Chinese and Russian managers by Ralston et al. (1997) and a similar survey of Australian managers by Sorros and Santora (2001). Comparing the mean scores for value dimensions in both studies, the following results were obtained: Australian managers registered high mean scores on achievement, benevolence, self-direction, and security similar to their Japanese counterparts. Japanese managers emphasized the value orientations of self-direction and achievement equally. Chinese managers emphasized the values of benevolence (goodwill), security (harmony with others), achievement (success), conformity (self-restraint) and universalism (common good). For Russian managers, the most important value was security, followed by self-direction.

2.3.3 Leadership style and national culture

Many authors point to national culture as an important factor that determines the effectiveness of leadership style, for example see Robbins (1993) and Bass (1990). Similarly, Adler (1991), Badawy (1980) and Bass et al. (1979) have all argued that
national boundaries have considerable influence on leadership style. According to Ali (1989), leadership style differs significantly by country. Evans et al. (1989) have argued that leadership style is a function of the level of industrialization, but cultural characteristics play a significant role in tempering its effects. Mahoney (2000) showed a strong belief that while choosing an appropriate leadership style one should seriously consider the prevailing national/regional culture, the religious beliefs and life experience of the people involved.

Similarly, Aram and Piraino (1978), Burger and Bass (1979), Kras (1989) and Wright (1981) contend that management styles vary from culture to culture. Campbell et al. (1993) note that leadership style itself and eventual task outcome had a strong impact on perceptions of appropriateness of leadership style, whereas gender and organisational setting had no substantive impact. Buckham (1990) argues that the type of industry sector (private or public) and an organisation’s size play important roles in the determination of the effectiveness of management style.

Kumar and Yauger (1995) stress that “research on the impact of cultural diversity on ... leadership ... is still lacking”. Furthermore, Dorfman (1996) states that only a few studies out of hundreds have been concerned with the impact of cultural influences on leadership. However, some studies in the Middle East show that United Arab Emirates national managers and Arab and foreign expatriates predominantly used consultative leadership style (Ali et al., 1995). Kaur (1993) reports that the autocratic style prevails among Indian managers. In his empirical study of mixed cultural companies in United Arab Emirates, Yousef (1998) found that the most common and effective leadership style in a non-Western culturally mixed environment is consultative leadership style. Moreover, the author also argued that the following attributes have a significant relationship with leadership style:

- **personal attributes** of leaders such as age, education, experience and national culture; subordinates’ personal attributes such as gender, national culture, age and tenure in present organisation;

- **organisational factors** such as organisation's ownership (private or public).

Also, the following attributes have no significant relationship with leadership style:

- **personal attributes** of leaders such as gender, tenure in present organisation and marital status, and subordinates’ personal attributes such as education, marital status and experience;

- **organisational factors** such as an organisation’s activity and age.
Yousef (1998) also gives a word of warning about the consultative leadership style, because the decision-making process could take more time and delay change. This fact should be taken into account so that organisational goals and objectives could be achieved more effectively.

### 2.3.4 Effective leadership

How do people lead? What can be called effective leadership? Bennis and Nanus (1997), for example, describe the four keys of effective leadership as: attention through vision, meaning through communication, trust through positioning, and the deployment of self through positive self-regard. The five key practices of leaders, according to Kouzes and Posner's (1995), framework of what people are doing when they are leading, include: challenging the process, inspiring a shared vision, enabling others to act, modelling the way, and encouraging the heart. Moreover, it has been claimed that "effective leaders are constantly learning. They see all experiences as learning experiences" (Kouzes and Posner, 1995). Myers (1994) argued that high-performance leaders “add value above our common performance expectations... Value-added leaders often work within existing situations and resources to leverage their organisation’s assets and outcomes consistently beyond expectations”.

Brozik (1994) argues that no one type of management style is best in all situations and that the leader, the subordinates and the environment or the task determine the effectiveness or ineffectiveness of each style. Kur (1995) believes that effectiveness in leading is directly related to the leader’s way of thinking about himself, subordinates, organisation and environment. Likert and Likert (1976) argued that the participative style is more productive in any culture.

So who can be called a ‘good’ leader? Drouillard and Kleiner (1996) offered their opinion on this problem by listing and describing the characteristics of a good leader. They pointed out that there is significant overlap between these characteristics, and so many descriptors could accurately be listed under more than one of the attributes:

- **Communicative.** The ability consistently to exercise good, clear communication is essential. This includes the ability to listen. Additionally, the ability to articulate ideas and vision, inspire, provide feedback, espouse practical philosophies and values are all necessities.
• **Integrity.** Actions - not just words - that display honesty, trustworthiness, fairness, ethics and high moral standards are demonstrators of a good leader.

• **Genuine interest in others.** This attribute breeds loyalty, commitment to the leader and creates followers.

• **Rewards and recognizes achievement.** This characteristic includes the importance and practice of delegation.

• **Team orientation.** A true leader selects individuals for their differences in abilities, trains their talents and acts as a "coach" that facilitates, assists, teaches and motivates.

• **Visionary and idea-oriented.** Leadership never neglects the long term.

• **Decisiveness and responsibility.** A leader will make difficult decisions and take full responsibility for them, even if not personally involved in their execution.

• **Competence.** Performance and favourable outcomes in different situations and with different teams demonstrate the existence of competence.

Moreover, Kotter (1988) argued that leadership skills are not inherent, but they could be learned. He wrote, “… Nevertheless, the old homily "Leaders are born, not made" gets little support from this analysis, because most of the items [attributes] come after birth and are not deterministically a function of natural abilities”. This idea is also supported in a paper by Drouillard and Kleiner (1996).

Robie et al. (2001) in their study that included managers from seven European countries and USA, found two common competencies for effective leadership across the surveyed countries. First is ‘drive for results’ which is in line with the general personality dimension of conscientiousness that reflects such personal characteristics as being persistent, planning, careful, responsible and hard-working, and tends to be related to performance across a wide range of jobs (Barrick and Mount, 1991). Second is ‘analyse issues’ which is linked to a person’s ability to solve complex problems and learn quickly.

### 2.3.5 Leadership vs. management

The literature also draws attention to the differences and similarities between leadership and management – do these terms mean the same thing or is there a difference? In the last decades authors generally point to the differences between them
and try to separate these terms. Recently authors have agreed with each other on the notion that management has to do with creating organisation, order and stability while leadership has to do with creating energy, thrust, alignment, focus and commitment (Kotter, 1990b; Kouzes and Posner, 1995; Van Eron, 1995).

According to Zaleznik (1989), "Managers brought with them what they learned from the business schools, namely principles of bargaining, emotional control, human relations ... They left behind commitment, creativity, concern for others, and experimentation". He categorically denies that management and leadership are interchangeable terms. He goes on, saying, "leaders grow through mastering painful conflict during their developmental years (Lee Iacocca, for example), while managers confront few of the experiences that generally cause people to turn inward for answers". Zaleznik (1989) concludes that the difference between a developing leader and a manager is that the leader chooses to confront and grow from an adverse experience and the manager chooses to avoid or manipulate the situation. Peters and Austin (1985) gave the following definition of leadership: “Leadership means vision, cheerleading, enthusiasm, love, trust, verve, passion, obsession, consistency, the use of symbols, paying attention as illustrated by one’s calendar, out-and-out drama (and the management thereof), creating heroes at all levels, coaching, effectively wandering around, and numerous other things”. On the other hand, effective management has been compared to "wagon masters of the Westward movement in the last century". A wagon master had two jobs. He had to keep the wagons moving toward their destination day after day despite all obstacles. He also had to maintain harmony and a spirit of teamwork among the members of his party and to resolve daily problems before they became divisive". A wagon master's worth was measured by his ability to reach the destination safely and to keep spirits high along the way. He had to do both in order to do either” (Ninomya, 1988). And Warren G. Bennis, a leading authority on leadership, said, "Managers are people who do things right, and leaders are people who do the right things" (Drouillard and Kleiner, 1996).

Kent et al. (2001) summarising the works of different authors argue that management has a great deal to do with allocating and ensuring the effective use of resources, e.g. people, capital, information, technology, etc. in the accomplishment of organisational goals. Leadership is more related to the marshalling, energizing and unifying of people toward the pursuit of a vision.
2.3.6 Transactional and transformational leadership

In his attempt to define leadership and distinguish it from management, Burns (1978) defined leadership as a process that "... changes both leader and the follower". He also first separated "transactional" leadership from "transformational" leadership. Transactional leadership involves a manipulative, quid pro quo approach and was suggested as undesirable by the author. Alternatively, transformational leadership "... occurs when one or more persons engage with others in such a way that leader and followers raise one another to higher levels of motivation and morality". Hence it is seen as a process by which change (transformation) is introduced to individuals and/or organisations.

Bass' (1985a, 1985b, 1997; Bass and Avolio, 1990a, 1990b, 1994) model of transformational-transactional leadership based on Burns' (1978) original construct defines transactional leadership as a transaction that occurs between leaders and followers (Bass and Avolio, 1994). That is, followers are rewarded or disciplined on the basis of their work performance. Transactional leadership consists of management by exception and contingent reward. Management by exception avoids giving directions as long as old ways appear to work and performance goals are met (Bass and Avolio, 1990b). Contingent reward provides rewards for contracts or necessary expended effort, with its emphasis on facilitating the achievement of work objectives agreed to by followers.

Transformational leadership differs from transactional leadership in that it motivates workers to perform beyond expectations (Bass and Avolio, 1990b). Transformational leaders link organisational goals to the needs and beliefs of workers. Transformational leadership consists of idealized influence (charisma and building trust), inspirational motivation (raising workers' expectations about the organisational vision), individualized consideration (coaching), and intellectual stimulation (challenging convention). Bass (1999) suggests that "much more still needs to be learned about how the concepts of transformational and transactional leadership are related to values and beliefs".

Bennis and Nanus (1997) describe transformational leadership as achieving significant changes that reflect the common of interest of both leaders and their constituents, freeing up and pooling collective energies in pursuit of a common vision.
In their empirical survey Sarros and Santora (2001) established correlation between transformational and transactional leadership factors and different value dimensions. According to survey findings, idealized influence is positively associated with every other leadership factor apart from laissez-faire. That is, leaders who have a vision for the organisation are more likely to show other leadership attributes that challenge workers to achieve beyond their expected capacities. Overall, the leadership factor of individualized consideration (coaching of individuals) was most associated with values, specifically self-direction (promoting independent thought and action) and benevolence (concern for others). Intellectual stimulation (encouraging workers to think in new ways) is also significantly related to self-direction.

Hence they conclude that in general the transformational leadership style is closely associated with the values of achievement, benevolence, self-direction (intellectual autonomy), and stimulation (intellectual challenge). By comparison, the transactional leadership factor of management by exception, as well as laissez-faire, was minimally associated with all the value dimensions. On the other hand, contingent reward had strong linkages with every value, particularly self-direction. These findings by Sarros and Santora (2001) indicate that leaders who aspire to transformational behaviour can use contingent reward behaviour as a substitute to achieve similar outcomes. However, it is unclear how the substitution of transformational leadership style by contingent reward can influence an organisation’s results. Finally, the authors conclude that executives whose values are grounded in fundamental human virtues such as benevolence and honesty, but who also retain a need for personal gratification and success, are closely associated with transformational leadership behaviours.

2.3.7 Charismatic leadership

Some authors have introduced the concept of charismatic leadership, for example see Conger and Kanungo (1988) for full discussion. These authors argue that charismatic leaders can be distinguished from other leaders by their “use of articulation and impression management practices”. Impression management is related to how leaders express themselves to create meaning and influence. Bass (1985a, 1988) pictures charismatic leaders as exceptionally expressive individuals who employ rhetoric to persuade, influence, and mobilize others. In their later work, Conger and Kanungo
(1988) describe charismatic leaders as persons who subtly persuade ideas about the future that are irresistible.

A problem with charismatic leadership though is that it is not clearly distinguished from transformational leadership. For instance, Avolio and Gibbons (1998) made no difference between these two types of leadership, using them interchangeably. The instrument to measure charismatic leadership and its components, called the Multifactor Leadership Questionnaire (MLQ), was created by Bass (1985a). It measures four dimensions – idealised influence, inspirational motivation, intellectual stimulation and individualised consideration (see Bass and Avolio, 1994). However, this questionnaire has been criticised for the lack of definition of the behaviours reflected in the four factors (see Tracey and Hinkin, 1998). An improved version of this questionnaire MLQ 5X has been created in 1995. It measured transactional leadership (management by exception, laissez-faire and contingent reward) and transformational leadership (idealized influence, inspirational motivation, individualized consideration and intellectual stimulation).

The conclusion, therefore, is that there is little empirical basis for supporting the continued use of the charisma concept except as a part of, or as a synonym for, or as a replacement for transformational leadership. Table 2.5 summarises the three leadership groups.

<table>
<thead>
<tr>
<th>Leadership pattern</th>
<th>Conditions conducive to the predominance of the leadership pattern</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transactional</td>
<td>Routine situations where the basic level of anxiety is not high; there is no acute sense of impending crisis or major changes</td>
</tr>
<tr>
<td>Charismatic</td>
<td>Situations where there is a high anxiety level, conditions of crisis and change that intensify processes of projection, transference and attribution</td>
</tr>
<tr>
<td>Transformational</td>
<td>Situations where the basic level of anxiety is not high and attention is given to the developmental needs of the led. In general, this leadership pattern depends more on the leader’s view of him/herself as transformational and less on the organisational context than do transactional and charismatic leadership</td>
</tr>
</tbody>
</table>
2.3.8 Visionary leadership

Another leadership style, which is somewhat close to the concept of charisma, is ‘visionary’ leadership. Nwankwo and Richardson (1996) described ten characteristics of the successful visionary: imaginative, experienced, intuitive and analytical; seeks excellence; oriented towards action; empowerer; calculating risk taker; independent; passion for achievement and workaholism; reward oriented; optimistic; powerful.

So who is a ‘visionary’ leader? Authors portray this leader as follows: “She/he is a leader who has special skills in creating new marketplace positions and in transforming traditionally ‘stuck’ organisations and reorienting them towards the implementation of a winning vision of how and where the organisation will compete. This is the leader who gains the commitment of his/her organisation's people to the achievement, in a more pragmatic rather than linear-sequential planned way, of the vision. She/he clearly creates change through very personal leadership. The visionary, more clearly than any of the other leaders, creates an organisation which reflects his/her own personality, style and preferences. She/he is the leader who "wins hearts and minds" and charismatically takes the organisation into a new successful era. The process of visionary leadership involves the design of a desired future and the motivation of others in the organisation to share it and commit themselves to taking personal responsibility for its achievement”. Anderson et al. (1994) concluded that visionary leadership establishes an organisation characterized by cooperation and learning, which in turn facilitates process management toward continuous improvement and employee fulfilment, finally resulting in greater customer satisfaction.

2.3.9 Leaders and followers

Another way of looking at leadership styles is through the relationship between the leader and his/her people. Shamir (1991) proposed an analysis of this relationship from two different perspectives. The first perspective describes the relationship between the leader and the led as a framework of exchange relations (Hollander, 1964). Leadership in this view is expressed in the leader's ability to make his or her people aware of a link between effort and reward. The effective leader, according to the criteria of this approach, is a sensitive psychological diagnostician who accurately
discerns subordinates' needs and expectations and responds to them accordingly. This perspective is close to the contingency models of leadership. The second perspective describes the relationship between the leader and the led as essentially emotional. The leader in this perspective, who is described in the literature by images such as charismatic (House, 1971), visionary (Bennis and Nanus, 1985), and inspirational (Bass, 1985a), is a person who arouses emotions in his/her people that motivate them to act beyond the framework of what may be described as exchange relations of "give and take" (Bass, 1985a).

There are several alternative and/or complementary psychological explanations for the emotional bond between the leader and the led (see Shamir, 1991).

The relation between leaders and their people can also influence leadership style. People have different needs in different types of organisational contexts and at various levels of the organisation's hierarchy, and thus will have different expectations of the leader. The key concepts here are "need and expectation". Here, important theories are the "hierarchy of needs" as expressed in the theories of Maslow (1970) and Alderfer (1972). According to these theories the needs that motivate the individual's actions operate hierarchically in terms of their intensity and effect, with physiological and security needs at the bottom of the scale and, rising up the scales, the needs for belonging, esteem and self-actualisation (Maslow, 1970) and development (Alderfer, 1972). For example, the less secure people feel in the organisation and the more anxiety they experience, the stronger the desire for leadership that can provide 'solutions' of psychological security (see Zaleznik and Kets De Vries, 1975; Kets De Vries, 1989). On the other hand, when the need for security is satisfied the other needs grow stronger and the expectations directed towards the leaders change accordingly.

Hence, it is possible to argue that in organisations and situations where people feel fairly secure psychologically, in other words where they do not feel that the situation is ambiguous and threatening and there are clear game rules for the participants, the dominant expectation will be for transactional relations with the leader. Alternatively, in organisations and situations where the individual does not feel sufficiently secure and there is a high level of anxiety, the dominant expectations will be for relief of the anxiety through relating emotionally to the leader (for example, in military combat units and challenging situations). The subordinates will expect their leaders to be strong, determined and protective (Popper and Zakkai, 1994).
Distance is yet another factor that affects the way people project and attribute qualities to their leaders. A fundamental assumption in these approaches is that the reality in which an individual lives and works is reality only as they perceive it (see Ross and Anderson (1980), Calder (1977), Berger and Luckman (1972). According to Ross and Anderson (1980), the greater the distance from the leader, the stronger the tendency to make fundamental attribution errors; increased ambiguity and anxiety will strengthen these tendencies, and the leaders will become more and more a subjective creation of the led. On the other hand, the shorter the distance between the leader and his or her people, the greater the possibility of regular personal contact with the sources of influence, and in this case the subordinates' perception will be more grounded in fact. Nearness to the leader appears to be more conducive to transformational leadership (Kouzes and Posner, 1989; Shamir, 1991).

2.3.10 Leadership and quality practices

Some authors have investigated the connection between leadership and quality practices, such as TQM. Powell (1995) wrote, “Today, virtually all organisations are affected by the quality movement. Both empirical and anecdotal evidence suggest that organisations which successfully implanted the quality culture enjoy relative competitive advantage and superior growth in earnings”. Therefore increasing attention is being paid to how well leaders can guide their organisations. There is a discernible move away in strategic thinking from a preoccupation with attractive products and markets towards those competences (see Nwankwo and Richardson, 1994) and capabilities (see Prahalad and Hamel, 1990; , Stalk et al., 1992) which underpin them. Nowadays, the organisation is a reflection of its leaders (Hambrick and Mason, 1984). Klein et al. (1995) proposed the concept of a ‘constructive’ culture, one that encourages teamwork and employee development and leads to favourable perceptions of employee control (empowerment) and quality outcomes. The authors suggested that organisations can impact service quality through the creation of a constructive culture and the institutionalisation of quality practices. Buch and Rivers (2001) argued that in the most successful TQM organisations, leaders are described firstly as visionary, transformational, and empowering. Secondly, these leaders endorse and promote the behaviours of teamwork, collaboration, learning, and involvement. Thirdly, these behaviours form an
infrastructure, or culture, which then leads to increases in productivity, quality, and customer and employee satisfaction.

Some of the ingredients for success identified in the winning UK companies could be taken as a benchmark in this project. These ingredients for success were reported in the Department of Trade and Industry’s report “Competitiveness – How the best UK companies are Winning” (1996). The study clearly showed requirement of successful leadership because winning UK companies:

Are led by visionary, enthusiastic champions of change

Unlock the potential of their people by:

- Creating a culture in which employees are genuinely empowered and focused on the customer,
- Investing in people through good communications, teaming and training,
- Flattening and inverting the organisational pyramid.

Know their customers by:

- Constantly learning from them,
- Welcoming the challenge of demanding customers to drive innovation and competitiveness.

Constantly introduce new, differentiated products and services by:

- Deep knowledge of their competitors,
- Encouraging innovation to successfully exploit new ideas,
- Focusing on core businesses complemented by strategic alliances.

Exceed their customers’ expectations with new products and services.

But leaders have to be careful as well. Results of a study by Buch and Rivers (2001) suggested that culture change is difficult to sustain following a quality intervention, especially in the face of internal change and external threats. Because external threats are inevitable for today's organisations, it is important for leaders and change agents to be aware of their potential effects on planned change, especially the tendency towards a threat-rigidity response. Under external threat leadership tends to become more conservative, autocratic, and narrowly focused, and decisions tend to be made at higher levels of the organisation, by fewer people, who consider fewer alternatives (Buch and Aldridge, 1991). Additionally, the willingness of employees to support change could be replaced by resistance and a will to return to the 'old' culture characterized by more traditional leadership styles. This is a time when a leader’s
support for the change is especially important, though it is the most difficult time to maintain it. Training, reward, and support systems should be used to combat the natural tendencies to revert to old, established patterns in the face of external threats (Buch and Rivers, 2001).

Zairi (1994) suggested that in the context of TQM what is expected of leaders from the 1990s compared to the period before is more of the doing, being more in touch, more aware and being much more concerned with developing means rather than being just concerned with ends. Leaders in the context of TQM are more focused on corporate performance rather than just their own. Leadership here is not about power, authority and control, it is more about empowerment, recognition, coaching and developing others. He continues: “Nowadays leadership is considered as a must for survival. It comes from the level of inspiration, commitment generated and corporate determination to perform. The power of modern leadership is in achieving congruence and getting wider ownership of the ultimate task of satisfying customers and building strong competitiveness”. Zairi (1994) also suggested areas where effective quality leaders should focus and which could be used as a measurement of their performance:

- Setting the vision and the strategic choice;
- Communicating the vision, generating corporate commitment;
- Developing a process-based culture;
- Recognizing people as assets;
- Managing through performance management;
- Developing partnerships with customers and suppliers;
- Being external ambassadors;
- Developing leadership in the organisation.

Mortiboys and Oakland (1991) identified that in terms of business excellence, effective leadership should:

- Develop clear beliefs and objectives;
- Develop clear and effective strategies;
- Identify critical processes;
- Review management structure;
- Encourage effective employee participation (through empowerment).

Indeed, leadership is a key criterion of the EFQM and Malcolm Baldrige business excellence models. The EFQM sub-criteria of leadership are good examples of how
leadership is connected with reaching organisational excellence. The headings of these sub-criteria are as following:

- Leaders develop the mission, vision and values and are role models of a culture of Excellence;
- Leaders are personally involved in ensuring the organisation's management system is developed, implemented and continuously improved;
- Leaders are involved with customers, partners and representatives of society;
- Leaders motivate, support and recognise the organisation's people.

2.3.11 Leadership and learning

Leadership is developed through learning. For example, Brown and Posner (2001) concluded that creating a culture of leadership and learning is the ultimate act of leadership development and that leadership development is a learning process. Mahoney (2000) explains "just as in golf, I believe directors and managers should be always looking to improve their leadership qualities." Moreover, Kouzes and Posner (1995) claimed that "effective leaders are constantly learning. They see all experiences as learning experiences".

It is not surprising, therefore, that some authors have investigated ways of enhancing transformational leadership in organisations, for example see Barling et al. (1996). Training managers in transformational leadership was on the top of the list.

Bass (1990) initially described two primary methods for transformational leadership training. In the first, subordinate ratings of a leader's transformational leadership style are collected and presented to the leader in an individual counselling session. In the second, leaders participate in workshops on transformational leadership. Common activities in the workshops include brainstorming the behaviours displayed by effective and/or ineffective leaders, linking these concepts to transformational leadership theory, and watching videos depicting a variety of leadership styles in action. So which training is more efficient and cost-effective? In their study Kelloway et al. (2000) reported that similar results were obtained in both the training and the feedback conditions, all things being equal, and hence the authors suggested that group-based training represents a more cost-effective means of intervention to enhance transformational leadership.
Experience is seen as the starting point in this approach and provides the content for
reflection. Engaging life experience in a critically reflective manner is a necessary
condition for transformation. Indeed, the entire process of learning is a journey of
change - change which is growth enhancing and developmental (Mezirow et al.,
2000). Additionally, Brown and Posner (2001) stated that "leadership is closely
connected with the concept of change, and change, in turn, is at the essence of the
learning process".

Kouzes and Posner (1995) found that people reported learning from three sources:
trial and error, observation of others, and education. Honeywell corporation undertook
a six-year research program to determine how managers learn to manage and his
findings revealed the following three categories: job experiences and assignments,
relationships, and formal education/training (Zemke, 1985). Research undertaken by
the Center for Creative Leadership, which interviewed successful executives,
indicated that about 75 percent of the events that individuals reported as critical to
their careers came from a combination of learning from the work itself and learning
from others (Dalton et al., 1999).

2.3.12 Dark side of leadership

A few authors have warned about a dark side of leadership, as leadership can bring
both positive and negative outcomes to people and organisations. According to
McClelland (1970,1976) there are concepts of power. Individuals high in social power
are institution-oriented, aspire to office, want to serve others, and foster an effective
work climate. Contrasted with this is the concept of self-aggrandizing personal power
that seeks to use position, and often charisma, for personal gain. That means that
leaders are not immune from taking actions, whether or not well intentioned, that can
lead to the worst of consequences, and that effective leaders can promote terrible
things (Hitler for example). Additionally, inspired and empowered followers of such
leaders could produce decidedly negative consequences for the leader. For example,
followers who have strongly authoritarian personalities are likely to conform
unquestioningly or they may react to the charismatic qualities of the leader by
mimicking or idealizing. Moreover, followers may seek to ingratiate themselves with
leaders to be valued and rewarded. Such reactions can deprive leaders of important
feedback and alternative perspectives.
Kets de Vries (1993) has identified several of these shadows that leaders fail to recognize.

1. Mirroring is the tendency of leaders to see themselves as their followers perceive them and to feel they must act to satisfy the projections or fantasies of followers. Although a certain amount of mirroring is a part of human nature, the impact of a mirroring distortion is most serious when leaders use their authority and power to initiate actions that have serious, negative consequences for the organisation.

2. Narcissism in leaders reflects a distorted view of self. Narcissists need power, prestige, and drama and they enjoy manipulation of others. They can become intolerant of criticism, unwilling to compromise, and frequently surround themselves with sycophants.

3. Leaders can suffer from an inability to differentiate and verbalize emotion. These individuals do not respond to their emotions, and are easy prey for the distortions of others. They contribute to mediocrity that drives out excellence.

4. Leaders at times fall victim to the fear of letting go, even though they know they no longer fit the demands of the job. The fear that their legacy will be destroyed motivates them to hold on to power as long as possible and may be expressed in generational envy, inducing them to block the careers of younger people.

In order to overcome the problems of leadership's dark side, Washbush and Clements (1999) proposed the following suggestions to those who intend to train leaders.

- Define leadership authentically in terms of both its positive and negative aspects.
- Challenge students to develop true pictures of themselves as part of an ongoing, lifelong process.
- Help students develop an understanding of the sources of feedback, the implications of feedback, and an openness to information in order to protect themselves from distortion and bias.
- Help students learn to develop the leadership potential of others.
- Provide students with broad exposure to theories and techniques of leadership, motivation and communication.
- Inculcate in students an ability to deal with mistakes openly and honestly, cope with failure, not confuse action with analysis, and exercise patience.
2.3.13 Leadership in Russia

Leadership is one of the key elements that are required to implement necessary changes in Russian enterprises. However, the attributes that were seen as characteristics for leaders may vary strongly across cultures (Den Hartog et al., 1999). House (1995) drew attention to the fact that prevailing theories of leadership are North American in character, and are based on the assumptions of individualism as opposed to collectivism, rationality rather than ascetics, hedonistic rather than altruistic motivation, and centrality of work and democratic value orientation. But cross-cultural psychology and sociology research showed that many cultures do not share these assumptions (Den Hartog et al., 1999). "As a result there is a growing awareness of a need for a better understanding of the way leadership is enacted in various cultures ..." (House, 1995).

For example Puffer (1996) suggests that modern Russian managers tend to share power, are inclined to delegate decision making (mostly to avoid the responsibility for unforeseen consequences), prefer to concentrate on strategic decision making, are tenacious and energetic and have strong collectivist attitudes. Hofstede (1993) speculated that Russian work values would be characterised by high power distance, high uncertainty avoidance, medium-range individualism and low masculinity. His theory was later backed up by the researches of Bollinger (1994) and Naumov (1996). Elenkov (1998) compared Russian and USA business cultures and concluded that since Russian managerial culture was characterised by high power distance and a strong collective mentality, Russian employees would expect an autocratic leadership style, which was offset by the support given to subordinate's families. Moreover, Hickson and Pugh (1995), Puffer (1996) and Trompenaars (1993) have observed that Russian management culture was characterised by a high degree of paternalism in the relationship between superiors and subordinates. Finally, Ardichvilli et al., (1998) found that a significant number of participants from his research showed autocratic leadership styles and preferred to make important decisions individually, without consulting with their peers or subordinates.

In his survey of the values of Russian managers, Ralston et al. (1997) found that Russian values are ordered by the need to maintain social stability. Moreover Russian managers still identify security as the motivating value. Security represents the need to keep society stable and ordered; it is a call for peace and harmony. On the other
Hand, the next most important value orientation revealed is self-direction, which emphasises independence in thought and action. Ralston et al. (1997) explains this contradiction by the fact that the Russian mentality is still in transition from socialism to capitalism.

2.4 Motivation

2.4.1 Introduction

What is motivation? Handy (1993) in his book stresses that 'motivate' is one of the ambiguous words. It should have a subject and an object, i.e. X motivates Y and Y is motivated by X, but is X a thing or a person? If we could understand and predict the ways in which people are motivated, we could influence them by changing components of that motivation process. Cole (1995) gives the following definition: "Motivation is the term used to describe those processes, both instinctive and rational, by which people seek to satisfy the basic drives, perceived needs and personal goals, which trigger human behaviour". There is no general formula of motivation that is guaranteed to work, but understanding the process will help to explain some of the problems and difficulties of people at work.

A basic model of motivation (see Figure 2.5) described by Cole (1996) suggests that a stimulus (e.g. in the form of a physical drive or some social or intellectual need) gives rise to a response (i.e. behaviour of some kind) which leads to an outcome, which either satisfies or fails to satisfy the original stimulus and leads to satisfaction or frustration.

Figure 2.5 A basic model of motivation

\[
\begin{array}{ccc}
\text{Physical need/drive} & \text{Behaviour} & \text{Satisfaction/frustration} \\
\downarrow & \uparrow & \uparrow \\
\text{Stimulus} & \text{Response} & \text{Outcome} \\
\downarrow & \downarrow & \downarrow \\
\text{Social/intellectual/emotional need} & \text{Behaviour} & \text{Satisfaction/frustration}
\end{array}
\]
2.4.2 Motivation theories

There are three major categories of motivation theories. These are satisfaction theories, incentive theories and intrinsic theories. 

*Satisfaction theories* contain an assumption that a satisfied worker is a productive worker. Although there is a little evidence that a satisfied employee actually works harder, there is strong support for the suggestion that a satisfied employee tends to stay in the same organisation and that satisfaction positively correlates with good mental health. Thus, employee satisfaction will reduce staff turnover and absenteeism, but will not necessarily increase individual productivity (see Herzberg's theory below for explanation).

*Incentive theories*, with an assumption based on the reinforcement principle, can be called a 'carrot' approach. These theories say that individuals will work harder if given specific rewards or encouragement for good performance. Most of the studies have been conducted in USA and concentrate heavily on 'pay' and 'money' as motivators. These theories can undoubtedly work if:

a) the individual perceives the increased reward to be worth the extra effort;
b) performance can be measured and clearly attributed to the individual;
c) the individual wants that particular kind of reward;
d) increased performance will not become the new minimum standard.

Handy (1993) clarifies that these theories often work well for the owner-manager or at the worker level in unit or small-batch production, although if the first three conditions do not apply, an individual will see the reward as general environment improvement and thus act as under satisfaction theories. Additionally, if the d) condition is violated, it could create a serious credibility gap.

Frederick Herzberg (1959) argued that there are two sets of factors involved in work tasks. One set of factors caused satisfaction or a good attitude within the worker, and these factors, on the whole, were task-related. The other group was primarily present when feelings of dissatisfaction or bad attitude were evident. These factors were not directly related to the job itself, but to the conditions that surrounded doing that job.
He called the first group ‘motivators’ (job factors):

- recognition;
- possibility of growth;
- responsibility;
- achievement;
- advancement;
- work itself.

Herzberg named the second group ‘hygiene factors’ (extra-job factors):

- salary;
- status;
- working conditions;
- factors in personal life;
- job security;
- interpersonal relations with supervisor, subordinates and peers;
- company policy and administration.

Herzberg argued that employees cannot be motivated by improving hygiene factors alone, but these factors are often considered of primary importance by employers. According to Herzberg et al (1959), motivators cause positive job attitudes because they satisfy the worker's need for self-actualization (Maslow, 1954), the individual's ultimate goal. The presence of these motivators has the potential to create great job satisfaction; in the absence of motivators, Herzberg says, dissatisfaction does not occur.

Intrinsic theories state that man is not an animal and will work best if given a worthwhile job and allowed to get on with it. These theories originate from the "hierarchy of needs" as expressed in the theories of Maslow (1970).

![Maslow's hierarchy of needs](Image)

Figure 2.6 Maslow's hierarchy of needs
Based on the assumption that motivation comes from within and cannot be imposed, the hierarchy of needs established by Maslow (see Figure 2.6) is founded on the following basic propositions:

- since human beings are demanding creatures, human behaviour is determined by unsatisfied needs; a satisfied need no longer motivates behaviour;
- human needs exist in a hierarchy of importance;
- higher needs differ from lower needs in that they are never completely satisfied.

According to these theories the needs that motivate the individual's actions operate hierarchically in terms of their intensity and effect, with physiological and security needs at the bottom of the scale and, rising up the scale, the needs for belonging (social needs), self-esteem and self-actualisation (Maslow, 1970).

The physical level involves a need for such primary things as food, water, shelter and sex. When these fundamental needs are not met, safety or security needs are activated. The next level up is the social level, the need for belonging and love. Related but on a higher level is the need for self-esteem, self-respect, and a feeling of competency. Less easy to define is the highest level, self-actualisation, the process of making actual the person's perception of his or her real self. A rarely attained (or even sought-after) state, self-actualisation is the impulse to become what one is capable of becoming, of achieving one's full potential in the most creative, self-motivated way. The upper levels of Maslow's hierarchy are an attempt to explain why people continue to strive for excellence even when lower-level needs have been met. It is a dynamic model which posts multiple needs operating simultaneously.

The assumption of the intrinsic theorists (e.g. McGregor (1960) and Likert (1967)) is that the higher-order needs are more prevalent in modern men and women than we give them credit for. In particular, people gain lots of satisfaction from the job itself provided they have some degree of freedom in determining what the job is and how they do it. Rewards tend to lie in the task itself or in the individual's relations with the group. Thus, the ideal will be to create conditions where effective performance is a goal in itself rather than a means to a further goal. In this case a manager is a more of a colleague, consultant and resource, rather than a boss.

However, there is evidence to suggest that intrinsic theories do not work too well in some cases (Handy, 1993). Examples are where:
technology prevents the individual from having control over his/her job
design, e.g. at shop-floor level in process, mass or large batch production;
the individual does not have strong needs for self-actualisation, or
alternatively likes authoritarian bosses.

Evidence would suggest that intrinsic theories work best where individuals of
intelligence and independence are working on challenging problems, e.g. in R&D
centres or in consulting companies.
Schein (1965) had classified the underlying assumptions about people upon which
most of the motivation theories are based on. These four categories of assumptions
follow each other in a historical order:

The rational-economic assumption says that people are primarily motivated by self-
interest and economic needs, and are basically passive beings to be manipulated,
motivated and controlled by the organisation. This is in line with Taylor’s theory
(Taylor, 1911) and McGregor’s theory X and theory Y assumptions (McGregor,
1960). McGregor’s theory X and Taylor made pessimistic assumptions about human
behaviour – untrustworthy, money-motivated and calculative. Obviously not all
people fall under these assumptions. McGregor’s theory Y argued that workers are
capable of self-directed effort towards shared managerial goals and are capable of
self-motivation, self-control and being in charge of their emotions.

The social assumption – says that people are basically social animals who gain a sense
of identity from relationships with others. Hence the social relationships of the job are
extremely important. This brings issues of leadership style and group behaviour to
the top of the management’s list.

The self-actualising assumption – says that people are primary self-motivated and
self-controlled. Any external control and pressure could be seen as a threat to
autonomy and affect motivation. However, given a chance, people will voluntary
integrate their own goals with those of the organisation. The implication is that people
need challenge, responsibility and autonomy in the world.

The complex assumption – says that people are variable, they have a hierarchy of
motives, but this hierarchy can change in time depending on circumstances. People
can respond to a variety of managerial strategies, but the decision will be made
according to the appropriateness of the situation, people’s needs and psychological
contract.
Schein's classification is useful because it summarises the basic assumptions that underlie the early theories of motivation. These theories focus on the needs and drives of human behaviour in the workplace and are often referred to as content theories. By contrast, other theories focus on the process of motivation, such as expectancy theory (Vroom, 1964), equity theory (Adams, 1965), goal theory (Locke, 1968) and attribution theory (Kelley, 1972). Process theories of motivation try to explain why people choose one particular course of action for satisfying a need rather than another, from all those available.

For example, in organisations and situations where people feel fairly secure psychologically, in other words where they do not feel that the situation is ambiguous and threatening, and where there are clear game rules for the participants, the dominant expectation will be for transactional relations with the leader (Handy, 1993). In these organisational circumstances, process motivation theories such as Vroom's expectancy theory (Vroom, 1964) will be adequate to predict and explain the leader's influence and the effectiveness of the "motivational transaction". Vroom argues that the motivation to perform an action is an individual's subjective evaluation of the rewards he/she will receive for performing the action multiplied by the valence (the importance he attributes to the action). Hence, the more a leader is able to diagnose his/her people's expectations – what is important to them and what they perceive as worthwhile – the more effective the leader is likely to be.

Vroom's theory hypothesizes that people constantly weigh the value of their expected goals, effort, and success according to the probability of achieving goals through their work behaviour. Expectancy refers to the perceived expectation that effort expended by individuals will lead to successful performance. Valence is defined as the personal perceived value that a person places on an outcome or reward that he/she would receive through his or her personal successful performance of a task.

A few authors (for example, Singer (1989), Smith (1994) and Tan (2000)) have used Vroom's theory in their surveys and presented the following outcomes. Smith's (1994) motivators are as follows:

1. Having variety in job duties and activities;
2. Not having to report to a superior;
3. Having higher salaries;
4. Having higher prestige and social status;
5. Having the chance to be intellectually stimulated;
6. Being able to reward and punish subordinates;
7. Being able to influence decision making;
8. Having the chance to show ability to manage work and home simultaneously;
9. Having a job that fits with self-concept;
10. Having the chance to realize own ambitions.

It is not the goals that are important but the expectation factor of the workforce that must be put right first. Tan (2000) explains, "With this information, organisations could offer valued rewards and create perceptions that effort would lead to these rewards. Managers should also design jobs that would lead to high performance, take on qualified employees, and train employees to do the tasks properly. The tasks should be designed so that performance is measurable and rewards, which are seen to be fair and equitable, are matched against performance. This is in line with the TQM philosophy of plan, do, check, and act".

According to Herbig and Genestre (1997), key success factors for implementing a corporate motivational strategy enhancing workers' self-esteem and confidence include:

- Active listening that shows understanding of and respect to employees' feelings and ideas and that engages the employees in the process of stating their work problems and considering possible tactics for dealing with them.
- Goal setting that challenges employees supportively, providing them with clear, attainable steps to improve performance.
- An approach to present problems and future objectives that focuses on behaviour, not personality, and thus increases the chances that the supervisor and the employee will wind up attacking the problem instead of each other.

Thus the degree of motivation and the implication of the workforce in the work setting is not only determined by cultural and social values but also by a hierarchy of needs that individuals try to satisfy. A successful culturally-oriented corporate strategy should be focused on forging a corporate culture and an organisational framework that takes advantage of the variety of individual needs and cultural values.
2.4.3 Money and motivation

It is impossible to avoid the issue of money when writing about the motivation. Handy (1993) summarised some roles of money, also the list is not exhaustive:

Money is all-embracing – money is often assumed to be an instrument in satisfying each and every one of the motivational needs, ranging from hunger to self-actualisation. However, when reporting different needs, money is not usually put at the top of the list; it can represent a cultural bias, i.e. ‘money is bad, but things that money buys are all right’.

Money is a basis for comparison – money can be measured precisely whereas other motivators cannot be. This is why money is used as a perfect mean of comparison. Herzberg argued that money is not a hygiene factor itself, but ‘equity’ is. Thus the actual levels of pay are not an issue, but the equitable level in relation to others, to future expectations and self-concept is.

Many people believe that if work is hard it should therefore be rewarded by an amount of money commensurate with the hardship involved, and people indeed need money to live. However, will people really be strongly stimulated to work if their efforts are rewarded with money alone?

In his theory of motivation, Herzberg (1969) argued that although money accepted as remuneration for work alleviates or eliminates some of the dissatisfiers, it obviously cannot supply all the required satisfiers. On the other hand, the other forms of satisfaction provided by work, such as creating something, however humble, experiencing the pleasure of sharing with other colleagues, and taking pride in work, are extremely valuable forms of intangible reward.

The findings of a UK survey performed by the United Kingdom Association of Suggestion Schemes (UKASS) supported suggestions that money is not the only motivator valued by people at work (Lloyd, 1996). A suggestion scheme implemented by British Gas also showed a good response from employees and brought savings of 10 million pounds over three years to the company (Lloyd, 1996). Moreover, motivation of staff through financial incentive schemes has a limited success because this motivation is only temporary (Gee and Burke, 2001).

A financial incentive may be offered for a selected project's running time only or may have a great motivational power only in a relatively short period after it is introduced. Although incentives that are purely financially-driven should not be discarded, they
do not address the issue of the employee's higher needs of recognition and self-fulfilment (Tietjen and Myers, 1998). It is far better for an incentive scheme to get the employee to undertake activities which meet these higher needs. The following means of personnel stimulation and motivation are used in different organisations (Svitkin, 1999) – see Table 2.6.

Table 2.6 Means of personnel stimulation and motivation

<table>
<thead>
<tr>
<th>Means of stimulation</th>
<th>Means of motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages</td>
<td>Career planning (promotion)</td>
</tr>
<tr>
<td>Premiums</td>
<td>Increased prestige (personal office, company's car, etc)</td>
</tr>
<tr>
<td>Pensions</td>
<td>Involvement in making important decisions and special assignments</td>
</tr>
<tr>
<td>Participation in income</td>
<td>Official recognition of work (special diploma, badge, etc)</td>
</tr>
<tr>
<td>Paid education</td>
<td>Getting supervisors confidence</td>
</tr>
<tr>
<td>Company shares</td>
<td>Advanced training</td>
</tr>
<tr>
<td>Paid meals</td>
<td>Specially dedicated article in local press</td>
</tr>
<tr>
<td>Delayed payments</td>
<td>Participation in conferences and seminars</td>
</tr>
<tr>
<td>Cover of transport costs</td>
<td>Participation in quality group</td>
</tr>
<tr>
<td>Insurance</td>
<td>A possibility of realisation of own ideas</td>
</tr>
<tr>
<td>Free medical service</td>
<td></td>
</tr>
<tr>
<td>Paid holidays</td>
<td></td>
</tr>
<tr>
<td>Discount of company's products</td>
<td></td>
</tr>
</tbody>
</table>

2.4.4 Motivation and organisation success

2.4.4.1 What factors contribute to organisation success?

Successful organisations tend to focus on customers and their needs. They invest in ways to improve sales and provide superior service to clients, and they do not forget that their customers and their customers' needs underlie their organisation's existence. Successful organisations also adapt their structures to the needs of their mission statement. At the department level, controls may be simultaneously loose and tight insofar as specific performance goals may be set. Highly successful organisations
often maintain a simple but appropriate structure that employs an adequate number of
staff; they avoid empire building and padding with surplus staff. Also,
entrepreneurship is encouraged by rewarding successful innovation and encouraging
risk taking (Vecchio and Appelbaum, 1995).
Successful organisations also tend to stress a single value, such as delivering a quality
product, reducing the cost of services to customers, or showing concern for each
customer's unique need. By emphasizing a single dominant value in its promotional
materials and in its training of employees, the organisation establishes a useful,
distinct reputation for excellence in a specific area. Finally, managers in successful
companies often try to improve performance by achieving agreement or consensus
between employees. Thus, managers and workers work together to set mutually
agreeable performance goals. Employee suggestions are actively sought and a positive
work-group spirit, which serves as a basis for enhanced motivation, is encouraged
(Vecchio and Appelbaum, 1995).

2.4.4.2 What factors contribute to organisation failure?

Environmental factors such as a change in technology, e.g. technological innovations
by competitors, as well as innovations that cannot be implemented within the
organisation itself, can lead to lost business and failure. Two forms of dependency -
dependency on suppliers and dependency on a single customer - can also create
problems. Difficulties in obtaining raw materials and financing from other institutions
can prove fatal for an organisation in a competitive environment. In addition, a
customer who realizes that another organisation is highly dependent on its business
may use its resulting power to drive down prices or extract greater concessions by
threatening to take its business elsewhere.

In terms of structure, inadequate control mechanisms may contribute to failure. For
example, an organisation may lack devices for sensing when changes occur that need
to be corrected. As a result, either product quality may suffer or change in employee
or customer satisfaction levels may be ignored (Vecchio and Appelbaum, 1995).

Management factors may also contribute to failure. Courageous and decisive
leadership can inspire an organisation to overcome difficult situations or take quick
action. In contrast, a tendency to over analyse data or to take a 'wait-and-see' attitude
may cause a firm to lose ground to competitors and may exacerbate internal problems. Additionally, conflict should be managed to ensure that it remains in desired forms and at desired levels.

Problems between managers and employees could also emerge as a result of company's downsizing and rationalisation policies, which were widespread in 1980s and 1990s. In addition, communication lines and trust could be damaged (Whymark, 1998). The working relationship changes as the manager neglects the needs of the remaining employees in favour of economic demands. Whymark also pointed to some management shortcomings such as spending too much time on reducing labour costs. The American Management Association measured corporate layoffs for a year and, although operating profits were up by 47 per cent in this time, employee morale was recorded to have decreased by a staggering 74 per cent (Whymark, 1998). Moreover, in the UK, stress caused by change, uncertainty, lack of control and high workload contributed to about a half of the 360 million working days lost annually (Cooper, 1996).

Vecchio and Appelbaum (1995) concluded that environmental factors are more likely to pose potential threats to an organisation's well-being, while the use of structural factors is an organisation's major means of achieving success or, at least, coping with threats. It almost goes without saying that management-related factors are potential sources of both organisational success and organisational failure.

2.4.4.3 Motivational factors contributing to organisation success

Apparently, when people are not motivated to do their jobs or do not understand how their job fits in with the larger goals of the organisation, there is a 'system disconnect' that needs to be addressed if the organisation is to be successful in moving forward with change initiatives (Trahant and Burke, 1996). For example, when creating a job design, it is suggested to make certain that the individual workers in the organisation have some authority and accountability built-in into their jobs and that these elements are congruent with the new organisational strategies (Rogers and Byham, 1994).

The rules governing the organisation or its culture should include its beliefs and values (e.g. conservative to innovative), its leadership approach (e.g. instructive, consultative, participative), unwritten rules (discipline, socialization, tolerance for ambiguity) and its external orientation (focus, planning attitude - from short-term to
It has been suggested that organisations should try to establish a link between the above cultural elements and some critical success factors such as continuous improvement, customer service orientation, cost consciousness, quality, teamwork and people oriented (Rogers and Byham, 1994). Communication within the organisation was reported by Rabey (2001) as a very important factor of motivation (also see Likert (1967). The author argues that because frustration and uncertainty are the major de-motivators, managers should show their desire to ask, listen and respond to employees. Managers should sit down and talk to employees about what they need to make jobs easier and more effective, rather than just sending out questionnaires. All such talks should be followed by prompt feedback and action, otherwise consequences could be disastrous. In his book Likert (1967) also discussed the characteristics of communication processes and motivational forces, which are closely linked with the way leadership is exercised in organisations. The ability of any organisation to motivate individuals to superior levels of performance is closely related to their reward systems. Therefore, organisational change efforts must ascertain that different types of rewards are offered to employees who might have quite a different attitude set towards organisational change.

