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**Managerial styles in privately owned domestic organizations in Russia:  
Heterogeneity, antecedents, and organizational implications**

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# **Managerial Styles in Privately Owned Domestic Organizations in Russia: Heterogeneity, Antecedents, and Organizational Implications**

**ABSTRACT:** Drawing on a dataset consisting of 344 personal interviews, participant observations, and internal documents collected in 26 privately owned business organizations in Russia, the study aims at complementing existing research on Russian indigenous management in three ways. First, it examines the managerial styles of key individuals (i.e. owners and/or CEOs) in the case organizations. Hence, it taps into the existing heterogeneity of managerial styles, the so-called *groupvergence*, found in contemporary Russian organizations, and documents their idiosyncratic features, such as the transformational nature of authoritarian leadership. Second, the study explores the antecedents of the identified styles to establish what factors contribute to their emergence and thus sheds light on how the heterogeneous managerial styles in Russian organizations come into existence. Finally, the study investigates how the identified styles manifest themselves in organizations by influencing organizational goals and strategies, organizational structures, supporting mechanisms, relationships between organizational members, and reward systems. It therefore elaborates on the organizational implications of the styles and highlights the mechanisms of their sustainable diffusion to lower organizational levels in Russian organizations.

**KEYWORDS:** heterogeneity, indigenous management, managerial styles, owners/CEOs, Russia, trickle-down effect

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## INTRODUCTION

Whereas Russia remains an attractive market for Western companies (Kobernyuk, Stiles, & Ellson, 2014; Puffer, McCarthy, Jaeger, & Dunlap, 2013; Voldnes, Grønhaug, & Sogn-Grundvåg, 2014), conducting business in Russia is difficult due to cultural differences, a turbulent political environment, constantly changing rules of the game, corruption, and weak formal institutions (e.g., Fey & Shekshnia, 2011). Additionally, challenges for Western-Russian business relations are posed by a persistent lack of in-depth knowledge on the ways in which businesses operate in Russia and on the key characteristics of Russian organizations (Puffer & McCarthy, 2011).

Extant academic research postulates that since 1991 Russia has been moving from a state-controlled toward a market economy (Mattsson & Salmi, 2013; Puffer & McCarthy, 2011). At the same time, taking into account the socio-political development in Russia over the last 25 years, some authors have focused on the development of managerial styles in Russia and questioned the supposedly unidirectional development of the Russian economy and society (e.g., Alexashin & Blenkinsopp, 2005; Balabanova, Efendiev, Ehrnrooth, & Koveshnikov, 2015; McCarthy, Puffer, & Darda, 2010; McCarthy, Puffer, May, Ledgerwood, & Stewart, 2008). They argue that instead of taking for granted the over-simplistic view that Russian managerial style is evolving in a steady, linear manner from authoritarian toward transformational, closer attention should be focused on identifying and analyzing the various types of managerial styles co-existing today in Russia.

To date, a number of quantitative and qualitative studies have attempted to illuminate the features that distinguish Russian managers from their Western counterparts and to describe various managerial styles and their organizational outcomes in contemporary Russia (e.g. Balabanova et al., 2015; Fey, Adaeva, & Vitkovskaia, 2001). However, among these research efforts, the qualitative ones (e.g. Fey et al., 2001) have generally been limited to analyzing managers employed by multinational corporations (MNC) or taking part in Western managerial training programs. Although based on more comprehensive samples, the quantitative ones (e.g., Balabanova et al., 2015) provided rather schematic typologies of Russian managers derived from a pre-determined set of managerial attitudes and/or role expectations.

Acknowledging the important contributions of these studies, it is notable that they leave us with little understanding of how the various managerial styles found among Russian managers influence determination of the goals and strategies, structures, supporting mechanisms, relations between organizational members, and reward systems of the organizations in question. Moreover, they say little about the antecedents of the managerial styles, i.e., the factors that explain their existence. Finally, focusing mainly on middle and line managers, they do not analyze the managerial orientations of key individuals such as owners and/or CEOs or the implications of these orientations.

In this paper, we aim at addressing these shortcomings by exploring managerial styles and their antecedents and organizational implications in Russian privately owned organizations by examining the managerial orientations of key individuals in these organizations. We define *management style* as a system of managerial practices, processes, and operations adopted by organizational actors for decision-making and the management of information, relationships, and subordinates (Garengo & Bititci, 2007; Sadler-Smith, Hampson, Chaston, & Badger, 2003). There are several justifications for our focus on key individuals and their managerial orientations in this study.

First, research shows that the managerial orientations and beliefs of key individuals such as top managers largely determine the values, norms, and behavioral standards among subordinates at lower organizational levels through the *cascading* or *trickle-down* effect (e.g., Liu, Liao, & Loi, 2012; Mawritz, Mayer, Hoobler, Wayne, & Marinova, 2012; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009). Top managers have an important influence on organizational cultures and a number of studies have found significant links between top managers and organizational characteristics (e.g. Agle, Mitchell, & Sonnenfeld, 1999; Berson, Oreg, & Dvir, 2008; O'Reilly, Caldwell, & Chatman, 2014; Peterson, Smith, Martorana, & Owens, 2003; Schneider, 1987). For instance, Berson et al. (2008) showed that different values of CEOs (self-direction, security, and benevolence) are associated with different organizational cultures (innovation-oriented, bureaucratic, and supportive). Agle et al. (1999) argued that CEOs imprint their organizations with their own values through their strategic decisions. Recently, O'Reilly et al. (2014) found that CEO personality affects organizational culture

and that culture is subsequently related to a broad set of organizational outcomes such as financial performance, reputation, and employee attitudes.

Second, the managerial orientations of key individuals are likely to be an important determinant of managerial styles in Russian organizations. This is due to (i) the high power distance characterizing Russian organizations and Russian society in general<sup>[1]</sup> (see Bakacsi, Sandor, Andras, & Viktor, 2002; Barton & Barton, 2011; Elenkov, 1998) and (ii) the perception that bosses and leaders in Russian organizations play a much more significant role than their Western counterparts (e.g., Kets de Vries, 2001; Kovesnikov, Vaara, & Ehrnrooth, 2016). Echoing these arguments, a study by Wang, Tsui, and Xin (2011) found that in China, another country with high power distance, top managers (a) have supreme authority over the organization with employees looking to them for guidance and approval and (b) resemble an important (father) figure whose behaviors are observed and internalized by subordinates.

With the present study, we aim at complementing the existing literature on managerial styles in Russian organizations in three concrete ways. First, by investigating how the managerial orientations of key individuals cascade to lower organizational levels in contemporary Russian organizations, we uncover the existing heterogeneity of managerial styles, the so-called *groupvergence*, found in these organizations and document their idiosyncratic features, such as the transformational nature of authoritarian leadership. Second, by exploring the antecedents of the identified styles, we provide an explanation for how they came into existence. Finally, we also investigate how these styles manifest themselves in organizations by influencing organizational goals and strategies, organizational structures, supporting mechanisms, the quality of relationships between organizational members, and the system of rewards. Hence, we go beyond simply describing various managerial styles and their key characteristics in Russian organizations also by elaborating on the organizational implications and manifestations of the styles. More concretely, we pose the following questions:

1. *What types of managerial styles are pursued by the key individuals (i.e. owners and/or CEOs) in domestic organizations in contemporary Russia?*
2. *How are these managerial styles influenced and shaped by (a) the background and personal orientations of key individuals as well as (b) the institutional and socio-economic environment of contemporary Russia?*
3. *What are the organizational implications of the identified managerial styles?*

The paper draws on extensive empirical material obtained from a large-scale project conducted between 2010 and 2015, during which we conducted a thorough examination of 26 privately owned organizations from a variety of locations and industries in Russia. Altogether, we have conducted 344 personal interviews with the owners/CEOs of the organizations and the top and middle managers. Based on our analysis, we identified and empirically verified four managerial styles in the examined organizations: *wild capitalist*, *rationalist*, *passive*, and *statist*. We were also able to pinpoint the antecedents and organizational implications of these styles.