Although it has been suggested that an ideal organisational climate would provide opportunities for independence, recognition, and responsibilities (Vecchio and Appelbaum, 1995), some employees' performance might still be motivated by extrinsic job satisfaction factors (e.g. pay, job security, fringe benefits, working conditions, explicit working rules, etc) (Appelbaum et al., 1998).

And Romero and Kleiner (2000) advocated the need for 'positive reinforcement' - the act of rewarding behaviour that is wanted to be repeated. These authors also listed four factors that have to be taken into consideration when dealing with global trends in motivating employees: 1) previous employee experience and pre-existing cultural beliefs, 2) cultural background and moral values, 3) good attendance, safety, and what brings about such activities, and 4) job stability.

When the USA was confronted by numerous social problems in the 1970s, a task force headed by O'Toole was formed to present a report to the government on the nature of work in the nation. In this report, O'Toole (1973) criticized the American custom of emphasizing the relationship between work and financial remuneration and proposed that work be defined as "an activity that produces something of value for
other people”. At the same time, Nishibori (1971) stressed that human work should always include the following three elements:

1. creativity (the joy of thinking);
2. physical activity (the joy of working with sweat on the forehead); and
3. sociality (the joy of sharing pleasure and hardship with colleagues).

Although Nishibori’s and O’Toole’s proposals were made completely independently of each other, they match perfectly and together describe the essence of human work if we contrast them in the following way:

- physical activity - activity;
- creativity - that produces something of value;
- sociality - for other people. (Kondo, 1999)

Indeed, in the Taylor system (initially widely used in the USA in the period around World War I) work was separated into planning and execution, and the former was entrusted to specialists on the premise that workers at the foreman or operator levels were of low ability and did not have the necessary skills to plan their work and establish standards (Juran, 1973). This means that much of the creativity of foremen and operators was ignored and could not be exercised. Working under conditions in which the creative aspect of their work was largely ignored and the social aspect was totally disregarded, many employees became increasingly bored and disenchanted with their standardized, subdivided, monotonous tasks as their living standards and educational levels were elevated. As their wages rose, they chose to take more time off to enjoy themselves rather than earning more money; an increase in absenteeism was the natural outcome (Kondo, 1999). Moreover, current improvements in education, skill levels and overall standard of living has meant a changing social and economic environment in which employees can no longer be regarded in terms of an expendable resource or piece of equipment (Kalra, 1998).

2.4.5 Fostering motivation in employees

Employee motivation is not something that management can do, rather it is a process that management can foster and allow to happen. Herbig and Genestre (1997) argued that a common mistake made by managers is to try to get people to change themselves radically, because they simply cannot since the behavioural traits of most people are set very early in life and, hence, not really subject to change. Motivating by threat of
punishment breeds fear and resentment, which is likely to be expressed in behaviour that runs contrary to company goals. Common examples of this behaviour are complaints, criticisms, absenteeism, wasted time, forgetting of important details, communication of false information, failure to report problems, rudeness to customers and decisions to take the path of least resistance. Herbig and Genestre (1997) continued by proposing that internal motivation develops in an atmosphere that harmonizes three dimensions:

1. **The personal qualities of employees.** Motivation occurs when employees' qualities match the requirements of the job. To be motivated and productive on the job, employees must be interested in their work and derive satisfaction from it.

2. **The quality of the top management.** Business managers create a motivating environment by having a clear vision of themselves, and then by sharing company information and goals, and power and rewards from successful operations. Employees must know what the goals are, as well as the plans for achieving them, before they can become empowered to help meet those goals.

3. **The company philosophy.** Every company has a philosophy, but often there are two of them: one is printed in the handbook, the other is practised. A philosophy should be not just saying "our employees are our greatest asset", but it is the implementation of such a statement that really works. Putting that statement into action may translate into paying workers equitable salaries, and rewarding their dedication.

Similar conclusions were derived by one UK company during its change process towards a more 'people attitude' in its policy (O'Donoghue, 2001). The company established a 'people action team' drawn from all levels in the company, which was tasked with finding out what employees needed from the company in order for them to be more effective. The people action team identified three key elements: first that employees should know what their job is, second, know the objectives of their individual department and third, understand how this fits into the overall company goals. Later O'Donoghue quotes the managing director of this company speaking after the change programme commenced, "So massive is the realisation within the business that there is no such thing as a bad employee. There are only people who are probably not properly trained or who are in the wrong job; and that it is the management's responsibility to rectify the situation. People don't make mistakes on purpose. The chances are that mistakes happen because something wasn't right and it
is up to us to put it right. We are realising a 'no blame' culture and making sure that people are happy and comfortable in the job they are doing."

An atmosphere of mutual trust between managers and employees is paramount if managers want employees to take risks (Parker and Price, 1994). The authors suggested that managers should take the first step and show their trust in employees and allow the freedom for employees to make a mistake. Without information people cannot act responsibly and trust is built by sharing information. Furthermore, employees will take risks only in a culture of trust (Randolph, 1995).

A need for employee empowerment is advocated by Coleman (1996). He argued that in an environment of a constant and rapid change employees must be encouraged to take the initiative to decide, act and learn in 'real time'. This means embracing shared values as a guide to behaviour. "As speed, quality, and productivity become ever more important, corporations need people who can instinctively act the right way, without instructions, and who feel inspired to share their best ideas with their employers" (Tichy and Sherman, 1993). This means letting go of some supervisory control to obtain a focus on results. In this case an empowered employee ultimately acts like one who is self-employed, with responsibility for both results and career (Bridges, 1994). Employees feel empowered when they have a sense of influence, competence, meaningfulness and choice (Thomas and Velthouse, 1990). The point is to encourage creative ideas rather than telling employees what to do and to explain 'why' about decisions and actions. The goal is to make everyone a contributor (Drucker, 1993).

In order to get employees to be responsible for their work outcomes, their needs should be identified with common organisational goals (McGregor, 1967). It is best done through sharing information and encouraging participation in creating a shared vision/mission. This means encouraging leadership at all levels, and exemplary followers can take turns in leading and following (Kelley, 1992; Manz and Sims, 1989). It is important to create a culture where every employee feels that he or she can make a difference, that he or she is personally competent and valued. Coleman (1996) says: "The manager who shares information, authority, resources and accountability with employees and treats them as partners is likely to get good performance". When employees believe that their managers have both a high level of control over decision making and are supportive, they feel empowered (Parker and Price, 1994). Coleman (1996) concludes: "The paradox of empowerment is that one has to delegate authority
and refrain from telling employees what to do yet maintain relationships with them... Clearly, empowerment will not work if employees do not have some intrinsic motivation to make a contribution.”

2.4.6 Motivation in managers

There is some evidence to suggest that overall in terms of motives, managers are more concerned with factors such as achievement, power, status, income and advancement (Campbell et al., 1970). For example, Morse and Weiss (1955) found that, from amongst several different occupational groups, none viewed achievement and accomplishment as more important to their motivation than the management group. Although there is evidence that achievement need may be different with respect to cultural differences (McClelland, 1962), basically the similarities in the motivational needs of managers across various countries are considerable (Haire et al., 1966). Another survey by Furnham et al. (1994) among students from 41 countries showed that competitiveness - the motive to be better than others - is a powerful stimulant for employee motivation all around the world. According to their results, once economic well-being is reached (in terms of per capita incomes), the competitive urge may weaken, resulting in the low score correlating with high growth domestic product. Therefore “cooperativeness” rather than competitiveness becomes a key factor in worker attitude once economic stability has been achieved. Hong et al. (1995) conducted a survey to evaluate the importance of employee benefit programmes among employees in Taiwan. Results showed that of the four types of employee benefits, the physical-demand type had the greatest influence on performance; the second, security-demand; the third, self-actualisation-demand and the last, social-demand. Such order matched Maslow's proposed hierarchy except that employees tended to put more stress on self-actualisation demands than social needs. Other results suggested that:

- Employee benefit programmes have greater impact on work-motivation than on productivity;
- Monetary benefit programmes are most highly valued by both executives and workers;
There was a cognitive gap between management and worker on the importance of employee benefit programmes; Female and male employees have different benefit demands; Employees with different positions perceive different employee benefit impacts. Basic-level workers emphasized flexible working time and security; basic-level executives stressed monetary and security measures; middle level executives emphasized individual development; employee benefit programmes have less impact on the performance of high-level executives.

2.4.7 Motivation in Russia

The command and control management systems in Eastern Europe during Soviet type management were very similar. Organisations of all kinds were paternalistic, 'macro families' rather than simple production units. In addition to a source of income, the enterprise was a source of food, housing, child and medical care, and job training (Aukutsionek and Kapelyushnikov, 1994; Linz, 1993). In the late 1980s, these non-wage benefits comprised as much as 30 percent of total pay (Standing, 1991). Labour productivity was not critical in the command economy. By 1990 Russian government estimates, there was a 15-20 percent labour surplus in the state sector comprising 23 million workers (Standing, 1991). In Soviet-type societies, employment was guaranteed and attention to quality was substituted by meeting quotas. During the transition, unemployment has become a reality, with about 8.4 percent of the Russian and 12.8 percent of the Polish workforces officially unemployed (The Wall Street Journal, 1996; OECD, May 1997). Bormann (1993) observed: "Worker motivation in the Soviet Union is somewhat of an oxymoron". Owing to a lack of desirable consumer products, traditionally, wages were not a motivating factor in command economies. For example, wages were found to motivate only 10 percent of Russian industrial workers (Standing, 1991). Workers were more likely to leave a job when dissatisfied with working conditions or housing than with wages (Standing, 1991). Additionally, promotions were awarded primarily on socio-political considerations; therefore, workers perceived minimal reward for expending extra effort on the job (Tongren et al., 1995).
In fact, in traditional socialist societies, qualities associated with motivation, such as achievement, ambition, and initiative, were viewed with suspicion and contempt. Risk-taking was suppressed (Longenecker and Popovski, 1994). Individuals who showed signs of excelling within a group were seen as destructive for group harmony. Enterprise directors indicated a lack of effective employee motivation; the best workers received no effective incentives (Ivancevich et al., 1992). Dysfunctional compensation systems were identified as a reason for low motivation (May and Bormann, 1993).

Puffer’s (1997) comparison of Russian and American managers revealed Soviet managers were more likely to use more rewards than American managers. When working for Western firms, training in Western business practices and health insurance appear to be greater motivators for Russian workers than wages (Kim, 1997). A study of Russian retail sales clerks that consisted of three experiments found the use of a contingent reward system had a positive and immediate impact on employee performance (Welsh et al., 1993). In the first experiment people were given material rewards in the form of coveted consumer goods for good performance. In the second, supervisors were trained to give explicit verbal praise in the case of desired behaviour and corrections for undesired one. In the third, workers were asked to participate in suggestions for improving their work situation without their supervisors present. The first and second approaches significantly improved performance, whereas the third reduced it. Luthans et al. (1993) found Russian managers spend less than 25 percent of their time on human resource development activities compared to 39 percent by American managers. Soviet managers rated job motivators of promotion and certificates of appreciation as less important than American managers rate them and rated increased privileges as more important than did American managers (Puffer, 1997). However, in contrast with 'Red managers' described as 'micro-managers' and 'macro-puppets', a new breed of 'market-oriented manager has appeared. They share power, think strategically and seek challenges (Puffer, 1994). Russian managers are becoming more entrepreneurial and long-term oriented, with a perception of decreased power distance between employees and employers (Veiga et al., 1995). Younger managers appear to exhibit a lower concern for people than older managers and as much achievement motivation as their US counterparts (Kranz, 1994; Puffer, 1994).
In a study by Silverthorne (1992), Russian employees ranked the motivators of "promotion/growth opportunities" and "feeling in on things" first and second (managers ranked them sixth and ninth). Managers thought employees would rank "sympathetic help on personal problems" and "personal loyalty to workers" as the top two motivators (employees ranked them eighth and fourth). The same author also reported differences in the importance of various motivators among Russian, Taiwanese and USA managers, which highlights the importance of generating separate sets of motivators for specific cultures/countries. While basic human needs may be similar, culture and environment determine how these needs can best be met. Thus, managers and their employees must determine the levels and types of rewards most sought in the workplace to establish the appropriate reward structure.

Most motivation theories in use today were developed and tested in the USA and have failed to provide consistently useful explanations outside the USA (Huddleston and Good, 1999). But Welsh et al. (1993) tested the effectiveness of three US-based human resource interventions (extrinsic rewards, behavioural management and participation) on groups of Russian textile factory workers. Extrinsic rewards and behavioural management intervention had significant and positive effects on the production of top grade products. While limited in their scope, the findings suggest that some US-based human resource techniques may be effective in other cultures.

A survey conducted by Huddleston and Good (1999) among Russian and Polish retailers showed that for both countries, pay was the most important motivator. For Russians, pay was followed by friendliness, respect, and job security. The least important motivator for Russians was freedom on the job. Some workers thought their firms would work more effectively if management staff were reduced (Gimpelson and Magnun, cited in May, 1993). Their managers thought employees would rate pay as the most important motivator. However, Russian sales employees least expected to receive promotions and there was not a high expectancy of receiving high pay. These results differ from Silverthorne's (1992) finding that Russian employees ranked "promotion/growth opportunities" and "feeling in on things" as most important, but confirm Dubinsky et al. (1993) who found American sales employees to rank pay as most important. Huddleston and Good (1999) concluded that Russian retail managers appear to have an accurate perception of what motivates their employees to perform. However, expectations of receiving important rewards by Russian sales employees are low. The authors said: "In every case, sales employees' expectations of receiving
these rewards were not in line with the importance placed on them. When expectations are consistently unmet, motivation can be severely curtailed. If workers are not motivated, then turnover will increase and/or workers will become apathetic and decrease their productivity".

2.5 Summary of the literature review

2.5.1 Quality practices

This chapter gave a general overview of different concepts of quality and models of quality programmes and presented how they are implemented in the Russian Federation. Also it showed some peculiarities of the Russian management style and what factors influence managers' behaviour, including cultural ones.

The following major issues can be identified in the literature review:

✓ Generally speaking, ISO 9000 certification has become a prerequisite in many industrial sectors all over the world, especially for companies supplying governmental, military and some foreign markets. It's also true for both Eastern European and former USSR countries. However, obtaining ISO 9000 certificate does not automatically guarantee product quality. Many authors encourage companies to prepare quality documentation themselves without external help in order to improve internal communication.

✓ The majority of the existing quality concepts (such as TQM) and models are presented by a set of attributes with a little explanation of the cause-effect relation between them. Quality awards criteria usually present a clearer framework for companies rather than general TQM principles. However, even quality award winning companies can become bankrupts.

✓ After the collapse of the Soviet Union planned economy, Russian managers, executives and administrators found themselves in a new world that they were often ill-prepared for given their past economic orientation, philosophies and practices. Clearly, skills required to operate in the new reality need time, experience and education to be developed, which are a serious challenge to many Russian managers, both future and present. The biggest problem is the lack of training and hence lack of information. Thus, since the assimilation of
a business excellence model requires a deep process of management change though learning, this represent an obstacle for its implementation in Russia.

✓ The most obvious explanation for the poor implementation of Western quality-systems is the legacy of the Soviet planned system, which was oriented on quantity, not quality of products manufactured ('quality products are needed only in the West'). Another problem is the lack of financial resources by companies in conditions of financial instability. The cost of ISO 9000 certification is arguably one of the obstacles for companies, which desire to obtain them.

✓ Being sensitive to language, culture and a need to build on and complement Russian management values are seen as critical points for success when implementing Western quality models.

✓ Different authors outlined some characteristics of Russian managers as the following: they are inclined to delegate decision-making (mostly to avoid the responsibility for unforeseen consequences), are tenacious and energetic, and have strong collectivist attitudes. Russian work values could be characterised by high power distance, high uncertainty avoidance, medium-range individualism and low masculinity.

✓ Leadership by top managers is one of the key elements that are required in order to implement necessary changes in Russian enterprises.

✓ One of the most important messages to be delivered is the continuous improvement of quality inside organisations, so managers do not see quality models, such as ISO 9000, as the end in themselves, but always look and move forward.

The following key factors were identified, which are desirable if top managers want to establish a working quality system in their organisations:

- Top management leadership – the most important component. Company’s top manager should demonstrate his/her personal desire and aspiration for building an effective quality system.
- Attraction of a qualified quality manager – this person’s role is especially important if a company wants to build a quality system without the help of external consultants.
• Informing and educating personnel – it is important to decrease resistance to changes by explaining to people the aims, purpose and content of occurring changes, as well as to familiarise personnel with general principles of quality management and the company's aims in quality area. Additionally, personnel should be taught how to operate in accordance with new processes and regulations of the quality management.

• Involving personnel into quality management activities – it will significantly increase their motivation and strengthen internal communication. It could be carried out through formal and informal working groups (quality circles), which would develop quality system documentation.

• Using a principle of reasonable adequacy in the content, volume and format of a quality management system's documentation. This information should be clear and convenient to use, and not create bureaucratic barriers.

• Creating quality management culture – as introducing a quality management system is impossible without changing the corporate culture, top management should be responsible for doing it. Every positive change, no matter how small, should be presented as a result of implementing the quality system to create positive attitude towards the new system among personnel.

• Involving external consultants – qualified specialists could provide invaluable help in developing and implementing the quality system. They could decrease the amount of time spent on building the quality system, help avoid mistakes during developing and implementing documentation, and so on. However, only cooperation of external consultants with company's specialists will provide a success of the project.

The purpose of conducting interviews in the Russian manufacturing companies (see Chapter 4) was to receive an objective picture of the current situation in Russian manufacturing industry in terms of management practices and quality approaches.
2.5.2 Leadership

The following major points can be identified in the literature review:

- there is a close relationship between the economic success of an organisation and leadership style used. Leadership style also has a major impact on organisational commitment, on job satisfaction, and on performance. Thus, it is possible to conclude that leadership style can influence productivity and profitability of organisations.

- five key practices of leaders include: challenging the process, inspiring a shared vision, enabling others to act, modelling the way, and encouraging the heart. A 'good' leader is communicative, has integrity, shows genuine interest in others, rewards and recognizes achievement, has team orientation, is visionary and idea-oriented, and is decisive, responsible and competent.

- management has to do with creating organisation, order and stability while leadership has to do with creating energy, thrust, alignment, focus and commitment.

- two main leadership types are transactional leadership and transformational leadership. Transactional leadership consists of management by exception and contingent reward. Transformational leadership consists of idealized influence (charisma building trust), inspirational motivation (raising workers' expectations about the organisational vision), individualized consideration (coaching), and intellectual stimulation (challenging convention).

- in the most successful TQM organisations, leaders are described firstly as visionary, transformational, and empowering. Secondly, these leaders endorse and promote the behaviours of teamwork, collaboration, learning, and involvement. Thirdly, these behaviours form an infrastructure, or culture, which then leads to increases in productivity, quality, and customer and employee satisfaction. Leaders in the context of TQM are more focused on corporate performance rather than just their own. Leadership here is not about power, authority and control, it is more about empowerment, recognition, coaching and developing others.

- periods of internal change and external threats are the most difficult times for leaders. Under an external threat, leadership tends to become more
conservative, autocratic, and narrowly focused, and decisions tend to be made at higher levels of the organisation, by fewer people, who consider fewer alternatives.

- Leadership skills are not inherent, but they could be learned, therefore training managers in leadership should be on the top of the list. Effective leaders are constantly learning and add value above common performance expectations. Leaders should learn about the dark side of leadership, as it can bring both positive and negative outcomes to people and organisations.

- National culture is an important factor that determines the effectiveness of leadership style and national culture also has considerable influence on leadership style. Attributes that were seen as characteristics for leaders may strongly vary across cultures.

- Prevailing theories of leadership are North American in character, and are based on the assumptions of individualism as opposed to collectivism, rationality rather than ascetics, hedonistic rather than altruistic motivation, and centrality of work and democratic value orientation, but cross-cultural psychology and sociology research showed that many cultures do not share these assumptions.

- Leadership is one of the key elements that are required in order to implement necessary changes in Russian enterprises. Russian employees usually would expect an autocratic leadership style. Leaders prefer to make important decisions individually, without consulting with their peers or subordinates. Russian management culture is characterised by a high degree of paternalism in the relationship between superiors and subordinates.

- Russian values are ordered by the need to maintain social stability. Russian managers still identify security as the most important motivating value. The next most important value orientation is self-direction, which emphasises independence in thought and action.

2.5.3 Motivation

The following major points can be identified in the literature review:
• there is no general formula of motivation that is guaranteed to work, but understanding the process will help to explain some of the problems and difficulties of people at work. Employee motivation is not something that management can do, rather it is a process that management can foster and allow to happen. Most motivation theories in use today were developed and tested in the USA and have limited application outside the USA.

• in organisations and situations where people do not feel that the situation is ambiguous and threatening and there are clear game rules for the participants, the dominant expectation will be for transactional relations with the leader.

• successful culturally oriented corporate strategy should be focused on forging a corporate culture, as well as organisational framework taking advantage of the variety of individual needs and cultural values. Successful organisations focus on customers and their needs, and try to improve performance by achieving the agreement or consensus between employees. Communication within the organisation is a very important factor of motivation.

• although an ideal organisational climate would provide opportunities for independence, recognition, and responsibilities, some employees' performance might still be motivated by extrinsic job satisfaction factors (e.g. pay, job security, fringe benefits, working conditions, explicit working rules, etc).

• although important, money is not the only motivator valued by people at work. Motivation of staff through financial incentive schemes has a limited success because this motivation is only temporary. Although incentives that are purely financially-driven should not be discarded, they do not address the issue of the employee's higher needs of recognition and self-fulfilment. In order for employees to be more effective, companies should make sure that: employees know what their job entails; employees know the objectives of their individual department; and that employees understand how this fits into the overall company goals.

• idea of empowerment is to encourage creative ideas rather than telling employees what to do and to explain 'why' about decisions and actions. Employees feel empowered when they have a sense of influence, competence, meaningfulness and choice. The goal is to make everyone a contributor.
Empowerment will not work if employees do not have some intrinsic motivation to make a contribution.

- people at different levels of an organisation, of different gender and age are motivated by different things. In terms of motives, managers are more concerned with factors such as achievement, power, status, income and advancement.

- during Soviet times promotions were awarded primarily on socio-political considerations; therefore, workers perceived minimal reward for expending extra effort on the job. In traditional socialist societies, qualities associated with motivation such as achievement, ambition, and initiative were viewed with suspicion and contempt; risk-taking was suppressed.

- a new breed of "market-oriented" manager has appeared. They share power, think strategically and seek challenges. Russian managers are becoming more entrepreneurial and long-term oriented, with a perception of decreased power distance between employees and employers. Important motivators in Russia include pay, friendliness, respect, job security and promotion/growth opportunities.

The survey conducted in the Russian manufacturing companies (see Chapter 4) will answer such questions as what leadership styles are prevalent?, do managers support and listen to their subordinates and show interest in their lives?, can they efficiently communicate with their subordinates, peers and bosses?, and do they show other characteristics of 'good' leaders?
CHAPTER 3

METHODOLOGY

3.1 Introduction

This introductory section explains how terms such as research methodology, research strategy, research methods, and research design have been defined for the purposes of this research project. The next section presents an holistic model of the basic characteristics of business (and social) research. Then the following three final sections explain how the model and the terms have been applied to the work of this research project.

The aims, philosophies, methodologies, methods and value systems of social and organisational research can be extremely diverse (Sarantakos, 1998). A wide variety of considerations enter into the process of doing social and organisational research. Therefore, it is important that the answer to a particular research problem or question is based on an appropriate methodology to ensure that credible and convincing research findings are produced. “In the social and human sciences, value is placed on research that is perceived to be methodologically rigorous” (Cassell and Symon, 1994). The methodology of a piece of research is the underlying theoretical and philosophical assumptions and the implications these assumptions have for the selection and use of research methods.

In distinguishing between methodology and methods, Hall and Hall (1996) describe “methodology as the philosophy or general principles behind research, and methods as the practice of research in terms of strategies and techniques.” Livesey (2003) defines methodology by saying it is “how we go about the task of producing reliable and valid knowledge” and “how we go about the construction of theoretical knowledge about the social world”. He defines methods by saying they are “how we actually physically collect data to test our theories. This involves the basic nuts-and-bolts of data collection (questionnaires, interviews, experiments, participant observation, and so forth)”. Saunders et al (2003) give similar definitions. They define methodology as the theory of how research should be undertaken, including the theoretical and philosophical assumptions upon which the research is based and the implications of these assumptions for the research method or methods adopted. They
define research methods as the tools and techniques used to obtain and analyse research data, including for example questionnaires, observation, interviews, and statistical and non-statistical techniques.

Although methodology is the widely used term, some authors prefer the term research strategy. Methodology and strategy both refer to HOW a piece of research should be carried out. Crotty (1998) defines methodology as “the strategy, plan of action, process of design” that guides the selection and use of particular methods. Bryman (2001), in his book Social Research Methods, entitles chapter 1 as “Social research strategies”. The chapter focuses on explaining the connections between theory and research, epistemological and ontological considerations, and research strategy. He defines research strategy as a general orientation to the conduct of social research and makes a distinction between qualitative and quantitative research strategies. He uses the distinction “because it represents a useful means of classifying different methods of social research and because it is a helpful umbrella for a range of issues concerned with the practice of social research”. Saunders et al (2003) prefer the term research strategy to methodology, defining it as the general plan of how the researcher will go about answering the research question(s).

The research design, on the other hand, is the term used to describe the operational plan that specifies the steps of the research process and the methods and procedures for collecting and analysing the information needed to answer the research problem or question(s), while ensuring the collected information is appropriate. Two critical aspects of research design are reliability and validity. They are influenced by the research methods used to gather the information and the quality of the information gathered.

In general, the actual process of carrying out social and organisational research tends to be similar for most research projects. The process usually starts with a fairly broad research problem or question that is narrowed down during an initial stage of exploratory research so that specific research questions can be formulated and a focused research plan produced. Then appropriate research methods are used to make measurements or observations to answer the question(s) of interest. Basic field-data are collected, which are then analysed and discussed in a variety of ways to develop understanding. This is followed by the formulation of initial conclusions, and finally the original broad question is addressed by generalising from the results to other related situations.
3.2 A Model of Business Research

This research project has used the research process 'onion' of Saunders et al (2003), shown in Figure 3.1, to explain at a general level the basic characteristics and main philosophical and methodological viewpoints of the research (see section 3.4). The model represents research as five layers of an 'onion', labelled research philosophy, research approaches, research strategies, time horizons, and data collection methods.

![Figure 3.1 The research process 'onion'](#)

The outermost layer represents the theoretical foundations of research and suggests three main underlying paradigms or philosophical perspectives, namely positivism, interpretivism, and realism (more details are presented in section 3.4.1). It must be pointed out, however, that although research epistemologies are philosophically distinct as ideal types, it is rare for a research project to be approached from one perspective alone.

The nature and principles of the philosophical perspectives adopted by a piece of research determine to a large extent the way in which the research is conducted. As a result, two major methodologies, the quantitative and qualitative methodologies, have
become established in social and business research. Saunders et al. (2003) make this distinction in their model when they refer to the deductive and inductive research approaches (more details of these approaches are presented in section 3.4.2). When viewed at a basic level, quantitative research employs a deductive approach and qualitative an inductive approach, although as pointed out by Bryman (2001) "the distinction between qualitative and quantitative research is not a hard-and-fast one: studies that have the broad characteristics of one research strategy may have a characteristic of the other". The underlying epistemology of qualitative research, for example, can be positivism, interpretivism or realism. Santakos (1998), in discussing the similarities and differences between qualitative and quantitative methodology, states: "In concrete cases, researchers employ a methodology that, although predominantly either quantitative or qualitative, in essence contains some aspects of the other methods." He points to the two methodologies as being at the extreme ends of the same continuum and identifies the perceived differences between the two methodologies as follows. "Quantitativists employ highly structured techniques of data collection that allow quantification, hypotheses, measurement and operationalisation, as well as the use of quantitative methods of data analysis, including statistics and computers. Qualitative researchers on the other hand use less structured techniques of data collection and analysis. Participant observation is the most common method; other methods, however, are also employed. Their emphasis is on discovery and exploration rather than on hypothesis testing."

Although the adopted philosophical perspective(s) determine to a large extent the way in which a piece of research is conducted, through the use of particular research methods, research methods themselves are in a sense a-theoretical and a-methodological (Sanatakos, 1998). Rather than research methods, Saunders et al. (2003) in their model (see Figure 3.1) use the terminology research strategies. A reason for the use of this terminology can be found in the paper by Myers (2003): "A research method is a strategy of inquiry which moves from the underlying philosophical assumptions to research design and data collection. The choice of research method influences the way in which the researcher collects data." And as another example of the use of terminology, Bryman (2001) refers to case study research as a research design and a research method as "simply a technique for collecting data. It can involve a specific instrument, such as a self-completion questionnaire or a structured interview schedule, or participant observation whereby
the researcher listens to and watches others”. Nevertheless, research method is the
more widely used term and it is the one used by this research project.

Although most researchers do either quantitative or qualitative research work, it is not
unusual for researchers to combine one or more research methods in the one study, as
for example when using triangulation. The choice of research method is independent
of the underlying philosophical perspective. For example, the use of case study
research can be positivist (Yin, 1994) or interpretive (Walsham, 1993).

Associated with each research method are one or more techniques for collecting
empirical data. These are shown as the innermost layer of the model but are referred
to by Saunders et al. as research methods (see Figure 3.1). This research project uses
the term technique (or tool) rather than method (see section 3.4.5). Research
techniques range from interviews, observational techniques such as participant
observation and fieldwork, through to archival research. Written data sources can
include published documents, company reports, newspaper articles and so forth. How
techniques are used defines the epistemological assumptions of the research. For
example, the degree of structure imposed on a research interview depends on the
underlying philosophy adopted by the researcher. Similarly, the case study method,
once selected, requires decisions on how to observe, conduct interviews, examine
documents, administer questionnaires, and so on.

Finally, it is a common practice to distinguish between primary and secondary sources
of research data. Generally speaking, primary sources of data are those that are
unpublished and that the researcher has gathered from the people or organization
directly. A secondary source refers to any materials such as books and articles that
have been published previously.

Section 3.4 of this chapter describes each ‘characteristic’ of the model in more detail
and explains how it has been applied to this research project.

3.3 Credibility of Research Findings

The question of how credible is the research is very important in any type of research.
Raimond (1993) proposed to subject finding to the “how do I know?” test: “... will
the evidence and my conclusions stand up to the closest scrutiny?” A solid research
design is what prevents getting wrong answers. According to Rogers (1961),
“scientific methodology needs to be seen for what it truly is, a way of preventing me
from deceiving myself in regard to my creatively formed subjective hunches which have developed out of the relationship between me and my material". In order to reduce the possibility of wrong answers, attention has to be paid to two particular emphases on research design: reliability and validity.

**Reliability** can be defined as the extent to which two independent observers might produce a consistent analysis of a particular aspect of the same situation (Wilson, 2001). In other words, if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. It can be assessed by posing the following three questions (Easterby-Smith et al., 2002):

1. will the measures yield the same results on other occasions?
2. will similar observations be reached by other observers?
3. is there transparency in how sense was made from the raw data?

The consistency with which questionnaire items are answered can be determined through the test-retest method, whereby a respondent would be asked to answer the same question(s) at two different times. This attribute of the instrument is actually referred to as stability. If we are dealing with a stable measure, then the results should be similar. A high degree of stability indicates a high degree of reliability, since the results are repeatable. The problem with the test-retest method is that it may not only sensitise the respondent to the subject matter, and hence influence the responses given, but also that in time his/her attitudes can change and that could lead to a different response.

**Validity** refers to the extent to which a test or questionnaire is really measuring what the researcher intends to measure (Wilson, 2001). There are two main types of validity: internal and external. External validity refers to the extent to which the research results can be generalised to other people, events or settings. One should be careful with external validity when trying to introduce a theory that is generalised to all populations. Internal validity refers to the extent of our confidence in the causal effects – that variable X causes variable Y (Sekaran, 1992). One way to check internal validity is to ask a series of questions that are similar, but not the same. This group of questions should be answered consistently by the respondents. Sometimes, one may ask the same question in different ways or repeat it at a later stage in the questionnaire to test for consistency in the response. This is done to confirm another type of validity – criterion validity.
According to Wilson (2001), surveys are generally characterised by high reliability. However, there is always a trade-off between internal and external validity of research results since an attempt to increase internal validity, for example, will lower the external validity.

3.4 Methodology of the Research Project

3.4.1 Philosophical perspectives

The three main research philosophies are positivism, interpretivism and realism. A researcher who uses positivism principles “assumes the role of an objective analyst, coolly making detached interpretations about the data that have been collected in an apparently value-free manner” (Sanders et al., 2003). Attention will be on highly structured methodology (Gill and Johnson, 1997) and quantitative observations in order to use statistical analysis.

Interpretivism followers argue that world is too complex, always changing and business situations are influenced by particular circumstances and individuals. Thus series of law-like generalisations of positivism approach are inappropriate. The interpretivism position is that it is necessary to explore the subjective meanings that motivate people’s action in order to understand these, because people may give different interpretations to the situations they have been to. Sanders et al. (2003) summarised: “It is therefore the role of the interpretivist to seek to understand the subjective reality of those that they study in order to be able to make sense of and understand their motives, actions and interpretations in a way that is meaningful for these research participants”.

Realism is based on the belief that a reality exists that is independent of human thoughts and beliefs. That means that social objects or phenomena, which are external to the individuals, will influence how these people perceive their world, even if they are unaware of these forces. Sanders et al. (2003) pointed out that none of these approaches is better than another and they are all valid depending on the aims of the research project. Moreover, usually business and management research utilises a combination of positivism and interpretivism, perhaps reflecting the stance of realism.
The present research project is not an exception and uses a combination of the above-mentioned approaches, probably more interpretivism than the other two though. From the outset there was an intention to use a lot of different people's opinions and get their perceptions on the subjects related to the project aims and therefore the concept of interpretivism seems the most appropriate in this project. However, positivism approach with its quantitative observations was also used in the latest stages of the project.

3.4.2 Research approach

There are two possible research approaches: deductive and inductive. In deductive approach one develops a theory and hypothesis or hypotheses, and then designs a research strategy to test the hypothesis. In an inductive approach on the other hand, one collects data and develops theory as a result of data analysis. Generally speaking, deductive approach in more linked with positivism and the inductive approach with interpretivism (Sanders et al., 2003).

The strength of the inductive approach is in the fact that it develops an understanding between particular variables and the way in which humans interpret their social world. This is something the deductive approach lacks (Sanders et al., 2003). Moreover, the deductive approach sets a rigid methodology that usually does not permit alternative explanations, which can lead to wrong or dead-end conclusions. And even if alternatives are suggested, they would be restricted by limits of the highly structured research design. Inductive approach also puts a particular concern on the context in which the described events take place, thus a study of small samples of subjects could be more appropriate than a study of large number of objects in the deductive approach.

Below is a summary of major differences between deductive and inductive approaches (Sanders et al., 2003):

* Deduction emphases:
  - Scientific principles
  - Moving from theory to data
  - The need to explain causal relationship between variables
  - The collection of quantitative data
  - The application of controls to ensure clarity of definition
A highly structured approach
Researcher independence of what is being researched
The necessity to select samples of sufficient size in order to generalise conclusions

Induction emphasises:
- Gaining an understanding of the meanings humans attach to events
- A close understanding of the research context
- The collection of qualitative data
- A more flexible structure to permit changes of research emphasis as the research progresses
- A realisation that the researcher is a part of the research process
- Less concern with the need to generalise

In the present research, interpretivism was chosen as the main research philosophy and inductive approach was chosen in conducting the project. This research approach is the best way to achieve three project objectives described in Chapter 1, because all of them require dealing with people in certain positions and in certain time span. Surely their opinions would be affected by many factors, but in the end of the day, these are people who make decisions on subjects, which are studied in this research project.

3.4.3 Research methods

Research method or strategy is the term used to describe the overall approach taken in answering the research question(s). It is how the research question(s) are to be answered. It contains the objectives derived from the research question(s), specifies the sources from which data are to be collected, and considers possible limitations such as access to data, time, location, money and ethical issues. Examples of possible methods or strategies given by Sanders et al (2003) are:
- Experiment;
- Survey;
- Case study;
- Grounded theory;
- Ethnography;
- Action research;
Exploratory, descriptive and explanatory studies.

In addition, three different classifications of research strategy can be found in literature (Robson, 2002). They are exploratory, descriptive and explanatory studies. Again more than one strategy can be used in the same research project as it may have more than one purpose and the purpose may change over time.

*Exploratory* studies are designed to find out "what is happening; to seek new insights; to ask questions and to assess phenomena in a new light" (Robson, 2002). There are three principal ways of conducting exploratory research:

- A literature search;
- Talking to experts in the subject;
- Conducting focus group interviews.

This type of strategy gives a large degree of flexibility and can be used in cases when the initial focus of the research is broad and later it becomes narrower as the project progresses.

*Descriptive* research serves "to portray an accurate profile of persons, events or situations" (Robson, 2002) and can be an extension of or a predecessor to an exploratory research. Obviously it is important to get a clear picture of the future research area before collecting any data on it by surveys or other means. But descriptive research should not be an end of itself; it should lead to some conclusions from data gathered.

*Explanatory* studies establish causal relationship between variables. The main idea here is to study a situation or problem in order to explain the relationships between variables.

It is possible to say that all three strategies described above were used during different stages of this project. Three major topics (quality practices, leadership and motivation, and cultural differences) are discussed in this thesis and because of their distinctive natures, each topic was initially a subject to descriptive and then to exploratory study. Explanatory studies were used at the last stages of exploring each of these three topics.

3.4.4 Time horizons

Cross-sectional and longitudinal studies are two options available. Cross-sectional approach is sometimes called a ‘snapshot’ approach, while a ‘diary’ perspective is
another name for longitudinal studies. Cross-sectional approach is employed when a study of a particular phenomenon (or phenomena) at a particular time is undertaken and these studies often use survey strategy. Longitudinal research on the other hand, gives a capacity to study change and development and studies the basic question 'Has there been any changes over a period of time?' (Bouma and Atkinson, 1995).

Sanders et al (2003) emphasised that “these time perspectives to research design are independent of which research strategy one is pursuing”.

As regards the time horizons involved in this project, each of three surveys was conducted in a different year during about one month in St Petersburg, Russia. Therefore, it will be correct to define this project’s time horizon as cross-sectional. Although the project lasted for three years, each survey was carried out only once and was not repeated in the same shape again.

3.4.5 Data Collection Techniques

Data for the project were collected by two main methods – fieldwork and desk research. Fieldwork approach (primary data collection) was administered using different types of surveys (semi-structured interview and two questionnaires). Desk research (secondary data collection) was used by means of collecting data developed by other researches from literature sources. This approach is good in terms of time and money involved, and also gives a benchmark for evaluating primary data.

In the current research project, surveys in the form of questionnaires and interviews were used as the main data collection methods. Surveys have certain advantages as a means of collecting data: they allow collection of a large amount of data in a highly economical way; these data are standardised allowing easy comparison; they give easy control over the research process; they are easy to understand and for this reason are perceived as authoritative by people. Surveys also have certain disadvantages such as: much time will be spent on designing and piloting the questionnaire; analysis of received data could be time consuming as well; the number of questions in any questionnaire is limited and one should be careful about the correct design and administration of the questionnaire. However, given current circumstances and limitations, other strategies, i.e. experiment, case study, grounded theory, ethnography theory and action research could not been used.
Limitations of this project include: limited time to conduct each survey; one research student did all jobs; access was available only to a limited number of companies and people in St Petersburg, Russia and financial resources allocated to conduct surveys were scarce.

In the present research project three different surveys were administered. The first was a series of semi-structured interviews aimed at studying the current situation with quality practices in Russian manufacturing companies. The second was a structured questionnaire aimed at studying leadership, motivation and other human resources related issues in Russian manufacturing companies. And the third survey was another structured questionnaire aimed at studying cultural differences in the UK and Russia. More details of these surveys are presented in the later chapters 4 and 6.

3.5 Research Design of the Research Project

As described in Chapter 1, the research is intended to demonstrate what is required of Russian companies to achieve business excellence, what problems they could face in trying to achieve business excellence, and what they should be do to address these problems. The research has been structured under the three topics: quality practices, leadership and motivation, and cultural differences. Each topic was approached differently and hence research methods used were different. Three field surveys were administered, one qualitative and two other were quantitative. Microsoft Excel 2000 was used in the two latter surveys to assist data processing.

Figure 3.2 shows the research process of the research work. Although it depicts a step-by-step linear process, the research involved some iteration and back tracking. The project started with an extensive literature review of existing quality practices all over the world, including information about the situation in this area in Russia. The findings of this literature review highlighted two important issues linked to successful performance of quality practices – leadership and national culture differences. These findings also prompted a survey on the current situation with quality practices in Russia. Results of this first survey confirmed the paramount importance of managers’ leadership for successful implementation of changes in general and quality practices in particular. Thus the second year of the research started with the literature review on leadership and motivation theories and the ways they are put into practice. Another
survey was undertaken. The results and findings of both surveys confirmed the importance of national culture when dealing with leadership. Therefore the third year was devoted to a literature review and another survey to study national culture differences.

Figure 3.2  Flowchart of research design

In order to achieve the three research objectives established in Chapter 1, the following stages were completed. They are: planning the research; literature review; establishing the current situation with awareness and understanding of quality practices in the Russian manufacturing enterprises (first research objective); establishing how managers from Russian manufacturing enterprises use their leadership potential, possibilities of different motivation techniques and capabilities of teamwork in their daily activities (second research objective); establishing the characteristics of Russian national culture (in terms of quantifiable parameters) that would differ them from other nations (third research objective).

The first and most important stage was implemented mostly in the first and the beginning of the second year. During this step the general area of the research was identified, which was later narrowed down to actual research objectives. To reach the first objective of the research, preliminary literature reviews were undertaken as the first step. Specific attention was given to the latest developments in the area of
business excellence and their practical application around the world, especially in the Russian Federation.

After conducting the literature review on quality concepts and practices in the world, it became necessary to find out what is the current situation in this area in Russia. The best way to do it was to conduct a survey in the manufacturing companies, which already did some steps in this area. Interviewing real managers in real Russian enterprises was thought to contribute highly to understanding of what is happening in Russian manufacturing industry. The survey results and their analysis are presented in Chapter 4.

Results of the first year led to a conclusion to focus on people’s dimension of quality models and thus to the formulation of the second and the third research objectives. Based on research with a wide range of organisations, the common theme evident was that the most powerful resource for change, improved performance and competitive advantage is the people who already work for the organisation. People’s importance for business is widely recognised in many countries at government level. For example, in the UK it took a form of two initiatives – Partnerships with People supported by The Department of Trade and Industry (http://www.dti.gov.uk/pwp) and Investor in People (http://www.iipuk.co.uk/IIP/Internet/default.htm), which is an international standard for companies in Europe, North America, Australia, New Zealand (for instance, there are currently over 30,000 recognised organisations in the UK that have achieved Investors in People recognition). These last two objectives were achieved by another two surveys in the form of questionnaires. As in the first year, these surveys were preceded by extensive literature reviews.

The literature review stages were very important as they provided an irreplaceable source of knowledge and provided ideas on directions of the project. The objective was to explain and give detailed information of the work done by other researchers in each particular scientific field. Studying literature gives a general picture of each scientific area, with different authors providing information on similarities and contradictions in the work of previous researchers, criticism and analysis, strengths and weaknesses of particular theories and areas of further research. Naturally, the process of literature review was a never-ending process conducted throughout the whole course of the project. It was done in order to have ‘a hand on the pulse’ of ongoing developments and progress in the fields of interest, both in theoretical and practical parts of them.
The literature review presents a detailed and comprehensive study undertaken using the following types of references: books, PhD theses, DTI promotional publications, UK and Russian newspapers (both online and offline), journal articles from all over the world, conference papers, online databases such as BIDS, Emerald and some other sources. The literature review covered a wide range of topics; however the main focus was on the following subjects: business excellence, TQM and ISO 9000; leadership and motivational theories; and finally literature on national and organisational cultures.
CHAPTER 4

SURVEYS OF RUSSIAN QUALITY PRACTICES AND LEADERSHIP

4.1 Introduction

This chapter presents the results (and the discussions and conclusions of these results) of quality practices and leadership surveys conducted in 2001 and 2002 respectively. These surveys were designed and conducted for the purpose of reaching the first and second research objectives (see Chapter 1). Although the formats of these surveys are different from one another, to some extent they both cover similar topics and their results can be seen as complementing each other. However, for the purpose of clarity, each survey is presented separately.

Broadly speaking, the surveys were aimed at revealing the peculiarities of the Russian type of market economy and all that comes with it, both positive and negative, such as the realities inherited from the Soviet Union when it was normal to create monopolies in many industries. Some things cannot be changed quickly, for example people’s mentality and their relation to work, responsibility for work done, communication with peers, managers and so on. This seriously affects companies’ behaviour, their attitudes towards customers, suppliers, supplier-customer relations, and other external environment elements. Many of these peculiarities were revealed during the interviews and surveys and are discussed further in this chapter.

4.2 Methodology

4.2.1 Survey of quality practices

The first survey was conducted by means of semi-structures interviews. They were conducted during the period of April to May 2001 in medium and large enterprises in St Petersburg in order to gain contacts in these companies, examine literature review findings and research the current situation with quality programs in these companies.
The aim of this survey was to assess the awareness and understanding of quality management practices within Russian manufacturing industry. A questionnaire with open-ended questions was constructed and face-to-face interviews that lasted for about two hours with quality managers (normally it will be a deputy director for quality) in Russian manufacturing companies in St Petersbourg were conducted to investigate this awareness. No personal information on quality managers themselves was collected. According to Robson (2002), in an exploratory study, in-depth interviews can be very helpful to “find out what is happening [and] to seek new insights”. And as an explanatory study, semi-structured interviews may be used to understand the relationships between variables, such as those revealed from a descriptive study.

To overcome problems of reliability and validity of this first survey, the following approach was taken. To ensure internal validity, the questions selected for interviews were based on similar studies (performed before) and well-known questionnaires distributed by such organisations as the European Foundation for Quality Management, for the European Quality Award (EFQM, 1999). These questions were then analysed and modified appropriately so the interview results obtained had improved reliability and validity. Moreover these results were compared with literature findings, including case studies, to ensure their external validity. An additional factor that improves validity of the data collected is that Russian managers were speaking to a Russian research student. It made them feel comfortable about what they were saying and as a result they could reveal some insights, which most likely would be hidden from a foreigner or would not be understood by him/her.

As regards the reliability of the interview questionnaire, the first two interviews were used to check that the interviewees gained the same understanding from the questions. The questionnaire was modified slightly as a result and remained unchanged for the remaining five interviews. Also during the interviews, notes were taken so there was no difference between what the interviewee said and what was recorded. It was felt that tape-recording would have inhibited the interviewees’ responses.

a) Survey objective

The objective was to establish the current situation regarding the awareness and understanding of quality practices in Russian manufacturing enterprises. Companies
that already had or were about to get an ISO 9000 certificate were selected for the survey.

b) Construction and administration of survey
A questionnaire consisting of open-end questions was designed for conducting face-to-face interviews in different industrial companies of St Petersburg (see Appendix B). The interview approach was thought to be the best in reaching the objective. The questionnaire consists of 49 open questions divided into eight groups. These groups include some elements of the EFQM model and aspects related to quality systems. The groups are as follows:

- Organisation – general information about the company,
- Customers and suppliers – how the company deals with their customers and suppliers,
- Quality provision – what quality tools and techniques are used and how,
- ISO 9000 – how ISO is implemented within the company,
- Quality awards – did company participate in any quality awards (local, state or international) or use the award criteria for self-assessment,
- Processes – how well the company knows its processes and tries to improve them,
- Leadership – the management’s role in the company, and how they guide people,
- People – what is done in the company to promote people’s encouragement and increase motivation in order to use all workers’ abilities in reaching company’s goals.

c) Sampling details
The survey included interviews with seven manufacturing companies. One written report was received from one more company, which contained answers on all clauses of the questionnaire. Three main criteria for the company’s selection were:
1. it had to be located in St Petersburg and be an actual manufacturer of original products. An industrial sector in which the company works and it’s size did not matter;
2. it should have had or be about to get an ISO 9000 certificate;

3. it had to be accessible through personal contacts with top managers of the company. These contacts were provided by researcher’s relatives.

The companies in the survey manufactured the following products:

- Production of X-ray equipment,
- Production of optical equipment and consumer goods,
- Production of swages and tool sets for them,
- Shipbuilding,
- Production of milling, boring and other machines,
- Production of hydraulic turbine generators for large hydraulic power stations in Russia and worldwide,
- Production of chocolate and chocolate sweets,
- Production of windows and doors from metal-plastic materials.

The original questionnaire text was amended during the first two interviews and remained constant in the rest. All amendments were directed towards decreasing the number of questions, avoiding repetition, rephrasing some questions in order to make them understandable for Russian managers, and ultimately to shorten the interview time. In general the interview time was between one and a half and two hours, depending on time available by the interviewee. In most cases, directors of quality departments or deputy directors for quality were questioned.

All chosen companies except one have ISO 9000 certificates from different certification bodies, both Russian and foreign. Companies in the survey had between one and about fifty certificates from different certification bodies and the majority of quality systems were based on ISO 9000:1994 principles.

The questionnaire interviews gave a solid picture of management reality in these companies, including the cultural constituent, and identified the perspectives and future of managerial behaviour in modern Russia. Interviewing real managers in real Russian enterprises in this way contributed highly to the understanding of what is happening in Russian manufacturing industry today.
4.2.2 Survey of leadership and motivation

The second survey was conducted by means of a questionnaire. It was devoted to a detailed analysis of the issues of leadership, motivation, teamwork and a few other issues in Russian manufacturing industry. This questionnaire was used as part of the exploratory research and allowed the research student to identify and describe the variability in these issues. The questionnaire was self-administered by the research student by means of delivery and collection, which led to a high response rate of 74 percent (74 questionnaires completed out of 100 disseminated). The most common Likert-style rating scale, in which respondents were asked how strongly they agree or disagree with a series of statements on a five-point rating scale, has been used. To get a more comprehensive picture of the issues, two questionnaires were designed: one for managers and one for workers. This approach allowed each problem to be seen from two different angles.

When preparing the questionnaire, the research student found useful recommendations and tips in different literature sources. Useful tips on how to make questionnaires in general were taken from Cook (1999), Smith et al. (1969), Irons (1994), Burn (2000), Wilson (2000) and O’Neill (2000). A general tool kit on the most common mistakes while constructing a questionnaire, and ways of avoiding them was found in Morrel-Samuels (2002).

Ideas for some statements themselves were inspired by the works of Likert (1967), Kent et al. (2001), the Multifactor Leadership Questionnaire (MLQ 5x) by Bass and Avolio (2000) and the EFQM Excellence Model (EFQM, 1999) to ensure content validity of the questionnaire. Its content validity (to ensure representativeness and suitability of the questions) and face validity (to ensure that questionnaire appears to make sense) were checked by a professor at Loughborough University and a few lecturers at St Petersburg State Polytechnical University, Russia. Later the questionnaire was pilot tested among five employees of manufacturing companies and subsequently some of the questions were excluded from the questionnaire and some were reformulated.

Mitchell (1996) offered three approaches to assessing the reliability of the questions in questionnaires:
• Test re-test;
• Internal consistency;
• Alternative form.

*Test re-test* estimates of reliability are obtained by correlating data collected with those from the same questionnaire collected under as near equivalent conditions as possible. That means that the questionnaire has to be administered twice to respondents and advisably soon after the first time, which is the disadvantage of this method.

*Internal consistency* involves correlating the responses to each question in the questionnaire with those of other questions in the questionnaire. It therefore measures the consistency of responses across either all the questions or a subgroup of the questions in the questionnaire.

*Alternative form* method allows improving the reliability through comparing responses to alternative forms of the same question or group of questions. These kinds of questions are often called *check questions*. A disadvantage of this method is that these check questions increase the length of the questionnaire and if respondents spot them, they may refer back to their previous answers.

The last method (alternative form) was used to improve reliability of this research questionnaire. Although it did increase the length of the questionnaire, it provided more confidence about the results and gave a more consistent picture of the situation in question. The danger of spotting similar questions was diminished by shuffling check questions in different parts of the questionnaire giving large gaps between them.

a) *Survey objective*

The objective was to establish how managers from Russian manufacturing enterprises use their leadership potential, possibilities of different motivation techniques and capabilities of teamwork in their daily activities. Two questionnaires (see Appendix C for a summary table of answers) were designed and a survey was undertaken to unveil the current situation with leadership styles and motivation techniques used in Russian organisations.
b) Construction and administration of survey

Two questionnaires were constructed – one for managers and one for workers – to get a comprehensive picture on the subjects. Questionnaires were designed using a five-point Likert scale (Likert, 1967) where:

1 = Strongly Disagree
2 = Somewhat Disagree
3 = Neither agree or disagree
4 = Somewhat Agree
5 = Strongly Agree

Respondents were asked to provide their opinions of the statements by circling the scores from 1 to 5. Respondents among managers were asked to evaluate themselves and their subordinates. Respondents among workers were asked to evaluate their superiors.

For the purpose of this study the following definitions were given:

'Subordinate' (definition for managers) - all employees of your organisation who formally have a lower position in your organisation’s hierarchy than you.

'Superiors' (definition for workers) - top and middle managers of your organisation or other employees who formally have a higher position in your organisation’s hierarchy than you.

In this study ‘manager’ and ‘worker’ are understood as following:

‘Manager’ is a person who formally has subordinates in his organisation. In this study top and middle managers were the main target group as they have the largest influence over an organisation’s activities and policies.

‘Worker’ is a person who formally has no subordinates. Thus not only workers on the shop floor were in the target group, but some engineers and constructors as well.

c) Types of questions

The questionnaire for managers consists of a total of 70 statements, 5 of which were to provide general information about the person, i.e. gender, age category, education level, position in the organisation, and seniority in the organisation. Questionnaire for workers consists of a total of 42 statements, 5 of which were to provide the same general information about the person as in manager’s sample. Statements for workers
were designed to mirror the statements for managers in order to get a ‘big picture’ from both points of view.

Statements in both questionnaires were divided in the following large groups:

- Leadership, including different leadership styles,
- People and people results,
- Business Excellence,
- Characteristics of communication processes,
- Characteristics of motivational forces,
- Teamwork.

d) Sampling details

Questionnaires were disseminated among managers and workers of 5 manufacturing companies in St Petersburg, Russia.

Two main criteria for the company’s selection were:
1. it had to be located in St Petersburg and be an actual manufacturer of original products. An industrial sector in which the company works and it’s size did not matter;
2. it had to be accessible through personal contacts with top managers of the company. These contacts were provided by researcher’s relatives.

Most of the questionnaires were given out to respondents and later collected during personal visits of the research student to these organisations. Explanations on how to fill in the questionnaires correctly were given if necessary.

Total of 100 questionnaires were distributed and 74 were returned yielding a response rate of 74%. Fifty questionnaires were distributed among managers and fifty among worker. From that amount 35 questionnaires were filled in and returned by managers and 39 questionnaires were filled in and returned by workers. There were no incomplete questionnaires.

The majority of participants (n=56) were male (75 percent); most of the managers were between 41 and 55 years old (65 percent) and workers were divided in two large groups – one between under 25 and 30 (38 percent) and the other between 36 and 50 (36 percent). Most of the managers and workers hold a university education (89% and 59% respectively). Top managers made up 37% of the total in ‘managers’ category with 54% of middle managers. On average, a manager had spent 12 years and 4
months in his present organisation with a maximum of 40 years and 5 months and a minimum of only 2 months. On average, a worker had spent 11 years and 2.5 months in his present organisation with a maximum of 40 years and 9 months and a minimum of only 4 months.

e) Analysis of the results

The two-sample t-test and F-test were used to check variances of most of the groups of answers (where three or more answers were available for each group). The probability value of $\alpha$ was chosen to be 0.05 (5 percent) for all groups of answers. Statistics tools of Microsoft Excel 2000 were used to analyse the results. Checking operations on the complete data were undertaken to eliminate errors and missing data. The survey results and their analysis are presented later in this chapter.

4.3 Quality practices survey

The answers to the questionnaire are presented as follows according to the eight groups of questions listed above. The discussion and conclusions are presented in section 4.3.2.

4.3.1 Survey results

4.3.1.1 Organisation

All the surveyed companies represent different areas of manufacturing as stated above, but they are all immediate producers of goods and not 'middle-man' organisations selling somebody else's products. Manufacturing in Russia is not the most profitable type of business at the moment and during the past fifteen years it has shown significant decline. Only in the last few years has the situation in this area started to improve. For this reason, it was especially interesting to find out how these companies survived in this period, how they operate now, and if there are any perspectives.
All surveyed companies are joint stock companies, both closed and public. Moreover, all but one did exist in Soviet times and were owned by the state. Only two companies of the eight called themselves middle size, where one had about 80 and another about 200 employees. The rest are large corporations, which employ from about 800 to 6500 people (these figures were accurate for the April-May 2001). Before the collapse of the Soviet Union these last six companies had about twice as many employees as now and had to axe their personnel number as a result of economic recession after perestroika.

In most cases, the market position of each company cannot be defined unambiguously because they currently have to produce a wide range of products. Some of them could be called monopolists and others equal competitors. In the current economic environment it is obviously possible for Russian companies to find foreign suppliers, but then the final product will be much more expensive. Thus, unless a certain customer (usually foreign) does ask for certain parts to be purchased abroad, Russian companies tend to search for Russian suppliers.

Most companies have functional or mixed organisational structures, i.e. people belong to financial, manufacturing, marketing and other departments named after the functions they perform in the company. All structures have a hierarchical form and many levels of management; these structures can be described as mechanistic (Burns and Stalker, 1961).

4.3.1.2 Customers and suppliers

During the Soviet period companies had a certain number of customers and suppliers; sometimes they even did not have a choice as certain ministers and other administrative authorities regulated these issues. When this system ceased to exist, companies gained freedom in choosing their suppliers as well as searching for their customers (in the old system even customers were designated). It was a long process. Many companies disappeared (went bankrupt) because their products could not find customers any more. Others started to adapt to the rules of a market economy.
As mentioned above, during Soviet times the principle existed that decreed that there is no need to have two or more enterprises making the same or similar goods. One was enough - and usually a huge one! This created a lot of artificial monopolies in many industries and they still exist.

In these circumstances one can imagine the horror of a given customer’s management when the only supplier of a certain spare part disappeared from the market or the horror of a supplier when its exclusive customers stopped buying products from him/her for whatever reason. And many companies just found out that what they were producing was out of date, has a non-competitive design, or was just not needed any more. In this situation they could either close the factory or start producing something else to survive.

Companies that were oriented on producing goods for military purposes found themselves in a similar situation. Their only customer was the government, but year-by-year the government started to cut down its ‘defence purchase order’, as it was called. These companies started a ‘conversion’, which means re-orientation on customer goods instead of military ones. All these changes also affected workers. A lot of people lost their jobs or their salaries were ‘frozen' despite hyperinflation in the country.

Now manufacturing companies are recovering and looking for export markets as a main source of income. All companies in the survey have both foreign customers and suppliers. Generally the ratio between Russian and foreign counterparts is 50/50, but it heavily depends on the industrial sector. For example, in shipbuilding practically all customers are from abroad since Russian companies and especially the government simply do not have money to pay, but in the chocolate factory only 1.5% of products are exported because of the protectionism policy for such products in most Western countries.

Distribution channels also vary in different industrial sectors, but in general companies use both direct sales to end users and sales through some intermediate sellers; the same goes for suppliers. Companies opt for intermediate sellers in cases when they need to buy small or medium amounts of some products and go for immediate producers in the case of bulk purchases.
Companies were asked why their products are bought, i.e. why customers choose them and how companies themselves select certain suppliers. Interviewees were given twelve order-winning criteria (see Appendix B) and asked to point to the most valuable from their point of view. Almost all companies put 'price-quality' ratio as the most important order-winning criterion both when they are customers and when they are suppliers. The next most important is after-sales service. It becomes an increasingly important factor, especially when products are expensive and have a long lifetime. Image (or brand name) was also named as an important factor, especially for old companies that had business contacts and exported in Soviet times. It gives them additional advantage in international markets and allows the gaining of new contracts. Such factors as 'delivery reliability' and 'speed of delivery' present another problem for Russian companies. Sometimes they face big difficulties with customs and this can cause significant delays in delivery terms both for exporters and importers. Additionally, large companies could not usually adjust their manufacturing facilities quickly for the needs of a certain order or customer, which results in longer lead times and in consequence lead to a loss of order.

Only three companies named 'good long-term relations with customers' and only once was it given first priority. In two other cases it was named the last, after the above-mentioned factors. However, it does not mean that Russian companies do not care about relations with their customers and suppliers. On the contrary they try their best to maintain good relations with regular customers and suppliers, but in the current situation the majority of counterparts are ambivalent, i.e. buying from time-to-time and are oriented towards a quick one or few-times purchases. Other order-winning criteria were either those named or were not named at all.

Another interesting peculiarity was that there is a difference in approach for selecting Russian and foreign counterparts. On the one hand, when a Russian company is looking for a foreign supplier, it asks for a certified quality system, e.g. ISO 9000. On the other hand, when selecting a Russian supplier, this issue could be ignored and usually a Russian customer would not insist that its Russian supplier should get ISO 9000 certificate. But on the other hand, it results in more serious incoming or receiving inspections. All companies questioned have a special supplier ranking system (according to ISO requirements), where suppliers are appraised in points according to their previous records. Incoming goods from reliable suppliers are
exposed to selection checks only, while suppliers delivering defective articles are exposed to total (one hundred percent) checks. If a supplier furnishes defective products three or more times during a certain period of time (usually one year), this company is excluded from the list of suppliers. Usually middleman companies have higher chances to be cut off, although in the case when such a supplier is a monopolist, the situation could be different.

All problems are most likely to be resolved by mutual agreement between a supplier and a customer. Russian companies prefer not to sue each other and such cases are isolated instances. As a rule, the supplier would send its representative and either perform the appropriate repair on-site or depreciate the cost of product if the customer does appropriate the repairs.

When a company is a supplier and is exporting, their foreign customers are also concerned about ISO certificate and see it as a big advantage. But in this case, foreign customers demand an ISO certificate issued by a foreign registration body, which also depends on the geographical location of a customer (for more details see the ISO 9000 section below).

The question 'Are you doing something to anticipate customer's needs and expectations and try to offer products (services) that exceed customer's expectations?' met some difficulties. Some interviewees said that is a job of a marketing department and they personally do not know about it, which was surprising as they could at least show some interest in this matter. But others said that they actively conduct interviews with customers and suppliers, participate in different exhibitions, visit their customers to talk about future plans, and make proposals for future co-operation. Such discrepancy could be explained by differences in organisational structure between these companies and certain personal motivation of quality department employees and top managers.

4.3.1.3 Quality provision (including Quality Awards)

Companies that where working since Soviet times recalled that they were using a Soviet quality system called 'Complex system of quality management of enterprises'
or more commonly known by the Russian acronym KS UKP. But they did not comment much on it. Only a few interviewees said that by the end of the day, it did not work so well. The system was more directed towards quality checks of finished products rather than searching and eliminating causes. That is why, still in some people's minds, quality in manufacturing is associated with so-called 'Departments of quality control' or another well-known Russian acronym OTK. The role of this department was to perform checks and find defective finished goods before they leave workshops and get to warehouses. Again, this practice of 'quality management' still could be found in some enterprises and heads of such OTK are called 'directors for quality', although in modern conditions such a practice is questionable or perhaps even absolutely unacceptable.

Interviewees were asked a question: 'Do you use any of the Quality-related practices listed below in your company?' Results were as following:

- **Quality manuals** – all companies reported to have them (as a requirement of ISO 9000).
- **Quality audit (by third party)** – regular checks are performed by certification bodies that issued ISO 9000 certificates.
- **Quality audit (by customers)** – reported to be made at least once almost in all surveyed companies.
- **Quality audit (self-assessment)** – regular audit is performed by specially trained employees, who could be both staff members and outsiders. Usually large companies have their own auditors, who had special training courses. Internal audit could be regular (performed periodically after certain periods of time) or unscheduled (sudden). Moreover, quality department staff said that common employees are usually afraid of such inspections and are keen to eliminate revealed discrepancies, otherwise they will have problems with the general director of the company (this situation applied in at least six companies questioned).
- **Benchmarking** – this term appeared to present a problem for most of the interviewees, as they did not know what it means. After a short explanation they understood the idea and all but one reported to use this technique. One
company, which said 'no', explained that it is very unique and there are no companies that they could take as a benchmark in their industry.

- **Quality circles** – no companies reported to use this powerful practice. The most common explanation of why not was that people cannot use it because of mentality reasons, that it is the next level of quality system development in their company and the idea of quality circles was discredited by Soviet system as people were forced to attend such meetings with no real seen output and motivation.

- **Russian (Soviet) quality systems** – companies prefer to use certified ISO 9000 systems and base their own systems on the criteria.

- **Hybrid quality systems** – companies prefer to use certified ISO 9000 systems.

- **TQM or Business Excellence** – none of the companies could say they are working according to Business Excellence principles, but reported a high willingness to do so in the future, although many things are yet to be changed before they can fulfil this dream. A few interviewees did not know what the term TQM means at all.

- **Russian Federation quality award criteria** – four companies participated in this quality award and two became its laureates in 1998 and 2000 respectively. Participants found it difficult to understand some criteria and winners could get it only at the second attempt after seeking consultancy. Others said that they are going to participate later, but first want to establish well-working systems inside their companies or do not have enough people and time to prepare all documents. Although participation in this award is open for all types of organisations, voluntarily, quite cheap (companies need to pay administrative fees and refund living expenses of experts) and will be a good assessment tool, companies tend to see the participation as something excessive and just another headache. They want to participate only to win; however, even getting a detailed report prepared by qualified experts is already a big step forward. Nevertheless, the government recommends the criteria of this national quality award for self-assessment purposes and companies do use the criteria, for example during internal audits. The award was launched only in 1996, so some time is needed for companies to get accustomed and start using it fully.
• Local quality awards criteria – are based much on the national quality award. The same two companies got this award in the same year as the national ones, and three more participated. From the latter three, two did not win anything and one was awarded the third place in 1999. The general attitude towards local awards is similar to that of the national award. Besides, many companies link local awards more with politics than quality itself and many interviewees said that sometimes award winners are indeed not the best ones.

4.3.1.4 ISO 9000

Seven of the eight companies surveyed had ISO 9000 certificates and the last one planned to get one very soon. Practically all companies agreed that the presence of an ISO certificate is a must in their industry or at least a huge advantage. Companies actively involved in export-import feel it very sharply, because it is a ticket to enter foreign markets and is almost the first question that potential foreign customers ask them during negotiations. Moreover, foreign customers want to see ISO certificates issued by foreign certification bodies and this point also has a geographical aspect. For example, European customers demand certificates issued by European-based certification bodies such as Lloyds and TUV. Customers from South America would ask for USA certificates on quality systems because they do not know about European ones. For this reason one of the companies in the survey appeared to have about fifty-three different certificates from all over the world. This is not a fad: it is a reality of foreign activities.

Two companies admitted that if a company has a good-working quality system, it would be enough, but they were talking about Russian companies. It is a problem for ISO holders in Russia that most of their Russian suppliers do not have ISO certificates, whilst they do. This presents certain difficulties in maintaining quality for ISO holders, especially in cases of supplier-monopolists. As one quality director revealed, many such monopolists fairly admit that they sometimes cannot produce goods with the given quality requirements, but the buyer has no choice. Surely some suppliers can be easily found abroad, but it will seriously increase the price of finished goods, which is unacceptable.
In order to solve these problems, ISO holders try to help their suppliers to establish quality systems, put their own people in top management and/or buy shares in these suppliers, keep constant representatives at suppliers' premises, and where certain quality characteristics are stipulated, insert clauses into contracts that introduce sanctions for non-conformity or enable periodic inspection checks. This and other ways are used to combat defective and non-conformance products and also to increase general quality level of suppliers, who are manufacturers themselves.

Most of the companies questioned received ISO certification between the late 1990s and beginning of the 21-st century (between 1996 and 2001). Some of them had already renewed their certificates once or twice. All companies reported a strong intent to keep their companies certified in the future and were studying the ISO 9001:2000 version.

It was always a director's initiative to create and then certify the company's quality system in accordance with ISO requirements. The following reasons for certification were stated:

- Attraction of new customers (mostly foreign);
- Good for company's image;
- Need for working system;
- "Better business life";
- Need to enter new markets (getting export licence, especially in the case of military products);
- Compliance with world standards;
- Pressure from customers.

In fact, these reasons are common for companies all over the world and there was nothing special or new in the answers of Russian managers. Three of seven companies had certificates issued by Russian certification bodies only and another four had certificates issued both by Russian and different foreign certification bodies.

Companies did not state that the cost of certification was an obstacle. None of them used any kind of loans or grants from international funds or programmes; all used
their own funds. The cost of certification by Russian certification bodies is between approximately 610 pounds and 7500 pounds sterling; later the companies have to spend some 70% more for inspection checks and the 'elimination of errors' (this data is valid for the beginning of 2001, presented in newspaper "Business Petersburg", April 6, 2001).

Another large field for debate is if a company should prepare for certification itself or seek consultancy and help from external organisations specialising in this area (so called "third-party" certification). This survey showed that four companies asked for external consultancy at least at the preparation phase for initial certification and three others did everything on their own. It was also interesting to find out how each company prepared for certification. Did they have a special team that did everything without help or with a little help from different departments, or were all of them actively involved? Only one interviewee complained that his quality department was made responsible for preparing all documentation with little or sometimes even no assistance from his colleagues. Other companies constituted special inter-departmental teams with representatives from all functions, who were writing their pieces. After that, the quality department compiled all these pieces and made a final report.

This issue is closely coupled with how the reasons for certification were delivered to employees and whether employees received any training or not. The survey showed that most companies conducted an extensive information campaign among their employees to explain why the company decided to go for ISO certification, what it meant and what was going to change. That was a long process. There were many problems on the way and the main one was people. In all companies there was sheer unwillingness to change anything among some workers. Therefore management had to use a 'carrot and stick' technique to overcome this mentality difficulty.

Top management commitment (especially the director's) was put as the highest priority when implementing quality systems. The director is a person with the highest authority within the company and many things depend on his attitude toward implementation of a quality system as a determining factor of the company's success, especially in Russia due to national culture peculiarities. In Russian companies, the director should be a true 'locomotive' and leader, keen to implement quality as the
company's main objective and make decisions based on this idea. On the contrary, if he is passive and tries to shift responsibility for quality implementation onto his subordinates, most likely a quality director, the system would not work. A quality department can make hundreds of inspections, discover lots of inconsistencies, report them at management meetings, but if heads of other departments and common employees see that they can get away with it, there is no hope for true quality in such a company. And there are many examples of it in real life in Russia.

All surveyed companies communicated positive changes that ISO certification had brought, such as:

- Increase of demand for company's products (more clients attracted);
- Better communication with suppliers and customers;
- Better integration between departments;
- Greater order inside the company;
- More visible structure;
- Stability;
- More clear allocation of responsibilities;
- Better quality of finished goods;
- Decreased production costs.

4.3.1.5 Processes

Questioning showed that half of the companies know and have documented their core processes. The rest were saying that they have standards for all processes or it is very hard to identify core ones. In reality, however, even those companies that alleged to identify their core processes do not have a sound idea of what it really is even after explanations given. People still generally equate the word 'process' with the word-combination 'technological process' only, and other processes are not considered. That means that a process approach, which is a corner stone of the EFQM model and ISO 9000:2000, is not yet recognised by Russian companies. However, the fact is that Russian companies will have to come through the procedure of ISO 9000:2000 certification by December 2003 and they would have to apply the process approach in all spheres of their organisation. People in quality departments had started studying
ISO 9000:2000 version at the time of interviewing, which had been just translated into Russian language. They have time to study this approach in detail.

The other related issue is using process mapping techniques, which proved to be very useful in identifying relations between different departments and employees inside these departments, and helps a lot in improving processes as it gives a graphical presentation, which is much easier to understand. But none of the companies used it. Only one company could show an algorithm of a few processes in a graphical form, but it is far from being a common practice. As an excuse, interviewees were saying that they would do it as a part of preparation for ISO 9000:2000 certification.

One of the drawbacks of not defining core processes and not using process mapping techniques could be the fact that the majority of companies admitted that resources are not always going on priorities, but are wasted or not used efficiently. Only in one company after internal questioning among department heads was it revealed that the majority are satisfied with resources allocation. But even this does not mean effective money spending. When core processes are not properly identified and documented, it is very hard to be sure that the largest attention and hence money flows are directed onto them. And if process mapping is not in use, it is hard to be sure that money is spent in the most effective way.

This is the point when financial management is closely linked to quality management and leads to a question of quality budgeting. As one quality manager said: 'The Russian mentality is that we always do not have time to manufacture properly, but we always have time to recast'. The same goes for money – 'we do want to save money on quality procedures, but then we can spend unlimited amount of money of recasting and repairing'. Only in two companies were quality costs calculated and the amount was between twelve and fifteen percent. In other ones there are no calculations made on this important issue.

Additionally, all companies are still only just approaching a situation where there are only small barriers between departments and where people understand the need for inter-functional co-operation for overall organisational success. Otherwise the following situation usually is a case: the marketing department takes orders from customers, but manufacturing is unable to meet dates or quantities and as a result the
company cannot effect a sale. In the upshot, the company lost money, harmed its image, but marketing people could an incentive for customers found and blame manufacturing for the overall failure. Russian companies start to understand the harmfulness of such a situation, but they cannot guarantee that this still does not happen at present.

4.3.1.6 Leadership

It worth specially pointing out that the general director is the main leader in Russian companies. He makes all major and sometimes even day-to-day decisions personally. And it is in his authority and responsibility to provide all necessary reforms to ensure the full implementation of a quality system within the company.

None of the companies in the survey could present a vision and mission statement, although they have ‘quality policies’ as demanded by the ISO 9000 standard, where the ‘company’s aim in quality’ is stipulated. These ‘quality policies’ are usually available everywhere in the companies’ premises – on the walls of corridors, offices, and near entrances, and managers of all levels have special copies.

Two interviewees said that the company’s mission statements were just recently formulated, but not yet publicized and communicated to all employees. However, there are some doubts that they were telling the truth or that they really understood what ‘mission of organisation’ means. Answering this question, most interviewees were telling about the objectives of their quality department or some short-term goals of the company, even after explanations have been given.

Managers of quality departments are keen to engage department heads in different meetings and consultations in order to improve communication and make them see a whole picture of the company’s performance, rather than be caught in the endless loop of the immediate production tasks. However this is sometimes not so easy and generally the work in this direction has only started.

The related issue is teamwork inside the company. Do top managers encourage people to work in cross-departmental teams of employees who are involved in the same process? Unfortunately, the most common answer was no. Only three companies use
teams, but in one company ‘for certain tasks’ and in the other ‘in emergency situations’. The third company said that they conduct ‘business games’ among department heads, where they simulate a certain situation, but it does not reach the level of common employees. The rest of companies questioned do not practise such methods of work.

The positive aspect is that all companies reported involvement of a wide circle of managers in contacts with external organisations, such as customers, suppliers and governmental organisations in order to promote partnership, improvement initiatives and improve company image. Managers from different departments are involved together in negotiations, contract analysis, exhibitions and other kinds of similar activities.

4.3.1.7 People

All Russian companies are concerned about staff members, their education and their professional standing. They are also interested in having motivated and innovative employees, who will be proud working in the company. But each company pays different attention to actual deeds, to make their intentions come true.

From the beginning new employees pass two or three stages before being hired. Sometimes their first interview is in a recruiting company, but not many manufacturing companies use this service (only one company in this survey). Usually the first interview is in the personnel department and the second with the certain head of department to which a person is applying. From the outset the person is acquainted with the company’s quality policy and how a quality system works. This is his (her) first training.

Later on, the head of department in coordination with the personnel department usually decides further training; requests from employees are considered. However, only two companies in the survey have a developed training plan for one year; others tend to offer training when necessary.

Interviewees generally know about the concept of ‘internal customer’, but only one company could firmly state that it is in use. Others were saying that they are just aware of it in theory, but it is not yet introduced. It is understandable owing to poor
inter-department coordination and still high barriers between different functions, as described in section 4.3.1.6 Leadership.

At the present moment organisations all over the world are relying on innovations of their employees and looking for different types on motivation to encourage them to work to their full potential. In Soviet times organisations used a wide range of motivation techniques, both economic and non-financial, to encourage innovation and establish a friendly work environment. Some were too formal and not respected by people, but most of them were effective. For example, a worker on a shop floor could get five roubles for a work-improvement suggestion which even did not bring any economy effect, when an average salary in Soviet Union at that time was about 130 roubles per month. But later on, this bonus was not indexed correspondingly with the inflation rate and thus became an object of ridicule. Only in the last couple of years have companies started to revise them, although real changes are still to come.

In the previous decade, because of financial problems, companies did not pay enough attention to the motivation issue, considering it of a secondary importance. The situation is better now and companies are starting to address this problem, although slowly. The majority of companies interviewed acknowledged that their motivation and innovation systems should be updated and fixed. Only one company firmly said that they are happy with their current motivation system. Surveyed companies currently use the following means of motivation:

- high bonuses (maximum bonus could be a new car);
- paid medical help;
- fully or partly paid tickets for group tours;
- fully or partly paid tickets for vacation resorts;
- interest-free loans;
- creating better working environment (new equipment, premises renewal, etc.);
- paid trips or training abroad;
- promotion;
- 'honouree board' (a board with photographs of the best workers);
- 'honouree diplomas';
- canteens for staff members with low prices (partly subsidized by the company);
• personal identification mark for workers that produce high quality goods (these workers get 10-15% rise in wages and their outputs are not checked; subject to periodical revision);
• kindergartens for children of staff members;
• paid education, etc.

Practically all the above-mentioned methods of motivation are a heritage of the Soviet social system, generally established in all Soviet organisations. People got accustomed to these benefits and are very happy with management that kept as much of them as possible through difficult financial times, although in real life most of companies had to discontinue social benefits as it was economically disadvantageous to keep them.

4.3.2 Survey discussion and conclusions

4.3.2.1 Discussion of the findings

St Petersburg and Moscow are the most developed cities in Russia at the moment and many innovative approaches coming from the West are disseminated to the rest of Russia through them. This also applies to ISO 9000 certification and the introduction of quality systems in different types of organisations. No wonder then that the situation in St Petersburg cannot be simply projected to other Russian regions. However, this will be a model for regional Russian industrial companies where problems and achievements could be similar. Moreover, half of companies described themselves as leaders in terms of quality systems in their business sectors or even in St Petersburg and its region.

The following observations could be outlined:

The older a company is, the more sophisticated organisational structure it usually has. One of the interviewees from a large and well-established company said clearly: "Organisational structure should be changed in order to improve inter-departmental coordination, improve informational flows and allow people in top and middle
management to see a ‘big picture’. And he was not the only one who thinks the same. Revising the organisation structure, its ‘flattening’, is one of the most important issues at the moment. It raises many substantial issues such as inter-departmental relations, functional structures of quality departments, responsibility allocation, process analysis, quality budgeting and many others.

On the one hand, department heads are still too concerned with routine inside their departments and do not coordinate with other departments as much as they should. On the other hand, directors are involved in solving some minor routine issues that should normally be solved on lower levels of management. They want to be well informed about everything in the company but this drives them away from addressing the long-term perspectives (that should be formulated in vision and mission statements) and also makes the company’s structure too centralised. That also gives problems with responsibility sharing. People on all levels hardly know how their work contributes to the company’s overall performance. The structure of most quality departments is inappropriate as it separates them from other departments and focuses them on quality assurance rather than on making quality an all-company idea that involves everyone. Only two companies stated quality is a responsibility of each department and not only the quality department’s responsibility. This is the model generally accepted in each company, but it takes years before the general director realizes that quality should be implemented in each and every structural unit and that eventually serious change in organisational structure and people’s mentality should happen.

Correct terminology is vital for correct understanding. Sometimes a translation of English words into Russian language is confusing and different interpreters can translate the same terms dissimilarly. The same goes for scientific articles. Everyone needs some time for standardisation and complete acceptance of certain terms. Even though all employees of quality departments said they had many training programmes, not all terms were apparently clear for them. Some interviewees had problems with terms such as ‘mission and vision statement’, ‘benchmarking’, ‘core process’, ‘total quality management’, ‘business excellence’, ‘internal client’, and ‘process mapping’.

Correct formulation of mission and objectives are required. Companies have quality policies and everyone in aware of them, but the same has to be done for the mission
statement and objectives in different areas. None of the companies in the survey had a mission statement and not everyone had clearly formulated, reachable objectives, which later should be communicated to all employees.

Companies also did not have clear ideas about their core processes. A comprehensible definition should be given of what is a 'core process'. The functional approach contained in ISO 9000:2000 can really help to define core and support processes within the company and in conjunction with process mapping technique can give tremendous positive improvements. Unfortunately, at least a few years are required to perform these changes.

Integration with suppliers and customers is another point of attention. Manufacturing companies sometimes cannot find suppliers in Russia that can deliver goods with a certain level of quality or reasonable price. Buying abroad is possible, but too expensive, so sometimes the only decision is to produce spare parts themselves. It is a tough decision to make, but sometimes there is no choice. This is a general economic problem in Russia, which should be solved at the governmental level by giving more support to immediate manufacturers by means of direct investments or tax concessions. Only when it is profitable to produce rather than resell will banks and foreign companies invest in the industrial sector of Russian economy. Now well-established companies can only put their people in bp management positions in suppliers and sometimes customers' offices and try to pull them up to a desirable level. Although this method is quite effective, all companies, for example because of their size, could not apply it.

Another field of improvement is the people aspect of companies' performance, which includes staff problems, motivation and innovations encouragement and training. Most of the big old companies complain that the average age of their employees is around fifty years; this applies both for shopfloor workers and engineers. These companies desperately need 'fresh blood' and start to be active in this direction, otherwise in some five years there will be nobody left to work. For these reasons personnel departments are actively working with vocational schools and technical universities. Postgraduate students are offered additional scholarships if they will agree to work in a certain company after graduation for a certain amount of years.
(usually about three). They are invited to perform their diploma projects in manufacturing companies and at the same time students get salaries as normal employees. Some offer newcomers wages higher than those of old employees, which creates some discontent among the latter, but top managers are still forced to do so.

Motivation systems that would encourage people to stay working in a certain company and encourage their innovations and full potential to be fulfilled are still to be created or re-created. Currently a wage level is a first question asked by potential employees, especially by yesterday’s or today’s students, but other means of incentive are also important. Russian people like to see the care and attention for their needs from top management and especially the director. If they do see it, the working environment is much better. In the case of innovations, people need to be encouraged not only by an incentive premium, but workers or engineers should see that their initiatives find practical realization and their efforts are noticed. Basically, there is nothing new to be invented, everything is well known from Soviet times. It’s just that it should be revived and treated not as formal nor as slow as it was before.

A worrying situation was revealed in the area of statistics. Only two companies claimed to gather statistical data for quality improvement purposes. Others just complained that they do not have people to gather and to process the data.

A positive aspect is that many quality directors pointed out especially that their aim is ‘non-repeatability of non-conformities found’. And if non-conformities do appear again, it means that the quality system in the company is not working. These words give hope for better times of Russian manufacturing industry in the near future.

All that is needed for continuous improvement is the good and strong will of a director and the rest of the top management team. However, that may be difficult.

4.3.2.2 Conclusions

The following problems were identified from the semi-structured interviews:

- Companies’ structures are too rigid – they should be preferably amended to improve interdepartmental co-ordination, and information flows, and make
organisation structures and procedures 'transparent', which in turn would allow people to see a 'big picture'.

- Top managers are too busy solving minor problems, which means there is no or very little delegation. This distracts these managers from considering long-term organisational perspectives (e.g. vision, mission, and strategic objectives).

- Core and support processes are not identified, and managers do not have a clear understanding what these and some other terms mean.

- Relations with customers and suppliers still need to be improved. This represents a large layer of work, although some problems are beyond the control of individual managers and their enterprises. These factors include a lack of capital, a destructive external environment and a lack of up-to-date technology.

- A worrying situation was revealed in the area of statistics. Only two companies claimed to gather statistical data for quality improvement purposes. This means that companies cannot follow one of the basic principles of TQM - managing by fact.

- Motivation, appraisal and incentive systems should be revised and modified based on current economic realities and inflation rates.

- Commitment and the good, strong will of a director and the rest of the top management team are crucial for implementing continuous improvement and providing orientation to reach organisational excellence. Managers and staff of quality departments could not do anything without strong support from a director.

4.4 Leadership and motivation survey

4.4.1 Survey results

The statements in the questionnaires for both managers and the workers were divided into 6 large groups. This section presents the results gained from both the managers' and the workers' answers, and compares these results where possible. Examination of the answers is split into the six groups accordingly and carried out by looking at the
means and standard deviations of the answers for each statement. For the complete list of means and variations, see Tables 4.1 - Table 4.15. The question numbers in brackets in the following text refer to the question numbers in the manager's questionnaire. Questions that correspond to them in the worker's questionnaire are shown in Tables 4.1 - 4.15, on the same row of the table (see Appendix C for a summary table of answers).

4.4.1.1 Leadership, including different leadership styles

The results for this group of questions are shown in Tables 4.1 to 4.9 inclusive. Table 4.1 deals with general leadership criteria and Tables 4.2 to 4.9 inclusive deal with the leadership style.

Managers showed positive attitudes towards their subordinates, indicating that they trust them, would ‘support them and their ideas and make a constructive use of them’ (question 25). Means of their answers to questions in this section were between 4.1 and 4.6 (questions 1, 55 and 5), which is a very high result on a 5-point scale used; moreover the standard deviation (σ) was very low, between 0.65 and 0.85, that tells about a little doubt among the respondents.

Workers were not so positive when answering similar statements, giving averages between 2.8 and 3.5 and standard deviations between 1.14 and 1.35. Both parties seem to be more or less close in only one matter – ‘they feel free to discuss things about their job’ with each other (question 5).

Managers were generally positive about ‘being personally and actively involved in improvement activities aimed at reaching excellent performance’ (question 4) and in ‘stimulating and encouraging collaboration between employees within the organisation’ (question 16) with means of 4.1 and 3.9 correspondingly. But they were less confident about the quality of business processes within their organisations and these processes being updated regularly, with means of 3.1 and 2.8 (questions 37 & 54).

The focus on the needs and expectations of customers and how companies communicate with their customers and business partners, was another topic of
interest. Both managers and workers had doubts about having a full knowledge on this important issue. 'Understanding and responding to customers’ needs and expectations' (question 9) collected an average of 3.6 (σ=1.21) among managers and 3.3 (σ=1.03) among workers. With an equal mean of 3.7, managers believe they ‘establish and participate in joint improvement activities with customers and business partners’ (question 56) and that ‘customers are generally happy with the organisations’ products and services’ (question 15).

Table 4.1 Means and standard deviations for general leadership criteria

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<td>0.85</td>
</tr>
<tr>
<td>55</td>
<td>4.5</td>
<td>0.66</td>
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<tr>
<td>5</td>
<td>4.6</td>
<td>0.65</td>
</tr>
<tr>
<td>25</td>
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<td>0.72</td>
</tr>
<tr>
<td>4</td>
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<td>1.12</td>
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<td>0.8</td>
</tr>
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<td>56</td>
<td>3.7</td>
<td>1.08</td>
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<tr>
<td>13</td>
<td>4.4</td>
<td>0.81</td>
</tr>
<tr>
<td>36</td>
<td>4.5</td>
<td>0.56</td>
</tr>
<tr>
<td>35</td>
<td>4.4</td>
<td>0.56</td>
</tr>
<tr>
<td>47</td>
<td>4.1</td>
<td>0.88</td>
</tr>
</tbody>
</table>

Managers again showed high mean scores for statements regarding support and recognition of people in the organisation. They stated with a mean of 4.4 that they ‘personally communicate the organisation’s policy and strategy, plans, objectives and
targets to subordinates’ (question 13). For ‘actively listen and respond to subordinates’ proposals’, the mean is 4.5 (question 36).

Managers also showed that they care about subordinates by ‘helping and supporting them in achieving their plans, objectives and targets’ (question 35) and encourage them to be involved in ‘improvement activities aimed at reaching excellent performance’ (question 47) – means of 4.4 and 4.1 accordingly. Workers are less certain about the last two statements, with means of 3.3 and 3.2.

Looking at the overall picture of the leadership answers discussed above from the statistical point of view, the F-test showed that variances are not equal at 5% probability level. That means that opinions of managers and workers are different at this probability level. Although the F-test is passed with $\alpha=0.025$, the t-test still shows the variations were significantly different.

The next large part of the leadership group are the statements indicating different leadership styles, employed by managers. The following leadership styles were identified:

*Individualised consideration* – such leaders get people involved in making decisions, using more ‘we’ than ‘I’, caring about others, giving power away, building team spirit and enabling others to act. The results are shown in Table 4.2

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Mean</th>
<th>Std. Deviation ($\sigma$)</th>
<th>Question Number</th>
<th>Mean</th>
<th>Std. Deviation ($\sigma$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>4.7</td>
<td>0.46</td>
<td>11</td>
<td>3.0</td>
<td>1.33</td>
</tr>
<tr>
<td>63</td>
<td>4.3</td>
<td>0.76</td>
<td>35</td>
<td>3.0</td>
<td>1.4</td>
</tr>
<tr>
<td>19</td>
<td>3.9</td>
<td>1.24</td>
<td>13</td>
<td>3.0</td>
<td>1.34</td>
</tr>
<tr>
<td>21</td>
<td>3.8</td>
<td>1.09</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Managers showed high means (between 3.8 and 4.7) in this category, indicating that they ‘treat their subordinates as individuals’ (question 14), are eager to ‘involve subordinates in making decisions, which they would have to implement later’
(question 63), and 'delegate them authority' (question 21) to do that. Most of managers use more 'we' than 'I' approach, mean = 3.9 (question 19). Workers were neutral in their answers with means of 3.0 for these statements. Some of the worker's comments indicated that it all depends on a particular person and they could not present a general picture. The t-test results for the answers on this leadership style showed that variances are not equal at all significant levels of $\alpha$.

*Inspirational motivation* – this style describes a leader's ability to show optimism and enthusiasm about the future and the aims to be accomplished. The results are shown in Table 4.3.

Both managers and workers showed practically identical agreement on a statement that managers 'talk enthusiastically about what needs to be accomplished'(question 22). Means are 4.6 and 4.1 correspondingly.

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Managers' answers</th>
<th>Question Number</th>
<th>Workers' answers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Deviation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>($\sigma$)</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>4.6</td>
<td>0.55</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>4.1</td>
<td>1.01</td>
<td></td>
</tr>
</tbody>
</table>

*Visioning* – this style suggests a leader's behaviour involving continuously discussing the vision with others in a way that tells them that the leader has such a vision. It also includes a leader's ability to present his vision to others. The results are shown in Table 4.4.

With an average of 3.6 managers stated they have a 'clear vision of the future' (question 52) and 'somewhat agree' (mean = 4.0) that their vision is personally 'communicated to subordinates' (question 61). The latter statement was backed up by workers with a score of 3.5.
Table 4.4  Means and standard deviations for Visioning leadership style

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Mean</th>
<th>Std. Deviation (σ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>52</td>
<td>3.6</td>
<td>1.17</td>
</tr>
<tr>
<td>61</td>
<td>4.0</td>
<td>1.07</td>
</tr>
</tbody>
</table>

Managers' answers  

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Mean</th>
<th>Std. Deviation (σ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>33</td>
<td>3.5</td>
<td>1.41</td>
</tr>
</tbody>
</table>

Workers' answers

Idealised influence – this style is related to maintaining a leader’s own 'self', thus creating a sense of purposefulness, consistency of focus and energy. This suggests that the leader does not ‘react’ to situations, but maintains focus in the face of various stimuli that might be distracting to others. The results are shown in Table 4.5.

Managers almost unanimously (mean 4.4 and 4.6) agreed that they deploy this leadership style.

Table 4.5  Means and standard deviations for Idealised influence leadership style

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Mean</th>
<th>Std. Deviation (σ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>43</td>
<td>4.4</td>
<td>0.74</td>
</tr>
<tr>
<td>24</td>
<td>4.6</td>
<td>0.65</td>
</tr>
</tbody>
</table>

Charisma – this relates to the quality or qualities of a leader’s communication style. The key here is not in quantity of communication, but in ability to transfer meaning from one mind to another using both verbal and non-verbal messages. The results are shown in Table 4.6.

Again, managers were very positive about having charisma in their arsenal; averages of 4.6 clearly show that. But workers were not so happy with how ‘clearly managers explain to others why they are doing something’ (question 26), producing only 3.2 score.

139
Table 4.6  Means and standard deviations for Charisma leadership style

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Mean</th>
<th>Deviation (σ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>4.6</td>
<td>0.56</td>
</tr>
<tr>
<td>27</td>
<td>4.6</td>
<td>0.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Mean</th>
<th>Deviation (σ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>3.2</td>
<td>1.38</td>
</tr>
</tbody>
</table>

Contingent rewards – this style reflects a leader's intent to praise (or promise to do so) people's performance with different types of incentives for a job well done, usually monetary. The results are shown in Table 4.7.

Managers were close to the 'somewhat agree' answer (means = 3.7 and 3.9) for this question, whereas worker have put 3.0 with one of the highest standard deviation rates of 1.43 for the following statement: 'My superiors make it clear what I can expect to receive if their performance meets designated standards' (question 12 for managers and number 10 for workers). One of the workers commented that even though some managers promise to provide some incentives (usually in money form), they sometimes do not keep this promise or pay less than was agreed.

Table 4.7  Means and standard deviations for Contingent rewards leadership style

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Mean</th>
<th>Deviation (σ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>3.9</td>
<td>1.02</td>
</tr>
<tr>
<td>28</td>
<td>3.7</td>
<td>1.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Mean</th>
<th>Deviation (σ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>3.0</td>
<td>1.43</td>
</tr>
</tbody>
</table>

Management-by-exception – this style is when leaders either focus on people's mistakes, deviation from standards (active style), or take action and intervene in matters only when a problem becomes chronic (passive style). The results are shown in Table 4.8.
Managers showed a high score of 4.2 giving the opinion on the active style statement that they do ‘focus attention on subordinates’ mistakes and deviations from standards in their work’ (question 29). Though in the passive style, opinions have split. Although managers agreed that they tend to ‘not intervene in subordinates’ work until a problem becomes serious’, mean = 3.9 (question 17), they scored low on ‘showing a firm belief in “if it’s not broken, don’t fix it”, mean = 2.6 and σ =1.38 (question 49). Workers seem to agree on the first one with an average score of 4.0, and produced 3.5 on the second statement. The t-test results for the answers on this leadership style showed that variances are equal at α=0.05 and α=0.025.