The paper unfolds as follows: First, we review the existing literature on Russian managerial styles and, second, identify some of its weaknesses. Then we describe the research methodology of the present study and explicate the four identified managerial styles together with their antecedents and implications. Finally, we discuss our findings and their contributions in relation to the existing body of knowledge.

## **THEORETICAL BACKGROUND**

### **Managerial Styles in Russia**

Over the last 25 years, two main streams of research on Russian managers and Russian managerial styles have developed. The first analyzed the values, attitudes, and orientations of Russian managers as a largely homogenous group and focused on illuminating the distinctive features that set Russian managers apart from their Western counterparts. These studies generally concur in the idea that Russian managers are directive, control-oriented, and authoritarian (Fey & Denison, 2003; McCarthy

& Puffer, 2013; Voldnes et al., 2014). The ‘command-and-control’ approach of Russian managers is manifested in the concentration of power, a rigid hierarchy with centralized decision-making, top-down orientation, obedience to authority, the use of coercive power, low emphasis on employee participation, and the high importance of rank and status (Dixon, Day, & Brewster, 2014; Dixon, Meyer, & Day, 2010; Gimpelson & Kapeliushnikov, 2011; Kets de Vries, 2001; Mattsson & Salmi, 2013; McCarthy, Puffer, Vikhanski, & Naumov, 2005; McCarthy et al., 2008; Muratbekova-Touron, 2002; Voldnes et al., 2014). These characteristics predetermine the prevalence among Russian managers and leaders of transactional and authoritarian managerial styles instead of transformational and participative (Elenkov, 1997, 1998; McCarthy et al., 2008; McCarthy & Puffer, 2013). It is noteworthy that although some authors suggest that authoritarian leadership is less prominent among Russian managers today than in the early post-Soviet period (e.g., Latukha, 2015), still others consider such leadership together with a high concentration of decision-making power at the top of the organization to be the ‘dominant archetype’ of people management in Russian companies (Gurkov, 2016; Gurkov & Settles, 2013).

A number of factors has been suggested to explain the prevalence of transactional and authoritarian leadership: (1) the characteristics of Russian culture, such as the traditional preference for strong leaders and high power distance (Koveshnikov, Barner-Rasmussen, Ehrnrooth, & Mäkelä, 2012; May, Puffer, & McCarthy, 2005; Muratbekova-Touron, 2002; Voldnes et al., 2014); (2) the lingering influence of the Soviet period with its state-planned economy and the suppression of individual initiative (Elenkov, 2002; McCarthy & Puffer, 2013); (3) the lack of Western education and managerial knowledge on the part of Russian managers (Koveshnikov et al., 2012); and (4) the current institutional conditions of the Russian business environment (Elenkov, 1998; Kets de Vries, 2000, 2001). Other common characteristics of Russian managers, such as risk-avoidance and accountability, unwillingness to change, and a lack of strategic vision and transparency, have been attributed to both the ‘Soviet heritage’ as well as to the high uncertainty avoidance and short-term perspective of Russian culture (Mattsson & Salmi, 2013; May et al., 2005; McCarthy et al., 2008).



Overall, this body of research tends to draw a ‘collective portrait’ of Russian managers that differs completely from that of their Western counterparts.