Laissez-Faire - this is the style where a leader tries to avoid making own decisions, getting involved in important issues and even delaying to respond to urgent questions. The results are shown in Table 4.9.

Practically all managers have given one of the lowest scores of the whole questionnaire, i.e. 2.2, stating that they do not ‘try to avoid making decisions themselves’ (question 60).
4.4.1.2 People and people results

These questions were used to indicate how the organisation manages, develops and releases the knowledge and full potential of its people at an individual, team-based and organisation-wide level. And there was one statement that falls into the category of ‘People results’ in EFQM model criteria (EFQM, 1999).

There were three statements designed to find out about the degree of training opportunities offered to employees. The results here were poor, showing that both managers and workers do not ‘receive training which is adequate for their positions’ (question 38); average scores were 2.8 for managers and 2.1 for workers. Additionally, managers stated that their organisations do not have ‘a training plan for employees which is supported by sufficient funding’ (question 59). The mean is only 2.7, although with a standard deviation rate of 1.41, it is one of the highest for managers in this survey.

**Table 4.10 Means and standard deviations for People and people results section**

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Managers' answers</th>
<th></th>
<th>Workers' answers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Question Number</td>
<td>Mean</td>
<td>Std. Deviation (σ)</td>
</tr>
<tr>
<td>38</td>
<td>2.8</td>
<td>1.24</td>
<td></td>
</tr>
<tr>
<td>59</td>
<td>2.7</td>
<td>1.41</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>4.6</td>
<td>0.65</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>3.3</td>
<td>1.43</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>4.0</td>
<td>1.15</td>
<td></td>
</tr>
<tr>
<td>53</td>
<td>3.8</td>
<td>1.02</td>
<td></td>
</tr>
</tbody>
</table>

Despite this absence of funding, managers reported to ‘encourage learning among subordinates’ (question 41) with a mean = 4.6 and to ‘stimulate and encourage creative and innovative ideas from subordinates’ (question 31) with a mean of 4.0. Apparently it is very difficult to do so without monetary backup and it clearly shows in workers’ answers. With an average of 3.1 workers agree that managers encourage
learning among them but a low of 2.6 was received for the second statement concerning encouraging creativity and innovation. In the end, however, managers seem to be rather ‘happy with their own achievements in their organisation’ (question 53) with a mean = 3.8, whereas workers do not share this feeling with only 2.8 on average.

Looking at the general picture of the people and people results answers from the statistical point of view, the t-test showed that variations are not equal at α=0.05, but are equal at α=0.1.

4.4.1.3 Teamwork

The teamwork topic is closely tied to ‘People and people results’ section 4.4.1.2, as some statements fall in both of these two categories.

| Table 4.11 Means and standard deviations for Teamwork section |
|-----------------------|-----------------------|-----------------------|
|                         | Managements’ answers | Workers’ answers       |
| Question Number | Mean | Std. Deviation (σ) | Question Number | Mean | Std. Deviation (σ) |
| 2                   | 2.9  | 1.34               | 2                   | 2.7  | 1.15               |
| 23                  | 3.1  | 1.05               | 16                  | 3.2  | 1.22               |
| 30                  | 2.7  | 1.33               | 26                  | 2.9  | 1.34               |
| 46                  | 3.0  | 1.29               | 14                  | 2.7  | 1.47               |
| 58                  | 3.2  | 1.31               |

Most of the answers in this category scored a mean of 3.0±0.3. Both managers and workers achieved a mean lower than 3.0 on the question whether ‘teambuilding is encouraged in the organisation at all levels’ (question 2), i.e. 2.9 and 2.7 correspondingly. They also could not determine if ‘individual efforts are valued higher than team efforts’ (question 23) with an uncertain quantity of 3.1 for managers and 3.2 for workers.
It was also impossible to get a definite picture of what kind of teams exist if any exist at all (questions 30, 46, 58 & 20). Nevertheless, in comments and personal conversations, some people clearly stated that no teams exist at the present time and their creation is not really encouraged. The t-test for the teamwork section showed that variations are not equal at \( \alpha=0.05 \) or any other significant levels.

### 4.4.1.4 Business excellence

This section presents statements that would be attributed with companies that are considered to be the best in their practice.

Managers in their majority (mean = 4.4) believe that ‘if errors occur, they are corrected and steps are taken to prevent them from happening again’ (question 7), but workers do not show the same level of enthusiasm with 3.3 score. Managers proved to be unsure whether ‘methods of working are compared with those in other organisations and results are used to change our working methods in order to improve them’ (question 8), with a mean=3.0 for this statement.

<table>
<thead>
<tr>
<th>Table 4.12 Means and standard deviations for Business excellence section</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Managers’ answers</strong></td>
</tr>
<tr>
<td>Question Number</td>
</tr>
<tr>
<td>-----------------</td>
</tr>
<tr>
<td>7</td>
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<tr>
<td>8</td>
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<td>10</td>
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<td>39</td>
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<tr>
<td>62</td>
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<tr>
<td>44</td>
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<tr>
<td>34</td>
</tr>
<tr>
<td>64</td>
</tr>
</tbody>
</table>
It is important that managers give advice and coach their subordinates, rather than play a ‘boss’ with them (question 10) in order to give them opportunities to fully unveil their potential and encourage their own decision making abilities. In this survey managers indeed claimed to tend to behave this way (mean = 3.6), but workers disagreed with only 2.6 average.

Managers showed they were keen in ‘learning new things from their own and others’ experiences in the workplace everyday’ (question 39) with a mean = 4.3 and introducing them as ‘a part of my day-to-day activities’ (question 42) with a mean = 3.8. Being innovative is really important for organisation development and managers claimed they were ‘always trying to introduce new ways of doing things’ (question 62) with an average of 4.1. However, workers did not feel it exactly the same way at all times and answered neutrally with a mean of 3.1 for the last statement.

Managers’ ability to sometimes ‘make a difficult decision, take a risk and accept full responsibility for it’ (question 44) is crucial for their positions and surveyed respondents from this category clearly agreed with this statement (mean = 4.5).

Understanding and looking at other employees as ‘internal customers’ and ‘internal suppliers’ (question 34) proved to give good positive results in improving quality (in a wide sense of this word). Unfortunately, it showed to be unclear to some respondents and thus both managers and workers scored a sheer ‘Neither agree or disagree’ average on this statement. On the other hand, when it came to ‘responsibility for job outcomes passed on to their ‘internal customers’ (question 64), workers appeared to be even more responsible and positive than managers with means of 3.9 and 3.4 accordingly. The t-test for the business excellence section showed that variations are not equal at α=0.05, but are equal at α=0.1.

4.4.1.5 Characteristics of communication processes

Another group of statements was about how communication is established inside the organisations. Both managers and workers were not really positive in their answers.

Managers seemed to be unsure if the ‘information flows freely up and down the organisation’s structure’ (question 32) with a mean = 3.3, but more positive about communication with peers (question 18) with a mean = 3.7 and that their
'subordinates feel responsibility for initiating accurate upward housekeeping information flow' (question 3) with a mean = 4.1.

Table 4.13 Means and standard deviations for Characteristics of communication processes section

<table>
<thead>
<tr>
<th></th>
<th>Managers' answers</th>
<th></th>
<th>Workers' answers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Question Number</td>
<td>Mean</td>
<td>Std. Deviation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(σ)</td>
</tr>
<tr>
<td>32</td>
<td>3.3</td>
<td>1.33</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>4.5</td>
<td>0.66</td>
<td></td>
</tr>
<tr>
<td>57</td>
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<td>1.22</td>
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<td>3</td>
<td>4.1</td>
<td>0.77</td>
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<tr>
<td>18</td>
<td>3.7</td>
<td>1.07</td>
<td></td>
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<tr>
<td>45</td>
<td>2.1</td>
<td>1.14</td>
<td></td>
</tr>
</tbody>
</table>

Managers also 'willingly share all relevant information with subordinates' (question 50) with a mean = 4.5, although workers did not exhibit the same openness (mean = 3.3) towards their superiors or probably towards certain superiors as the standard deviation is high, σ=1.44, for this statement. Managers believe that their subordinates do not 'view communication from the top with great suspicion' (question 57) with a mean = 2.5, but workers actually do sometimes (mean = 3.1).

Answers for the following statement: 'only the information that the boss wants to hear flows, other information is restricted and filtered' (question 40), look disturbing. Although managers' answers accounted for a mean of 2.8, workers produced 3.5.

It is favourable for managers though that they do not 'try to distance myself from subordinates' (question 45) with a mean = 2.1 and workers tend to back them up in the point with a mean of 2.7. The t-test for the communication processes section showed that variations are not equal at any significant levels of probability.
4.4.1.6 Characteristics of motivational forces

Finally, these statements were designed to monitor how different motivation forces that organisations can employ actually work and whether they are effective.

Table 4.14 Means and standard deviations for Characteristics of motivational forces section

<table>
<thead>
<tr>
<th></th>
<th>Managers' answers</th>
<th></th>
<th>Workers' answers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Std. Deviation (σ)</td>
<td></td>
<td>Std. Deviation (σ)</td>
</tr>
<tr>
<td>Question</td>
<td>Mean</td>
<td></td>
<td>Question</td>
</tr>
<tr>
<td>Number</td>
<td></td>
<td></td>
<td>Number</td>
</tr>
<tr>
<td>48</td>
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<td>1.27</td>
<td>27</td>
</tr>
<tr>
<td>11</td>
<td>3.3</td>
<td>1.29</td>
<td>9</td>
</tr>
<tr>
<td>51</td>
<td>3.9</td>
<td>1.0</td>
<td>30</td>
</tr>
<tr>
<td>65</td>
<td>4.1</td>
<td>0.88</td>
<td>37</td>
</tr>
</tbody>
</table>

It was good to find out that things like 'fear, threats, punishment and occasional rewards' are not 'the usual means of motivation' (question 48) in organisations surveyed. Both managers and workers agreed on that with means of 2.3 and 2.5 accordingly. Additionally, organisations tend to experience 'favourable, cooperative attitudes between members, with mutual trust and confidence' (question 51); means are 3.9 for managers and 3.5 for workers.

Unfortunately there is a 'a fly in the ointment' as both managers and workers appeared to be still unhappy with motivation methods used in their organisations. Giving their opinions on the statement 'methods of motivation used by my organisation generally reinforce each other' (question 11), managers on average have put 3.3 and workers only a miserable 2.2.

Overall, managers proved to be more 'satisfied being a member of their organisation' (question 65) with a mean of 4.1, whereas workers see much more room for improvement with an average of 3.4. The t-test for the motivational forces section showed that variations are not equal at any significant levels of α.
The last statement to be mentioned, falls into a separate category – Key performance results as defined in the EFQM model (EFQM, 1999). Respondents were asked to estimate how ‘sound is the financial position of their organisation’ (question 33). As expected, both managers and workers were not happy with the situation and it has been shown in the answers. Managers have scored 2.8 and workers only 2.2, which speaks for itself.

Table 4.15  Means and standard deviations for Key performance results section

<table>
<thead>
<tr>
<th>Question Number</th>
<th>Managers’ answers</th>
<th>Workers’ answers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>Std. Deviation (σ)</td>
</tr>
<tr>
<td>33</td>
<td>2.8</td>
<td>1.59</td>
</tr>
</tbody>
</table>

4.4.2  Survey discussion and conclusions

4.4.2.1  Discussion of the findings

Here the results described in the previous section would be summarised, and highlight some trends that can be derived from the answers. The attention will be drawn to similarities and differences in the answers of managers and workers and what can be learned from them.

Clearly, managers and workers have more differences than similarities in situation appraisal (and the results of the t-tests clearly support this conclusion). Managers seem to be much more optimistic about the current state of affairs and their answers clearly show that. Workers, on the other hand, are more cautious in their answers, which tend to be rather neutral – most of the means are around ‘3’; it stands for ‘Neither agree nor disagree’. Managers also proved to be more consistent in their answers. This can be seen by looking at the standard deviation scores. This could be explained, among other possible factors, by the education level of the respondents. Just to compare, 89% of managers have university education and among workers the figure is 59%. Moreover, managers are most likely to have more information.
available to them, which allow them to see a "larger picture" of what is happening in
a particular organisation. Nonetheless, it is a manager’s job to keep employees happy
and thus looking at workers answers is important in terms of the perceptions that
managers actions are creating.

The survey showed that managers are more open towards their subordinates than
these subordinates think. Managers have trust and confidence in subordinates; they
are ready to support subordinates’ ideas, opinions, creative ideas, proposals and so.
They are ready to help subordinates in achieving their personal plans, objectives and
targets; they treat workers as individuals; they involve them in making decisions and
are likely to delegate authority and try to behave like mentors rather than bosses. But,
if everything seems so perfect, why do “encouraged and supported” workers not feel
being “encouraged and supported”? There should be a problem somewhere or maybe
a few of problems.

Looking at the results, the following possible ‘weak’ areas could be highlighted:

- Working processes,
- Focus on external customers and business partners,
- Internal customers and suppliers,
- Leadership style,
- Adequate training and encouraging innovations,
- Communication inside organisations,
- Motivation forces,
- Teamwork.

*Working processes* – the orientation on a “process approach” is one of the pillars of
the Business Excellence concept; it is also a basic idea behind the new ISO 9000:2000
version and is included in the EFQM model criteria (EFQM, 1999). One of the
clauses in the EFQM model (Leadership, sub-criteria 1b; EFQM (1999) says: “leaders
ensure a system for managing processes is developed and implemented”.

Organisations can’t function properly if their business processes are not in order.
Unfortunately this is what’s happening – managers show no confidence that their
organisations have ‘well developed and implemented set of business processes’ and
that these processes are ‘examined to improve them at least once per year’. 

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Focus on external customers and business partners – managers showed fair results in this section, but all means are below the 3.8 mark; and workers answered even worse. To derive well-based conclusions, it would have been useful to have few check points in different time periods (a longitudinal survey). It would have given an opportunity to follow the trend in how managers’ and workers’ attitudes were evolving as time passes, but I did not have this option in the current study. However, customer focus is a fundamental concept of Excellence (EFQM, 1999) and organisations should fully understand what their customers want and ideally predict these expectations. Both managers and workers should be aware of these needs as customers are final arbiters of product and service quality and organisations should care for customers’ loyalty and retention, and market share gain.

Internal customers and suppliers – an organisation’s members have two types of customers - internal and external. For the sake of clearing up the terms, respondents were given the following definitions of both internal customers and internal suppliers. Internal customer – a person working in the same organisation, who receives the results of your work. Internal supplier – a person working in the same organisation, who passes you the results of his work.

Both managers and workers showed a medium level of awareness about these terms, but surprisingly workers exhibited a higher level of ‘responsibility for their job outcomes passed on to their ‘internal customers’. It looks like managers underestimated workers in this area, although clearly greater awareness is needed to be raised on this topic among both groups. This is where training programmes step in (their status will be discussed later in this section).

Leadership style – statements were put in the questionnaire in order to understand what leadership styles are commonly used by managers at the present time. Descriptions of the possible styles were given in section 4.4.1.1. Managers have scored similar means in all categories except the Management-by-exception style. They have especially high results in Inspirational motivation, Idealised influence and Charisma. The least likely leadership style to be used is Laissez-Faire. There was an inconsistency in the answers regarding Management-by-exception style: managers scored high in the active sub-style and gave very different answers for questions on the passive sub-style.
According to workers though, managers tend to use more of Inspirational motivation, Visioning and Management-by-exception-passive styles, with the last one being the most popular. Although more research is needed to create a clearer picture, it seems as though managers and workers have different perceptions in judging the same actions. Obviously managers need to improve their Charisma style skills despite their strong believe that they have them in sufficiency. Managers’ messages are not getting across in the way they would like them to be passed; they are probably lacking in ability to “walk their talk” and back up their words by their deeds. At the present moment workers seem to see managers as people who are fairly optimistic about the future, have a clear vision of this future and are able to communicate this vision to others, but when it comes to real issues, they employ not the most inspiring Management-by-exception style. Clearly, it is not the best way to show leadership.

Adequate training and encouraging innovations – the survey results clearly show that both parties agree that training programmes within their organisations are not in the best shape at the moment. The same goes for supporting innovation activities. And continuous learning, innovation and improvement is another fundamental concept of Excellence and is included in the EFQM model criteria (EFQM, 1999). Both managers and workers unambiguously showed that they are not happy with the existing training standards in their organisations. People feel that they do not ‘received an adequate training for my position’ and managers stated that their organisations do not have well developed ‘training plans for employees, which are supported by sufficient funding’. Managers do ‘encourage learning among subordinates’, but it means that if employees would need training, they generally would have to spend their own money on it, which is not always possible given present salaries level.

The innovation issue is another daunting figure revealed by the survey. Although managers claimed to ‘stimulate and encourage creative and innovative ideas from subordinates’ and ‘try to make constructive use of them’, workers do not agree. Managers try to ‘learn from their own and others’ experiences’ and ‘introduce new ways of doing things’ on a daily basis, but they appear to be private initiatives of certain people, rather than a part of the organisation’s culture, and workers respond to that accordingly.

Apparently top managers need to have a closer look at these issues and invest money in training and innovative programmes within their organisations, otherwise people
will definitely be unhappy with ‘own achievements in their organisations’, as workers are now. Maybe top managers could start by looking at other organisations’ experiences, especially the most successful of them, in order to compare working methods, which is not usually the case at the moment according to the survey’s results. As the findings of my first quality practices survey showed, initiatives backed by top managers and especially a director, are the only viable ones. Without directors understanding the importance of these programmes and his support (including financial support), nothing can be really improved and employees morale will be low.

Communication inside organisations – as seen from many examples in this section, communication between managers and workers needs to be considerably improved because managers actions do not always achieve desired outcomes. Some improvement should also be made in the quantity and quality of information flows between the two. Managers neatly stated that they ‘willingly share all relevant information with subordinates’ and believe that they have the same attitude from subordinates. But this is not always the case. Perhaps personality traits of each leader play a significant role in this matter, but workers seem to be selective about sharing full information with their superiors. They showed a higher score on ‘only the information that the boss wants to hear flows, other information is restricted and filtered’. Workers also showed a medium score on ‘having trust and confidence in superiors’, which is lower than a level of trust and confidence that managers show towards workers. Apparently it can mean that managers cannot always receive adequate and timely information from subordinates, which can result in a misunderstanding of the current situation in the organisation and negatively affect their ability to “manage by facts”. And “management by facts” is another fundamental concept of Excellence and is included in the EFQM model criteria (EFQM, 1999).

Motivation forces – here there is good and bad news for the organisations. Good news is that ‘fear, threats, punishment and occasional rewards are NOT the usual means of motivation’ in the surveyed organisations and generally people believe that they work in a friendly and cooperative environment. The bad news though is that both parties and especially workers state that ‘methods of motivation used by organisations generally DO NOT reinforce each other’. This is something to be taken very seriously by top management. There are lots of different means of staff motivation available to managers (both material and non-financial). A lot of them were used during the Soviet times and there is nothing new to be invented (see section 4.3.1.7 for more details).
What is required is solid motivation programmes implemented in these organisations. These programmes could be different in terms of techniques employed, but these techniques should be in line with each other and constitute a united strategy in a given organisation. At present, staff motivation seems to be rather occasional good will of certain managers than a well-developed process.

Teamwork – respondents seems to be confused when answering statements on this topic (although a definition of a ‘team’ was provided in the questionnaires). Managers, despite ‘stimulating and encouraging collaboration between employees within their organisations’ and tending to ‘use ‘we’ rather than ‘I’ in speech’, did not tackle the teamwork issue directly. Both managers and worker were not even sure if ‘individual efforts are valued higher than team efforts’ in their organisations. Although creating formal and constant teams is not a must for all types of organisations or departments of organisations, it is advisable to employ the team approach for a wide range of situations. As mentioned before, it is impossible to get a definite picture of what kind of teams exist if any exist at all. Nevertheless, in comments and personal conversations, some people clearly stated that no teams exist at the present time and their creation is not really encouraged. Team creation is far from a common practice and even people who work together, for example on the same product design, do not feel being team members. This situation with team building could also negatively contribute to communications between employees as they could be unaware of what their neighbours are doing.

4.4.2.2 Conclusions

Therefore, the following conclusions can be drawn:

- Managers and workers have more differences than similarities in situation appraisal: managers seem to be much more optimistic about the current state of affairs and workers, on the other hand, are more cautious (and t-tests results clearly support this conclusion);
- Managers proved to be more consistent in their answers. They are more open towards their subordinates than these subordinates think, but workers still seem to be biased towards managers;
- Orientation towards a 'process approach' is not organisational policy so far. Managers show no confidence that their organisations have 'well developed and implemented set of business processes' and that these processes are 'examined to improve them at least once per year';
- There should be greater awareness among both managers and workers about external and internal customers' needs and expectations;
- Managers' messages are not getting across the way they would like them to be passed. Managers are probably lacking in ability to "walk their talk" and back up their words by their deeds;
- Workers see managers as people who are fairly optimistic about the future, have a clear vision of this future and are able to communicate this vision to others, but when it comes to real issues, they employ not the most inspiring Management-by-exception leadership style;
- Both managers and workers agree that training programmes within their organisations are not in the best shape at the moment; the same goes for encouraging innovation activities;
- Although managers 'willingly share all relevant information with subordinates', workers seem to be selective about sharing full information with their superiors;
- Solid motivation programmes should be developed and implemented in organisations. Motivation techniques should be in line with each other and constitute a united strategy in a given organisation;
- The teamwork issue should be tackled directly. At the moment, teamwork is not encouraged within organisations and its use is usually limited to emergency cases;
- Without a director's understanding of the importance of improvement programmes and his/her support (including financial), nothing can be really improved and employees morale will be low.
CHAPTER 5
LITERATURE SURVEY OF CULTURAL DIFFERENCES

5.1 Introduction

Internationalisation is a key component to success for companies today. It opens new markets and allows the exchange of new technologies, skills and expertise. Nonetheless, with internationalisation comes increased competition. Given the confrontation with different corporate and national cultures, and different communication and management styles, managers who are effective within their home market must add new skills to maintain excellence in the competitive international markets (Gancel, 1995).

According to Miroshnik (2002), the analysis of problems and failures of multinational business abroad has shown that the first dominant factor is culture. Miroshnik mentioned an old Japanese parable about a monkey and a fish, where the monkey assumed that the fish's environment was similar to his and behaved accordingly, and so do many managers unconsciously assume that all people think and feel the way they do. In one of his works Hofstede (1993) quotes Michael de Montaigne, a Frenchman who lived in the sixteen century and whose statement became famous a century later thanks to Blaise Pascal: “There are truths on this side of the Pyrenees which are falsehoods on the other.” Hofstede in the same article remembered the famous ‘Alice in Wonderland’ by Lewis Carroll. Hofsetde cites the croquet play episode as an example: “Alice’s flamingo mallet turns its head whenever she wants to strike with it; her hedgehog ball runs away and the doubled-up soldier arches walk around all the time. The only rule seems to be that the Queen of Hearts always wins.” The author continues, saying that “Alice’s playing problems are good analogies to attempts to build culture-free theories of management”. Although when going to other countries people can meet strange customs, ways of organising or disorganising, and theories that look stupid, old-fashioned or even immoral, these customs and theories may work there, or at least may not fail more frequently than corresponding theories do at home.
A lot of organisations nowadays operate in different countries, and have international partners and employees. Every large, globally operating organisation or company ideally needs a universal organisational culture that would work perfectly in all its subsidiaries in different parts of the world. A universal organisational culture is one where all organisational members, regardless of their origin and place of work, have similar views and beliefs that guide their behaviour when transacting with members of both their own and others societies (Boeker, 1989; Chatman and Jehn, 1994). Thus these global organisations should not only understand these diverse values within their subsidiaries (locations of operations), but also learn to integrate and converge these diverse values when creating their own organisational cultures (Yip, 1992). To accommodate these different values, companies should be aware of the cultural differences of their employees, partners and so on.

Two different levels of culture – national and corporate would be discussed in this thesis. Although both of them use the term culture, they are different. National cultures differ primarily in the fundamental, invisible values held by a majority of their members, acquired in early childhood, whereas organisational cultures are much more superficial phenomena residing mainly in the visible practices of the organisation, acquired by socialisation of the new members who join as young adults (Hofstede, 1993). National cultures change very slowly if at all, while organisational cultures could be deliberately changed, although it may be not easy.

This chapter presents a literature review of national and organisational cultures. The point of this chapter is to explain how to measure and accommodate national cultural differences, with a special insight into Russian culture, and to link national and organisational cultures.

5.2 National culture

5.2.1 Manifestation of cultural differences

Geert Hofstede, a Dutch researcher, is considered to be one of the gurus in the field of national and organisational cultures, with his works on the former being the most famous and respected. He defined the term ‘culture’ as “the collective programming of the mind that distinguishes the members of one category of people from those of
another" (Hofstede and Bond, 1988). This programming tends to be securely established in an individual by adolescence, but does evolve from generation to generation (Ajiferuke and Boddewyn, 1970). Thus, culture can be viewed as "those beliefs and values that are widely shared in a society at a particular point of time" (Ralston et al., 1993). Religion, proximity, history and education are factors that have been identified as important in defining a culture (Harris, 1979; Ronen and Shenkar, 1985). Hofstede (1993) also wrote that culture is a construct, which means that it is "not directly accessible to observation, but inferable from verbal statements and other behaviours and useful in predicting still other observable and measurable verbal and nonverbal behaviour".

Finally, after cataloguing more than 100 different definitions of culture, Kroeber and Kluckholm (1952) offered one of the most generally accepted definition: "Culture consists of patterns, explicit and implicit, of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, and on the other hand as conditioning elements of future action. Culture is something that is shared by almost all members of some social group; that the older members of the group try to pass on to the younger members and something (as in the case of morals, laws and customs) that shapes behaviour".

Bodley (1994) stated that national culture involves at least three components: what people think, what they do, and the material products they produce. Thus, mental processes, beliefs, knowledge and values are aspects of culture. National culture also has several properties: it is shared, learned, symbolic, transmitted across generations, adaptive and integrated. Bodley (1994) also stated that culture is learned, not biologically inherited, and involves arbitrarily assigned, symbolic meanings. Without a shared culture, members of society would be unable to communicate and co-operate, and confusion and disorder would result (Haralambos et al., 1990). In addition to the three components outlined by Bodley (1994), Giddens (1989) suggested that culture also has two essential qualities: first it is learned, second it is shared.

Speaking about different management scientists, theorists and writers, Hofstede (1993) gives a word of caution as these people grew up in a particular society in a particular period and thus their ideas reflect the constrains of their environment. That
is why generally accepted US theories like those of Maslow, Herzberg, McClelland, Vroom, Likert and so on may not or only very partly apply outside USA borders, such as in Europe which is constrained by many national borders. For example, the American profile contains three elements that are not necessarily present in other countries: stress on market processes; stress on the individual; and focus on managers rather than on workers. When talking about Western effort to help less developed countries, Hofstede says: “Assuming that with so-called modern management techniques and theories outsiders can develop a country has proven a deplorable arrogance. At best, one can hope for a dialogue between equals with the locals, in which the Western partner acts as the expert in Western technology and the local partner as the expert in local culture, habits and feelings.”

This view is supported by other authors as well. Puffer et al. (2000) argued that even though Western practices have proved to be superior in a number of countries with developed market economies, they do not suggest the one best way for managing organisations – even less so in societies such as those in the former Soviet Union. And according to Michailova (2000), “the uncritical application of the Western management philosophies and practices in alternative cultural settings neglects cultural diversity and ignores the potential for learning and development processes rooted in national, business and management cultures”. Mendonca and Kanungo (1996) have the same opinion in a context of developing countries: “Programmes that are highly successful in the industrialized, developed countries of the West can, and often do, fail in the developing countries not because of any deficiency in or unsuitability of the programme, but because these programmes were uncritically adopted without any regard to their congruence with the internal work culture”. The latter authors also argued that although underlying psychological principles of work motivation are universal for all countries, the manner in which these practices are carried out are questionable. For example, job autonomy is a highly valued non-economic reward in North America, but this is not necessarily so in developing countries, where rewards that satisfy the social and security needs are more valued.

When having to deal with people from different cultures, some managers demonstrate ‘cultural blindness’ when they cannot view culture as affecting organisations’ day-to-day operations, cannot see themselves beyond their passport, and cannot see good organisations beyond their nationality (Miroshnik, 2002). In many cases, people associate recognitions of cultural differences with simplistic, primitive immoral
thinking and they label managers who recognize diversities within organisations as racist, sexist, ethnocentric and unprofessional. Miroshnik (2002) goes on saying: “Cultural norms can encourage managers to blind themselves to gender, race and ethnicity and to see people only as individuals and judge them according to their professional skills. This approach causes problems, because it confuses recognition with judgement. Recognition occurs when a manager realizes that people from different cultural groups behave differently and that difference affects their relationship to the organisation. People from one ethnic group are not inherently better or worse (usual judgement) than people from another group; they are simply different”.

Recognising cultural differences of employees is especially important in multinational organisations as according to Laurent’s (1983) survey results. Cultural differences are more pronounced among foreign employees working within the same multinational organisation than among employees working for organisations in their native lands. In practice it means that when working for a multinational company Americans become more American, Swedes become more Swedish and so on. Laurent concluded that the myth of the transnational organisation - the organisation beyond nationality in its design and operations - remains, in reality, only a myth.

5.2.2 Advantages and disadvantages of cultural diversity in organisations

Miroshnik (2002) showed that cultural diversity can bring both advantages and disadvantages to the working process. Problems most frequently occur in convergent processes, at times when the organisation needs employees to think or act in a similar way. People from different cultures fail to understand one another; they do not work in the same ways or at the same pace. The potential for increased confusion becomes highest when the organisation requires clarity.

Cultural diversity also results in problems when employees over-generalize organisational practices and processes. For example, problems result when managers develop export marketing campaigns in one country without adapting them to another country, e.g. Arab people will never eat any food if it is packed in a box with a picture of any naked woman or animals. Cultural diversity causes problems when the organisation must reach a single agreement. For example, during negotiations Japanese never say ‘no’; it is very impolite in their opinion, but it does not mean that
they agree, so they will say, ‘yes, we absolutely disagree’. Gulbro and Herbig (1999) used Hofstede’s dimensions to show in more details how different cultures behave during international negotiations.

Language problems are also frequently mentioned (Kanter and Corn, 1994; Hofstede (1980a). When speaking the same language one still should be cautious about if he/she is really understood as intended. Here is an example from one American manager’s experience: “during initial meetings, we assumed that when we spoke English to the Swedes and they nodded their heads, they understood what we were saying. Now we realize the nods only meant that they heard the words” (Kanter and Corn, 1994).

In-group favouritism (where ‘in-group’ people usually include persons of ones nationality) is another problem, which is sometimes evoked in situations of cross-cultural contact. Motivational theorists hold that self-esteem is enhanced if people value their own group and devalue other groups (Tajfel and Turner, 1979; Turner, 1987). Such favouritism leads to a set of cognitive biases which reinforce the distinction between in-group and out-group members.

One more problem in intercultural communication is called a “fundamental attribution error” – a tendency to attribute one’s own behaviour to the situation, but others’ behaviour to their “character” (Ross, 1977). People attribute negative behaviour of foreign colleagues to their nationality or culture rather than to situational or contextual factors which are operating behind the scenes (Jones and Nisbett, 1971).

Kanter and Corn (1994) suggested some actions to combat these challenges. They concluded that “creating an atmosphere of mutual respect, promoting open communication, investing in the future, maximizing opportunities to experience joint success, and taking steps to familiarize employees with their counterpart’s products and markets will reduce the likelihood that cultural differences will be viewed as a source of organisational tension”. An importance of mutual respect for each other’s rights and beliefs was also underlined by Pheng and Alfelor (2000). Low and Omar (1997) wrote that sources of conflicts should be addressed and settled by avoidance, accommodation, compromise or collaboration; and Hall (1960) discouraged any stereotyping of people based on sex, ethnic background or racial behaviours.

However, cultural diversity can also lead to advantages in divergent processes. Diversity becomes most advantageous when the organisation wants to expand - to expand its perspective, its approach, its range of ideas, its operations, its product line
or its marketing strategies. Diversity is an advantage in starting a new project, creating a new idea, developing a new marketing plan, planning a new operation or assessing trends from a new perspective. Some managers describe multicultural organisations as more flexible and open to new ideas. Others stress the ability of multicultural organisations to understand customers' needs better (Adler, 1983a, b).

5.2.3 Influence of religion on national culture

Religion is also an important factor to be taken in account when talking about national culture. Religion is a socially shared set of beliefs, ideas, and actions which relate to a reality that cannot be verified empirically yet is believed to affect the course of natural and human events. Religion can be viewed as an interpreter of the social order or as a means of societal control. Because such beliefs condition people’s motivations and priorities, religion affects their actions. Religious institutions serve to “influence the nature, development, and application of technology by propagating norms, customs, prohibitions, and standards of conduct which serve to influence the nature, development, and application of technology” (Herbig and Dunphy, 1998).

Religion affects people in many ways because it prescribes proper behaviour, including work habits. Many Americans and Europeans believe work is a moral virtue and disapprove of the idle. By contrast, in Hinduism and Buddhism, the emphasis is on the elimination of desires because desires cause worries; not striving brings peace and a person at peace does not suffer and the entanglements and preoccupations of material things are to be avoided. (Herbig and Dunphy, 1998).

Historian Lynn White, Jr., thus claimed that the spectacular success of the West in cultivating science and technology is rooted in the Judeo-Christian belief that the domination of nature is sanctioned by religion. Judaism provides the religious basis for high achievement orientation as it stresses that perfection in conduct (following God’s commandments) will result in God’s reward some day. Judaism has an individualistic self-reliant aspect with a high regard for time (McClelland, 1961). This resulted in more aggressive attitude towards exploiting nature’s forces and resources, which became a reason for the high rate of technological development of these countries.
5.2.4 Measuring national cultures

In order to measure cultural differences in some way, initially four bipolar dimensions were introduced by Hofstede (1980a). These dimensions are:

- Individualism – collectivism;
- Masculinity – femininity;
- Uncertainty avoidance;
- Power distance.

Now the number is five. The fifth dimension, Long-term – Short-term Orientation, was added after a study by another researcher Michael Harris Bond. He used a questionnaire prepared at his request by his Chinese colleagues and called it the Chinese Value Survey. During his survey held in 23 countries he also found four dimensions, but the fourth did not resemble Uncertainty avoidance and was formed from questions included only in the Chinese Value Survey and not in IBM studies by Hofstede. Items that formed this dimension were rooted in the teaching of Confucius. That is why some researchers call it the Confucius dimension.

The main appeal of Hofstede’s research is that it is based on this systematic collection of cultural data. The author describes the process in the following way: “the four dimensions were found through a combination of multivariate statistics (factor analysis) and theoretical reasoning” (Hofstede, 1983). By Hofstede’s own acknowledgement, in his statistical analysis of empirical data the first four dimensions together explain only forty-nine percent of the variance in the data. The rest fifty-one percent remain specific to individual countries. Dimensions are calculated by special formulas developed by Hofstede (1980a) and are presented as indices on a scale from 1 to 100.

The position of a country on these dimensions allow one to make some predictions about the way their societies operate, including management processes and what kind of theories could be applicable to their management. Hofstede (1993) explains: “To understand management in a country, one should have both knowledge of and empathy with the entire local scene. However, the scores should make us aware that people in other countries may think, feel, and act very differently from us when confronted with basic problems of society.” The details of these dimensions are as follows.
Individualism – collectivism:

Collectivism, according to Hofstede (1985), "stands for a preference for a tightly knit social framework in which individuals can expect their relatives, clan, or other in-group to look after them, in exchange for unquestioning loyalty"; he contrasts this with individualism described as "...a preference for a loosely knit social framework in a society in which individuals are supposed to take care of themselves and their immediate families only". As regards collectivism, Erez and Early (1993) note that the general distinction is between an emphasis on self-interest in individualistic cultures and an emphasis on group interests in collectivist cultures. In specific reference to management and leadership dynamics, individualists can be expected to emphasise individual action and self-interest, while collectivists act and view themselves more as group members (Singelis et al., 1995).

Collectivistic societies are tightly integrated, and individuals belong to “in-groups” from which they can not detach themselves. People think in “we,” as opposed to “me,” terms and obtain satisfaction from a job well done by the group. On the other hand, in societies with high individualism individuals look primarily after their own interests. Since people in collectivistic cultures (e.g. Japan) tend to take care of their organisations, their managers probably apply less formalised organisational controls than managers of organisations in cultures with the individualistic (e.g. United States) cultural dimension (Weisz, et al., 1984; Bellah, et al., 1987; Rodrigues, 1995). Furthermore, the application of team work is more applicable in collectivistic than in individualistic societies (Hackman, 1987). Black (2001) found that labour mobility is lower and job tenure longer in more collectivist cultures, where there is more of a feeling of loyalty to a group.

Speaking about long-term future of individualism, Hofstede believes that as long as the wealth of nations grows, the individualism of those nations' citizens will increase as he found a strong direct correlation between individualism and national wealth. It was also reported that countries that have achieved fast economic development have experienced shifts toward individualism. Hofstede believes that if there could be any convergence between national cultures, it should be in this dimension. However, if economies were to have a zero growth, individualism could stabilise and some factors, for example threats to common physical environment, could bring the increase of individualism to a halt because it is unlikely that it will increase forever.
Hofstede (2001) summarised key differences between values and other psychological characteristics related to individualism dimension (see Appendix D).

**Power distance:**

Power distance is defined by Hofstede (1985) as "the extent to which the members of a society accept that power in institutions and organisations is distributed unequally". Analysis of data made by Hofstede shows that individualism is associated with lower power distance while collectivism is associated with high power distance (Hofstede, 1980a, 1984). Nonetheless, Hofstede (1984, 1985) went on to consider the two dimensions separately, and justified the decision on three grounds:

- that the statistical correlation disappears when the analysis is controlled for countries' economic wealth;
- that the two dimensions are conceptually different;
- that even though most collectivist cultures are also high in power distance, this is not always the case, as for example France or Costa Rica.

In the case of large Power Distance, individuals tend to accept centralised power and depend heavily on superiors for structure and direction. Hofstede also noted that laws and rules which differ for superiors and subordinates are accepted. An authoritarian decision-making and leadership style may thus work best because it is expected in these societies (Stevens, 1980a; Rodrigues, 1990; Adler, 1997). On the other hand, in the case of small Power Distance, individuals do not tolerate highly centralised power and at least expect to be consulted in decision making. Thus, a participative, or at least consultative, decision-making and leadership style may work best because it is expected in these cultures (Rodrigues, 1990; Adler, 1997). For example, Renwick and Witham (1997) found that individuals in Malaysia, a high power distance country, did not receive delegated authority easily. On the other hand, in Israel and Denmark (small power distance cultures) individuals often make organisational decisions without the boss's input (Adler, 1997). Hofstede believes that power distance will gradually decrease over time, although this does not mean that differences between countries should necessary change as well. This means that countries could move to lower power distance levels without changes in their mutual ranking.

Hofstede (2001) proposed key differences between low and high power distance societies in the work organisations (see Appendix D).
Uncertainty avoidance

Hofstede (1980a) defined uncertainty avoidance as “The extent to which the members of a culture feel threatened by uncertain or unknown situations”. In cultures with a strong uncertainty avoidance (e.g. France, Germany) individuals feel uneasy in situations of uncertainty and ambiguity and prefer structure and direction. Hofstede (1984) has proposed that improving the quality of life for employees in these societies implies offering more security and perhaps more task structure on the job. Thus, an organisational structure, which tends to provide security, probably works best in these societies (Rodrigues, 1995). On the other hand, in cultures with a weak uncertainty avoidance (e.g. United Kingdom) people tend to be relatively tolerant of uncertainty and ambiguity and require considerable autonomy and lower degree of structure. Hence, an organisational structure, which tends to provide relatively more challenge, probably works best in these societies (Rodrigues, 1995). Hofstede believes that uncertainty avoidance will not change over time, although one of it’s components, namely ‘stress’ will increase in both high and low uncertainty avoidance countries.

The summary of values and other psychological characteristics related to uncertainty avoidance dimension are presented in Appendix D (Hofstede, 2001).

Masculinity - femininity

“Masculinity stands for a society in which social gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which social gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life“ (Hofstede, 1980a). In masculine societies (e.g. Japan) equal employment opportunity programmes may be resisted more by males in these societies than by males in cultures holding the opposite view. On the other hand, in feminine societies (e.g: Norway), neither male nor female need be ambitious or competitive; both may aspire to a life which does not assign great value to material success and which respects others - both may perform the society’s caring roles (Rodrigues, 1998). Black’s (2001) analysis showed that low Masculine countries are associated with a higher share of part-time employment, a higher female activity rate and a higher female share of the labour force, all conventional measures of labour market flexibility. However, at the same time they are associated with worse labour market outcomes. Low masculine countries have a lower overall labour supply, which suggests that in
practice they have less employment flexibility. In addition to exhibiting less flexibility, low masculine countries experience higher unemployment. Hofstede (1984) uses uncertainty avoidance and masculinity/femininity to expound on motivation. Those in the high masculinity and low uncertainty avoidance sector are associated with cultures motivated by achievement. Security is a much greater motivation for those in the high uncertainty avoidance area. A social motivation is assigned to those cultures in the low masculinity end of the map. Those in the high uncertainty avoidance and low masculinity quadrant are said to be motivated socially as well as by security. It certainly depends how one subjectively divides high masculinity from low masculinity and high uncertainty avoidance from low uncertainty avoidance as to which countries lie in which sector.

The implication of these theories is that traditional understanding and formulation of motivation theories may not always suffice. What people with one cultural background find of value, and perhaps suitable as a motivational goal, is not necessarily so for others from different backgrounds. What may be merely a maintenance or hygiene issue for one culture is not for another. For that matter, what may be an acceptable risk of not getting a valued reward in one culture may be a completely unacceptable risk in another.

Hofstede (2001) found that gradually, from age 25 to 50, differences in values (in the context of this dimension) between men and women disappear. Masculinity reaches its peak between 20-29 age period and then monotonically decreases. Self-assertion (advancement, earnings, challenging work) becomes less important, while social relationships (manager, cooperation) become more important. Hofstede reported no evidence of expected convergence on this dimension over time. However it is possible that global developments in population age structure, technology and the state of the environment will cause all countries to shift along this dimension while maintaining their divergence. Now we can see a trend of lower birth rates in many developed countries, including Western Europe and Russia, which means fewer young and more older people, with the latter having a trend to more feminine values.

The summary of values and other psychological characteristics related to masculinity–femininity dimension is presented in Appendix D (Hofstede, 2001).
Long-term – Short-term Orientation

"Long-term orientation stands for the fostering of virtues oriented towards future rewards, in particular perseverance and thrift. Its opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present, in particular respect for tradition, preservation of ‘face’ and fulfilling social obligations" (Hofstede, 1980a). Basically, Confucianism generates a group orientation (collectivism). Thus, organisations in these societies rely less on formal controls than organisations in Western societies. This contention is supported by Redding and Pugh (1986) who found that organisations in China, where the Confucian influence is still strong, tend to be far less formalised than Western organisations.

Individuals in Confucian societies also prefer authoritative leadership and decision making. Support for this contention is provided by Chung (1978), who found that South Korean managers demonstrate the Confucian virtues of loyalty and obedience to authorities; and by England and Lee (1971) and by Harbron (1979), who observed that South Korean managers tend not to adopt systems of shared management and power equalisation within organisations. It is also supported by Pye (1968) and Solomon (1971), who described Chinese subordinates as passive and as preferring that others make decisions for them.

Hofstede (2001) could not predict how this dimension will develop over time. However, he cited Confucius: “Good government consists in being sparing with resources”. Given a declining amount of natural resources, such as oil and gas, people can shift towards more long-term orientation in the future.

The summary of values and other psychological characteristics related to long-term – short-term orientation dimension is presented in Appendix D (Hofstede, 2001).

5.2.5 Cultural dimensions and new product development

Interestingly, these five Hofstede dimensions can be used when looking at new product development and innovation. Michailova (1997) summarized the work of different authors concerning the influence of national cultures on new product development. Here are her conclusions structured according to the five Hofstede dimensions.
Individualism:

- High Individualism assists in new product development at the initialisation stage by bringing into the development process such features as originality, creativity and individual approach.
- Low Individualism assists in new product development at the introduction stage by increasing interrelations and cooperation between developers, and additionally by having a single aim.

Power Distance:

- Small Power Distance assists in new product development at the initialisation stage by stimulating creativity and activity of developers, regardless of their status.
- Strong Power Distance assists in new product development at the introduction stage due to the support of the centralised management system that provides coordination of joint efforts of the project members.

Masculinity:

- Low Masculinity positively influences new product development at the initialisation stage owing to the attention paid towards personnel and establishing a warm, supporting work environment.
- High Masculinity assists in new product development at the introduction stage owing to a clear definition and formalisation of project aims.

Uncertainty Avoidance:

- Weak Uncertainty Avoidance is favourable to the initialisation stage because of the realisation of risk acceptance and the minimisation of planning and control functions.
- Strong Uncertainty Avoidance is favourable to the introduction stage because stress is made on risk avoidance, strict planning and control.

Long-term – Short-term Orientation:

- Long-term orientation assists in new product development at both the initialisation and introduction stages because emphasis is laid on acting and ensuring new possibilities in the future.
- Short-term orientation hinders new product development at both the initialisation and introduction stages because it concentrates on preserving the present realities for the future.
To summarise, national cultures whose strong side is product initialisation have a high level of individualism, but low power distance, low masculinity and low uncertainty avoidance. According to Bond (1987) this type of culture can be found in countries like Australia, Canada, Denmark, UK, Netherlands, Norway, New Zealand, Sweden and USA. National cultures whose strong side is introduction have a low level of individualism, but high power distance, high masculinity and high uncertainty avoidance. Such countries as Greece, Mexico, Pakistan, Peru, Philippines, Thailand, Taiwan, Venezuela and Japan fall into this category (Bond, 1987). Hofstede (2001) added that although low uncertainty-avoiding cultures showed higher rates of innovation in terms of trademarks granted, it’s more difficult to bring about innovations in high uncertainty-avoiding cultures. In the latter cultures, innovations, once accepted, are taken more seriously and are implemented quicker. Thus, international organisations could benefit by collecting innovations from low uncertainty-avoiding subsidiaries and developing them in high uncertainty-avoiding subsidiaries.

5.2.6 Criticism of Hofstede's work

There is a certain amount of criticism of Hofstede's work. Jaeger (1986) and Mead (1993) argued that Hofstede's findings are based upon a sample where the respondents have been clearly influenced by the management of a particular multinational company and in a specific industry. This means that the attitudes of the individuals surveyed might be responses to the specific mixture of national and international factors or might vary across organisations within one national culture.

In his comparative research into organisational culture Hofstede himself distinguishes between three levels of cultural manifestation: national level, dominated by the values internalized through the family institution; occupational level, dominated by values internalized and practices adopted within the educational system; and organisational level, dominated by practices learned and adopted at the workplace (Hofstede, 1990). This innovation in Hofstede's own work raises another fundamental question – how relevant are his previous findings and to what extent do they represent a national norm of beliefs and behaviour rather than an occupational or an organisational one (Todeva, 1999)?
However, in spite of the criticisms of Hofstede's work, Mead (1993) states that, with its simplicity and well-structured approach, the model promises to be the major influence in comparative cultural studies for a long time to come.

5.2.7 Convergence-divergence-crossvergence theory of cultural behaviour

In their work on Individualism, Ralston et al. (1997) describe a convergence-divergence-crossvergence (CDC) framework.

Convergence implies that as nations become industrialised, there is a significant change in values towards free-market capitalism behaviour (Eisenstadt, 1973; Pascale and Maguire, 1980). Since industrialised nations, until recent times, were usually associated with the Western world, then developing countries (including former socialist ones) would be expected to assimilate Western values (Kondonsky, 1992; Shmelev, 1991; Yip, 1992). Western management techniques, behaviour and business systems would comprise the force for this change, and the managers of the global companies would be change agents. This change would likely mean taking on individualistic work values.

Divergence approach on the other hand argues that national culture, not economic ideology, drives values and then even if a country adopts capitalism, the value systems of the workforce will remain largely unchanged (Lincoln, Olson and Hanada, 1978; Ricks et al., 1990). Thus, divergence proposes that individuals will retain their diverse, culturally determined values regardless of economic ideology (Cole, 1973; Evans, 1970). Therefore, Eastern countries would not shift their work values from socialist towards capitalist ones, regardless of how industrialisation occurs (Shaw, Fisher and Randolph, 1991; Shmelev, 1991; Vance and Zhuplev, 1992).

Crossvergence argues that there will be an integration of cultural and ideological influences that results in a unique value system that borrows from both national culture and economic ideology (Ralston et al., 1993). A broader definition of crossvergence is: it occurs when an individual incorporates both national culture influences and economic ideology influences synergistically to form a unique value system that is different from the value set supported by either national culture or economic ideology. In other words, crossvergence is 'something different' rather than something 'in between'.

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One should keep in mind that a potential evolution of values proposed by convergence or crossvergence could take ten years, twenty years or perhaps even generations to occur. Ralston’s et al. (1997) empirical findings (based on a study of four countries – USA, Russia, China and Japan) supported their crossvergence with national-dominant hypothesis, which implied that national culture has stronger influence than economic ideology. This finding applies more to a long-term period though. For the short-term, as the authors note, their findings “are not particularly supportive of the global organisational concept” because of too many work value differences. Finally, the authors conclude that multidomestic approach is a reasonable strategy for international business today. This means that the focus on understanding and coordination of different cultural values is more beneficial than attempts to force-fit them into a single corporate culture.

5.2.8 Trompenaars’s and other researchers’ theories of national culture differences

Another famous researcher who became known after Hofstede is his countryman Fons Trompenaars. His study comprised nearly 50 nations, and a variety of personal values and behavioural intentions of about 10 000 managers and employees (Trompenaars, 1993). Trompenaars offered a very different approach to measuring cultural differences, both in terms of dimensions and methodology. He defines his concept as the way people solve problems, particularly in connection with relationships, time and the external environment (Trompenaars, 1993). Trompenaars exposed his respondents to a decision situation when they have to make choices between irreconcilable alternatives. Trompenaars himself does not pretend to develop a scientific approach nor to apply a vigorous methodology. His scales, however, are built around some of the dichotomies listed below, and measure the general orientation of individual preferences (Hampden-Turner and Trompenaars, 1993). Hampden-Turner and Trompenaars’ view of cultures is that they are “self-organising systems of values, which have joined together in different ways, in different countries, in different times” and “since cultures consist of independent, self-organising values by definition, no truly independent variables exist” (Hampden-Turner and Trompenaars, 1997).
Trompenaars suggested the following scales on which individual responses to problems are interpreted (Trompenaars, 1993; Hampden-Turner and Trompenaars, 1993):

- Universalism versus particularism, where the universalism approach is “What is good and right can be defined and always applies”, while in particularism greater attention is given to the obligations of relationships (friendship) and unique circumstances;
- Individualism versus communitarianism answers the question “do people regard themselves primarily as individuals or primarily as part of a group?”;
- Neutral versus affective answers the question “should the nature of our interactions be objective and detached (people resemble machines that they operate) or is expressing emotion acceptable?”;
- Specific (meaning a relationship prescribed by a contract) versus diffuse (relationship based on a personal contact with mutual understanding and trust),
- Achieved status (when status is acquired through recent accomplishments) versus ascribed status (when status is attributed by birth, kinship, age, gender or social network),
- Attitudes to time (whether values lie in the past or in the present and future, and whether time is perceived as a linear function or as repetitive cycles),
- Attitudes to environment. Trompenaars describes this category as follows: “Some cultures see the major focus affecting their lives and the origin of vice and virtue as residing within the person. Here, motivations and values are derived from within. Other cultures see the world as more powerful than individuals. They see nature as something to be feared or emulated”.

Hofstede argues that if, for example, a person is an individualist, he cannot be a collectivist and so on. But Trompenaars’s dilemma theory argues that if one is in an individualist country then one will tend to hold individuals responsible for forming groups to get the job done, i.e. a ‘sensitive individual’ will be an originator of the effective group, rather than vice versa (Hampden-Turner and Trompenaars, 1997).

Trompenaars' data was reanalysed by Smith, Dugan, and Trompenaars (1996). They confirmed major cultural differences between Eastern and Western Europe. On the one hand, West European countries from the Nordic, Anglo, Germanic and Latin European clusters tend to score higher on work related values of ‘Equality’ (Smith, 1997) or ‘Egalitarian Commitment’ (Smith et al., 1996), meaning that achieved status
is valued more highly than ascribed status. On the other hand, East European countries, Central (including former East Germany) and Near East European clusters tend to score higher on ‘Hierarchy’ (Smith, 1997) or ‘Conservatism’ (Smith et al., 1996), meaning that ascribed status is more highly valued than achieved status. Smith (1997) concludes that “The footprint of history which appears to leave the sharpest imprint at present is not the legacy of the Roman Empire, but that of the Soviet Union”. The East versus West distinction also appeared in a study reported by Jago et al. (1993). The researchers used training tasks to evaluate cultural differences in participative decision-making behaviour. Managers from Germanic countries (Austria, West Germany, Switzerland) made more participative decisions, whereas managers from Central Europe (Poland and the Czech Republic) made more autocratic decisions. And when Smith et al. (1996) compared North and South European countries, they found that a coaching leader is preferred in North European countries (United Kingdom, Netherlands, Denmark, Norway, Sweden and Finland), whereas a directing leader is more favoured in South European (Spain, Belgium, France) and Germanic (Austria, West Germany, Switzerland) countries. Trompenaars’s approach was heavily criticised by Hofstede and vice versa. Trompenaars acknowledged that neither Hofstede’s nor his approach is perfect in terms of recognising a ‘better’ or ‘worse’ culture. Placing a certain culture in a certain position on a cross-axis diagram does not give an answer to a question ‘so in what direction should we go to?’ as there are ‘winners’ and ‘losers’ in every direction. Giving an example from his work, Trompenaars says: “Regardless of where a culture puts laws before exceptions or exceptions before laws (Universalism vs. Particularism), it succeeds in wealth creation if the exceptions are used to improve the laws and the laws revised to cover more exceptions” (Hampden-Turner and Trompenaars, 1997). Collett (1998) argued that culture has a more complex image than currently developed models, including Hofstede’s and Trompenaars’s models. Collett called for a more detailed approach to cultural differences, as current approaches “do not do proper justice to the richness of culture”. Rodrigues (1998) pointed to the fact that in reality it is the individual situations that must be assessed regardless of any cultural frameworks. For example, not all individuals in France are high power distance, nor are all Americans individualistic. Also, many managers adhere to the “culture-free” theory instead of “culture-specific” theory. This “culture-free” theory assumes that certain situational factors, such as
economics and technology, affect managerial behaviour in all cultures (Hickson et al., 1974). For example, cash-management-like functions tend to be highly centralised and controlled in all cultures (Rodrigues, 1995). And when the development of a subsidiary in a foreign country is in an early stage, the parent company tends to use expatriates in all cultures, and in a later stage they employ locals (Franko, 1973). Hence, the prospective expatriates must be made aware that while national cultural classifications serve as important guides in determining the appropriate managerial style in a culture, situational factors confronting the enterprise must also be considered. In other words, these classifications can serve mainly as a starting point for decision making analysis; ultimately specific situations must be taken into account.

5.2.9 National cultures: how they influence general management and quality practices

It appears that no real effort has been made to study whether quality is, or should be, managed differently in different cultures. In contrast to other subjects such as international marketing, international strategy, cross-cultural management and cross-cultural marketing, quality management is usually seen as a uniform concept to be used in the same way regardless of the context in which the company operates (Lagrosen, 2002). Some authors even claim that successfully introducing TQM in a company requires a cultural transformation (e.g. Atkinson, 1990). In this case it seems reasonable that this cultural transformation might gain from being handled differently depending on the cultural context because some problems could be more frequent and/or more serious in some countries than in others. Unfortunately, according to Lagrosen (2002) rare attempts to address this issue either usually see the problem only from the perspective of one specific country or alternatively they are too limited in their scope to form the basis of a more consistent theory. In a major study Mathews et al. (2001) studied quality management practices in the UK, Finland and Portugal. When discussing Hofstede’s dimensions, they pointed out that the masculinity dimension in not so important in the context of management studies and that the individualism/collectivism dimension should be “central in deciding how easy the chosen tool is to implement (cohesion of the organisation's culture, commitment, etc. matters) and how good a performance the organisation gets from the chosen tool, but
it should have less importance in selecting among different tools”. However, the remaining two dimensions, power distance and uncertainty avoidance, are of the most use for management purposes (Hofstede, 1994). According to Hofstede (1994), the uncertainty avoidance dimension correlates with precise instructions, detailed job descriptions, formalisation, precise answers and factual information as the basis of managerial decisions. Looking at power distance, Hofstede (1994) points out that in high power distance cultures, organisations tend to centralise power in a few hands and subordinates are expected to be told what to do. With small power distance, organisations tend to be decentralised, and subordinates are expected to be consulted in decisions that affect their work.

Earley and Erez (1999) claim in their research that managers in self-focused/low power distance countries typically create job-based work designs based on individual initiative and responsibility. In group-focused/low power distance countries there would be a tendency to create empowered teams. On the other hand, in group-focused/high power distance countries, managers would tend to prefer team-based work organisations with a strong overview by supervisors. Team-level quality measures and tools would thus be applied to manage quality.

Management tends to choose tools that suit the deeper assumptions they have; furthermore, staff are more likely to accept tools that are in line with their prevailing culture, supporting the thesis of Kekäle (1998). Thus, high uncertainty-avoiding cultures will tend to choose documented systems and management-by-fact approaches; individualistic cultures might choose self-evaluation, empowerment and other similar tools (Mathews et al., 2001). The authors also concluded that the consequence of uncertainty avoidance is an “adoption of a version of quality management that appears to be rule based rather than of a dispersed responsibility. On the other hand, uncertainty avoidance also appears to lead to a greater adoption of quality tools and techniques associated with quality management, and so the overall outcome in terms of competitiveness and customer focus may well be similar to countries where other cultural values prevail”.

Dahlgaard et al. (1998) compared some Eastern and Western countries and Harrington (1996) compares USA, Japan and Germany. These authors found some differences that are, however, not related to cultural theory. In an extensive study Hardjono et al. (1997) have studied quality management practices in 35 European companies, but their focus was on identifying similarities and uniform procedures
rather than differences. Further, several studies relating quality problems to cultural aspects of certain specific countries have been carried out (e.g. de Macedo-Soares and Lucas, 1996; Dawson, 1995; Ngowi, 2000).

Lagrosen (2002) studied four major European economies – UK, France, Germany and Italy. He found the following correspondences between quality practices and cultural dimensions. Countries with low power distance (UK and Germany) emphasise training personnel to a greater extent whereas the countries with higher power distance (France and Italy) highlight leadership and the role of the leaders more strongly. Further, the countries with low power distance are the ones that complained about scarce personal resources. Thus, it seems that in countries with higher power distance there is a greater tendency to focus on the role of the leaders and in countries with lower power distance there is a greater tendency to focus on the workers in order to achieve high quality.

No differences were found in regard to individualism-collectivism as all the countries in question are individualist. Lagrosen (2002) found that in France communication was emphasised very much, which can be attributed to the masculine-feminine dimension if communication has an objective to find compromises and find others' opinions, although there could be other factors that influence this high emphasise on communication.

There were also no obvious differences between the four countries on the uncertainty avoidance dimension. However, a closer analysis indicated that in the UK (a country with a low uncertainty avoidance) greater responsibility is put on the individual worker to make appropriate decisions according to his/her own judgement. In the other three countries, some outside influence is assumed to be necessary, although this outside control comes in different shapes. In France and Italy it comes in the form of the leaders, whereas in Germany it is found in the role of the procedures and routines. Thus, this dimension has a strong influence on quality management issues.

In summary Lagrosen (2002) concluded that many of the findings of his study are in line with Hofstede's (1994) framework, which he reckons to be valuable for understanding the influence of national culture on quality management. Lagrosen also found that some aspects of his findings also correspond well with the framework of Trompenaars and Hampden-Turner (1993), but in some other aspects no reasonable correspondence could be found.
Finally, Pheng and Alferlor (2000) investigated the job of a quality manager in multinational projects like construction. They concluded that he/she should be aware of, understand and accept cultural differences among the other key managers involved in the project management team in order to facilitate an approach that values and benefits from the diversity. The authors continued saying: "The success of quality management depends on far more than the quality "system" - the quality procedures and the administration of quality records (though these are obviously important). A good system is enhanced by a sensitivity to the values, expectations, behaviours and relationships that exist within any organisation".

5.3 Organisational culture

There is no doubt that organisational culture strongly influences an organisation’s performance. Cameron and Quinn (1999) have mentioned that the most important competitive advantage of a company is its organisational culture. But how is organisational culture defined, what are the different types of organisational culture, and how is it influenced by national culture? These three questions are answered in the following sections.

5.3.1 What is organisational culture?

One of the most pertinent definitions of organisational culture is that of Schein (1989), who defines organisational culture as "the deeper level of basic assumptions and beliefs that are shared by members of the organisation, that operate unconsciously, and that define in a 'taken for granted' fashion and organisation's view of itself and its environment". It is regarded as the unseen and unobservable force that is always behind the tangible activities of an organisation which can be observed and measured. Organisational culture is commonly perceived as a social energy that communicates with people, and motivates them to act (Gundykunst and Ting-Toomey, 1988). "Culture is to the organisation what personality is to the individual - a hidden yet unifying theme that provides meaning, direction, and mobilisation" (Kilmann et al., 1985). Revenaugh (1994) summarised several definitions of organisational culture and presented it as the shared philosophies, values, beliefs, expectations, attitudes and norms that knit a community together. Two more simple
definitions of organisational culture are: "The collective programming of the mind that distinguishes the members of one organisation from another" (Hofstede, 2001) and "how we do things around here" (Thompson and Strickland, 1987).

Johnson and Scholes (1993) purported the concept of a 'cultural recipe', in which culture is seen as the influential composite of a number of variables, including the type of leadership, prevailing stories and myths, accepted rituals and symbols, the type of power structure, the form of organisational structure, the decision-making process, functional policies and management systems. It is the nature and intensity of the 'cultural recipe' which result in one organisation developing greater competitive advantage over another, although ostensibly both have access to similar resources (Ackroyd and Crowdy, 1990).

Organisational culture is reflected in the way that senior managers in an organisation identify tasks, prioritise them, set objectives and administer resources to achieve them (Schein, 1986), and the way in which staff respond. It is reflected in the loyalty and commitment of staff involved in the strategic decision-making process to the organisation (O'Reilly, 1989), and the retention of such staff (Sheridan, 1992). Revenaugh (1994) underlined that many researchers stated that although there are sub-cultures within organisations, these subcultures are comparatively less significant than the overall corporate culture.

Organisational culture is therefore expressed by the way in which people set personal and professional objectives, and perform tasks and administer resources to achieve them. Culture affects the way in which people consciously and subconsciously think and make decisions, and ultimately the way in which they perceive, feel and act towards opportunities and threats presented by the internal and external environments. By definition, culture is reflected in the economic performance of an organisation (Hansen and Wernerfelt, 19989). It is argued that, with time, such behavioural assumptions drop out of people's consciousness; they become so powerful, underlying and unquestioned, that they continue to influence organisational behaviour and strategic decision making even when the organisation's business environment changes (Dennison, 1990).

Organisational culture is also relevant to the management of change. It is a common belief that the behaviour of an individual or group at each of the critical stages of the change process serves to preserve and legitimise the existing culture of the organisation, and that when people make decisions they are constrained by the
cultural ethos (Louis, 1983). When being influenced by a dominant organisational culture, an individual or a group responsible for monitoring the business environment may or may not even identify the existence of a problem (Bates, 1984).

In order to achieve a successful management of the change process it is important to gain an insight into the different perceptions of the organisational culture that particular groups within an organisation have (Hofstede et al., 1993). By differentiating between these perceptions it may be possible to facilitate the change process. Analysing the potential causes of resistance to change is a valid part of the change process, in that, if one can identify the key elements of opposition to the planned change, one can start to establish a framework for overcoming the resistance (Gagliardi, 1986). The literature on the management of change makes it clear that there are no simple prescriptions in this area but a few basic factors can be associated with successful change (Drennan, 1992). These typically include trust, shared vision, effective leadership, ownership and so on (Hofstede, 1991).

5.3.2 Types of organisational culture

Various authors have devised different classifications or models of organisational culture. Amongst the most well known are the following.

Handy (1993) identified four stereotypes of organisational culture that can be used to explain the differences between organisations. The four types are power culture, role culture, task culture, and person culture. In a power culture, which he likens to a web, control and power emanate from the organisation’s centre. It is a very political and entrepreneurial culture; resource power and personal power predominate. This culture serves the figurehead or organisation leader.

The role culture is the classical structure, bureaucratic in nature, where roles are more important than the people who fill them. Position power predominates and expert power is tolerated. This culture serves the cause of the structure, which is likened to the Greek temple with its dominant feature of structural columns.

A third culture is task culture, where the focus is on completing the job or project. The expertise and contribution of individuals are highly valued; expert power predominates, but both personal and position power are important. The unifying force is through the high levels of collaboration and so the structure is likened to a network.
Finally there is the person culture, which is a loose collection of individuals — usually professionals — sharing common facilities but pursuing their own goals separately. Power is not really an issue in this culture since members are experts in their own right. This type of culture serves the individual and can be found in organisations such as consultancies. Handy admits that his model considerably simplifies the concept of organisation culture, which, he says, in reality is more likely than not to be composed of elements of all four types.

Deal and Kennedy (1985) proposed a culture classification model which suggests that corporate culture can be understood and managed by identifying four different "tribes":

1. Bet-your-company
2. Tough-guy/macho
3. Work hard/play hard

**Bet-your-company** organisations operate in a high risk/slow feedback environment typified by the phrase, "Play it Safe". Typical industries include oil, drugs, aerospace and public utilities. Large capital investments are usually required and the results from those investments are not usually known for a long time. A clear example would be NASA's development of the space shuttle.

**Tough-guy/macho** organisations have a high risk/quick feedback environment typified by the phrase, "Find a mountain and climb it". Typical industries include advertising, entertainment and construction. Large capital outlays are usually required up front and the results (feedback) are usually known rather quickly.

**Work hard/play hard** firms operate in a low risk/quick feedback environment and can be described by the phrase "Find a need and fill it". Typical industries include retail and sales organisations.

**Process** organisations operate in a low risk/slow feedback environment typified by the phrase "Be perfect". Typical industries include banking, insurance and government departments. The process culture is exemplified by accounting departments and large, bureaucratic organisations where employees frequently focus on how they do something rather than on what they do (Deshpande and Parasuraman, 1986).

Cameron and Quinn (1999) characterised firms into four separate organisational types with different criteria for leadership, effectiveness and basic management philosophy.
These are:

(1) clan;
(2) "adhocracy";
(3) hierarchy; and
(4) market.

In the "clan" type of organisation, leaders are facilitators, mentors and parents. The effectiveness criterion is a combination of cohesion and proper development of human resources. The basic management philosophy is: participation fosters commitments.

In the "adhocracy" type of organisation the leaders are innovators, entrepreneurs and visionaries. The effectiveness criteria are creativity and growth of the company with cutting-edge technology. The management philosophy is: innovations foster new resources.

In the "hierarchy" type of organisation the leaders are coordinators, monitors and organizers. The effectiveness criteria are efficiency, timeliness and smooth functioning of the organisation; the management philosophy is control fosters efficiency.

In the "market" type of organisation leaders are hard drivers, competitors and producers. The efficiency criteria are the market share, goal involvements and defeat of the competitors. The management philosophy is: competition fosters productivity.

5.3.3 Influence of national culture on organisational culture

Hofstede (1984) used uncertainty avoidance and power distance to describe and rationalise preferred or typical organisations in various cultures. He offered four types of organisation's:

1. "Village markets" with small power distance and weak uncertainty avoidance. In these organisations control and coordination happen through informal communication and mutual adjustment on the part of members. These cultures tend to have a discomfort with strict and formal rules and with unneeded layers of hierarchy. Typical cultures in this cluster are Anglo and Scandinavian plus Netherlands.

2. "Well-oiled machine" is the term given to organisations typical of small power distance but strong uncertainty avoidance cultures. In these, there is no strong
hierarchy, but uncertainty is mitigated by explicitly defined roles, procedures, and standards. Typical cultures in this cluster are German-speaking, Finland and Israel.

3. "Pyramid of people" is formed in cultures with large power distance and strong uncertainty avoidance. In these organisations formal lines of communication run vertically and the emphasis on who has authority over whom and how this authority is exercised is the means of providing coordination and control while reducing uncertainty. Typical cultures in this cluster are Latin, Mediterranean, Islamic, Japanese and some other Asian ones.

4. Finally, the organisational concept in cultures of large power distance and weak uncertainty avoidance is labelled a "family." In these organisations, standardisation of work processes and specification of work contents supply coordination and control. In these cultures the members tend to see a fair exchange in giving unswerving loyalty to a head of the family to receive protection by this idealized, paternalistic and benevolent leader. Typical cultures in this cluster are from South-eastern Asia (Hong-Kong, India, Philippines, Singapore).

Trompenaars (1993) also invokes a set of quadrants. Cultures in the small power distance and low specificity sector are fulfilment-oriented and typical organisations serve as incubators (e.g. Sweden). Cultures in the small power distance but high specificity sector are project-oriented and organisations behave as guided missiles (e.g. USA, UK). Cultures in the large power distance and high specificity sector are role-oriented and organisations resemble Eiffel tower (e.g. Germany, Austria). Finally, cultures in the high power distance and low specificity sector are power-oriented and organisations function as families (e.g. France, Spain, Japan, Italy and Russia).

According to Ronen (1986), although some aspects of organisational culture are influenced by the national culture, organisational culture is largely organisation-specific. Therefore, although attitudes and perception vary from person to person, an awareness and understanding of some generalizations about the host country can spare the expatriate manager considerable anxiety and frustration (Schneider, 1988), and expedite the process of management (Arvey et al., 1991). It is suggested that managers can undertake training to counter this cross-cultural deficiency (Early, 1987).
5.4 Russian national culture

5.4.1 The origins of Russian culture

Being the most Asian in Europe and the most European in Asia obviously influences the socio-economic processes taking place in Russia, giving it a recognisable Russian flavour (Polonsky and Edwards, 1998). In the words of Marshall Goldman, an expert on the Russian economy, Russia is predictable in the sense that it will continue to be unpredictable. Others describe it as a combination of contradictions and a unity of opposites (Hingley, 1981). "Russians look Western, but think Eastern" (Libbi and Libbi, 1992 and 1994); "Superficially at least, Russians have embraced Western culture. However, beneath this thin veneer lies a core culture that is more Eastern than not" (Raiszadeh et al., 1995). Westerners and Russians differ not merely in terms of national culture, but also in the economic, political, ideological, religious and social systems from which they come (Michailova, 2000). Indeed, a number of studies have suggested that the business environment in Russia is very complex and that the Russian culture is significantly different from Western cultures (Beamish, 1992; Gregory, 1989; Puffer, 1994). For example, representatives of 60 out of 141 Russian-Italian joint ventures have indicated that cultural barriers are a major cause of misunderstanding between the partners involved in these cross-cultural joint efforts (Cattaneo, 1992).

In order to understand a nation it is worthwhile looking at its literature, arts and history. Russian literature, especially from the nineteenth century, is famous worldwide. Hofstede (1993) suggests reading the famous novel Anna Karenina (1876) by Lev Nikolaevich Tolstoy and paying attention in particular to one of the characters — landowner Levin. Russian peasants used to be serfs in the tsarist Russia until 1861 when it was abolished by Tsar Alexander II, but even when being granted freedom they remained passive and continued the same lifestyle. Levin wanted to break this passivity by dividing the land among his peasants in exchange for a share of the crops, but the peasants only let the land deteriorate further. Here is a quote from Tolstoy: "(Levin) read political economy and socialistic works ... but, as he had expected, found nothing in them related to his undertaking. In the political economy
books — in (John Stuart) Mills, for instance, whom he studied first and with great ardour, hoping every minute to find an answer to the questions that were engrossing him — he found only certain laws deduced from the state of agriculture in Europe, but he could not for the life of him see why these laws, which did not apply to Russia, should be considered universal ... Political economy told him that the laws by which Europe had developed and was developing her wealth were universal and absolute. Socialist teaching told him that development along these lines leads to ruin. And neither of them offered the smallest enlightenment as to what he, Levin, and all the Russian peasants and landowners were to do with their millions of hands and millions of acres, to make them as productive as possible for the common good.”

In a more recent time, Russian workers’ psychology was labelled a ‘psychology of permanent dependence’ by the labour newspaper Trud, explaining that workers are generally passive and exhibit a “pervasive, cowed apathy and scheming work ethic, with the liveliest initiatives directed at seeking maximum personal gain with a minimum expenditure of effort” (Tidmarsh, 1993). As this example shows, passivity is still there among some social layers of Russian people and is something to be considered by Russian government and the management of organisations. Fortunately, some of these negative characteristics of the labour force are merely behaviour that has resulted from the inequities of the communist system (Raiszadeh et al., 1995), and can be unlearned if exposed extensively to a work culture that rewards effort and quality (Tidmarsh, 1993; Gancel, 1995).

Not a long time ago there was a cold war between ‘socialist’ and ‘capitalist’ countries; it was a war of ideologies as well as economies. But let’s look at these systems from the cultural point of view. Then, capitalism can be described as a self-serving economic system where everyone looks out primarily for his/her own interests, while socialist philosophy teaches that the good of all is everyone’s concern (Aslund, 1994). The collectivist views of socialism purport that all should contribute for the good of the society and the group, and share equally in its rewards (Nove, 1994). To be precise, a socialist economy slogan could be translated as “from everyone by his abilities — to everyone by his work.” This slogan means that everyone should contribute to the best of their abilities and in the end they will get a reward proportional to their input. In other words, the difference between socialist and capitalist ideologies is the focus on the good-of-the-group (Collectivism) of socialism and on the good-of-the-individual (Individualism) of capitalism. Ralston et al. (1997)

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proposed that Russia has an economic ideology, which is more collectivistic-oriented, while the national culture is more individualistic-oriented. Their empirical findings suggested that Russia will be more likely than China to adopt more fully the current Western capitalism ideology of the USA – the political environment aside.

5.4.2 Western companies working in Russia

In recent years it has not been uncommon for foreign companies to buy shares in or even completely take over Russian companies. Naturally foreigners want their representatives to participate in the management of such companies and that is the time when Westerners and Russians have to learn to work together. There are a few aspects that should be considered by Western expatriates and that already have been described in the literature (Michailova, 2000; Florent E. and Pavlovsky P., 2000). For example, from the Russian employees' and managers' points of view, Westerners were viewed as capital deliverers, consultants or outsiders, even in the cases where the companies were started by Westerners. This reinforced the us-vs-them attitude, made the communication links within the respective organisations fragile, jeopardised the integrity of joint actions and left a significant imprint on future cooperation (Michailova, 2000).

Bringing change into Russian companies (by trying to change companies' environment) has also met unexpected difficulties because Russians seemed to prefer adapting to the environment instead of trying to transform it. As Raiszadeh et al. (1995) wrote “... the ability to improvise, adapt, and endure has been well developed via the day-to-day chore of eking out a living”. And Miroshnik (2001) made a general observation that non-Western people, including South-west Russians, look on change as a phenomenon that occurs naturally and is a part of the overall evolution of humans and their universe. Hence changes in these societies are accepted, but passively. Alternatively, Western people, including North-west Russians, feel that the future is not predestined and humans are capable of manipulating the environment in which they will live in future and can change it to their liking. According to Mikheyev (1987), 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).

In a study of five Russian companies with Western participation, Michailova (2000) showed that Russian managers had particular problems: usually middle and top managers were the main change implementers in day-to-day operation. But since Russian managers were not actually involved in developing a change strategy, they were motivated to implement it either because they believed in it or because they were told to; in this case following orders appeared to be the main motivator. Moreover, the very idea of change was reported to be alien to many of the interviewed Russian managers because they were sure that the manager’s task is to establish procedures that ensure continuity. Russian managers also defined change projects initiated by Westerners as “losing the ground, because there are so many changes at the same time” or “not understandable, since the manager’s task is to secure the stability of the organisation.”

There were problems on the side of non-management Russian employees as well. In a study by Michailova (2000) they told her that they regard openness as inappropriate behaviour: “They preferred to keep their opinions to themselves as they were afraid of how their superiors would understand and interpret what they said. For decades ... disobedient and independently thinking employees were regarded as conflict-prone or as antisocial personalities, and were often called ‘enemies of the people.’” (Michailova, 1998). Additionally, Russian employees in the studied companies were not involved in planning change and thus felt uncomfortable and claimed being forced to change. Moreover employees’ participation in decision making was relatively limited (Wright et al., 1998). All this contributed to different types of resistance to change, including passive and covert ones (when employees formally agree to change, but in reality reject it and do nothing). In order to overcome the difficulties described above, Michailova (2000) proposed actions for Westerners in developing roles in the change process:

- Create a coalition with the Russian top managers based on trust and oriented towards a long-term friendship;
- Get actively involved in the social life of the company – attend parties organised by Russian colleagues. Establish good informal relationships with
people who may be strong supporters of the change activities, and do not form coalitions merely by following the formal organisational chart;

- Expand the circle of interactions beyond the relationships with other Western colleagues and establish contacts with Russian managers in Russian companies without foreign participation. This will help gain a deeper understanding of the Russians’ behaviour in a Westerner’s own organisation;

- Remember that Russian managers are in a highly ambiguous situation. What a Westener wants from them is often the opposite of what their Russian subordinates expect them to do. Be sensitive to the fact that Russian managers greatly value stability and continuity;

- Remember that Russian employees have been subject to ideological changes with no substantive basis in the past and tend to extrapolate these experiences into the present. Therefore, be prepared for passive resistance to change from shop-floor employees.

Michailova also gave recommendations for other aspects of communication between Russian employees and Westerners. They are the following:

Actions for Westerners to develop common understanding:

- Assume as few things as possible. Listen carefully and ask clarifying questions. Before discussing how to do things, make sure that you and your Russian counterparts are talking about the same things;

- Do not ignore the importance of traditions, history and past experience. Russians value them highly;

- When introducing strategic plans, formulate short-term tasks with achievable and observable results and assign Russians to work on them;

- Do not be afraid of applying formalised top-down control techniques. Russians respect them and therefore expect them;

- Invest in a cultural catalyst who has a bicultural background and is aware of different representations of the same phenomenon or hire an interpreter with these qualifications. This should be somebody who does not merely translate words, but effectively conveys the intended meanings.
Actions for Westerners to communicate the vision:

- Tell employees about the vision. Communicate it explicitly and clearly. Russian employees sometimes have difficulties dealing with ambiguity about the organisation's direction and the main goals to be achieved;
- Be aware that stability and certainty are highly valued by Russian managers and employees. When planning change, make sure that Russian organisational members understand what will be maintained and reproduced;
- Be careful when phrasing ideas. Do not use words and sentences that can be easily associated with the communist period and that may seem laden in meaningless ideology.

Actions for Westerners to provide symbols and signals:

- Be consistent in terms of statements and actual behaviour. Their signals should clearly indicate that they mean what they say. During transformational change, organisational members are extremely sensitive towards discrepancies between words and actions, and need as much coherence as possible. The significance increases in a cross-cultural settings where the different parties are generally more sensitive and more careful in observing each other's behaviour;
- Do not assume that Russian colleagues and subordinates will act according to what they say. If Western managers' actions contradict their basic attitudes and understanding, the Russians will often find ways to surprise them;
- Take up the salary issue (i.e. that Russians always get smaller salaries than foreigners for the same job). Present the picture honestly and explain that there are reasons why expatriates receive higher salaries than the locals in the company. This helps to avoid rumours and establish a good basis for trust.

5.4.3 Measuring Russian national culture

Looking at the quantitative side of measuring Russian national culture, only a few studies which used Hofstede’s methodology were made on this country. They include: Hofstede's personal estimate for Russia that he inferred from national statistics, regional cultural studies and archetypes found in literature and history (Hofstede, 1993); a small-scale study for 55 participants from the Moscow Advanced
Commercial School by French management consultant Bollinger (1994); a larger study of 170 Russian managers made by a group of American authors (Veiga et al, 1995); and an even larger study of 250 Russians by Naumov and Puffer (2000). For the latter study, data was collected between October 1995 and June 1996, and Veiga’s et al. (1995) study presented descriptive interpretations only. Results of these studies are provided in Table 5.1 with some other countries scores for comparison.

Table 5.1 Scores of Hofstede's cultural dimensions

<table>
<thead>
<tr>
<th>Study/Country</th>
<th>Uncertainty Avoidance</th>
<th>Individualism-Collectivism</th>
<th>Power Distance</th>
<th>Long-term – Short-term</th>
<th>Masculinity-Femininity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia/Naumov and Puffer</td>
<td>68</td>
<td>41</td>
<td>40</td>
<td>59</td>
<td>55</td>
</tr>
<tr>
<td>and Puffer (2000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russia/Hofstede's Estimate</td>
<td>90</td>
<td>50</td>
<td>95</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>(1993)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russia/Bollinger (1994)</td>
<td>92</td>
<td>26</td>
<td>76</td>
<td>NA</td>
<td>28</td>
</tr>
<tr>
<td>UK</td>
<td>35</td>
<td>89</td>
<td>35</td>
<td>25</td>
<td>66</td>
</tr>
<tr>
<td>USA</td>
<td>46</td>
<td>91</td>
<td>40</td>
<td>29</td>
<td>62</td>
</tr>
<tr>
<td>China</td>
<td>60</td>
<td>20</td>
<td>80</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Germany</td>
<td>65</td>
<td>67</td>
<td>35</td>
<td>21</td>
<td>66</td>
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<tr>
<td>France</td>
<td>86</td>
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<td>68</td>
<td>30</td>
<td>43</td>
</tr>
<tr>
<td>Japan</td>
<td>92</td>
<td>46</td>
<td>54</td>
<td>80</td>
<td>95</td>
</tr>
</tbody>
</table>

The following paragraphs use Hofstede's cultural dimensions to explain the underlying reasons for the differences in the results. Strong Uncertainty Avoidance reported by Bollinger (1994) could be due to the period of economic and political stagnation in the 1980s. According to him, Russian executives displayed a high level of anxiety about the future which manifests itself in a tendency to be nervous, emotional, and aggressive. The majority of Russian executives feel 'constantly' or 'often' tense at work. Indeed, in the 1980s and earlier, Russian citizens were virtually guaranteed a job and a modest level of living if they did not challenge the status quo (Naumov and Puffer, 2000). Gradually, with the transformation towards a market-
oriented economy, people were faced with a greater degree of uncertainty and decision making by individuals. Veiga et al. (1995) also found that uncertainty avoidance was declining in the early 1990s from its high level prior to perestroika. Naumov and Puffer (2000) reported that their respondents who worked in the business sector (such as managers, non-university administrators and employed business students) reported higher uncertainty avoidance compared to full-time students and university employees. It was explained by the assumption that the university environment is typically more relaxed on work rules and instructions than business.

High uncertainty avoidance also contributes to lifetime employment, which is relatively common in countries such as Japan, Portugal, Greece, Russia, etc., whereas high job mobility more commonly occurs in low uncertainty avoidance countries such as USA, Hong Kong, Denmark, etc. (Hofstede, 1980b). Additionally, due to high uncertainty avoidance and relatively high power distance in Russia (especially in the south-east of Russia), people tend to form pyramid structures, where everyone knows who reports to whom, and formal lines of communication run vertically, never horizontally across the organisation. In the pyramid organisation, which operates vertically, management reduces uncertainty by emphasizing who has authority over whom Miroshnik (2001). Elenkov (1997) argued that high tolerance for failure is required among Russian managers, i.e. if Russian firms want to achieve high creativity of its workers, they must be careful not to discourage people associated with projects which do not work out. Elenkov continued by saying: “A high degree of uncertainty avoidance, which is characteristic of the Russian culture, suggests that instilling high tolerance for failure may prove to be very difficult to implement in Russian companies. Focused educational and training programmes can, however, convince the people opposed to taking risks that this approach will provide the encouragement which employees need to ‘venture off the beaten path’ when exploring new solutions to complex problems”.

Veiga et al. (1995) found Individualism to be moderate and on the rise during the perestroika period. Naumov and Puffer (2000) argued that the Russian communal collective had already started to disintegrate in the second half of the nineteenth century with the economist Stolypin’s reforms and communism in the 1920s. This led to an individualistic approach to a communist system, which was unable to adequately meet the basic needs of the population. During perestroika and the following period, individualism started to grow steadily with a new intensity. Many citizens though still
have a negative attitude towards a wealthy group called *New Russians*, because of the contrast to the majority of the poor population; they boast expensive cars, houses and other attributes of rich people.

Veiga et al. (1995) reported that *Power Distance* had been high before *perestroika*, but had declined since then. It might be due to the political and economic decentralisation and possibly due to the separation of economic power yielded by private business from the political power of federal and local authorities. Miroshnik (2001) believes that Russia will be in the middle, between high and low power distance areas, because of historical and geographical diversities in the composition of the nations within one society (Russians are about 60 percent of the total population and other nations (more than 130) add the remaining 40 percent). The author believes that it is difficult to establish business in Russia, because there are large differences in cultures and managerial styles not only between regions, but also between big cities. Special studies are required to establish these differences. Unfortunately such studies have not been done yet.

A term 'Paternalism' was used by Naumov and Puffer (2000) to describe Hofstede's *Long-term –Short-term orientation* as they took seven items from Hofstede and Bond's (1988) questionnaire to create this dimension. According to their description, “a high level of paternalism consists of the protective function of the family being transferred to the state, and a low level refers to preserving those functions within the family. This aspect of paternalism refers to protecting the weakest members of society from the more powerful representatives of society.” The authors found that greater paternalism was associated with older respondents, while employed business students showed the least paternalism among occupational groups. Moreover, individuals with no subordinates were less paternalistic than those who had subordinates. During the Soviet period people got accustomed to being taken care of by the state and during the continuous social and economic crises of the 1990s, Russian people, especially the economically weak, were looking to the government for help. Naturally older people tend to seek and demand more help from the state while younger ones rely more on themselves. A good story about stages of Russia's economic and social development from the 1990s to almost present day can be found in McCarthy et al. (2000).

The level of *Masculinity* seems to be growing over time. Naumov and Puffer (2000) reported that their respondents who possessed five or less years of work experience have the highest scores on masculinity. In general, the Scandinavian countries are
most feminine and the USA, north-west of Russia, etc. are feminine and slightly masculine, whereas Japan, Austria and south-east of Russia, etc. are highly masculine. In Japan and south-east of Russia, people generally expect women to stay at home and take care of the family without working outside the home.

Naumov and Puffer concluded that on average Russian culture in the mid-1990s appeared to be moderate in individualism, masculinity and power distance, and fairly high in paternalism and uncertainty avoidance. Additionally, they reported that younger and less experienced people showed the highest levels of masculinity and the lowest levels of paternalism. Hence younger people's profiles tended to converge towards those in Western developed countries to a greater extent than other groups did. And finally the authors summarised: “It appears that Russia occupies an unusual position among the principal world cultures because of its long political, social and economic isolation ... If Russia continues on its course to a more market-oriented economy and open society, convergence toward more Western-oriented cultural dimensions may occur, but with a distinctly Russian stamp grounded in history and tradition.”

5.4.4 Picture of Russian management

A few studies have drawn a general picture about the work values and beliefs of Russian managers. Typical findings through the mid-1980s were that people rated interesting work as a highly important activity in their lives. They reported a high degree of job satisfaction and took pride in their work (Andreenkova, 1994). However, by the mid-1980s these attitudes began to wear away as people became more cynical about the political and economic systems (Cook, 1993). Later studies also showed differences between the values of different generations of Russians (Bahry, 1993). Respondents of a study by Puffer et al. (1997) saw work as a meaningful and rewarding activity rather than an opportunity for passive existence in a bureaucratic environment; they showed orientation towards the importance of work as a life activity. The older managers espoused relatively strong organisational beliefs, implying loyalty to groups and enterprises where they worked. The authors also described an almost typical Russian top manager:

- he is a male over 40, for whom work is a central focus of his life;
it is important for him to maintain his organisation and personnel;
he uses all means to try to maintain control over his company;
he clearly believes in respecting employees and seeks ways of maintaining employment for them.

Generally, his paternalistic and power-oriented management style is consistent with his practice of valuing and protecting employees, while not being inclined to share power with others. Shama (1994) contends that Russian managers "saw their roles from a social viewpoint, not only as providers of goods and services, but also as social agents in support of even earnings, free education, free medical care, and minimum wages. In some cases, these social goals were more important to (Russian) managers than economic goals".

It is also worth noting the importance of informal influence and personal connections for successfully conducting business in Russia. This has been well documented by many scholars (Beamish, 1992; Berliner, 1988; Lawrence and Vlachoutsicos, 1990; Puffer, 1994 and others). Russian managers would make informal deals to get the things done, for example obtain a quick authorization for an activity. Personal gifts or needed goods or services produced by the enterprise have been the customary methods. Likewise, the new Russian entrepreneurs have, reportedly, adopted an attitude of doing business "by cutting corners and acting unscrupulously for quick gains" (Puffer, 1994).

Some empirical results imply that the Russians are generally open-minded people, who are ready to consider ideas coming from other countries. In essence, this is consistent with Shama's (1994) observations, indicating that "Russian managers...have been quick to recognize the effects of such economic forces as inflation, uncertainty, competition...Likewise, they have been quick to respond, for example, by restructuring,...developing more competitive strategies, increasing promotions and sales force, and seeking foreign investors. In these respects, Russian management behaviour resembles Western management behaviour." Apparently, the main reason for this cross-cultural resemblance is the internal motivation of Russian managers to try and, if the results are encouraging, adopt Western management approaches (Elenkov, 1997).

Polonsky and Edwards (1998) described two paradoxes they found in the practices of Russian managers. Firstly there is a paradox between the material self-interest of
managers, manifested in a pursuit for company ownership and the exclusion of outside interests, and a paternalistic concern for the workforce, as evidenced in the experience of making workers redundant and a continuing commitment to the maintenance of aspects of the company's social infrastructure. Secondly, there is a tension between adherence to traditional modes of operating (for example, exploitation of personal ties and networks, and the use of barter) and the development of new forms of activities such as retailing.

5.5 Summary of the literature review

Here is the summary of the most important findings of the literature review on national and organisational cultures.

- the analysis of problems and failures of multinational business abroad has shown that the first dominant factor is national culture. It involves at least three components: what people think, what they do, and the material products they produce. National culture has several properties: it is shared, learned, symbolic, transmitted across generations, adaptive and integrated;
- many generally accepted US theories of management, leadership and motivation may not or only very partly apply outside USA borders. Even though Western practices have proved to be superior in a number of countries with developed market economies, they do not suggest the one best way for managing organisations – even less so in societies such as those in the former Soviet Union. For example, underlying psychological principles of work motivation are universal for all countries, but the manner in which these practices are carried out are different in different countries;
- the myth of the transnational organisation - the organisation beyond nationality in its design and operations - remains, in reality, only a myth. Expatriate managers or managers in multinational environment should understand that people from one ethnic group are not inherently better or worse than people from another group; they are simply different;
- cultural diversity can cause problems in the following situations: when employees over-generalize organisational practices and processes; when the organisation must reach a single agreement; during business negotiations;
when people of a certain nationality create 'in-group' favouritism; when people attribute negative behaviour of foreign colleagues to their nationality or culture rather than to situational or contextual factors;

- creating an atmosphere of mutual respect, promoting open communication, respect for each other's rights and beliefs, discouraging any stereotyping of people based on sex, ethnic background or racial behaviours help to downplay negative aspects of cultural diversity;

- cultural diversity can be positive in the following situations: when organisations wants to expand their perspectives, approaches, range of ideas, operations, product line or marketing strategies; when organisations need to start new projects, create new ideas, develop new marketing plan, plan new operation or assess trends from a new perspective. Moreover, multicultural organisations are more flexible and open to new ideas and understand customers' needs better.

- religion is an important factor to be taken in account when talking about national culture as it affects people in many ways because it prescribes proper behaviour, including work habits;

- Hofstede's five dimensional framework of measuring national culture differences is the most widely used one, however these dimensions together explain only forty-nine percent of the variance in the data. The rest fifty-one percent remain specific to individual countries. Position of a country on these dimensions allow one to make some predictions about the way their societies operate, including management processes and what kind of theories could be applicable to their management. For example, application of team work is more applicable in collectivistic than in individualistic societies;

- authoritative decision-making and leadership style may work best in high power distance cultures because it is expected in these societies. Individuals in Confucian societies also prefer authoritative leadership and decision making. A participative, or at least consultative, decision-making and leadership style work best in small power distance cultures. For example, managers from Germanic countries tend to make more participative decisions, whereas managers from Central and Eastern Europe tend to make more autocratic decisions;
• improving the quality of life for employees in cultures with a strong uncertainty avoidance implies offering more security and perhaps more task structure on the job. In cultures with a weak uncertainty avoidance people tend to be relatively tolerant of uncertainty and ambiguity and require considerable autonomy and lower degree of structure. Security is a much greater motivation for those in cultures with high uncertainty avoidance;

• in culture with the high masculinity and low uncertainty avoidance people are motivated by achievement. Social motivation is assigned to those cultures in the low masculinity end;

• crossvergence theory with national-dominant hypothesis is supported by empirical data, which implied that national culture has stronger influence than economic ideology in long-term;

• only rare attempts were made to address the issue of links between introducing quality initiatives such as TQM and national culture differences. And these attempts are too limited in their scope to form the basis of a more consistent theory;

• power distance and uncertainty avoidance dimensions are of the most useful for management purposes. In low power distance countries there is a tendency to create empowered teams, whereas in high power distance countries, managers would tend to prefer team-based work organisations with a strong overview by supervisors. High uncertainty-avoiding cultures will tend to choose documented systems and management-by-fact approaches and individualistic cultures might choose self-evaluation, empowerment and other similar tools. In countries with higher power distance there is a greater tendency to focus on the role of the leaders and in countries with lower power distance there is a greater tendency to focus on the workers in order to achieve high quality;

• the most important competitive advantage of a company is its organisational culture. Thus global organisations should not only understand diverse values within their subsidiaries (locations of operations), but also learn to integrate and converge these diverse values when creating their own organisational cultures. Uncertainty avoidance and power distance are used to describe and rationalise preferred or typical organisations in various cultures;
in order to achieve successful management of the change process it is important to gain an insight into the different perceptions of the organisational culture that particular groups within an organisation have. Basic factors associated with successful change include trust, shared vision, effective leadership and ownership;

being the most Asian in Europe and the most European in Asia obviously influences the socio-economic processes taking place in Russia, giving it a recognisable Russian flavour. Westerners and Russians differ not merely in terms of national culture, but also in the economic, political, ideological, religious and social systems from which they come. However, if Russia continues on its course to a more market-oriented economy and open society, convergence toward more Western-oriented cultural dimensions may occur, but with a distinctly Russian stamp grounded in history and tradition. Younger people in Russia tend to converge towards Western countries' values to a greater extend than other groups do;

bringing in change into Russian companies is difficult because Russians seemed to prefer adapting to the environment instead of trying to transform it. Changes are accepted, but passively. And the idea of rapid change can be alien to many Russian managers because they are sure that the manager's task is to establish procedures that ensure continuity;

only a few studies which used Hofstede's methodology were conducted in Russia. On average Russian culture in the mid-1990s appeared to be moderate in individualism, masculinity and power distance, and fairly high in paternalism and uncertainty avoidance;

due to high uncertainty avoidance and relatively high power distance in Russia (especially in the south-east of Russia), people tend to form pyramid structures, where everyone knows who reports to whom, and formal lines of communication run vertically, never horizontally across the organisation;

it is so difficult for foreigners to establish business in Russia, because there are large differences in cultures and managerial styles not only between regions, but also between big cities and special studies are required to establish these differences.
CHAPTER 6

SURVEY OF CULTURAL DIFFERENCES

6.1 Introduction

The literature review on cultural differences showed the importance of this issue for management in general and for quality management in particular. This chapter presents the results of two surveys undertaken in 2003 in Russia (St Petersburg) and the UK and a discussion of these results. The purpose of the survey work was to satisfy the third research objective, explained in Chapter 1. The main attention in this chapter is given to the results of the Russian survey though and the results of the UK survey are given less attention. The chapter discusses the influence of Russian national culture on the implementation of quality initiatives and certain related managerial practices.

Whereas a lot of researchers describe national and organisational cultures in the UK, not much research has been done on Russia in terms of cultural differences. However, a few publications about Russia's cultural peculiarities do exist, for example Naumov and Puffer (2000). Their article described their research in which they measured Russian culture using Hofstede's dimensions and also gave references to a few other similar works. All of these surveys, however, were done between 10-20 years ago and used the Hofstede's questionnaire and formulas from his 1980-edition book "Culture's consequences: International differences in work-related values".

Hence the aim of this current survey was twofold:
1. to get a more recent picture of cultural dimensions in Russia and the UK,
2. to investigate the dynamics of cultural change in Russia as Russia is still in the transition period, and what was true 10-15 years ago might not be true at the moment.

6.2 Methodology

A national culture survey was conducted using a questionnaire recommended by Hofstede (2002). The survey enabled the positions of Russia and the UK to be
established and compared with other countries from the original Hofstede’s survey and with subsequent surveys of other authors.

a) Survey objective
The objective was to establish the characteristics of Russian national culture by using quantifiable parameters that would show the differences from other nations. Such parameters can be used to study the influence that cultural factors have on the implementation of quality initiatives in Russia, because most of them were developed and validated outside the country.

In identifying these quantifiable parameters, the calculations were limited to differences caused by belonging to a certain national culture. Differences caused by other factors such as type of occupation, level of education, age, gender and so on were not considered in the survey.

b) Construction and administration of survey
The questionnaire used in this survey (Appendix E) is a compilation of Hofstede’s two latest questionnaires (“Values Survey Modules”) VSM 82 and VSM 94. Thus, the questionnaire used in the present survey had 31 questions in it combining 26 questions from the VSM 94 and additional 5 questions used in the VSM 82. It was done in order to compute the scores using both the old and the new formulas for the sake of longitudinal comparison.

Here is some history behind Hofstede’s questionnaires:
The original questions from the 1966-1973 “Hermes” (IBM) attitude survey questionnaires referred to in his international comparisons of work-related values, were listed in Hofstede’s book “Culture’s Consequences” (1980). The Values Survey Module (VSM 80) was presented in the same book, which was recommended for future cross-cultural studies. It contained 27 content questions and 6 demographic questions. This VSM 80 was a selection from the IBM questionnaires, with a few questions added from other sources about issues missing in the IBM list and judged by the author from the book’s analysis to be of potential importance.

A weakness of the VSM 80 was its dependence on the more or less accidental set of questions used in the IBM surveys because the IBM survey questionnaire had not really been composed for the purpose of reflecting international differences in value patterns. However, the IBM questions could only be replaced by other questions after
these had been validated across countries; and to be validated, they had to be used in a large number of countries first. Therefore, in 1981, IRIC (Institute for Research on Intercultural Cooperation, an independent research institute co-founded by Hofstede in 1980) issued an experimental extended version of the VSM (VSM 81). On the basis of an analysis of its first results, a new version was issued in 1982, the VSM 82. The VSM 82 contained 47 content questions plus the 6 demographic questions. Only 13 of the questions were needed to compute scores on the four dimensions identified by Hofstede. The other questions were included for experimental use, and IRIC maintained a file on the answers collected by different users in different countries. An additional reason to look for an improved version was that two questions in the VSMs were not applicable to respondents not employed in an organization, like entrepreneurs, students, and housewives. This is the version that was generally used until the publication of the VSM 94.

In the meantime, the research of Professor Michael Harris Bond from Hong Kong, using the Chinese Value Survey (The Chinese Culture Connection, 1987), had led to the identification of a fifth dimension: Long-term versus Short-term Orientation. In the VSM 94, this dimension appears for the first time together with the other four. The formula for LTO in this manual is based on Bond’s CVS survey among students in 23 countries (Hofstede and Bond, 1988; Hofstede, 1991).

The Values Survey Module 1994 (VSM 94) is a 26-item questionnaire developed for comparing the culturally determined values of people from two or more countries or regions. It allows scores to be computed on five dimensions of national or regional culture (Power Distance, Individualism, Masculinity, Uncertainty Avoidance, and Long-term Orientation), on the basis of four questions per dimension: for this, it needs 5 x 4 = 20 questions. The remaining six questions are demographic; they ask for the respondent’s gender, age, education level, kind of job, present nationality, and nationality at birth. Index scores are derived from the mean scores on the questions for national samples of respondents.

All content questions are scored on five-point scales (1-2-3-4-5), where originally
1 = Strongly Agree
2 = Somewhat Agree
3 = Neither agree or disagree
4 = Somewhat Disagree
This scale was used for the UK survey, whereas in Russia the scale was reversed to avoid confusion among respondents. Later the results were reversed back to conform to the Hofstede’s original questionnaire layout. Dimensions’ scores were calculated by special formulas developed by IRIC in its manual and are presented as indices on a scale from 1 to 100. The answers to all questions were used in calculations and two scores for each dimension were calculated – one according to the VSM 82 and the second according to the VSM 94.

c) Sampling details

The research student translated the questionnaire to Russian language, and the original Hofstede’s wording of the questions was used in UK. In Russia questionnaires were disseminated in St Petersburg among university postgraduate students, university staff, managers of manufacturing companies, engineers and medical doctors, whereas in the UK the sample consisted solely of industry-based Masters students (usually middle managers in engineering companies), studying at Loughborough University. For the purpose of the survey, respondents had to be of Russian or British nationality correspondingly. In Russia most of the questionnaires were given out to respondents personally or through networking and later collected by the research student. Explanations on how to fill in the questionnaires correctly were given if necessary.

A total of 65 questionnaires were filled in UK and 106 questionnaires were filled in Russia (IRIC recommended a sample of more than 50 people in each country for reliability reasons). Here is the demographic distribution of respondents (according to Hofstede’s division) by countries:

**UK:** The majority of participants (n=56) were male (89 percent); most of the respondents were between 40 and 49 years old (37 percent) followed by 35-39 years old (26 percent) and 30-34 years old (21.5 percent). The majority of respondents were well educated with 18 or more years of formal education (32 percent) and between 16 and 17 years of formal education (31 percent). Almost a half of the respondents in UK (49 percent) were managers of one or more subordinates (where these subordinates are non-managers), followed by 26 percent of managers of one or more managers and 23 percent were academically trained professionals (but not managers of people).
Russia: Slightly over half of the participants were female (56 percent); in terms of respondents' age three large groups were formed – one between 50 and 59 years old (28 percent) followed by 40-49 years old (24.5 percent) and finally 25-29 years old group (16 percent). As in the UK sample, Russian respondents were well educated - 48 percent had between 15 and 16 years of formal education and another 26 percent had 17 or more years of formal education. Almost half of the respondents in Russia (45 percent) were academically trained professionals (but not managers of people), 28 percent were managers of one or more subordinates (where these subordinates are non-managers), followed by 14 percent of 'vocationally trained craftpersons, technicians, nurses, artists or equivalents', 10 percent of managers of one or more managers, and the rest 3 percent were 'generally trained office workers or secretaries'.

e) Analysis of the results
Statistics tools of Microsoft Excel 2000 were used to analyse the results. All calculations were made using formulas provided in a handbook issued by IRIC. Checking operations on the complete data were undertaken to eliminate errors and missing data. The survey results and their analysis are presented in the following sections of this chapter.

6.3 Cultural differences survey

6.3.1 Survey results

6.3.1.1 Introduction

When presenting the results of this study, it is worth mentioning previous studies that have used Hofstede's methodology to quantify Russia's national culture. These studies include: Hofstede's personal estimate for Russia that he inferred from national statistics, regional cultural studies and archetypes found in literature and the history (Hofstede, 1993); a small-scale study for 55 participants from the Moscow Advanced Commercial School by French management consultant Bollinger (1994); a larger
study of 170 Russian managers made by a group of American authors (Veiga et al., 1995); and an even larger study of 250 Russians by Naumov and Puffer (2000), when the data was collected between October 1995 and June 1996. Veiga's et al. (1995) study presented descriptive interpretations only. The results of these studies are presented in Table 6.1 with some other countries' scores for comparison. The results of the present study are shown in the same table in bold font and according to different versions of the VSM questionnaire. The scores for other countries are taken from Hofstede (2001).

Table 6.1 Scores of Hofstede's cultural dimensions (present survey and other results)

<table>
<thead>
<tr>
<th>Study/Country</th>
<th>Uncertainty Avoidance (UAI)</th>
<th>Individualism-Collectivism (IDV)</th>
<th>Power Distance (PDI)</th>
<th>Long-term – Short-term (LTO)</th>
<th>Masculinity-Femininity (MAS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia/VSM 94</td>
<td>90</td>
<td>75</td>
<td>18</td>
<td>55</td>
<td>49</td>
</tr>
<tr>
<td>Russia/VSM 82</td>
<td>58</td>
<td>40</td>
<td>74</td>
<td>N/A</td>
<td>66</td>
</tr>
<tr>
<td>Russia/Naumov and Puffer (2000)</td>
<td>68</td>
<td>41</td>
<td>40</td>
<td>59</td>
<td>55</td>
</tr>
<tr>
<td>Russia/Hofstede's Estimate (1993)</td>
<td>90</td>
<td>50</td>
<td>95</td>
<td>10</td>
<td>40</td>
</tr>
<tr>
<td>Russia/Bollinger (1994)</td>
<td>92</td>
<td>26</td>
<td>76</td>
<td>N/A</td>
<td>28</td>
</tr>
<tr>
<td>UK</td>
<td>35</td>
<td>89</td>
<td>35</td>
<td>25</td>
<td>66</td>
</tr>
<tr>
<td>UK/VSM 94</td>
<td>36</td>
<td>119</td>
<td>15</td>
<td>45</td>
<td>-1</td>
</tr>
<tr>
<td>UK/VSM 82</td>
<td>13</td>
<td>80</td>
<td>52</td>
<td>N/A</td>
<td>62</td>
</tr>
<tr>
<td>USA</td>
<td>46</td>
<td>91</td>
<td>40</td>
<td>29</td>
<td>62</td>
</tr>
<tr>
<td>China</td>
<td>60</td>
<td>20</td>
<td>80</td>
<td>100</td>
<td>50</td>
</tr>
<tr>
<td>Germany</td>
<td>65</td>
<td>67</td>
<td>35</td>
<td>21</td>
<td>66</td>
</tr>
<tr>
<td>France</td>
<td>86</td>
<td>71</td>
<td>68</td>
<td>30</td>
<td>43</td>
</tr>
<tr>
<td>Japan</td>
<td>92</td>
<td>46</td>
<td>54</td>
<td>80</td>
<td>95</td>
</tr>
</tbody>
</table>
For the sake of longitudinal comparison we shall take the results according to the VSM 82 version as the basis of comparison with the other surveys presented in Table 6.1. This is done in order to make the conclusions more clear as researchers whose survey results are presented in Table 6.1 used the old versions of Hofstede’s questionnaire (Hofstede, 1980) and VSM 82 is the closest version to that original one. This choice was also supported by Hofstede himself during our e-mail conversations (Private communication, May 2003).

The Values Survey Module is a questionnaire developed for comparing the culturally determined values of people from two or more countries or regions. Therefore the UK results in Table 6.1 were used as a benchmark for the Russian results. This way, comparing the results from two different countries, it is possible to argue that, for example, Russian national culture is more collectivistic than the UK national culture and so on. The following discussion is based on the VSM 82 results.

6.3.1.2 Individualism – collectivism

Collectivism, according to Hofstede (1985), stands for a “preference for a tightly knit social framework in which individuals can expect their relatives, clan, or other in-group to look after them, in exchange for unquestioning loyalty”; he contrasts this with individualism described as "...a preference for a loosely knit social framework in a society in which individuals are supposed to take care of themselves and their immediate families only".

In the present study Russia scored 40 in this dimension, whereas the UK scored 80. This puts Russia close to countries like Argentina (46), Brazil (38), Iran (41), Jamaica (39), Japan (46), Turkey (37) and Arab countries (38). In this respect Russia stands in the middle between Latin American and Southeastern countries, where Individualism is low and Western countries (Western Europe, North America, Australia), where Individualism is high. The UK with an 80 score is a good example of the latter. Therefore, it is possible to conclude that Russia tends to be a collectivist culture and the UK – an individualist culture.

Veiga et al. (1995) found individualism to be moderate and on the rise during the perestroika period. Naumov and Puffer (2000) argued that the Russian communal collective had already started to disintegrate in the second half of the nineteenth century with the economist Stolypin’s reforms and communism in the 1920s. This led
to an individualistic approach to a communist system, which was unable to adequately meet the basic needs of the population. During perestroika and the following period, individualism started to grow steadily with a new intensity. Still though many citizens have a negative attitude towards a wealthy group called new Russians, because of the contrast to the majority poor population; they boast expensive cars, houses and other attributes of rich people. Hofstede’s estimate and Naumov and Puffer’s results are similar with the results of the present survey showing that the level of individualism is stable at the moment and is below average.

Collectivist societies are tightly integrated, and individuals belong to “in-groups” from which they cannot detach themselves. People think in “we,” as opposed to “me,” terms and obtain satisfaction from a job well done by the group. Indeed, in the second survey, on leadership and motivation (see Chapter 4), respondents were asked this question and 71% of managers agreed that ‘In speech they use ‘we’ rather than ‘I’. On the other hand, in societies with high individualism, individuals look primarily after their own interests. Hence, the application of teamwork is more applicable in collectivist than in individualist societies (Hackman, 1987). In collectivist societies the relationship between employer and employee is seen in moral terms and resembles a family with mutual obligations of protection in exchange for loyalty.

Hofstede (2001) cited Japan and China as examples of countries in which collectivism and modernity managed to coexist and the Soviet Union and former Yugoslavia as countries that could not do it. However, Hofstede continued that there are signs of increasing individualism in both Japan and China, which are linked to the increased organisations’ technology level in these countries.

Earley (1993) conducted an experiment with Chinese, Israeli and US managers. These managers were asked to perform tasks and the results were analysed in three categories: the first was when a person worked in a group which consisted of complete strangers from different parts of the country (out-group), the second was when a person worked in group which consisted of close colleagues and persons sharing as much as possible the same background (in-group); and the third was when a person worked individually. Americans (IDV=91) performed best in the individual condition and performed equally poor in both group conditions. Chinese (IDV=20) performed very well in the in-group condition, but low in both the individual and out-group conditions. The Israelis (IDV=54) performed best in the in-group condition, next best in the individual condition, and worst in the out-group condition. Given the
results of the present survey, it's possible to argue that Russian managers' performance in the same conditions would most likely resemble those of Israelis rather than Chinese or US managers.

6.3.1.3 Power distance

Power distance is defined by Hofstede (1985) as "the extent to which the members of a society accept that power in institutions and organisations is distributed unequally". Analysis of data made by Hofstede shows that individualism is associated (although with some exceptions, for example France and Costa Rica) with lower power distance while collectivism is associated with high power distance (Hofstede, 1980a, 1984). In the present study Russia scored 74 in this dimension, whereas the UK scored 52. Countries that scored similarly to Russia include Brazil (69), Ecuador (78), France (68), Indonesia (78), India (77), Singapore (74), Yugoslavia (76), West Africa (77) and Arab countries (80). Most of the Western countries (Western Europe, North America, Australia) scored much less – usually below or close to 50, with the USA, for example, scoring only 40. This study's results resemble the picture received by Bollinger (1994), but are very different from Naumov and Puffer's (2000) one. The latter difference can be explained by the differences in respondent's samples, where Naumov and Puffer's (2000) sample consisted more of the students and university staff. The authors themselves acknowledged that in an academic environment the subordinate-supervisor relationship could be more relaxed compared to other occupational spheres. Therefore, it is possible to conclude that Russia has a large power distance culture. The UK is usually referred to as having a small power distance culture, although in this survey it scored 52 points.

Veiga et al. (1995) reported that power distance was high in Russia before perestroika, but has declined since then. It might be due to the political and economic decentralisation and possibly due to the separation of the economic power gained by private business from the political power of federal and local authorities. Miroshnik (2001) believes that Russia will be in the middle between high and low power distance areas because of the historical and geographical diversities in the composition of the nations within one society (Russian are about 60 percent of the total population and other nations (more than 130) add the remaining 40 percent). Miroshnik believes that it is so difficult to establish business in Russia, because there
are large differences in cultures and managerial styles not only between regions, but also between big cities and special studies are required to establish these differences. Unfortunately such studies have not been done yet. Despite Miroshnik’s argument, Russia still shows large power distance score, although it is lower than Hofstede’s estimate of 95 points.

See section 6.4.2 of this chapter for more detailed discussion of the influence of UAI and PDI on employee empowerment.

6.3.1.4 Uncertainty avoidance

Hofstede (1980a) defined uncertainty avoidance as “The extent to which the members of a culture feel threatened by uncertain or unknown situations”.

In the present study Russia scored 58 in this dimension, whereas the UK scored only 13. This puts Russia in the pool with such countries as Finland (59), Iran (59), Netherlands (53), Switzerland (58) and Thailand (64). Therefore, it is possible to conclude that Russia has an above average uncertainty avoidance culture and the UK showed a really weak uncertainty avoidance level. All other researchers found stronger uncertainty avoidance in Russia, especially Bollinger with 92 points. The closest to present score was delivered by Naumov and Puffer (68 points), which is still higher. This could mean that uncertainty avoidance in Russia is on gradual decline, but is still strong.

Strong uncertainty avoidance reported by Bollinger (1994) could be due to the period of economic and political stagnation in the 1980s. According to him, Russian executives displayed a high level of anxiety about the future, which manifests itself in a tendency to be nervous, emotional, and aggressive. The majority of Russian executives felt ‘constantly’ or ‘often’ tense at work at that period of time. Indeed, in the 1980s and earlier, Russian citizens were virtually guaranteed a job and a modest level of living if they did not challenge the status quo (Naumov and Puffer, 2000). In the Soviet times, centralisation and highly complicated administrative rules were used to reduce uncertain situations.

Gradually, with the transformation towards a market-oriented economy, people were faced with a greater degree of uncertainty and decision making by individuals. Veiga et al. (1995) also found that uncertainty avoidance was declining in the early 1990s from its high level prior to perestroika. Naumov and Puffer (2000) reported that their
respondents, who worked in the business sector (such as managers, non-university administrators and employed business students) reported higher uncertainty avoidance compared to full-time students and university employees. It was explained by the assumption that the university environment is typically more relaxed on work rules and instructions than business.

Hofstede (2001) notes that uncertainty avoidance is not equal to risk avoidance and uncertainty avoidance leads to an escape from ambiguity. People in cultures with high uncertainty avoidance tend to form structures of their organisations and relationships in a way which makes events clearly interpretable and predictable. However, these people are often prepared to take large risks in order to reduce ambiguities, for example by starting a fight with a potential opponent rather than sitting back and waiting. In weak uncertainty avoidance cultures both familiar and unfamiliar risks are accepted, such as changing jobs and starting activities for which there are no rules. Hofstede (2001) points at employment stability and rule orientation as two ways of avoiding uncertainty.

Strong uncertainty avoidance also contributes to lifetime employment, which is relatively common in countries such as Japan, Portugal, Greece, Russia, etc., whereas high job mobility more commonly occurs in weak uncertainty avoidance countries such as USA, Hong Kong, Denmark, etc. (Hofstede, 1980b). In the present survey 42.5% of respondents stated that they will continue working for the organisation or company they work for now until they retire and another 14% would stay for more than 5 years. Additionally, due to high uncertainty avoidance and relatively high power distance in Russia (especially in the south-east of Russia), people tend to form pyramid structures, where everyone knows who reports to whom, and formal lines of communication run vertically, never horizontally across the organisation. In the pyramid organisation, which operates vertically, management reduces uncertainty by emphasizing who has authority over whom (Miroshnik, 2001).

Elenkov (1997) argued that high tolerance for failure is required among Russian managers, i.e. if Russian firms want to achieve high creativity of its workers, they must be careful not to discourage people associated with projects which do not work out. Elenkov continued by saying: “A high degree of uncertainty avoidance, which is characteristic of the Russian culture, suggests that instilling high tolerance for failure may prove to be very difficult to implement in Russian companies. Focused educational and training programmes can, however, convince the people opposed to
taking risks that this approach will provide the encouragement which employees need to 'venture off the beaten path' when exploring new solutions to complex problems". Hofstede (2001) found correlation between age and uncertainty avoidance. He argued that in societies with higher level of uncertainty avoidance, older people are more likely to disapprove of the behaviour of young people and to wait longer before leaving responsibility in the hands of juniors.

6.3.1.5 Masculinity – femininity

A masculine society is a "society in which social gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success; women are supposed to be more modest, tender, and concerned with the quality of life. Femininity stands for a society in which social gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life" (Hofstede, 1980a).

In the present study Russia scored 66 in this dimension, whereas the UK showed a close score of 62. This puts Russia in the segment with such countries as Australia (61), Colombia (64), Ecuador (63), Germany (66), Great Britain (66), Ireland (68), Italy (70), Mexico (69), Philippines (64), South Africa (63), Switzerland (70) and the USA (62). Therefore, it is possible to conclude that both Russia and the UK have a strong masculine culture. The picture with masculine is opposite to the picture with uncertainty avoidance. All other researchers reported that Russia is rather feminine, especially Bollinger with only 28 points. The closest to present score was delivered by Naumov and Puffer (55 points), which is still lower. This could mean that masculinity in Russia is on gradual rise.

In this survey, scores for the items supposed to be related to MAS show very mixed results. In fact, as the Russians were more often older and female compared to UK respondents, they should have scored even lower on MAS versus the English than predicted, but they did not! They did score lower on the importance of advancement and higher on security (according to Hofstede’s prediction), but equal on the importance of cooperation, and higher on the importance of earnings. They were much more pessimistic about why people failed in life, and about whether most people can be trusted.
People in more masculine countries tend to hold more sceptical view of others, which is demonstrated by their lesser rejection of McGregor's (1960) Theory X (employees dislike work) and their agreement that knowing influential people counts more than ability (Hofstede, 2001). Masculine countries also stress pay, security and job content, whereas feminine countries stress relationships and physical conditions. Additionally, when distributing rewards of work, feminine cultures favour equality and mutual solidarity, while masculine cultures favour equity (pay according to merit and performance).

As regards managers' characteristics, in masculine cultures a manager should be assertive, decisive and 'aggressive' and in feminine cultures a manager is less visible, intuitive rather than decisive and accustomed to seeking consensus. Both types of cultures have a common requirement for a manager though, he or she should be resourceful – managers are believed to be endowed with above average intelligence and drive.

Naumov and Puffer (2000) reported that their respondents who possessed five or less year of work experience have the highest scores on masculinity.

6.3.1.6 Long-term – Short-term Orientation (Confucianism)

Long-term orientation stands for the "fostering of virtues oriented towards future rewards, in particular, perseverance and thrift. Its opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present, and in particular, respect for tradition, preservation of 'face' and fulfilling social obligations" (Hofstede, 1980a).

In the present study Russia scored 55 in this last dimension, whereas the UK scored 45. This dimension is relatively new and was not included in Hofstede's original survey, hence the data on this dimension is not available for a large number of countries. However, the current result for Russia resembles those of Singapore (48) and Thailand (56). Therefore, it is possible to conclude that both Russia and the UK scored about average on this dimension and cannot be clearly attributed to any 'camp'. Naumov and Puffer reported a score of 59 in their survey for this dimension, which is very close to the present survey’s result. Thus it is difficult to speculate about any trend for this dimension in Russia as more research in a later time is required.
According to Hofstede (2001), “businesses in long-term-oriented cultures are accustomed to working toward building up strong positions in their markets; they do not expect immediate results. Managers (often family members) are allowed time and resources to make their own contributions. In short-term-oriented cultures the ‘bottom line’ (the results of the past month, quarter or year) is a major concern; control systems are focused on it and managers are constantly judged by it... The cost of short-term decisions are evident; managers are rewarded or victimised by today’s bottom line even where it is clearly the outcome of decisions made by their predecessors or pre-predecessors years ago”.

6.3.2 Survey discussion and conclusions

Based on the results of this survey it is possible to conclude that Russian respondents in our sample bear a national culture that is rather moderate in individualism, about average in short term – long term orientation, above average in masculinity and uncertainty avoidance, and rather high in power distance. The UK respondents in our sample bear a national culture that is high in individualism, average in short term – long term orientation and power distance, low in uncertainty avoidance, and above average in masculinity.

Table 6.2 Competitive advantages of different cultural profiles in international competition (Hofstede, 2001)

<table>
<thead>
<tr>
<th>PDI small</th>
<th>PDI large</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acceptance of responsibility</td>
<td>Discipline</td>
</tr>
<tr>
<td>UAI weak</td>
<td>UAI strong</td>
</tr>
<tr>
<td>Basic innovations</td>
<td>Precision</td>
</tr>
<tr>
<td>Collectivism</td>
<td>Individualism</td>
</tr>
<tr>
<td>Employee commitment</td>
<td>Management mobility</td>
</tr>
<tr>
<td>Femininity</td>
<td>Masculinity</td>
</tr>
<tr>
<td>Personal service</td>
<td>Mass production</td>
</tr>
<tr>
<td>Custom-made products</td>
<td>Efficiency</td>
</tr>
<tr>
<td>Agriculture</td>
<td>Heavy industry</td>
</tr>
<tr>
<td>Food</td>
<td>Chemistry</td>
</tr>
</tbody>
</table>
Here we can also agree with Naumov and Puffer (2000) who stated: "It appears that Russia occupies an unusual position among the principal world cultures because of its long political, social and economic isolation ... If Russia continues on its course to a more market-oriented economy and open society, convergence toward more Western-oriented cultural dimensions may occur, but with a distinctly Russian stamp grounded in history and tradition."

Table 6.2 summarises counties' potential advantages and disadvantages depending on their position on Hofstede's cultural dimensions.

The next three sections review the results of the three most salient dimensions and show what implications for management practices these results could make. These are uncertainty avoidance, individualism-collectivism and power distance.

6.3.2.1 Uncertainty avoidance

In the present survey Russia scored 58 for this dimension, which is lower than other surveys referred to in the literature review, but still above average. Thus it is possible to argue that in general Russia could be a country with rather high uncertainty avoidance. And according to Mendonca and Kanungo (1996), relatively high uncertainty avoidance implies an unwillingness to accept organisational change, which is manifested in an individual's reluctance to take personal initiatives outside of the prescribed roles. Each member of society has a specific role in society, which is a function of the person's age, occupation and status. Any deviation from this prescribed role is not only discouraged, but is also subjected to a host of sanctions. As a result, individuals tend to be dependent on outside forces for life outcomes and believe that the external environment controls them - a fatalistic approach to life and living. One of the important conditions for effectively managing subordinates' performance is to involve them in the setting of challenging and difficult goals, but
because high uncertainty avoidance discourages risk-taking, it becomes a severe constraint on effective performance management.

Uncertainty avoidance has other important implications on work situations. Horovitz (1980) studied French, German and British top managers and found that the French and Germans (high UAI) focused much more on details and short-term feedback that did their (lower-UAI) British counterparts. Hoffman (1987) reported that strategic planning, which avoids details, appeals less in high-UAI countries. This finding was supported by Faucheux (1977) who argued that US (low UAI) approaches to strategic management do not apply to (high-UAI) Latin countries in general and to France in particular.

Hofstede (2001) argued that competences should be more clearly defined in high-UAI societies than in low-UAI ones. And Laurent (1983) argued that a successful application of matrix management assumes a tolerance for ambiguity in the hierarchy, as a subordinate may have two or more bosses. Therefore matrix organisation structures are less acceptable in high-UAI countries. Hofstede (2001) added that less uncertainty-avoiding cultures showed higher rates of innovation in terms of trademarks granted and that it is more difficult to bring about innovations in high uncertainty-avoiding cultures. In the latter cultures, however, innovations, once accepted, are taken more seriously and are implemented quicker.

Because Russia is also considered to be a high-UAI country, these finding could as well apply to it.

6.3.2.2 Individualism-collectivism

The second characteristic of the Russian national culture is relatively low individualism (IDV=40 in this survey). Unlike in Western cultures, work for an individual is not so much an act of self-fulfilment or self-expression, but is primarily a mean to maintain family, to provide for the well-being of aged parents, spouse and children. Therefore, when job tasks are performed, the individual's priority and concern is not the accomplishment of job objectives, as such, or the fulfilment of obligations that arise from the contract of employment. What is also more salient is the personalised relationship generated by the job. In a work culture characterised by low individualism, employees, even when they perform extremely well, do not tend to
get satisfaction from ‘work well done’ but rather from ‘work well recognised’ (Mendonca and Kanungo, 1996).

The level of individualism in society also affects the type of person who will be put in influential positions in organisations. Merton (1968) distinguished between ‘locals’ and ‘cosmopolitans’, where ‘locals’ are largely occupied with internal organisational problems and are most influential in collectivistic cultures. ‘Cosmopolitans’, on the other hand, maintain a minimum set of relations within an organisation, but consider themselves an integral part of the world outside it. They are more influential in organisations that exist in individualistic cultures. Hofstede (2001) found evidence to confirm this theory in his IBM data.

6.3.2.3 Power distance

The third characteristic of the Russian national culture - high power distance - is common when one considers the hierarchical authority structures and rigid role prescriptions which pervade most social institutions in different countries (Mendonca and Kanungo, 1996). High power distance implies that managers and subordinates accept their respective positions in the organisation's hierarchy, and operate from these fixed positions. Managers do not consider subordinates to be 'people just like me', neither do the subordinates view their managers as people just like themselves. High power distance in this case is projected from social structures into organisational life and processes.

In performance management, all the critical activities in goal setting, job performance and appraisal review require the manager to function as a coach and mentor to his subordinates. High power distance is certainly not compatible with this nature of a manager-subordinate relationship, nor is it compatible with the joint problem solving so essential to successful performance management.

Indeed, the results of the present survey show this trend towards strong authority. One of the questions in the Hofstede's questionnaire asks respondents to choose a type of manager they would prefer to work under. The types to choose from are listed below:

Manager 1: Usually makes his/her decisions promptly and communicates them to his/her subordinates clearly and firmly. He/she expects them to carry out the decisions loyally and without raising difficulties.

Manager 2: Usually makes his/her decisions promptly, but, before going ahead, tries to explain them fully to his/her subordinates. He/she gives them the
reasons for the decisions and answers whatever questions they may have.

Manager 3: Usually consults with his/her subordinates before he/she reaches his/her decisions. He/she listens to their advice, considers it, and then announces his/her decision. He/she then expects all to work loyally to implement it whether or not it is in accordance with the advice they gave.

Manager 4: Usually calls a meeting of his/her subordinates when there is an important decision to be made. He/she puts the problem before the group and invites discussion. He/she accepts the majority viewpoint as the decision.

As can be seen from these descriptions, the first decision-making style is autocratic ("tells"), the second is persuasive/paternalistic ("sells"), the third is consultative ("consults") and the last style can be called participative ("consensus"). Russian respondents answered the following way:

Manager 1 - 7.5%
Manager 2 - 34%
Manager 3 - 41.5%
Manager 4 - 17%.

These results clearly show the preference for the strong leader as a boss, with only 17% of respondents in favour of a participative leader. Moreover, 60% of respondents disagreed when asked if "One can be a good manager without having precise answers to most questions that subordinates may raise about their work", with 7% undecided.

However, the survey results revealed an interesting fact. Hofstede (2001) writes that the question "How frequently, in your experience, are subordinates afraid to express disagreement with their superiors?" is central for exploring power distance differences between countries; it was also noted that this question "works well only for nonmanagers" as "managers' perceptions of employees' fear to disagree with them are not equivalent to employees' perceptions". In this survey, after excluding all managers' responses from the analysis of Russian responses, the following results emerged for employees: 46% replied that they believe subordinates are afraid to express disagreement with their superiors "very seldom or seldom", 41.5 % believe it happens "sometimes", and only 12% believe it happens "very frequently or frequently". Therefore, despite a strong preference for a strong leader, Russian employees surveyed would tend to argue with their boss at least sometimes.
There are interesting parallels between these results and Hofstede's work. Hofstede (2001) argues that "In countries where few employees were perceived as afraid, many preferred a "consultative" manager. In countries where many employees were perceived as afraid, employees tended not to prefer the consultative manager but to vote for the autocratic, the persuasive or the democratic (or 'participative'), majority-vote manager". The results partly confirm this finding as the 'consultative' manager (manager number 3) was the Russian employees' preference and most of the employees were not really afraid of their bosses. On the other hand, 'persuasive' managers are also popular. One of the French managers working in Russia said that there are characteristics in Russian organisations of an autocratic leadership style with lack of delegation of responsibility, low emphasis on participation, strong hierarchy, and authority wielded by position and rules (Muratbekova-Touron, 2002).

6.4 Combining the cultural dimensions

6.4.1 Introduction

Hofstede constructed a series of cultural maps showing the relative positions of each country or region surveyed, using a combination of two cultural dimensions at a time. Each map is a plot of the values of two indices calculated for each country or region. His initial research data were obtained over the period 1967-73 by comparing the beliefs and values of employees within the subsidiaries of one large multinational company (IBM) in 40 countries across the world. These countries represented the wealthy countries of the East and West, and the larger and more prosperous of the developing countries. Since publication in 1980 of the original 1967-73 research, Hofstede's study has been added to from time to time and now includes fifty countries and three regions. The former Eastern European bloc countries were not included (except for what was Yugoslavia).

The two cultural maps that are particularly relevant to this research survey are those showing power distance against uncertainty avoidance and masculinity-femininity against uncertainty avoidance, shown in Figures 6.1 and 6.2 respectively. The key to the abbreviations for the countries shown in the figures is as follows:
Table 6.3  The fifty countries and the three regions of Hofstede’s survey

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Country or region</th>
<th>Abbreviation</th>
<th>Country or region</th>
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<tbody>
<tr>
<td>ARA</td>
<td>Arab-speaking countries (Egypt, Iraq, Kuwait Lebanon, Libya Saudi Arabia, United Arab Emirates)</td>
<td>ISR</td>
<td>Israel</td>
</tr>
<tr>
<td>ARG</td>
<td>Argentina</td>
<td>MAL</td>
<td>Malaysia</td>
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<td>AUL</td>
<td>Australia</td>
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<td>COL</td>
<td>Colombia</td>
<td>POR</td>
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<td>COS</td>
<td>Costa Rica</td>
<td>PER</td>
<td>Peru</td>
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<td>DEN</td>
<td>Denmark</td>
<td>PHI</td>
<td>Philippines</td>
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<tr>
<td>EAF</td>
<td>East Africa (Ethiopia, Kenya, Tanzania, Zambia)</td>
<td>POR</td>
<td>Portugal</td>
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<td>EQA</td>
<td>Ecuador</td>
<td>SAL</td>
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<td>GBR</td>
<td>Great Britain</td>
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<td>GER</td>
<td>Germany F.R.</td>
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<td>GRE</td>
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<td>GUA</td>
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<td>IRE</td>
<td>Ireland (Republic of)</td>
<td>YUG</td>
<td>Yugoslavia</td>
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6.4.2  Power distance and uncertainty avoidance

Hofstede (2001) clearly stated that power distance and uncertainty avoidance are two crucial dimensions because power distance is involved in answering the question of ‘who decides what’, and uncertainty avoidance is involved in answering the question ‘how can one assure that what should be done will be done’. Figure 6.1 shows the position of 50 countries and three regions on power distance and uncertainty avoidance dimensions.
As mentioned in the literature review, Hofstede (1984) used power distance and uncertainty avoidance to describe and rationalise preferred or typical organisations in various cultures. He suggested four types of organisation:

1. "Village markets" have small power distance and weak uncertainty avoidance. In these organisations, control and coordination happen through informal communication and mutual adjustment on the part of members. These cultures tend to have a discomfort with strict and formal rules and with unneeded layers of hierarchy. Typical cultures in this cluster are Anglo, Scandinavian, and the Netherlands.

2. "Well-oiled machine" is the term given to organisations typical of small power distance but strong uncertainty avoidance cultures. In these, there is no strong hierarchy, but uncertainty is mitigated by explicitly defined roles, procedures, and standards. Typical cultures in this cluster are German-speaking, Finland and Israel.

3. "Pyramid of people" is formed in cultures with large power distance and strong uncertainty avoidance. In these organisations formal lines of communication run vertically and the emphasis is on who has authority over whom. How this authority is exercised is the means of providing coordination and control while reducing uncertainty. Typical cultures in this cluster are Latin, Mediterranean, Islamic, Japanese and some other Asian ones.

4. Finally, the organisational concept in cultures of large power distance and weak uncertainty avoidance is labelled as "family." In these organisations, the standardisation of work processes and the specification of work contents supply coordination and control. In the cultures themselves, the members tend to see a fair exchange in giving unswerving loyalty to a head of the family to receive protection by this idealised, paternalistic and benevolent leader. Typical cultures in this cluster are from South-eastern Asia (Hong-Kong, India, Philippines, Singapore).

In this respect, the result of this survey (power distance 74, uncertainty avoidance 58) show that Russia is more likely to fall in the "Pyramid of people" category. Indeed, Russian people are used to a well-structured organisation and feel comfortable having one boss only. The survey results show that 59% of respondents agreed when asked if "An organisation structure in which certain subordinates have two bosses should be avoided at all costs", with 18% undecided.
The implementation of ‘empowerment’, in which decision-making power and influence is shared between leaders and subordinates, is also influenced by national cultures. The first cultural dimension involved is power distance: distributing influence comes more naturally to low rather than to high PDI cultures (Hofstede, 2001). American leadership theories that reflect a medium power distance in the USA (PDI=53) promote ‘participative management’, where a superior initiates his/her subordinate’s participation in the superior’s decisions. In countries with lower PDI values (Sweden, Norway, Germany and Israel), it is assumed that subordinates should take an initiative. Although in the USA this tends to be seen as infringing upon ‘management prerogatives’, in the lowest-PDI countries people would not agree. US theories of participative management are also unlikely to work in countries with much higher than the USA’s power distance. Triandis (1973) quotes a Greek (PDI=60) subordinate asked by his expatriate US boss how much time a job should take: “He is a boss. Why doesn’t he tell me?”

Hofstede (2001) went on to say that country’s level of uncertainty avoidance is also important in determining opportunities for formal and informal empowerment, and hence both PDI and UAI should be taken into account. Four different forms of power distribution correspond to the four quadrants of the PDI x UAI matrix (see Figure 6.1). In the context of this research survey, two of them are most important: weak UAI-low PDI and strong UAI-high PDI.

In the weak uncertainty avoidance and low power distance quadrant (Anglo countries, Scandinavia, Netherlands) the emphasis is on informal and spontaneous forms of participation on the shop floor. However, in the two quadrants with high PDI, such power redistribution is a contradiction, and will meet strong resistance from senior personnel and sometimes workers or their representatives (for example, trade unions).

To make participation work in these two high-PDI quadrants, it should be pushed by a powerful leader such as an enlightened entrepreneur in high PDI, low UAI countries or by political leadership using legislative tools in high PDI, high UAI countries (this quadrant includes Russia). Both cases mean that participation will be imposed, which is a clear paradox. It is possible to make participation work by limiting participation to certain spheres of life, while maintaining a tight control in others. China went this way; they allow participative structures in work organisations but keep a strict control over the ideological issues (Laaksonen, 1977).
Figure 6.1 Uncertainty avoidance vs. power distance

Hofstede (2001) argued that if power redistribution is imposed, "it may become self-destructive, because if it succeeds, continued imposition is no longer possible. The supreme paradox is that in high-PDI cultures, unusually strong and enlightened leadership – that is, an unusually large power distance – is necessary to arrive at even a mild degree of power difference reduction. Only exceptional leaders with long lives in power succeed in this – and by their very success they may breed a new dependence in their subordinates, which means that they failed after all. This helps to explain why societal norms such as power distance levels have been so persistent over the centuries".
Hofstede (1984) uses masculinity-femininity and uncertainty avoidance to expound on motivation. He pointed to the limitations of such popular motivation theories as Maslow's hierarchy of human needs, Herzberg's two-factor theory ('hygienic factors' vs 'motivators') and other USA-made ones because they only work in cultures with high IDV, high MAS and low UAI. Figure 6.2 shows the four quadrants of the masculinity-femininity and uncertainty avoidance dimensions, each of which can be used to explain people's motives. In the context of the results of this research, two of the quadrants are most important: weak UAI-high MAS and strong UAI-high MAS.

![Figure 6.2 Masculinity-femininity vs. uncertainty avoidance](image)

In the weak uncertainty avoidance and high masculinity quadrant (USA, UK and their former dominions and colonies), motivation is based on personal, individual success.
in the form of wealth, recognition and ‘self-actualisation’. This is a classic McClelland-Maslow-Herzberg pattern.

In the strong uncertainty avoidance and high masculinity quadrant (Japan, German-speaking countries, some Latin countries, Greece and Russia), motivation is based on individual security, which can be found in wealth and especially in hard work. These countries have grown fastest economically in the post-World War II period, contrary to McClelland’s predictions.

In the present survey, Russia scored 58 in uncertainty avoidance and 66 in Masculinity, results that are similar to Switzerland and Germany. These results suggest the conclusion that with relatively high uncertainty avoidance and masculinity, Russians are likely to be motivated more by security. Indeed, while a total of 76.5% of respondents stated that “having security of employment” is important for them (with 18% undecided), the importance of achievement - “having an opportunity for advancement to higher-level jobs” – was supported by a less majority of 56.6% with 35% undecided.

In conclusion Hofstede (2001) argued that the popular slogan ‘Think globally, act locally’ is naïve and arrogant because nobody can really think globally as we are all products of our own cultures. That is why this slogan should be ‘Think locally, act globally’.
CHAPTER 7

THE DEVELOPMENT OF BUSINESS EXCELLENCE IN RUSSIAN MANUFACTURING INDUSTRY

7.1 Introduction

The aims of this chapter are firstly to discuss the principal features of the Russian quality, leadership and motivational practices that have been identified through the literature reviews and survey work of this research project and secondly to summarise the limitations that these practices present for the development of business excellence, and hence increased competitiveness in Russian manufacturing industry, including taking account of the Russian national culture. The chapter demonstrates what is required of Russian companies to achieve business excellence, what problems they could face, and what should be done to address these problems. It is anticipated that these findings will be used not only by Russian enterprises themselves, but also by foreign companies looking for Russian partners, suppliers or acquisitions of high-profile Russian enterprises.

First the chapter discusses the current difficulties with implementing ISO 9000 quality systems in Russian companies. Quality systems bring control, organisation and process management to company operation and contribute to the development of business excellence as measured by the Processes enabler criterion (see Appendix A). The chapter also discusses current Russian management practices and the attitudes of Russian managers towards ‘management’. Therefore the chapter has sections on management practices in Russia, the use of self-assessment, leadership, people management (including motivation systems), the role of the Russian government, teamwork and the Russian work collectives, and finally the roles of customers and suppliers. In terms of business excellence, these practices particularly affect the development of business excellence as measured by the enabler criteria of Leadership, People, Policy and Strategy, and Partnerships and Resources (see Appendix A). The use of self-assessment is important for development of the organisational innovation and learning aspect of business excellence. Finally, the chapter summarises the limitations that all these Russian management practices present for the development
of business excellence and hence increased competitiveness of Russian manufacturing companies.

7.2 The implementation of quality systems in Russian companies

Generally speaking, the ISO 9000 certification has become a prerequisite in many industrial sectors all over the world. It's also true for Eastern European and former USSR countries. However, obtaining the ISO 9000 certificate does not automatically guarantee product quality (see Meegan & Taylor, 1997, Reimann & Hertz, 1993, Smith, 1993). Many mistakes that Russian managers make during the implementation of quality systems such as the ISO 9000 quality systems are committed due to the wrong understanding of their principles and requirements. These managers hope that the ISO 9000 certificate will facilitate an immediate increase in product quality. But certification only means that a company has a quality system that is a capable instrument to improve product quality and only provide minimal requirements to a quality system (Smith, 1995). The effectiveness of a quality system depends on how it is used. Additionally, many Russian managers do not yet realise the vital necessity of bringing their quality systems up to the ISO 9000 level of standards and proving conformity with the standard by certification. Under external pressure but without internal motivation, these managers show a formal attitude towards certification, which leads to acquiring the ISO 9000 certificate, but having the quality system on paper only (Ovsjanko et. al, 2002). Excessive documentation of the quality system leads to strict regulation and limitation of employees activities, which decreases their initiative (Jarschev, 2000).

After the collapse of the Soviet Union's planned economy, Russian managers, executives and administrators found themselves in a new world that they were often ill-prepared for given their past economic orientation, philosophies and practices (Puffer, 1994). In contrast to the developed countries in the West and Eastern Asia, Russia does not have prolonged management experience in the free market environment. Therefore the latest management approaches such as project management, quality systems, self-assessment, reengineering and others are not widely known and used in Russia (see section 4.3 in Chapter 4). Clearly, skills required to operate in the new reality require time, experience and education to
develop, which is a serious challenge for many Russian managers, both future and present. The biggest problem is the lack of education and hence the lack of knowledge. Thus, since the assimilation of business excellence models requires a deep process of management change through learning, this represents an obstacle for their implementation in Russia.

The most obvious explanation for the poor implementation of the Western quality systems is the legacy of the Soviet planned system, which was oriented on quantity, not quality of products manufactured ('quality products are needed only in the West' attitude – see Chapter 2).

7.3 Management practices in Russia

The development of business excellence is also limited at present in Russia by the general state of management and mentality of Russian managers. Many Russian consultants teach modern Western and Eastern management concepts without tying them to the current level of knowledge of Russian managers in certain companies. Different Western terms such as 'voucher', 'sequester' and many others are alien for the majority of common Russian citizens; the same goes for Russian managers and new management terms such as 'project management' and 'process orientation' correspondingly. Many Russian managers see management as an 'art' rather than a 'science'. They do not study management but rely more on their previous experience and intuition, making decisions without sufficient information or basing decisions on distorted information (Shestakov, 2000a). This usually leads to wrong decisions, wasted money and other resources, misunderstanding between employees and poor total performance of the organisation. As seen from the survey results in Chapter 4, communication between managers and workers needs to be considerably improved because managers actions do not always achieve desired outcomes. Improvement should also be made in the quantity and quality of information flows between the two. Managers stated that they 'willingly share all relevant information with subordinates' and believe that they have the same attitude from subordinates. But this is not always the case. Perhaps the personality traits of each manager play a significant role in this matter, but workers seem to be selective about sharing full information with their superiors. They showed a higher score on 'only the information that the boss wants to
hear flows, other information is restricted and filtered’. This serious problem will also be discussed from the HR and motivational points of view later in this chapter. Workers also showed a medium score on ‘having trust and confidence in superiors’, which is lower than a level of trust and confidence that managers show towards workers. This can mean that managers cannot always receive adequate and timely information from subordinates, which can result in a misunderstanding of the current situation in the organisation and negatively affect their ability to ‘manage by facts’. A worrying situation was revealed in the area of statistics by the first project’s survey (Chapter 4). Only two companies of eight claimed to gather statistical data for quality improvement purposes. Others just complained that they do not have people to gather and to process the data. This reinforces the conclusion that Russian companies cannot execute management by fact, which is one of the fundamental concepts of the business excellence concept and is included in the EFQM model criteria (EFQM, 1999).

The way Western quality initiatives such as ISO 9000 are introduced in Russian companies is an example of a weak management culture. Despite a growing number of certified organisations, the number of quality systems that actually work and really improve efficiency of companies is extremely low (Shadrin, 2002). Any organisation should be seen as a large organism, which consists of elements that complement each other. But at the moment Russian companies consist of elements that are organised into separate functions and these elements have little idea of how they complete each other.

Russian mentality is inclined to a ‘revolutionary’ rather than an ‘evolutionary’ type of management system’s development. Russian practices in the field of management are very conservative and not always consistent with the constantly changing business environment (Shestakov, 2000b). The revolutionary mentality leads Russians to attempts to improve reality with methods that can improve the existing system instantly, without studying and using its advantages, which does not lead to improvements in the long term. Therefore Shestakov (2000b) concludes that Russian companies and society in general are not developing steadily, but rather by means of ‘big leaps’ during short periods of time and large periods of stagnation in between. Russian bureaucratic structures should be studied to understand how they work and how they could be improved. After another revolution, people tend to destroy ‘old’ bureaucratic structures without any idea what the ‘new’ structure should look like,
and in the end the 'old' system is reconstructed without any improvements. After these revolutions (perestroika was the latest) the Russian national economy usually gets destroyed, but the old management system survives. 'Emergency job' attitude is common in Russian companies. It maximises concentration of energy among employees and creates an illusion of a common goal (the collectivistic character of the Russian national culture plays a great role here) (see Chapter 6). It is good during wars or other emergency situations, but it means that during 'normal' times employees cannot sustain the same level of energy and focus because the illusion of a common goal fades away. The project's survey (see Chapter 4) showed that formulation of a mission statement, which plays a role of that common goal, is required in practically all Russian companies. Companies have quality policies and employees seem to be aware of them, but the same has to be done for the mission statement and objectives in different areas. However, none of the companies in the survey had a mission statement and not everyone had clearly formulated, reachable objectives, which later should be communicated to all employees. Companies also did not have clear ideas about their core processes. According to the survey results (Chapter 4), managers show no confidence that their organisations have 'well developed and implemented set of business processes' and that these processes are 'examined to improve them at least once per year'. The functional approach contained in ISO 9000:2000 can really help to define core and support processes within the company and in conjunction with process mapping technique can give tremendous positive improvements.

Russian top managers seem to understand the term 'quality control' very well, where 'control' means 'checks' or 'assurance' rather than 'management'. Obviously, companies need control as part of their management system, but the question is what to control. Russian companies seem to control things that can be controlled, rather than things that should be controlled (Shestakov, 2000b). What should be controlled are things like market share in comparison to competitors, satisfaction of customers, partners and own employees, level of quality systems of suppliers and so on (criteria of the EFQM model give a solid list). There is also an absence of the strategic planning tradition in Russian companies (Ovsjanko et. al, 2002). It can sound paradoxical as USSR was famous for its planned economy, but at that time all planning was done by the government's ministries, not by company's top
management. And because quality systems show results only after a few years, it is
difficult for Russian top managers to create economically justified long-term plans for
implementing a quality system. Forecasting, analysis and planning is rare in Russian
companies; planning is not favourable because it is often impossible to take account
of all factors and circumstances that would influence the coming events, and later to
determine the most important factors (this problem is reinforced by internal
communication problems) (see Chapter 4). To create a general strategy that consists
of different elements, a company not only needs to develop a system of strategic
plans, but also to create a strategic way of thinking among managers. The latter can be
done by involving a wide circle of employees in planning activities, i.e. by forming an
appropriate organisational culture. Russian companies inherited a triple standards
approach from the USSR – they think one thing, write another and do the third
(Ovsjanko et. al, 2002). Employees were only concerned with producing a certain
quantity of products for a specific deadline and such things as competitiveness and
production costs were not considered. Ovsjanko et. al. (2002) argued that this
situation led to using non-documented standards, simplified technologies and to a
disregard for customers. Corresponding organisational cultures appeared and there
was no place for a need to improve quality in them. Therefore to create an
organisational culture keen on improving quality, every positive change, no matter
how small, should be presented as a result of implementing the quality system,
thereby creating a positive attitude towards the new system among employees.
If companies skip the steps of determining priorities and forecasting, then control is
the only thing left to do. During the Soviet time, this is exactly what happened – the
number of controllers (in OTK departments) increased (see Chapters 2 and 4), quality
standards for products decreased in order to increase production volumes and with the
pressure to meet the plan (certain quantity of products manufactured) led to collusions
between manufacturers and controllers (i.e. corruption). In the end, the quality of
products decreased or at least did not improve. There is a clear absence of a tradition
of using regular management, which has been common in the developed countries for
many years (Shestakov, 1999). From the mid 1990s Russian organisations started
another wave of restructuring with new departments such as marketing, sales, human
resources management and so on appearing (clearly without these elements it is
impossible to implement the TQM-based management system), but organisations still
do not control what they should. New names are appearing, but the method is still old.
Marketing departments in many Russian companies do not perform their main role – they do not calculate the company’s market share by-markets and by-products, do not study customers' needs and satisfaction levels, nobody studies competitors’ market shares and dynamics of changes in their own and competitor’s market shares. Soon after appearing, many market departments are transformed into sales or advertising departments (Shestakov, 1999).

The same story is with many quality departments. Russian top managers found out that Western companies now have quality management departments and so Russian companies should have them as well. Moreover, these Russian managers believe that the quality management department, and not the top managers, is the only one who is responsible for the quality and quantity of manufactured goods (from interviews, Chapter 4). When introducing a quality management system in a company, managers should improve all elements of the company’s management. Trying to manage quality separately from other aspects of a company’s activities will lead to a certain failure. Only companies that have reached high standards in general management would be successful in implementing business excellence concept.

From the research interviews with managers in companies (Chapter 4), it is clear that they are dreaming about new customers and new contracts, but not about how to increase effectiveness of the industry and decrease the production costs. When asking Russian managers about introducing new initiatives, including creating a working quality management system, the usual answer is 'we have no money for it'. They are calculating the costs of achieving the ISO 9000 certification, but at the same time do not calculate the costs of reworks and other losses associated with low quality of incoming supplies and produced goods. But as is well known from history, in the 1950s Japan also did not have much money, but the idea of quality became a national priority.

Russian managers should know the answers to such questions as 'why do we need a quality management system', 'why do we need the project style of management', and 'how do we use process orientation' to 'focus on customers'. Russia will not overcome the crisis situation if people do not start studying themselves, their history, and the causes of its victories and defeats. Maybe then Russians will be able to understand why endless reorganisations did not increase effectiveness of companies and of all the national economy.
The bitter reality of today is the following. An analysis of research results reported by Kruglov et al. (1999) showed that:

1. both technical and managerial levels of the majority of Russian companies lag from corresponding levels of leading companies in the world market;
2. the lag for the managerial level is greater than for the technical and technological levels. For the worst Russian companies this means being 60-70 years behind;
3. the variance in managerial vs. technical and technological levels creates unbalance in a company's development, which significantly decreases effectiveness;
4. most of the efforts in the Russian companies should be directed on implementing advanced management techniques;
5. introducing these advanced management techniques should not increase unbalance in a company's development, otherwise the amount of problems will only increase.

Russian managers need to break their management stereotypes and shift current attitude from management as art to management as science. Moreover, using the science of management they should transform the organisation structures of the companies they work for. At the moment a majority of Russian top managers are convinced that their companies are different from others, but at the same time all Russian companies have identical organisational structures and management principles. They all have functional structures with many layers, rigid hierarchy and command and control system (all work is done after directions from top management). As survey results described in Chapter 4 show, there are no 'quality circles' or wide application of team work approach. According to Hofstede, in nations with high uncertainty avoidance and high power distance, people tend to form pyramid structures, where everyone knows who reports to whom, and formal lines of communication run vertically, never horizontally across the organisation. Indeed, Russian people are used to a well-structured organisation and feel comfortable having one boss only. The survey results (Chapter 6) show that 59% of respondents agreed when asked if "An organisation structure in which certain subordinates have two bosses should be avoided at all costs", with 18% undecided. The older a company is, the more sophisticated and rigid organisational structure it usually has. However, things change over time. One of the interviewees (see Chapter 4) from a large and well-established company said clearly: "Organisational structure should be changed in order to improve inter-departmental coordination, improve informational flows and
allow people in top and middle management to see a "big picture". And he was not the only one who thinks the same. Revising the organisation structure, its 'flattening', is one of the most important issues at the moment.

Currently, the main management tool is company structure reorganisation and reshuffling employees between departments. These reorganisations create some short-term improvements, but ultimately the management system remains the same. The main point is that nobody is really interested where it leads the company and whether the reorganisation improves effectiveness of the company (Shestakov, 2000b).

Russia is in this situation because companies carry out the analysis of effectiveness of their management systems from time to time. Moreover, internal audits study performance inside functionally divided departments only, whereas most of the problems lie between the departments (Flint, 2000). This is where the process approach is required. While not destroying the functional management completely (specialisation is required anyway), the process approach leads to chains of processes, and eliminates unnecessary processes and the duplication of processes. Current functional organisational structures, where activities are differentiated and are not focused on the common aim, are completely inconsistent with the process approach (see Chapter 4). The function of human resources management, for example, could be divided between 4-5 different departments which have different objectives and whose aims are not aligned with each other. As the result, the conditions for increased productivity and employee motivation are not created (see survey results in Chapter 4).

What is needed is to change the principles of creating organisational structures, introduce the process approach, project management and inter-departmental teams. At the moment each manager can have his/her own opinion about who is responsible for what and who and how to analyse the effectiveness of the management system. Old Soviet-Russian management systems are very conservative and are embedded in the conscience of managers. After the WW2 the Japanese not only started to implement quality systems as Russian top managers think, they have changed their principles of management. When the Japanese slowed down the process of change, they gave advantage to Americans, who also changed and are constantly reviewing their principles of management (Flint, 2000). And that is exactly what is needed in Russia now – the major review of the principles of management.
The urge of many Russian companies to certify quality systems according to the ISO 9000 standards without changing their management practices, leads only to creating quality systems on paper. This type of quality system is a waste of money and effort and only leads to frustration and disappointment with quality systems among Russian managers and employees (Al'perin, 2001). To ensure the harmonious implementation of such principles as process and system approaches, leadership and employee involvement are crucial for Russian companies. Employees in all departments and on all levels, not only in the quality department, should be committed to quality management systems (see Chapter 4).

7.4 The use of self-assessment

The Russian Quality Award criteria are a very good way for Russian companies to perform self-assessment and many companies that use this approach are happy with the advantages it brings (Al'perin, 2000). It puts these companies on the way of self-development, which leads to embracing the TQM principles. The Russian Quality Award model more and more resembles the EFQM model it was based on (see Chapter 2 for more details). It gives Russian companies an excellent opportunity to assess themselves according to practically the same criteria as European companies do. This fact can help participating Russian companies integrate to the European business community. Releasing employees' initiative and encouraging them in this direction will alone increase effectiveness of quality management systems (Versan, 2000). It is not necessary to participate in the Russian Quality Award competition itself, but conducting periodical self-assessments is of paramount importance. These self-assessments are designed not to highlight weaknesses, but to highlight those areas that need development and improvement, decreasing the gap from the leaders. Unfortunately one of the leading experts of the Russian Quality Award said that Russian organisations tend to fall into one of two categories. One category is the Russian organisations that do not carry subsequent self-assessments after submitting reports for the Award. The other category plans for self-improvements, but does not carry them out either partly or completely (Al'perin, 2000). The expert urged organisations to carry out self-assessments on a regular basis and pay attention to
what changed and what need to be changed. Moreover, the number of participating organisations is extremely low (see Table 2.2 in Chapter 2).

One of the most important messages to be delivered to Russian managers is the continuous improvement of quality inside organisations, so managers do not see quality models, such as ISO 9000, as the end in themselves, but always look and move forward. The positive news is that many quality directors pointed out during this project's survey (see Chapter 4) that their aim is 'non-repeatability of non-conformities found'. And if non-conformities do appear again, it means that the quality system in the company is not working. These words give hope for better times of Russian manufacturing industry in the near future. All that is needed for continuous improvement is the good and strong will of a director and the rest of the top management team. Managers and staff of quality departments could not do anything without strong support from a director.

7.5 Leadership

Leadership by top managers is one of the key elements that are required in order to implement necessary changes in Russian companies. Company's top manager should demonstrate his/her personal desire and aspiration for building an effective management system with the quality subsystem being its integral part. The literature review (Chapter 2) clearly states that there is a close relationship between the economic success of an organisation and leadership style used. Moreover, national culture is an important factor that determines the effectiveness of leadership style and national culture also has considerable influence on leadership style (see section 2.3.3 in Chapter 2 for more details). Generally speaking, in countries with high power distance there is a greater tendency to focus on the role of the leaders (Hofstede, 2001). Leadership style has a major impact on organisational commitment, on job satisfaction, and on performance. Thus, it is possible to conclude that leadership style can influence productivity and profitability of organisations. A 'good' leader is communicative, has integrity, shows genuine interest in others, rewards and recognizes achievement, has team orientation, is visionary and idea-oriented, and is decisive, responsible and competent (Drouillard and Kleiner, 1996). Bach and Rivers (2001) argued that in the most successful TQM organisations, leaders are described
firstly as visionary, transformational, and empowering. Secondly, these leaders endorse and promote the behaviours of teamwork, collaboration, learning, and involvement. Thirdly, these behaviours form an infrastructure, or culture, which then leads to increases in productivity, quality, and customer and employee satisfaction. Leadership skills are not inherent, but they could be learned, therefore training managers in leadership should on the top of the list (for example see Kotter (1998); Brown and Posner (2001)). Effective leaders are constantly learning and add value above common performance expectations. Leaders should be aware of the dark side of leadership, as it can bring both positive and negative outcomes to people and organisations (see section 2.3.12 in Chapter 2 for more details).

Strong leadership and commitment from the top managers is of paramount importance during the practical implementation of quality management systems in Russian companies (see section 2.3.13 in Chapter 2 for more details). To change the attitude to quality management it is necessary to strengthen horizontal links and create an environment of trust. In Russian companies the demand of an increasing responsibility of each employee for the results of his/her work could initially create a mood of rejection towards the quality system. Employees' unwillingness to take responsibility creates refusal to take authority and taking a role of a passive 'executor' of the directions from the top (Shiribokov, 2001). Therefore establishing a quality system requires a large information and propaganda campaign among employees. This could contradict the interests of certain work collectives and certain managers (see a discussion later in this chapter). Large psychological difficulties are attached to the demand to record all variances from standards. This discomfort can be overcome by demonstration of the practical benefits from using quality documentation. These psychological barriers to implementing quality practices are quite natural and should be expected and prepared for. In order to overcome these psychological barriers, Shiribokov (2001), for example, suggested that it is more effective to pay attention to those managers and specialists who support the implementation of the quality practices, rather than to those who fight against them.

So what kind of leadership do Russians expect? In this project's survey (see Chapter 4) managers showed especially high adherence to the Inspirational motivation, Idealised influence and Charismatic leadership styles. The least likely leadership style to be used is Laissez-Faire. According to workers though, managers tend to use more of Inspirational motivation, Visioning and Management-by-exception-passive styles,
with the last one being the most popular. The results showed that managers’ messages are not getting across in the way they would like them to be passed; they are probably lacking in ability to “walk their talk” and back up their words by their actions. At the present moment workers seem to see managers as people who are fairly optimistic about the future, have a clear vision of this future and are able to communicate this vision to others, but when it comes to real issues, they employ not the most inspiring Management-by-exception style.

Results of the cultural survey (see Chapter 6) clearly show the preference for the strong and somewhat autocratic leader as a boss - the ‘consultative’ type of manager (he/she makes own decision, but consults with subordinates before making it) was the Russian employees’ top preference with the ‘persuasive’ managers as a runner-up. However, most of the employees in the survey were not really afraid of their bosses.

7.6 People Management

Russian managers know how to ‘involve employees’, but it is often done by force (Al’perin, 2001). They need to stop deceiving and manipulating people, and start to be honest towards employees. Methods of increasing employee involvement widely used in the West are not always suitable in Russia, for example trying to visibly decrease the distance between top managers and workers (e.g. having lunch together) will not work because of a large power distance in Russia (see Chapters 5 and 6). But training is a very good way. Again training should not be forced on an employee, otherwise the desired result will be not achieved (Molodov, 2002). Training programs should be adapted to a particular industry or job responsibilities of an employee, with case studies balanced with theory; training should also cover all organisational levels starting from top managers and going down the company’s hierarchy. This will allow more efficient use of employees by increasing their potential and output capabilities.

The survey results (see Chapter 4) clearly show that both managers and workers agree that training programmes within their organisations are not in the best shape at the moment. Even though all interviewed employees of quality departments said they had many training programmes, not all quality-related terms are apparently clear for them. Some interviewees had problems with terms such as ‘mission and vision statement’, ‘benchmarking’, ‘core process’, ‘total quality management’, ‘business excellence’,
'internal client', and 'process mapping'. And continuous learning and improvement is another fundamental concept of business excellence and is included in the EFQM model criteria (EFQM, 1999). Both managers and workers unambiguously showed that they are not happy with the existing training standards in their organisations. People feel that they do not 'receive an adequate training for my position' and managers stated that their organisations do not have well developed 'training plans for employees, which are supported by sufficient funding'. Managers do 'encourage learning among subordinates', but it means that if employees would need training, they generally would have to spend their own money on it, which is not always possible given present salaries level. Bringing in change into Russian companies is difficult because Russians seem to prefer adapting to the environment instead of trying to transform it. Changes are accepted, but passively. And the idea of rapid change can be alien to many Russian managers because they are sure that the manager's task is to establish procedures that ensure continuity. Therefore, informing and educating personnel is important to decrease resistance to changes by explaining to people the aims, purpose and content of the occurring changes, as well as to familiarise personnel with general principles of quality management and the company's aims in the quality area. Additionally, personnel should be taught how to operate in accordance with the new processes and regulations of quality management. Training should start from top managers and the embrace employees on lower levels, including shop-floor workers as the last stage. The innovation issue is another daunting figure revealed by the survey (see Chapter 4). Although managers claimed to 'stimulate and encourage creative and innovative ideas from subordinates' and 'try to make constructive use of them', workers did not agree. Managers try to 'learn from their own and others' experiences' and 'introduce new ways of doing things' on a daily basis, but they appear to be private initiatives of certain people, rather than a part of the organisation's culture, and workers respond to that accordingly. Apparently top managers need to have a closer look at these issues and invest money in training and innovative programmes within their organisations, otherwise people will definitely be unhappy with their 'own achievements in their organisations', as workers are now (see Chapter 4). Maybe top managers could start by looking at other organisations' experiences, especially the most successful, in order to compare working methods, which is not usually the case at the moment according to the
survey's results. As the findings of this project's first quality practices survey showed, initiatives backed by top managers and especially a director, are the only viable ones. Without directors understanding the importance of these programmes and his/her support (including financial support), nothing can be really improved and employees morale will be low (see Chapter 4).

Motivation systems that would encourage people to stay working in a certain company and encourage their innovations and full potential to be fulfilled, are still to be created or re-created. At present, staff motivation seems to be rather occasional good will of certain managers than a well-developed process. The survey of this project (see Chapter 4) showed that there is good and bad news for the Russian companies. The good news is that 'fear, threats, punishment and occasional rewards are NOT the usual means of motivation' in the surveyed organisations and generally people believe that they work in a friendly and cooperative environment. The bad news though is that both parties and especially workers state that 'methods of motivation used by organisations generally DO NOT reinforce each other'. This is something to be taken very seriously by top management. There are lots of different means of staff motivation available to managers (both material and non-financial). A lot of them were used during the Soviet times and there is nothing new to be invented (see section 4.3.1.7 in Chapter 4 for more details).

The results of the cultural survey (see Chapter 6) suggest that Russians are likely to be motivated more by security (security includes both financial and job security). Indeed, while a total of 76.5% of respondents stated that "having security of employment" is important for them (with 18% undecided), the importance of achievement - "having an opportunity for advancement to higher-level jobs" – was supported by a less majority of 56.6% with 35% undecided. Russian values are also ordered by the need to maintain social stability. The next most important value orientation after security is self-direction, which emphasises independence in thought and action. Other important motivators in Russia include pay, friendliness, respect and promotion/growth opportunities.

Changing the system of remuneration of staff is vital in changing attitudes in Russian companies. Widely used piece-rate and bonus systems should be abolished as the main obstacles to quality provision (Sorokin, 2002). In the piece-rate system inherited from the USSR, employees are interested in covering the facts of production of defect
products, because their salary depends on production volumes. Bonuses create problems between employees as everyone believes he/she worked more and better than others (even if in reality it is not true). Consequently if he/she did not get a bonus, it is a result of intrigues and injustice (Al’perin, 1999). On the other hand, if a person receives a bonus in a given month, he/she will psychologically consider this bonus as a part of his/her salary in the future (after all he/she did not work worse in the sequent months, didn’t he/she?). Therefore, Al’perin (1999) suggested that employees should be switched to a contract system. A contract should clearly define job functions and labour efficiency indicators, including a quality indicator, and a sum of money that a person will get for achieving these indicators (e.g. a share or percentage of the total wage fund). In this case, the economical situation in a company will be one of the main motivators. Salaries will be revised according to changes in production and sales volumes, changes in general quality ratios, amount of sales contracts made and so on. Moreover, managers should keep in mind that although important, money is not the only motivator valued by people at work. Motivation of staff through financial incentive schemes has a limited success because this motivation is only temporary. Although incentives that are purely financially-driven should not be discarded, they do not address the issue of the employee's higher needs of recognition and self-fulfilment (Tietjen and Myers, 1998). In order for employees to be more effective, companies should make sure that: employees know what their job entails, employees know the objectives of their individual department, and that employees understand how these fit into the overall company goals (Trahant and Burke, 1996). Russian people are also sensitive to signs of care and attention for their needs from top management and especially the director. If top managers do so, the working environment is much more friendly. In the case of innovations, people need to be encouraged not only by an incentive premium, but workers or engineers should see that their initiatives find practical realization and their efforts are noticed. Basically, there is nothing new to be invented, everything is well known from Soviet times (see Chapter 4). It’s just that it should be revived and treated not as formal nor as slow as it was before.

Certainly at the moment Russian companies need to become more ‘humane’ towards their employees (Versan, 2000). The repressive management style inherited from the USSR, based on the assumption that quality can only be ensured through punishing
for mistakes and quality improvement can only be achieved by toughening punishment, should go (Lapidus, 1999a). It only leads to an escape from responsibility, fear, concealing valuable information and ultimately to a situation when nobody is responsible for anything. This is an organisational culture change to be made and the first step is to eliminate punishment (Al’perin, 2001). The idea here is not to give employees a right to make mistakes, but a right to act in a risky environment, analyse the extent of a possible risk and a right to choose an appropriate way of action (take a calculated risk). This will motivate employees, on the one hand, to be open-minded towards themselves and other people who commit mistakes, and on the other hand, to admit that a fact of a mistake made is already a punishment for its ‘author’, and nobody else is to be blamed. Managers should create a conscientious attitude towards work among employees through patient training and explanation of work. All employees should understand that hidden mistakes and defects could lead to defective products reaching a customer. Such a product, for example, if part of an expensive mechanism, could lead to a malfunction or damage of this expensive mechanism. It can ultimately lead to a loss of many large contracts and long-term damage to the company’s reputation. Abolishment of the punishment system should go hand in hand with openness of information – all collected information should be made available to relevant employees and managers; there should be no secrets (Sorokin, 2002).

For a start even basic means of control will work however. Russian workers consider a certain variance from standards acceptable, even if they are not able to explain why these variances are acceptable (Lapidus, 1999b). Workers also try to conceal defective products and even push them through the controllers. Here one should consider such characteristics of the Russian national culture as low levels of endeavour and law obedience, which distinguishes Russians from such nations as the Japanese, Americans and the West Europeans. Very often just the absence of endeavour and carelessness are the main causes of a high defect levels in the Russian companies for generations (Mel’nikov, 1999). Moreover these characteristics are really hard to neutralise even in companies with high organisational and technological levels. For this reason, a system that allows the product to be traced to different stages of production is very useful to decrease a defect ratio. It increases a worker’s level of responsibility as a worker who allowed a defect product to be passed on to the next stage can be easily found (Mel’nikov, 1999). Soviet OTK departments should be
abolished because they effectively withdraw the responsibility for producing defect products from manufacturing and put the responsibility on themselves.

Changing the mentality of the whole nation is a difficult and most importantly a long process. Russia does not have decades to wait; therefore education through training is the only way to speed up the process of change.

7.7 The role of the Russian government

Russian managers, however, should not think that they have to start their way to building quality systems from zero. There were lots of very solid Russian programs in the area of the quality management, especially after the WW2, including *KS UKP* mentioned in Chapter 2. These systems gave positive results and *KS UKP* was assigned by communist party’s Central Committee to be implemented in all Soviet enterprises. *KS UKP* system included such TQM principles (which are now also included in ISO 9000:2000) as system approach, orientation on processes, management responsibility, decision making based on facts and involvement of employees (Versan, 2000). The only problem is that these principles were impossible to implement in the frame of the Soviet planned economy. Today it can be viewed as an advantage of that quality system that was ahead of its time. That also means that Russia has qualified specialists who can develop quality systems that are adapted to the Russian business environment. However, after the collapse of the Soviet Union and thoughtless reforms that followed, the issue of quality was far from being a priority and the majority of manufacturers stopped paying attention to it.

At the moment Russian manufacturers are in need of scientific and methodical assistance in a form of programs that would determine goals, functions and objectives of quality management in the market economy. Russian managers today need not only to learn the philosophy of the TQM, but mostly learn methods of the modern management, modern practices of working in the TQM environment (Versan, 2000). This large task could be undertaken by such organisations as research institutes, regional subsidiaries of Gosstandart of the Russian Federation and all specialists and scientists working in this area. Certainly government support is paramount in such undertaking. Government role as a general organiser is crucial in increasing the competitiveness of Russia in the world. At the moment competitiveness of Russian
products does not seem to be a national idea and is not promoted by government through mass media or other means. For example, particular objectives and techniques of increasing competitiveness are absent from the Federal program of educational development for 2000-2005 (adopted on April 10, 2000) and in the draft of ‘Strategic development of Russia for 2000-2010’. Fathutdinov (2000) wrote: “In Russia at the moment there is no legislative, normative-methodological and resource basis, no state and social organisations that are ensuring the competitiveness of different objects in a systematic way. There is no system, which will unite issues, with competitiveness being a central one”. However, the draft of a ‘State policy in the field of quality’ has been prepared in 2002 and presented to the Russian government by a group of specialists from Gosstandart. Moreover, a 1998 Government’s enactment called “About certain measures directed on improving systems of ensuring the quality of goods and services” stated that preference in receiving state contracts will be given to companies that have ISO 9000 certified quality systems. But at the moment these measures are not enough (Ivanova, 2000). Mass media itself should also play a more active role in promoting quality improvement activities. In particular, despite a continuous presence of all national TV channels during the ceremonies of awarding the Russian Quality Award, these reports practically do not get on TV screens. In the end, the results can only be found in the specialised journals.

7.8 Teamwork and the Russian work collectives

All Russians know that they are different culturally from other nations and especially from the Western ones (see Chapter 6). But as said earlier in this chapter, at the same time they are trying to apply methods that worked in other cultures without analysing their applicability for the Russian national culture. Ultimately, the only measurable differences of Russian companies from the Western counterparts, are the lowest effectiveness and labour productivity, as well as the largest production costs. Here are some figures to prove this point. To evaluate labour productivity we can take an annual turnover per employees. In advanced companies of developed countries, this indicator exceeds 200 thousands USD per employee per year, whereas in Russia this figure is between 4 thousands and 44 thousands USD per employee per year, i.e. between 5-50 times less (Kruglov, 2000). Increasing the effectiveness of production
in Russian companies is certainly impossible without a commitment of their employees. Therefore it is important that managers are capable of effective interaction with employees as individuals and as groups of employees (see Chapter 4). As concluded in Chapter 5 and 6, Russia has a national culture which can be characterised as collectivistic. In the USSR it was projected on the working environment by forming so called 'work collectives'. Work collective is a group of people working together in the same department, room or spending a considerable amount of time together in their work environment. People in these work collectives usually socialise together after work, celebrating public holidays together, each other's birthdays and so on; and sometimes becoming personal friends for long periods of life even after changing the work place (Shestakov, 2000a). These usually 'serried' work collectives have both positive and negative sides.

Shestakov, (2000a) explains that a serried work collective is able to adapt to different external forces, but is not aimed at increasing self-efficiency. Its aims are to preserve itself, keep some privileges maybe and minimise efforts. Preserving itself led to manipulations of labour productiveness, falsification of the information passed on to the superiors and collusions with the superiors when something had to be done urgently and in doing so maybe violating written instructions or rules. The nature of this kind of relationship between managers and work collectives leads to the view of management as an art rather than a science. This art consists of managing a company by means of collusions with work collectives, in conditions of incomplete or false information, in criminal environment and large responsibility for the social sphere. Experience of this type of Soviet-type management is an obstacle to learning contemporary management methods among Russian managers and does not give effective approaches to increasing efficiency (see Chapter 4).

Although Hofstede (2000) wrote that collectivistic cultures are more conducive to teamwork than individualistic culture, the nature of work collectives and the nature of teams are different – they are opposites. Whereas a team aims at increasing effectiveness and consists of individuals, the work collective is closed-looped on itself. Maybe this could explain an absence of teamwork and confusion among Russian employees when asked about the existence of teams in their companies (see Chapter 4). In the comments and personal conversations given during this project's survey, some people clearly stated that no teams exist at the present time and their creation is not really encouraged (see Chapter 4). This situation with team building
could also negatively contribute to communications between employees as they could be unaware of what their neighbours are doing. Employees just do not understand what a team really is and how it is different from the work collective they are used to; for many employees these terms carry identical meaning. Future team members should be prepared for their new roles; their particular qualities, inclinations and needs should be recognised to forecast an atmosphere in the future team. It also should be remembered that in high power distance countries (such as Russia), managers would tend to prefer team-based work organisations with a strong overview by supervisors (Hofstede, 2000).

Even in the new conditions of the market economy, the attitudes of people who are used to work in work collectives are very slow to change despite efforts of managers. That is why, currently, Russian managers educated in Western methods of management are not successful in many Russian companies and at the same time managers with Soviet experience of management are rejected in the new Russian companies that adopted new management methods (Shestakov, 2000a). Certainly old methods of management will eventually be destroyed and new management methods will slowly but surely come into practice in Russia. However, we should be careful about which methods are going to work in Russia and which will not. For instance, the literature review in Chapter 2 showed that many generally accepted US theories of management, leadership and motivation may not or only very partly apply outside USA borders. Even though Western practices have proved to be superior in a number of countries with developed market economies, they do not suggest the one best way for managing organisations – even less so in societies such as those in the former Soviet Union (Puffer, 2000). Although, underlying psychological principles of work motivation are universal for all countries, the manner in which these practices are carried out are different in different countries. At the moment most of the taught management methods are from USA, Germany or UK, but they cannot be applied to Russian environment because of cultural differences between countries. Probably Russia needs to study the experiences of countries with more similar cultures such as India, South Korea, Poland, Czech Republic and Japan. Besides we need to study unique Russian work relationships, which certainly have their peculiarities and positive sides that can be used to improve effectiveness (Shestakov, 2000a).
Staff in each Russian company always consisted and will consist of different groups as well as individuals. The behaviour of the Russian individual employee and the behaviour of the Russian work collective are different in terms of their approach to effectiveness. An individual employee can sometimes do more and work better alone compared to being a member of a serried work collective, but the opinion of a work collective is more important in Russia. Therefore a solution to the problem of low effectiveness could be in refocusing attention from 'serried work collectives' to individuals, so that later management of individuals could be transformed to management of teams. Only by emphasis on individuals can a work collective be transformed into a team (Shestakov, 2000a).

7.9 Customers and suppliers

Integration with suppliers and customers is another large point of attention (see Chapters 2 and 4). Customer focus is a fundamental concept of both business excellence (EFQM, 1999) and the ISO 9000. Organisations should fully understand what their customers want and ideally predict these expectations. Both managers and workers should be aware of these needs as customers are final arbiters of product and service quality and organisations should care for customers' loyalty and retention, and market share gain.

Manufacturing companies sometimes cannot find suppliers in Russia that can deliver goods with a certain level of quality or reasonable price. Well-established companies can only put their people in top management positions in their suppliers' offices and try to pull them up to a desirable level. Although this method is quite effective, all companies, for example because of their size, cannot apply it (see Chapter 4). Buying abroad is possible, but too expensive, so sometimes the only decision is to produce spare parts themselves. It is a tough decision to make, but from the Russian manager's point of view, sometimes there is no choice. Or maybe there is an alternative, as the following explains. Reduplication of manufacturing functions in Russian companies creates unnecessary costs. This waste of resources is linked with the lack of cooperation with suppliers. For example, large manufacturers have their own foundries, which are used only for 5%-10% of their capacity (Flint, 2000). So, instead
of combining efforts and choosing the best foundry to fulfil the needs of several manufacturers to cut the costs, these manufacturers prefer to keep their own.

7.10 Summary of the significant problems for the development of business excellence

- Russian companies do not have established feedback with their customers. Management systems are not focused on the end customers' needs and requirements. Companies rarely survey their customers about their satisfaction levels, and if they do, it is not done on a regular basis. The process of the initial product design is not linked to customers' needs. Customers are not consulted about their wishes and requirements.

- Russian companies do not have established feedback with their suppliers. There is no system of 'breeding' and selecting suppliers. Instead of having a few suppliers of the same parts or raw materials, who would compete with each other, companies often select one. In the end, this one supplier gradually becomes a monopolist and can dictate prices and does not pay attention to quality. Other key points are: no policies of working with suppliers in terms of improving quality of supplies; almost no tenders among suppliers for the right to supply; suppliers are not partners; and nobody pays attention to small or occasional suppliers, only to large ones. The influence of certain supplies (goods, services, spare part, etc.) on the final product is not evaluated. The same goes for the suppliers' management and quality systems.

- Russian companies do not have established feedback with their employees (such as appraisal and surveys). There is an obvious lack of work-related information on all levels of Russian companies, not to mention the reliability of the available information. However, Russian top managers do not see the lack of information as a serious problem and hence do not tackle this issue. Employees are rarely consulted and their 'voice' is not heard. Surveys of employees' satisfaction, needs and wishes are rare, although employees on lower levels of the hierarchy are better aware of management mistakes as they have to deal with them and rectify these mistakes daily. If surveys are conducted, no action is taken on the results.
Self-assessment against the Russian Quality Award criteria or by other means is not a common practice; the tendency is to participate in quality awards competitions just to get the prize, not as a means of getting professional assessment. After getting a prize, managers do not follow to improve their systems. Even if self-assessment is carried out, its not done on a regular basis.

Areas of responsibility of certain managerial positions are not clearly identified. As a rule, a general director is overloaded with work which, in many cases, is unnecessary for his/her level. He/she is too engaged in operational activities and has no time to think about strategy. His/her deputies and managers on lower levels are less loaded with work, but do not have sufficient authority. In this situation shop floor workers are the ones responsible for the occurrence of defective products, not managers. The ratio of responsibility of a worker compared to a top manager is about 10/1, while the ratio of a salary between them is 1/20 (Flint, 2000)! This creates real problems in implementing effective quality management systems and producing quality products as a consequence. Job descriptions are vague; employees do not know their functions clearly. People do not know who is responsible for what. The criteria of employee performance are not identified, and employees do not see how they contribute to the company’s overall performance.

Managers do not have enough knowledge about modern management methods. There is a clear absence of a tradition of using regular management, which has been common in the developed countries for many years. Russian managers believe that a quality management department, and not the top managers, is responsible for the quality and quantity of manufactured goods. Russian managers have a wrong understanding of the ISO 9000 principles and requirements and attempt to manage quality separately from other aspects of company’s activities. Managers show a formal attitude towards certification due to the absence of internal motivation, which leads to acquiring the ISO 9000 certificate, but having the quality system on paper only.

Russian managers, executives and administrators are often ill-prepared for the free market environment because of their past economic orientation, philosophies and practices. The biggest problem in this area is the lack of education and hence the lack of knowledge. Therefore many of Russian managers see management as an ‘art’ rather than a ‘science’. They do not study management but rely more on their previous experience and intuition, making decisions without sufficient
information or basing decisions on distorted information. Hence they are unable to exercise a management-by-fact approach. Defects are common and accepted. There is contradiction between written instructions and verbal orders. The strictness of regulations is softened by the non-obligatory style of their execution. Company’s standards are regarded as separate to the company’s actual operation. Employees do not have to know all the information about company’s activities.

Management efficiency is not assessed, the focus is only on short-term financial results. The literature review (Chapter 2) showed that whereas management has to do with creating organisation, order and stability, leadership has to do with creating energy, thrust, alignment, focus and commitment. In this respect, there are very few leaders in Russian companies. Managers’ messages are not getting across in the way they would like them to be passed; they are probably lacking in ability to “walk their talk” and back up their words by their actions.

There are high barriers between departments. The functions of some departments are duplicated in other departments. There is no analysis of effectiveness of the management processes. Constant analysis of plans and aims is absent. Internal audits study performance inside functionally divided departments only, whereas most of the problems lie in between the departments. This is where the process approach is required, but current functional organisational structures, where activities are differentiated and are not focused on the common aim, are completely inconsistent with the process approach. There is little realisation of the ‘internal customer’ concept, and no teamwork - employees just do not understand what a team really is and how it is different from the work collective they are used to; for many employees these terms carry identical meaning. The process management approach is not used. There is no control over processes; even core processes are not identified and non of the processes are documented. Companies do not have united management teams despite the Russian collectivism, managers from different departments are rivals. The quality department is the only one responsible for the quality of products. Quality improvement is not everyone’s task – not all employees are involved.

Motivation methods do not reinforce each other, and no system of motivation is present. There is a blame-culture (punishment for mistakes) and piece-rate pay system. Obstacles to employees dissatisfaction are not identified (it is easier to think that they are dissatisfied only with the low wages). There is little feeling of
being proud to work in a company. Training is not a priority. There is no system of employee training; training programs are seen as expense. Innovations among employees are not supported.

- Criteria for quality are not identified, and neither are the purposes of a company as a whole and of each department in particular (no mission and vision statements). There is an absence of strategic planning and a rare presence of forecasting, analysis and planning in Russian companies. Planning is not favourable because it is often impossible to take account of all factors and circumstances that would influence the coming events, and to determine the most important factors (this problem is reinforced by internal communicational problems).
CHAPTER 8

CONCLUSIONS AND RECOMMENDATIONS

8.1 Introduction

This chapter summarises the work of the research project and presents the important conclusions and the recommendations for future research. It gives a clear statement of the scope of the research and explains the extent to which the three objectives of the research have been met, and the limitations of the research.

The main aim of the research was to present an honest and critical 'big picture' of the Russian economic and management situation, highlighting the areas in need of improvement in order for Russian manufacturing companies to become more competitive in the world market. The research project was not intended to provide a detailed manual of how to implement Western quality practices in Russia, such as the detailed process of organisational culture change or the steps to design a motivation system, or to explain the only way in which leadership should be introduced and carried out. These issues are very much organisation-dependent and cannot be generalised. Unfortunately, however, there is only a limited number of positive examples of implementing working quality management systems in Russian companies. For example, Nogin (2002) reports an interview with a director of a Russian company that managed to reduce the defect rate of its products from 65.9% in 1994 to 0.03% in 2002 and became a laureate of the Russian Quality Award in 2001.

The first objective of the research was to establish the current situation with regard to awareness and understanding of quality practices in Russian manufacturing enterprises. The second objective of the research was to establish how managers from Russian manufacturing enterprises use their leadership potential, possibilities of different motivation techniques and capabilities of teamwork in their daily activities. The third objective of this research was to establish the characteristics of Russian national culture (in quantifiable parameters) that would differ them from other nations. These three research objectives formed the basis of the research, which
overall was to investigate how Russian manufacturing companies might improve their competitiveness through the development of business excellence. Therefore the research includes explanation of the implications of the research findings for the development of business excellence in Russian manufacturing industry, and hence increased competitiveness.

The research methodology to accomplish the three research objectives comprised three stages where each stage focused in turn on one objective. For each stage, the planning of the research was followed by the literature review and then the fieldwork survey.

8.2 Conclusions

There is a clear connection between an organisation's competitiveness and the organisation's level of business excellence as measured by the criteria of a national quality award. Competitiveness of a product consists of three main elements: price, quality and the operational costs of using a product (including 'intangible' features such as after-sales services). Increasingly the intangible or augmented aspects of product quality are becoming more important competitively, which is shown by the attention now being given in Western organisations to customer relationship management (CRM) and customer satisfaction measurement. The balance between these three elements represents a customer's perception of how competitive a given product is. The old purchasing concept was to buy according to the price alone, which was especially true in Russia in the 1990s, but times are changing and companies are looking more at the total cost of buying and using a certain product. Russian products are usually cheaper than Western products, but the former are of an inferior quality and high in operating costs. After the collapse of the Soviet Union, Russian exports of industrial products significantly decreased and companies that are currently looking at foreign markets for expansion – or sometimes for survival – are desperate to be competitive. Selling on the domestic market is also becoming harder, so the only option for Russian manufacturing companies now is to improve the quality of their products and cut operational costs. This can be done only by means of introducing quality management practices, namely through ISO 9000 quality management
systems initially and then by using self-assessment business excellence models (with the Russian Quality Award based on the European EFQM model as the most developed option).

The EFQM business excellence model is used internationally by many organisations for the purpose of identifying where their strengths and weaknesses lie and how they should be developed to improve competitiveness and business performance. According to the glossary of terms for the EFQM's Excellence Model, the term 'excellence' means outstanding practice in managing the organisation and achieving results based on fundamental concepts which include: results orientation, customer focus, leadership and constancy of purpose, processes and facts, involvement of people, continuous improvement and innovation, mutually beneficial partnership and public responsibility (The EFQM Excellence Model, 1999). However, introducing these concepts presents serious challenges in the modern Russia. Therefore a main aim of this research project was to identify and examine these challenges and propose ways of overcoming them given the current Russian organisational cultures and national culture.

**The main conclusions and recommendations of the research are as follows:**

- The main task for managers in Russian industry is to study modern management science continuously. Russian managers have to realise that management is a science that can be learned, rather than an art with few rules. Obviously it is not the fault of Russian managers that they had little knowledge of management practices during the Soviet times and that in contrast to the developed Western and East Asian countries, Russia did not have prolonged management experience of the free market environment. But now times have changed and to compete in the world market they need to be on the same level as their foreign counterparts. Clearly, the skills required to operate in the new Russian reality require time, experience and education to develop, which is a serious challenge for many Russian managers, both future and present. Russian managers today need not only to learn the philosophy of TQM, but most importantly learn the methods of modern management and the
modern practices of working in the TQM environment because without this knowledge they just will not understand how the TQM culture can be created.

- The research clearly showed a connection between the national culture and such aspects of organisational functioning as the organisational structure, the leadership and motivation systems, the internal communications system, the empowerment of employees and employee involvement, including innovation and teamwork, and relationships between employees. Therefore Russia needs to study the experiences of countries with more similar cultures, such as India, South Korea, Poland, Czech Republic and Japan, rather than the experiences of companies in the USA, UK or Germany. Besides, however strange it may sound, Russians need to study the uniqueness of Russian work relationships, which certainly have their peculiarities but also have their positive aspects that can be used to improve effectiveness.

- Russian organisational structures should be changed to accommodate the business process approach. Tall pyramid-like organisational structures build on the functional principle and contradict the process approach. However, pyramid structures are coherent with the Russian national culture. What is required is the major review of the principles of the current Russian management system, including such steps as changing the principles of creating organisational structures, introducing the process approach, project management and inter-departmental teams. In order to switch to the process approach and at the same time accommodate the national culture demands, hierarchical organisational structures should be formed around processes instead of functions. A company operates efficiently by having an appropriate balance between these two approaches. The management responsibilities for the processes must correspond with the line-management responsibilities and authorities defined by the company's hierarchical organisation structure. Each top manager can be assigned as a responsible person for overseeing a number of particular processes (which should be clearly written in his/her job description) and managers on lower levels will take charge of one or two processes. Obviously before that can take place, all core and auxiliary processes should be identified and documented.
At the moment financial results are the main priority of Russian companies – they are striving for new contracts and new markets. But they should realise that this requires paying attention to such ‘soft’ issues as customer satisfaction, partnership relationship with suppliers, and strong human relations management. Although it sounds like common sense, Russian companies still have to fully understand and establish the link between financial prosperity and ‘happy’ customers, suppliers and employees. Conducting self-assessment against the Russian Quality Award criteria is the best way to address these issues at the present time. But these self-assessments should be regular and actions should be taken on their findings. Continuous improvement should become the main driver of change in the minds of Russian managers.

The most important initial steps of introducing quality management systems that actually work (not on paper only) are internal motivation and commitment of top managers, abolishment of the piece-rate and bonus remuneration systems that encourage quantity rather than quality, elimination of a fear of making mistakes and punishment for making mistakes among employees, and, finally, the creation of proper motivation and training systems. Top managers should be leaders rather than just managers and show responsibility for their actions. It is up to them to create and communicate the company’s mission and perform such activities as strategic planning, forecasting and performance analysis. Russians need strong leadership and expect their leaders to be rather authoritative, but subordinates expect to be consulted by bosses. Constant leadership, clarity of objectives, benevolence towards employees – these are some of characteristics of managers that help to unite and carry away people. A director’s initiative and support is paramount for any changes to take place.

Certainly the government’s and the President’s support is paramount in promoting competitiveness through introducing modern general management methods and quality management practices. The government’s role as a general organiser is crucial in increasing the competitiveness of Russia in the world. This crucial government role has been in evidence in other countries that previously have emphasised the importance of quality management practices to competitiveness, such as in the UK and the USA. Competitiveness
of Russian products should become a national idea and should be presented in this capacity by government through the mass media or other means (e.g. government regulations). Mass media itself should also play a more active role in promoting quality improvement activities. Better promotion of the Russian Government Quality Award could be among the first steps in this direction.

8.3 The Difficulties and Limitations of the Research

The following are the main difficulties and limitations that faced the researcher during the course of the research:

1. The comprehensive nature of the research meant that the researcher had to review a large and diverse number of topics, such as TQM, business excellence, leadership, motivation, management of change, teamwork, and national and organisational cultures. During the course of the research, the research student reviewed about 1000 references of which 473 are presented in this thesis as references. This large amount of topics makes it difficult for the researcher to have a deep knowledge of each individual topic. Moreover, the research student did not have any knowledge of the above topics before the start of the project.

2. Getting access to Russian companies to conduct interviews was a hard task on its own and convincing a sufficient amount of people to answer questions and fill in questionnaires was even harder. Therefore the research student could get to only a limited amount of companies for survey purposes. Time was another constraint as each survey was limited in time when it could be carried out.

3. The surveys were conducted in St Petersburg (North-West Russia) and therefore these findings may not apply to other regions of Russia. That is because Russians form about 60 percent of the total population of the Russian Federation and other nations (more than 130) add the remaining 40 percent (Miroshnik, 2001).
8.4 Recommendations for future work

Areas for future research could include:

1. There are large differences in cultures and managerial styles not only between Russian regions but also between big cities. Special studies are required to establish these differences.

2. The research project is targeted to Russian manufacturing companies, although the researcher believes that the project’s findings could be applied in other sectors of the Russian economy. Further research could be directed towards different sectors, such as the services sector for example, to find any peculiarities these sectors may have.

3. Most of the surveys were carried out in Russian large companies and therefore further research can be done in small and medium size industrial enterprises (SMEs). Research on establishing quality management systems in Russian SMEs would be an interesting topic.
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APPENDIX A

THE EXCELLENCE CRITERIA

Criterion 1. Leadership
This criterion examines the activities and behaviour of all leaders (managers). It assesses the role of senior managers in creating a clear purpose, quality values and organisational aims, and in providing the necessary structure and management system to ensure their implementation and delivery. (The term ‘senior managers’ refers to the Chief Executive and those reporting to him or her.) It emphasises the personal involvement and actions of senior managers rather than just their written or verbal statements. It also explores how the purpose and values are communicated and reinforced by all leaders and the ways in which leaders are actively involved in the company’s dealings with customers and suppliers.

a) Leaders develop the mission, vision and values and are role models of a culture of Excellence.

b) Leaders are personally involved in ensuring the organisation’s management system is developed, implemented and continuously improved.

c) Leaders are involved with customers, partners and representatives of society.

d) Leaders motivate, support and recognise the organisation’s people.

Criterion 2. Policy and Strategy
This criterion examines how the organisation implements its mission and incorporates its aims and values into its overall strategy and planning activity. It assesses whether strategy and planning are based on widespread and reliable facts and data, and whether the top-level plan is matched by realistic and achievable plans at the operational level. It also considers whether the organisation uses external benchmarks of performance when determining its targets, rather than just extrapolating last year’s performance. It also assesses whether the organisation has the ability to recognise when and how to change its aims and strategy.
a) Policy and Strategy are based on the present and future needs and expectations of stakeholders. Policy and Strategy are based on the information from performance measurement, research, learning and creativity-related activities.

b) Policy and Strategy are developed, reviewed and updated.

c) Policy and Strategy are deployed through a framework of key processes.

d) Policy and Strategy are communicated and implemented.

Criterion 3. People
This criterion examines how the organisation develops and involves the full potential of its whole workforce in achieving results and improvements within the organisation. It is concerned with recruiting the correct people and developing their skills to achieve the organisation’s aims and to ensure the organisation can meet changing needs and prosper. It addresses how the people’s goals and targets are aligned to those of the organisation, for example through performance appraisal, and whether the people processes such as performance appraisal and training are effective and respected by the employees. It explores whether the people are increasingly empowered to act at the individual and team levels and are involved in the continuous improvement of the organisation, for example through a team approach to solving problems and identifying opportunities.

a) People resources are planned, managed and improved.

b) People’s knowledge and competencies are identified, developed and sustained.

c) People are involved and empowered.

d) People and the organisation have a dialogue.

e) People are rewarded, recognised and cared for.

Criterion 4. Partnerships and Resources
This criterion examines how the organisation manages its key external resources (such as partnership with suppliers, distributors, regulators and others) and its internal resources such as finance, information (including IT), material assets (such as buildings, equipment, supplies and stock), new technology, and knowledge. It assesses whether these key resources are aligned and effectively used to achieve the organisation's overall
strategy, are consistent with the organisation's values, are managed effectively, and are continuously improved.

a) External partnerships are managed.
b) Finances are managed.
c) Buildings, equipment and materials are managed.
d) Technology is managed.
e) Information and knowledge are managed.

**Criterion 5. Processes**

This criterion examines how the organisation gets to know and understand its customers, and translates their current and future needs into valued products and services. This criterion most closely resembles the core requirements of ISO 9000.

The criterion includes requirements for the control of its processes, which might include activities such as innovation, key product or service delivery, customer and supplier relationships, and business support functions (such as accounts, personnel and invoicing). The quality system for the control of its processes would include matters such as documentation and audit to confirm that procedures are effective, understood and used, and that necessary corrective actions and/or improvements are implemented.

All of the foregoing requirements should be applied to the business and support processes as well as to the main product and service processes. The main processes are those that have a direct impact on the final customer. The business and support processes are those processes that do not have an immediate impact on the final customer. Generally these processes are not visible to the customer but support the general operation of the organisation.

a) Processes are systematically designed and managed.
b) Processes are improved, as needed, using innovation in order to fully satisfy and generate increasing value for customers and other stakeholders.
c) Products and Services are designed and developed based on customer needs and expectations.
d) Products and Services are produced, delivered and serviced.
e) Customer relationships are managed and enhanced.
Criterion 6. Customer Results

This criterion examines the way in which the organisation identifies its various external customer groups and segments and measures them. It assesses the measures and results that indicate the level of customer satisfaction and loyalty. It asks for both the actual perceptions of the customer (which, for example, may be obtained through external surveys) and also for measures and results that tend to predict trends or influence customer satisfaction and loyalty (such as number of complaints, warranty costs, late deliveries, faulty deliveries, cancelled orders, and so on). These predictor measures can be considered as being leading indicators and are frequently measured within the organisation. The 'actual perceptions' of the customers are real measures of customer opinion. Actual perceptions can only be obtained by asking the customers.

This criterion also examines whether the organisation is looking only at its own levels and trends or whether it compares these with the external benchmarks of the performance of competitors or others. Where trends and levels are used, these should relate to a period of at least three years and preferably five years.

a) Perception measures: these are measures of the customers' perceptions of the organisation (obtained, for example, from customer surveys, focus groups, vendor ratings, compliments and complaints).

b) Performance indicators: these are the internal measures used by the organisation to monitor, understand, predict and improve the performance of the organisation and to predict the perceptions of its external customers.

Criterion 7. People Results

This criterion examines the trends and satisfaction levels of all the employees of the organisation. The rationale behind this criterion is that the organisation is only going to succeed if it maintains a motivated and highly committed workforce. It asks for both the perceptions of the people, which may be obtained through focus groups, surveys, and so on, and also for the internal measures and results that tend to predict or influence people satisfaction. It asks whether results are made known and acted upon, and whether they are compared with those of other organisations.
As with the Customer Results criterion, the internal measures of the organisation are leading indicators that will probably influence or predict trends in people satisfaction whereas the 'actual perceptions' can only be obtained by asking people. The organisation also needs to establish the relevance to people satisfaction of the results they measure. Where trends and levels are used, these should relate to a period of at least three years and preferably five years.

a) Perception measures: these are measures of the people's perceptions of the organisation (obtained, for example, from surveys, focus groups, vendor ratings, compliments and complaints).

b) Performance indicators: these are the internal measures used by the organisation to monitor, understand, predict and improve the performance of the organisation's people and to predict their perceptions.

Criterion 8. Society Results

This criterion examines the organisation's activities that impact on the local community and society at large. It is looking for actions by the organisation outside of and beyond its legislative responsibilities and normal trading activities with its customers. In this context, 'society at large' will depend on the size and type of organisation. The criterion addresses the levels of activity of the organisation in being a good neighbour, a preserver of natural resources, and in pollution reduction. It also addresses the organisation's indirect impact through trends and levels of charitable donations and activities, education activities and promoting local interests, and through taking leadership roles in professional activities in committees, action groups and professional/trade associations. The criterion also assesses whether the organisation measures and knows the views of society and whether society is satisfied with them. Comparisons should be made with other organisations.

a) Perception measures: these are measures of the society's perception of the organisation (obtained, for example, from surveys, reports, public meetings, public representatives and governmental authorities).
b) Performance indicators: these are the internal measures used by the organisation to monitor, understand, predict and improve the performance of the organisation and to predict the perceptions of society.

Criterion 9. Key Performance Results
This criterion examines the overall operational results of the organisation. Firstly it assesses the key aggregate outcome (‘bottom line’) performance indicators and ratios, such as productivity, profits, return on capital, market share, return on sales, and return on investment. Then it assesses the measures and performance of the key internal activities (processes) that contribute directly to the generation of a product or service, such as yields, cycle times, error rates, return rates, supplier quality, and unplanned modifications. Finally, it assesses the performance of the support and business processes that contribute to the overall effective operation of the organisation, such as IT, security, finance and administration. Comparisons should be made with other organisations. Where trends and levels are used, these should relate to a period of at least three years and preferably five years.

a) Key performance outcomes: these measures are key results planned by the organisation and which, depending on the purpose and objectives of the organisation, may include both financial and non-financial outcomes.

b) Key performance indicators: these measures are the operational ones used in order to monitor, understand, predict and improve the organisation’s likely key performance outcomes.
APPENDIX B

SEMI-STRUCTURED INTERVIEW’S QUESTIONS

Organisation

1. What is the area of company’s activities (business sector)? Types of products?
2. Type of ownership – present and former (state company, joint stock company, joint venture, private company, other)?
3. How would you define your company size (small, middle or large)?
4. How would you define company’s market position (monopolist, part of oligopoly, one of equal competitors, other)?
5. How many employees are there in the company?
6. What kind of organisational structure does your company have (functional, divisional (oriented on products, on customers or on regions), adaptive or matrix, etc)?

Customers and suppliers

7. What is the ration between Russian and foreign customers?
8. If you have foreign counterparts (customers and suppliers), what countries are they from?
9. What sales channels does the company use - direct or through intermediate seller(s)?
10. What are the main order-winning criteria of your company, including quality ones?
11. Are you doing something to anticipate customer’s needs and expectations and try to offer products (services) that exceed customer’s expectations?
12. How do you organise and maintain sound relations between the company and your customers?
13. What are the main order-winning criteria, which your company use in supplier’s selection, including quality ones?
14. How do you communicate your needs to your suppliers?
15. How do you control quality of your supplier’s products? Do you perform 100% checks of incoming and outcoming goods or just of selected samples or you trust your suppliers completely and they trust your company?

16. Do you demand quality guarantees from your suppliers and if yes, how?

17. If goods that your supplies delivered are not of a good quality, what are your actions? Can you send them back? Can you take your supplier to court for non-performance? Have you ever taken a supplier to court?

18. Do your give quality guarantees to your customers and if yes, how?

19. What would happen if customers were dissatisfied with the quality of the goods it bought from you? Would they take you to court? Would you exchange the goods for them? Would you give them their money back?

Quality provision

20. Did you use any quality system in Soviet times?

21. On what fundamental differences in acceptance of finished products could you point, comparing present situation with Soviet period?

22. Can your company conform to European and/or world quality systems that your foreign customers demand?

23. Do you use any of the Quality related practices listed below in your company?

- Quality manual,
- Quality audit (by third party),
- Quality audit (by customers),
- Quality audit (self-assessment),
- Benchmarking,
- Quality circles,
- Russian (Soviet) quality systems,
- Hybrid quality systems,
- TQM or Business Excellence,
- Russian Federation quality award criteria,
- Local quality awards criteria,
ISO 9000.

24. Do you have your quality policy and procedures documented? If yes, do people actually work according to them in daily practice? How regularly are they updated?

ISO 9000

25. Does your company have an ISO 9000 certificate?

If yes:

b) When did you get it?

c) What were the reasons for certification? Whose initiative it was?

d) Did you have complete top management commitment?

e) What was the registration company?

f) Did any external organisation help you to prepare for certification?

gh) How do you think, was it expensive for your company? Was price an obstacle? Did you attract any external financial resources (loans, grants, etc) to conduct certification process?

h) Is ISO 9000 implemented in entire organisation or only in certain departments (divisions, subsidiaries, etc.)?

i) If ISO 9000 is implemented in some part of organisation, are there any plans to expand?

j) Were the certification purposes explained to employees? If yes, how? Did you have complete employees commitment?

k) Did you have a special team, which was preparing all documents?

l) What changed after certification? Were changed positive or negative or nothing had changed?

m) Did employees have any training programme on ISO 9000?

n) Are you going to continue registration in future?

o) Are you aware of changes, which ISO 9000:2000 is going to bring?
p) Does the company plan to go further in quality methods implementation? What are the perspectives of TQM implementation in your company?

If no:

a) Are you planning to go for ISO 9000 certification in future? If yes, when and how?

26. Do you think ISO 9000 certification is necessary in your business sector?

Quality awards

27. Did company participate in any Quality Awards (local, regional or state)? Are you aware of the Russian State QA introduced in 1996?
28. If yes, what was the result? If no, are you going to participate in the future?
29. Did your company ever perform self-assessment against any QA model criteria?

Processes

30. Are company's core processes defined by top managers? What are these processes?
31. Are the main processes and procedures of the company documented? If yes, how strict do employees actually refer to them in their day-to-day performance?
32. Do you know anything about process mapping technique? If yes, did you ever use it?
33. Could company's resources be directed on tasks of secondary importance, when core processes are on "starvation rations"?
34. Is there an understanding of necessity of inter-functional links between departments, aimed on reaching common objectives? Or people are more restrained on their departmental valuables and awarding systems based on these valuables?
Leadership

35. Does your company have a formulated Vision? Mission? Goals? Strategy? Do common employees use them in day-to-day activities (for example, through individual plans)?

36. Is there a practice of involving managers (besides sales and commercial departments) in business relations with company’s customers, suppliers and other external organisations to promote partnership, improvement initiatives and company’s image?

37. Is there a personal involvement (and in what form) of department heads in reaching company’s objectives or they are caught in an endless loop of momentary production tasks?

38. Do top managers encourage people to work in cross-departmental teams, employees in which are involved in the same process?

People

39. Are there any training programs offered to employees? How is it decided whether somebody needs training?

40. Did you personally have any training in quality practices, whether in Russia or in Europe?

41. How do you ensure that people you are hiring actually match their position, i.e. hold necessary competences? Would you offer any training program(s) for those who do not?

42. Do each employee knows how his certain work contributes to overall company’s goals?

43. Do you know about a concept of “internal customer”? If yes, is it implemented in your company?

44. How do you encourage innovations in your company? Please, give examples.

45. How do you appraise individual performance of employees?
46. How efficient is current systems of employees financial and nonfinancial incentives?

47. What system of proposal collection does exist in your company (boxes for proposals, bulletins or company’s newspaper, quality circles, etc)?

48. How efficient is a mechanism of incentive for those employees, whose proposals were beneficial for the company? Do employees know if their proposals are considered and what decision was made on them?

49. How typical is situation in your company with the situation in your business sector and industry in general?

Thank you for your time and answers!
Order-winning criteria

- Price
- Quality
  - Basic technical characteristics
  - Secondary technical characteristics
  - Reliability
  - Durability
  - Maintainability
  - Design
- Delivery reliability
- Speed of delivery
- Broad assortment
- Technical support at the moment of order
- After sales service
- Long-term good relations with the customer
- Company’s image
- Leadership in a particular technical area
- Aggressive marketing policy
- Wide dealers network
### APPENDIX C

**SUMMARY TABLE OF ANSWERS TO THE SECOND SURVEY**

**BREAKDOWN BY CRITERIA**

<table>
<thead>
<tr>
<th>#</th>
<th>Statement (manager)</th>
<th>( \chi ) (man)</th>
<th>( \sigma )</th>
<th>Statement (worker)</th>
<th>( \chi ) worker</th>
<th>( \sigma )</th>
<th># worker</th>
<th>Classification name</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>I have trust and confidence in my subordinates</td>
<td>4.1</td>
<td>0.85</td>
<td>I have trust and confidence in my superiors</td>
<td>3.1</td>
<td>1.17</td>
<td>1</td>
<td>Leadership process used</td>
</tr>
<tr>
<td>55</td>
<td>I display fully supportive behaviour towards my subordinates</td>
<td>4.5</td>
<td>0.66</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Leadership process used</td>
</tr>
<tr>
<td>5</td>
<td>Subordinates feel free to discuss things about their job with me</td>
<td>4.6</td>
<td>0.65</td>
<td>I feel free to discuss things about the job with my superiors</td>
<td>3.5</td>
<td>1.35</td>
<td>4</td>
<td>Leadership process used</td>
</tr>
<tr>
<td>25</td>
<td>I get ideas and opinions from my subordinates and try to make constructive use of them</td>
<td>4.2</td>
<td>0.72</td>
<td>My superiors make constructive use of ideas and opinions that I pass them</td>
<td>2.8</td>
<td>1.14</td>
<td>17</td>
<td>Leadership process used</td>
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<tr>
<td>4</td>
<td>I am personally and actively involved in improvement activities aimed at reaching excellent performance</td>
<td>4.1</td>
<td>1.19</td>
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<td>Leadership, sub-criteria 1a</td>
</tr>
<tr>
<td>16</td>
<td>I stimulate and encourage collaboration between employees within my organisation</td>
<td>3.9</td>
<td>1.12</td>
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<td>Leadership, sub-criteria 1a</td>
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<tr>
<td>37</td>
<td>Working processes are examined to improve them at least once per year</td>
<td>3.1</td>
<td>1.46</td>
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<td>Leadership, sub-criteria 1b</td>
</tr>
<tr>
<td>54</td>
<td>My organisation has a well developed and implemented set of business processes</td>
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<td>1.32</td>
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<td>Leadership, sub-criteria 1b</td>
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<td>Score 2</td>
<td>Description</td>
<td>Score 1</td>
<td>Score 2</td>
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</tr>
<tr>
<td>9</td>
<td>I understand and respond to customers' needs and expectations</td>
<td>3.6</td>
<td>1.21</td>
<td>I understand what customers of my organisation need and expect</td>
<td>3.3</td>
<td>1.03</td>
<td>7</td>
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<td>15</td>
<td>Our customer are generally happy with our products and services</td>
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<td>0.80</td>
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<td>56</td>
<td>I establish and participate in joint improvement activities with customers and business partners</td>
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<td>13</td>
<td>I personally communicate the organisation's policy and strategy, plans, objectives and targets to my subordinates</td>
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<td>0.81</td>
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<td>36</td>
<td>I actively listen and respond to my subordinates' proposals</td>
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<td>0.56</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>35</td>
<td>I help and support subordinates in achieving their plans, objectives and targets</td>
<td>4.4</td>
<td>0.56</td>
<td>My superiors help and support me in achieving my plans, objectives and targets</td>
<td>3.3</td>
<td>1.15</td>
<td>22</td>
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<tr>
<td>47</td>
<td>I encourage employees to participate in improvement activities aimed at reaching excellent performance</td>
<td>4.1</td>
<td>0.88</td>
<td>My superiors encourage workers to participate in improvement activities aimed on better organisation's performance</td>
<td>3.2</td>
<td>1.21</td>
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<td>14</td>
<td>I treat my subordinates as individuals with different needs, abilities and aspirations</td>
<td>4.7</td>
<td>0.46</td>
<td>My superiors treat me as an individual with specific needs, abilities and aspirations</td>
<td>3.0</td>
<td>1.33</td>
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<td>63</td>
<td>I involve my subordinates in making decisions, which they would have to implement later</td>
<td>4.3</td>
<td>0.76</td>
<td>My superiors involve me in making decisions, which I would have to implement later</td>
<td>3.0</td>
<td>1.40</td>
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<td>19</td>
<td>In speech I use 'we' rather than 'I'</td>
<td>3.9</td>
<td>1.24</td>
<td>In speech, superiors use 'we' rather than 'I'</td>
<td>3.0</td>
<td>1.34</td>
<td>13</td>
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<tr>
<td>21</td>
<td>I delegate decision making and authority</td>
<td>3.8</td>
<td>1.09</td>
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<td></td>
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<td><strong>subordinates</strong></td>
<td><strong>consideration</strong></td>
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<td>22</td>
<td>I talk enthusiastically about what needs to be accomplished</td>
<td>4.6</td>
<td>0.55</td>
<td>4.1</td>
<td>1.01</td>
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<td>Inspirational motivation</td>
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<td>52</td>
<td>I have a clear vision of the future</td>
<td>3.6</td>
<td>1.17</td>
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<td></td>
<td></td>
<td>Visioning</td>
<td></td>
</tr>
<tr>
<td>61</td>
<td>I communicate my vision of the future to subordinates</td>
<td>4.0</td>
<td>1.07</td>
<td>3.5</td>
<td>1.41</td>
<td>33</td>
<td>Visioning</td>
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<tr>
<td>43</td>
<td>I model (think over) what I want others to do</td>
<td>4.4</td>
<td>0.74</td>
<td></td>
<td></td>
<td></td>
<td>Idealised influence</td>
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<tr>
<td>24</td>
<td>I have a sense of self-determination/self-confidence</td>
<td>4.6</td>
<td>0.65</td>
<td></td>
<td></td>
<td></td>
<td>Idealised influence</td>
<td></td>
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<tr>
<td>26</td>
<td>I clearly explain to others why they are doing something</td>
<td>4.6</td>
<td>0.56</td>
<td>3.2</td>
<td>1.38</td>
<td>18</td>
<td>Charisma</td>
<td></td>
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<tr>
<td>27</td>
<td>I defend my beliefs</td>
<td>4.6</td>
<td>0.50</td>
<td></td>
<td></td>
<td></td>
<td>Charisma</td>
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<td>12</td>
<td>I make it clear what my subordinates can expect to receive if their performance meets designated standards</td>
<td>3.9</td>
<td>1.02</td>
<td>3.0</td>
<td>1.43</td>
<td>10</td>
<td>Contingent rewards</td>
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<tr>
<td>28</td>
<td>I make sure that my subordinates receive appropriate rewards for achieving performance targets</td>
<td>3.7</td>
<td>1.20</td>
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<td></td>
<td></td>
<td>Contingent rewards</td>
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<tr>
<td>29</td>
<td>I focus attention on my subordinates’ mistakes and deviations from standards in their work</td>
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<td>0.92</td>
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<td>Management-by-exception-active</td>
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<td>I do not to intervene in my subordinates' work until a problem becomes serious</td>
<td>3.9</td>
<td>1.14</td>
<td>4.0</td>
<td>0.96</td>
<td>12</td>
<td>Management-by-exception-passive</td>
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<td>49</td>
<td>I show a firm belief in “if it’s not broken, don’t fix it”</td>
<td>2.6</td>
<td>1.38</td>
<td>3.5</td>
<td>1.27</td>
<td>28</td>
<td>Management-by-exception-passive</td>
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<td>Item</td>
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<td>Laissez-Faire</td>
<td>People, sub-criteria 3b</td>
<td>People, sub-criteria 3b/Partnership and Resources 4b</td>
<td>People, sub-criteria 3b</td>
<td>People results</td>
<td>TQM</td>
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<tr>
<td>60</td>
<td>I try to avoid making decisions myself</td>
<td>2.2 1.25</td>
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<td>38</td>
<td>In my organisation, I received an adequate training for my position</td>
<td>2.8 1.24</td>
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<tr>
<td>59</td>
<td>My organisation has a training plan for employees, which is supported by sufficient funding</td>
<td>2.7 1.41</td>
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<td>41</td>
<td>I encourage learning among my subordinates</td>
<td>4.6 0.65</td>
<td>My superiors encourage learning among workers</td>
<td>3.1 1.15 24</td>
<td>People, sub-criteria 3b</td>
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<td>6</td>
<td>In my organisation subordinates receive an adequate training for their positions</td>
<td>3.3 1.43</td>
<td>In my organisation, I received an adequate training for my position</td>
<td>2.1 1.27 5</td>
<td>People, sub-criteria 3b</td>
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<tr>
<td>31</td>
<td>I stimulate and encourage creative and innovative ideas from subordinates</td>
<td>4.0 1.15</td>
<td>My superiors stimulate and encourage me to produce creative and innovative ideas</td>
<td>2.6 1.21 19</td>
<td>People, sub-criteria 3c</td>
<td></td>
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<tr>
<td>53</td>
<td>I am happy with own achievements in my organisation</td>
<td>3.8 1.02</td>
<td>I am happy with my own achievements in my organisation</td>
<td>2.8 1.15 31</td>
<td>People results</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>If errors occur, they are corrected and steps are taken to prevent them from happening again</td>
<td>4.4 0.74</td>
<td>If errors occur, they are corrected and steps are taken to prevent them from happening again</td>
<td>3.3 1.43 6</td>
<td>TQM</td>
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<tr>
<td>8</td>
<td>Methods of working are compared with those in other organisations and results are used to change our working methods in order to improve them</td>
<td>3.0 1.34</td>
<td></td>
<td></td>
<td>TQM</td>
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<tr>
<td>10</td>
<td>I behave more like a coach/mentor rather than a boss</td>
<td>3.6 1.21</td>
<td>Superiors in my organisation behave more like coaches/mentors rather than bosses</td>
<td>2.6 1.18 8</td>
<td>TQM</td>
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<tr>
<td>39</td>
<td>I try to learn new things from mine and others' experiences in the workplace everyday</td>
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<td>0.71</td>
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<td>TQM</td>
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<td>42</td>
<td>Introduction of new, innovative ideas is a part of my day-to-day activities</td>
<td>3.8</td>
<td>0.90</td>
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<td>TQM</td>
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<tr>
<td>62</td>
<td>I always try to introduce new ways of doing things</td>
<td>4.1</td>
<td>0.88</td>
<td>My superiors always try to introduce new ways of doing things</td>
<td>3.1</td>
<td>1.18</td>
<td>34</td>
<td>TQM</td>
</tr>
<tr>
<td>44</td>
<td>If necessary, I am able to make a difficult decision, take a risk and accept full responsibility for it</td>
<td>4.5</td>
<td>0.74</td>
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<td>TQM</td>
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<tr>
<td>34</td>
<td>Employees at all levels understand that they have 'internal customers'1 and 'internal suppliers'2</td>
<td>3</td>
<td>1.37</td>
<td>I understand that I have 'internal customers' and 'internal suppliers'</td>
<td>3.1</td>
<td>1.64</td>
<td>21</td>
<td>TQM</td>
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<td>64</td>
<td>Employees at all levels feel responsibility for their job outcomes passed on to their 'internal customers'</td>
<td>3.4</td>
<td>1.12</td>
<td>I feel responsibility for my job outcomes passed on to my 'internal customers'</td>
<td>3.9</td>
<td>1.32</td>
<td>36</td>
<td>TQM</td>
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<tr>
<td>32</td>
<td>Housekeeping information flows freely up and down the organisation's structure</td>
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<td>1.33</td>
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<td>Character of communication process</td>
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</tr>
<tr>
<td>50</td>
<td>I willingly share all relevant information with my subordinates</td>
<td>4.5</td>
<td>0.66</td>
<td>I willingly share all relevant information with my superiors</td>
<td>3.3</td>
<td>1.44</td>
<td>29</td>
<td>Character of communication process</td>
</tr>
<tr>
<td>57</td>
<td>My subordinates view communication from the top with great suspicion</td>
<td>2.5</td>
<td>1.22</td>
<td>I view communication from the top with great suspicion</td>
<td>3.1</td>
<td>1.33</td>
<td>32</td>
<td>Character of communication process</td>
</tr>
<tr>
<td>3</td>
<td>My subordinates feel responsibility for initiating accurate upward housekeeping information flow</td>
<td>4.1</td>
<td>0.77</td>
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<td></td>
<td>Character of communication process</td>
<td></td>
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</tbody>
</table>

1 Internal customer — a person working in the same organisation, who receives the results of your work.
2 Internal supplier — a person working in the same organisation, who passes you the results of his work.
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
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<th>Weight</th>
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<th>Character of Communication Process</th>
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<tr>
<td>40</td>
<td>Only the information that the boss wants to hear flows, other information is restricted and filtered</td>
<td>2.8</td>
<td>1.11</td>
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<tr>
<td>18</td>
<td>Information passed during communication among peers is adequate and accurate</td>
<td>3.7</td>
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<td>45</td>
<td>I try to distance myself from my subordinates</td>
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<td>My organisation has a sound financial position</td>
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<td>1.59</td>
<td>2.2</td>
<td>Key performance results</td>
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<td>48</td>
<td>Fear, threats, punishment and occasional rewards are the usual means of motivation in my organisation</td>
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<td>1.27</td>
<td>2.5</td>
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<td>11</td>
<td>Methods of motivation used by my organisation generally reinforce each other</td>
<td>3.3</td>
<td>1.29</td>
<td>2.2</td>
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<tr>
<td>51</td>
<td>There are favourable, cooperative attitudes between members of my organisation with mutual trust and confidence</td>
<td>3.9</td>
<td>1.00</td>
<td>3.5</td>
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<td>65</td>
<td>I am satisfied being a member of my organisation</td>
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<td>0.88</td>
<td>3.4</td>
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<td>2</td>
<td>Teambuilding is encouraged in my organisation at all levels</td>
<td>2.9</td>
<td>1.34</td>
<td>2.7</td>
<td>Teamwork. People, sub-criteria 3c</td>
</tr>
<tr>
<td>23</td>
<td>Individual efforts are valued higher than team efforts in my organisation</td>
<td>3.1</td>
<td>1.05</td>
<td>3.2</td>
<td>Teamwork. Leadership, sub-criteria</td>
</tr>
<tr>
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<td>Statement</td>
<td>Mean</td>
<td>Standard Deviation</td>
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<tr>
<td>30</td>
<td>Officially recognised teams exist in my organisation</td>
<td>2.7</td>
<td>1.33</td>
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<tr>
<td>46</td>
<td>Teams exist in my organisation, but they don’t have a formal status</td>
<td>3.0</td>
<td>1.29</td>
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<tr>
<td>58</td>
<td>Teams in my organisation are formed only to solve specific tasks</td>
<td>3.2</td>
<td>1.31</td>
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<tr>
<td>20</td>
<td>Most of the existing teams are permanent</td>
<td>3</td>
<td>1.44</td>
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</table>

Teamwork
### APPENDIX D

**SUMMARY OF VALUES AND OTHER PSYCHOLOGICAL CHARACTERISTICS RELATED TO INDIVIDUALISM, POWER DISTANCE, UNCERTAINTY AVOIDANCE, MASCULINITY AND LONG-TERM – SHORT-TERM ORIENTATION DIMENSIONS**

Summary of values and other psychological characteristics related to individualism

<table>
<thead>
<tr>
<th>Low IDV</th>
<th>High IDV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Importance of provisions by company, such as physical conditions</td>
<td>Importance of employees’ personal lives (time)</td>
</tr>
<tr>
<td>More importance attached to training and use of skills in jobs</td>
<td>More importance attached to freedom and challenge in jobs</td>
</tr>
<tr>
<td>Qualification for jobs in terms of years of schooling</td>
<td>Qualification for jobs in terms of performance at previous tasks</td>
</tr>
<tr>
<td>Staying with one company desirable, old-timers make better managers</td>
<td>Staying with company undesirable, old-timers not better managers</td>
</tr>
<tr>
<td>Large, foreign, successful, modern company attractive</td>
<td>Smaller, local company attractive</td>
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<td>Company responsible for employees</td>
<td>Employees responsible for themselves</td>
</tr>
<tr>
<td>Moral involvement with company</td>
<td>Calculative involvement</td>
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<td>Interesting work as important as earning</td>
<td>Earning more important than interesting work</td>
</tr>
<tr>
<td>Knowing the right people most important for career</td>
<td>Ability most important for career</td>
</tr>
<tr>
<td>Group decisions are better</td>
<td>Individual decisions are better</td>
</tr>
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<td>In Trompenaar’s data from company personnel: personal relationships,</td>
<td>In Trompenaar’s data: planning, achievement, universalism and</td>
</tr>
<tr>
<td>ascription, particularism and collectivism</td>
<td>individualism</td>
</tr>
<tr>
<td>Managers choose duty, expertness and prestige as life goals</td>
<td>Managers choose pleasure, affection and security as life goals</td>
</tr>
</tbody>
</table>

**In work situations**

| Hiring and promotion decisions take employees’ in-group into account   | Hiring and promotion decisions should be based on skills and rules only |
| Employer-employee relationship is basically moral, like a family link  | Employer-employee relationship is a business deal in a “labour market” |
| Poor performance reason for other task                                 | Poor performance reason for dismissal                                    |
| Employee commitment to organisation low                                | Employee commitment to organisation high                                 |
| Employees perform best in in-groups                                    | Employees perform best as individuals                                    |
Training most effective when focused at group level | Training most effective when focused at individual level
---|---
Preferred reward allocation based on equality for in-group and equity for out-group | Preferred reward allocation based on equity for all
Treating friends better than others is normal and ethical: particularism | Treating friends better than others is nepotism and unethical: universalism
In business, personal relationships prevail over task and company | In business, task and company prevail over personal relationships
Organisational success attributed to sharing information, openly committing oneself, and political alliances | Organisational success attributed to withholding information, not openly committing, and avoiding alliances
Belief in collective decisions | Belief in individual decisions
Innovation champions in organisations want to involve others | Innovation champions in organisations want to venture out on their own
Innovations within existing networks | Innovations outside existing networks
Employees and managers report teamwork, personal contacts and discrimination at work | Employees and managers report working individually
Less control over job an working conditions; fewer hours worked | More control over job an working conditions; longer hours worked

**In the applicability of management methods**

| Management is management of groups | Management is management of individuals
---|---
Theories based on individual psychology of limited use | Some theories based on individual psychology useful
Employee has to be seen in family and social context | Employee can to be seen as individual
Incentives to be given to in-groups | Incentives to be given to individuals
Leadership is inseparable from the context | Leadership is a property of the leader
Direct appraisal of performance is a threat to harmony | Direct appraisal of performance improves productivity

**Key differences between low and high power distance societies in the work organisations**

| Low PDI | High PDI |
---|---|
Decentralised decision structure; less concentration of authority | Centralised decision structure; more concentration of authority
Flat organisation pyramid | Tall organisation pyramid
Small proportion of supervisory personnel | Large proportion of supervisory personnel
Hierarchy in organisations means an inequality of roles, established for | Hierarchy in organisations reflects the existential inequality between higher-ups
<table>
<thead>
<tr>
<th>convenience and lower-downs</th>
<th>Managers rely on personal experience and on subordinates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers rely on formal rules</td>
<td></td>
</tr>
<tr>
<td>Subordinates expect to be consulted</td>
<td>Subordinates expect to be told</td>
</tr>
<tr>
<td>Consultative leadership leads to satisfaction, performance and productivity</td>
<td>Authoritative leadership and close supervision lead to satisfaction, performance and productivity</td>
</tr>
<tr>
<td>Subordinate-superior relationship pragmatic</td>
<td>Subordinate-superior relationship polarised, often emotional</td>
</tr>
<tr>
<td>Institutional grievance channels in case of power abuse by superior</td>
<td>No defence against power abuse by superior</td>
</tr>
<tr>
<td>Privileges and status symbols for managers are frowned upon</td>
<td>Privileges and status symbols for managers are expected and popular</td>
</tr>
<tr>
<td>Narrow salary range between top and bottom of organisation</td>
<td>Wide salary range between top and bottom of organisation</td>
</tr>
<tr>
<td>Openness with information, also to non-superiors</td>
<td>Information constrained by hierarchy</td>
</tr>
<tr>
<td>Manual work has the same status as clerical work</td>
<td>White-collar jobs valued more than blue-collar jobs</td>
</tr>
</tbody>
</table>

Summary of values and other psychological characteristics related to uncertainty avoidance

<table>
<thead>
<tr>
<th>Low UAI</th>
<th>High UAI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower work stress</td>
<td>Higher work stress</td>
</tr>
<tr>
<td>Lower anxiety level in population</td>
<td>Higher anxiety level in population</td>
</tr>
<tr>
<td>Emotions have to be controlled</td>
<td>Expression of emotions normal</td>
</tr>
<tr>
<td>Less hesitation to change employers</td>
<td>Tendency to stay with the same employer</td>
</tr>
<tr>
<td>Lower average seniority in jobs</td>
<td>Higher average seniority in jobs</td>
</tr>
<tr>
<td>Company loyalty is not a virtue</td>
<td>Company loyalty is a virtue</td>
</tr>
<tr>
<td>Managers should be selected on criteria other than seniority</td>
<td>Managers should be selected on basis of seniority</td>
</tr>
<tr>
<td>Optimism about employers’ motives</td>
<td>Pessimism about employers’ motives</td>
</tr>
<tr>
<td>Admit dissatisfaction with employer</td>
<td>Don’t admit dissatisfaction with employer</td>
</tr>
<tr>
<td>More ambition for advancement and management position</td>
<td>Lower ambition for advancement and preference for specialist positions</td>
</tr>
<tr>
<td>Individual decisions, authoritative management and competition among employees acceptable</td>
<td>Ideological preference for group decisions, consultative management, against competition among employees acceptable</td>
</tr>
<tr>
<td>Favourable attitudes toward younger people; smaller generation gap</td>
<td>Critical attitudes toward younger people; larger generation gap</td>
</tr>
<tr>
<td>If necessary, employees may break rules</td>
<td>Company rules should not be broken</td>
</tr>
<tr>
<td>Less resistance to changes</td>
<td>More resistance to changes</td>
</tr>
<tr>
<td>Most people can be trusted</td>
<td>One can’t be careful enough with other people, not even with family</td>
</tr>
<tr>
<td>Acceptance of foreigners as managers</td>
<td>Suspicion of foreigners as managers</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>-------------------------------------</td>
</tr>
<tr>
<td><strong>In work situations</strong></td>
<td></td>
</tr>
<tr>
<td>Weak loyalty to employer; short average duration of employment</td>
<td>Strong loyalty to employer; long average duration of employment</td>
</tr>
<tr>
<td>Preference for smaller organisations but little self-employment</td>
<td>Preference for larger organisations, but at the same time much self-employment</td>
</tr>
<tr>
<td>Scepticism toward technological solutions</td>
<td>Strong appeal of technological solutions</td>
</tr>
<tr>
<td>Innovators feel independent of rules</td>
<td>Innovators feel constrained by rules</td>
</tr>
<tr>
<td>Top managers involved in strategy</td>
<td>Top managers involved in operations</td>
</tr>
<tr>
<td>Power of superiors depends on position and relationships</td>
<td>Power of superiors depends on control of uncertainties</td>
</tr>
<tr>
<td>Tolerance for ambiguity in structures and procedures</td>
<td>Highly formalised conception of management</td>
</tr>
<tr>
<td>Appeal of transformational leader role</td>
<td>Appeal of hierarchical control role</td>
</tr>
<tr>
<td>Innovations welcomed but not necessarily taken seriously</td>
<td>Innovations resisted but, if accepted, applied consistently</td>
</tr>
<tr>
<td>Relationship orientation</td>
<td>Task orientation</td>
</tr>
<tr>
<td>Flexible working hours not appealing</td>
<td>Flexible working hours popular</td>
</tr>
<tr>
<td>Belief in generalists and common sense</td>
<td>Belief in specialists and expertise</td>
</tr>
<tr>
<td>Superiors optimistic about employees' ambition and leadership capacities</td>
<td>Superiors pessimistic about employees' ambition and leadership capacities</td>
</tr>
</tbody>
</table>

Summary of values and other psychological characteristics related to masculinity – femininity dimension

<table>
<thead>
<tr>
<th>Low MAS</th>
<th>High MAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperation at work and relationship with boss important</td>
<td>Challenge and recognition in jobs important</td>
</tr>
<tr>
<td>Living area and employment security important</td>
<td>Advancement and earnings important</td>
</tr>
<tr>
<td>Values of women and men hardly different</td>
<td>Values of women and men very different</td>
</tr>
<tr>
<td>Lower job stress</td>
<td>Higher job stress</td>
</tr>
<tr>
<td>Belief in group decisions</td>
<td>Belief in individual decisions</td>
</tr>
<tr>
<td>Preference for smaller companies</td>
<td>Preference for large companies</td>
</tr>
<tr>
<td>Private life protected from employer</td>
<td>Employer may invade employees' private lives</td>
</tr>
<tr>
<td>Belief in Theory Y</td>
<td>Belief in Theory X</td>
</tr>
<tr>
<td>Promotion by merit</td>
<td>Promotion by protection</td>
</tr>
<tr>
<td>Work not central in a person's life space</td>
<td>Work very central in a person's life space</td>
</tr>
<tr>
<td>Higher well-being in rich countries</td>
<td>Higher well-being in poor countries</td>
</tr>
<tr>
<td>Achievement in terms of quality of contacts and environment</td>
<td>Achievement in terms of ego boosting, wealth and recognition</td>
</tr>
<tr>
<td>Higher norms for emotional stability and ego control</td>
<td>Lower norms for emotional stability and ego control</td>
</tr>
</tbody>
</table>
## In a workplace

<table>
<thead>
<tr>
<th>Work in order to live</th>
<th>Live in order to work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meaning of work for workers: relations and working conditions</td>
<td>Meaning of work for workers: security, pay and interesting work</td>
</tr>
<tr>
<td>Stress on equality, solidarity and quality of work life</td>
<td>Stress on equity, mutual competition and performance</td>
</tr>
<tr>
<td>Managers are employees like others</td>
<td>Managers are culture heroes</td>
</tr>
<tr>
<td>Managers expected to use intuition, deal with feelings and seek consensus</td>
<td>Managers expected to be decisive, firm, assertive, competitive and just</td>
</tr>
<tr>
<td>Successful managers seen as having both male and female characteristics</td>
<td>Successful managers seen as having solely male characteristics</td>
</tr>
<tr>
<td>More women in management</td>
<td>Fewer women in management</td>
</tr>
<tr>
<td>Smaller wage gap between genders</td>
<td>Larger wage gap between genders</td>
</tr>
<tr>
<td>Managers hold modest career aspirations</td>
<td>Managers hold ambitious career aspirations</td>
</tr>
<tr>
<td>Humanisation of work through creation of work groups</td>
<td>Humanisation of work through provision of task challenge</td>
</tr>
<tr>
<td>Resolution of conflicts through problem solving, compromise and negotiation</td>
<td>Resolution of conflicts through denying them or fighting until the best 'man' wins</td>
</tr>
<tr>
<td>More sickness absence</td>
<td>Less sickness absence</td>
</tr>
<tr>
<td>Lower job stress: fewer burnout symptoms among healthy employees</td>
<td>Lower job stress: more burnout symptoms among healthy employees</td>
</tr>
<tr>
<td>Preference for smaller companies</td>
<td>Preference for larger companies</td>
</tr>
<tr>
<td>Preference for fewer hours worked</td>
<td>Preference for higher pay</td>
</tr>
<tr>
<td>Competitive advantage in service industries, consulting, live products and biochemistry</td>
<td>Competitive advantage in manufacturing industries, price competition, heavy products and bulk chemistry</td>
</tr>
</tbody>
</table>

## Summary of values and other psychological characteristics related to long-term – short-term orientation dimension

<table>
<thead>
<tr>
<th>Low LTO</th>
<th>High LTO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quick results expected</td>
<td>Persistence, perseverance</td>
</tr>
<tr>
<td>Status not major issue in relationships</td>
<td>Relationships ordered by status and their order observed</td>
</tr>
<tr>
<td>Nice people know how to spend</td>
<td>Nice people are thrifty, sparing with resources</td>
</tr>
<tr>
<td>Shame is not a common feeling</td>
<td>A sense of shame common</td>
</tr>
<tr>
<td>Personal steadiness and stability</td>
<td>Personal adaptability</td>
</tr>
<tr>
<td>Protection of one's 'face'</td>
<td>Face considerations common but considered a weakness</td>
</tr>
<tr>
<td>Respect for traditions</td>
<td>Adaptation of traditions to new circumstances</td>
</tr>
<tr>
<td>Reciprocity of greetings, favour and gifts</td>
<td>Reciprocation considerations are problematic, risk of overspending</td>
</tr>
<tr>
<td>Children should learn tolerance and</td>
<td>Children should learn thrift</td>
</tr>
<tr>
<td></td>
<td>respect for other people</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>In a workplace</td>
<td></td>
</tr>
<tr>
<td>Meritocracy: economic and social life to be ordered by abilities</td>
<td></td>
</tr>
</tbody>
</table>
## APPENDIX E

### NATIONAL CULTURE QUESTIONNAIRE

Please think of an ideal job, disregarding your present job, if you have one. In choosing an ideal job, how important would it be to you to ... (please circle one answer in each line across)

1 = of utmost importance  
2 = very important  
3 = of moderate importance  
4 = of little importance  
5 = of very little or no importance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Have sufficient time for your personal or family life</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>2.</td>
<td>Have good physical working conditions (good ventilation and lighting, adequate work space, etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>3.</td>
<td>Have a good working relationship with your direct superior</td>
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<tr>
<td>4.</td>
<td>Have security of employment</td>
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<tr>
<td>5.</td>
<td>Work with people who co-operate well with one another</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>6.</td>
<td>Be consulted by your direct superior in his/her decision-making</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>7.</td>
<td>Have an opportunity for advancement to higher-level jobs</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>8.</td>
<td>Have an element of variety and adventure in the job</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>9.</td>
<td>Have an opportunity for high earnings</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>10.</td>
<td>Live in an area desirable to you and your family</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In your private life, how important is each of the following to you? (please circle one answer in each line across)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.</td>
<td>Personal stability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Thrift</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Persistence (perseverance)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Respect for tradition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
15. How often do you feel nervous or tense at work?

1. never
2. seldom
3. sometimes
4. usually
5. always

15. How frequently, in your experience, are subordinates afraid to express disagreement with their superiors?

1. very seldom
2. seldom
3. sometimes
4. frequently
5. very frequently

The descriptions below apply to four different types of managers. Please read through these descriptions first.

Manager 1: Usually makes his/her decisions promptly and communicates them to his/her subordinates clearly and firmly. He/she expects them to carry out the decisions loyally and without raising difficulties.

Manager 2: Usually makes his/her decisions promptly, but, before going ahead, tries to explain them fully to his/her subordinates. He/she gives them the reasons for the decisions and answers whatever questions they may have.

Manager 3: Usually consults with his/her subordinates before he/she reaches his/her decisions. He/she listens to their advice, considers it, and then announces his/her decision. He/she then expects all to work loyally to implement it whether or not it is in accordance with the advice they gave.

Manager 4: Usually calls a meeting of his/her subordinates when there is an important decision to be made. He/she puts the problem before the group and invites discussion. He/she accepts the majority viewpoint as the decision.

16. Now, of the above types of managers, please mark the one which you would prefer to work under (circle one answer only):

1. Manager 1
2. Manager 2
3. Manager 3
4. Manager 4

17. And, to which one of the above four types of managers would you say your own superior most closely corresponds?

1. Manager 1
2. Manager 2
3. Manager 3
4. Manager 4
5. He/she does not correspond closely to any of them

18. How long do you think you will continue working for the organisation or company you work for now?
   1. Two years at the most
   2. From two to five years
   3. More than five years (but I will probably leave before I retire)
   4. Until I retire.

To what extent do you agree or disagree with each of the following statements? (please circle one answer in each line across)

   1 = strongly agree
   2 = agree
   3 = undecided
   4 = disagree
   5 = strongly disagree

19. Most people can be trusted

20. One can be a good manager without having precise answers to most questions that subordinates may raise about their work

21. An organisation structure in which certain subordinates have two bosses should be avoided at all costs

22. Competition between employees usually does more harm than good

23. A company's or organisation's rules should not be broken - not even when the employee thinks it is in the company's best interest

24. When people have failed in life it is often their own fault

Some information about yourself (for statistical purposes):

25. Are you
   1. male
   2. female

26. How old are you?
   1. Under 20
   2. 20-24
   3. 25-29
   4. 30-34
   5. 35-39
   6. 40-49
   7. 50-59
   8. 60 or over
27. How many years of formal school education (or its equivalent) did you complete (including primary school)?
   1. 10 years or less
   2. 11 years
   3. 12 years
   4. 13 years
   5. 14 years
   6. 15 years
   7. 16 years
   8. 17 years
   9. 18 years or over

28. If you have or have had a paid job, what kind of job is it/was it?
   1. No paid job (includes full-time students)
   2. Unskilled or semi-skilled manual worker
   3. Generally trained office worker or secretary
   4. Vocationally trained craftsperson, technician, informatician, nurse, artist or equivalent
   5. Academically trained professional or equivalent (but no a manager of people)
   6. Manager of one or more subordinates (non-managers)
   7. Manager of one or more managers

29. What is your nationality? ________________________________

30. What was your nationality at birth (if different)? ___________________________

THANK YOU FOR YOUR TIME!