Yet, the second stream of research has made some progress in overcoming this simplistic and stereotypical portrayal of Russian managers – and of Russian business as a whole – by engaging with the idea of a co-existing heterogeneity of managerial styles in Russia (e.g., Ardichvili & Gasparishvili, 2001; Ardichvili & Kuchinke, 2002; Elenkov, 1997, 2002; McCarthy et al., 2008, 2010). It posits that as Russian society evolved from a state-controlled into a market economy, managerial styles were bound to change in several respects, which scholars in this stream tried to capture with analytical dichotomies such as ‘old’ and ‘new’, ‘traditional’ and ‘modern’, and ‘Soviet-’ and ‘Western-type’. This transformation supposedly produced a new generation of managers in Russia (e.g., Astakhova, DuBois, & Hogue, 2010; May et al., 2005; McCarthy et al., 2010). These managers tend to exhibit higher entrepreneurial orientations, western managerial values and are more change-oriented and receptive to new ideas, new working systems, and new knowledge (Kobernyuk et al., 2014; Kovesnikov et al., 2012). The transformation of these managers was possible due to their better education, participation in Western managerial training, cooperation with foreign partners, and work experience in MNCs and international joint ventures (Alexashin & Blenkinsopp, 2005; Elenkov, 1997, 1998; Kobernyuk et al., 2014).

Thus, the extant research suggests that there are basically two types of managers in contemporary Russia. Nevertheless, it is questionable whether this representation is sufficient to explain the variation in managerial values, attitudes, behaviors, and styles in today’s Russia. A number of authors have tried to address this issue by introducing multidimensional typologies to advance our understanding of this variation.

For instance, Fey et al. (2001), collected qualitative descriptions of ‘an effective Russian manager’ from 90 Russian managers and classified Russian managerial orientations according to two ‘classical’ leadership dimensions – interaction with followers (democratic vs. authoritarian) and behavioral orientation (task- vs. relations-oriented). Using these dimensions, the authors derived four hypothetical ‘ideal’ types of managers: the *military-man*, the *states-man*, the *clergyman*, and the

*politician*. The *military-man* is a task-oriented authoritarian leader, who strives to exercise tight control over all processes in the organization, makes most key decisions for subordinates, and expects others to obey. The *clergyman* – a relations-oriented democrat – focuses on assuring an effective climate in the organization and good relations between all employees through delegation and a low level of control. The *states-man*, as a task-oriented democrat, prioritizes achievement of the organizational goals that he/she sets and is unwilling to negotiate consensus with employees about the best way to achieve them. Finally, the relations-oriented, authoritarian *politician* is mainly concerned about his/her personal power and values, above all the personal loyalty and obedience of subordinates rather than their competence.

Recently, Balabanova et al. (2015) offered another typology based on a sample of 482 line and middle managers from 80 Russian organizations. First, the authors used a factor analysis of expected managerial behaviors towards subordinates and supervisors to extract four principal orientations of managerial styles in Russia. These were ‘supportive’, ‘empowering’, ‘responsibility-taking’, and ‘authoritarian’. Using these orientations, the authors identified four managerial styles with a cluster analysis: *paternalistic*, *exploitative*, *performance-oriented*, and *passive*. *Paternalistic* managers were supportive but not inclined to engage their subordinates in decision-making and initiative-taking. *Exploitative* managers were highly authoritarian and responsibility-taking and were not inclined to empower their subordinates. *Performance-oriented* managers empowered their subordinates and engaged them in decision-making and initiative-taking. They also supported further education and professional development for themselves and their subordinates. This style was most like that of Western management. Finally, *passive* managers were not responsibility-taking, supportive, democratic, nor authoritarian. They were the least competent managers and exhibited no clear managerial identity.

Overall, the two studies (Balabanova et al., 2015; Fey et al., 2001) pointed towards the heterogeneity of Russian managerial styles, which goes beyond the ‘old’ vs. ‘new’ and/or ‘Soviet-’ vs. ‘Western’ dichotomies. However, as we have already indicated above, despite these valuable contributions, this research has several important limitations. First, most of the studies examined

managers either employed by Russian subsidiaries of Western MNCs and international joint ventures or enrolled in Western-orientated educational programs. Second, they typically examined managers from the two largest Russian cities – Moscow and/or St Petersburg (Björkman, Fey, & Park, 2007; Dixon et al., 2014; Elenkov, 1998; Fey & Björkman, 2001; Koveshnikov et al., 2012; McCarthy & Puffer, 2013; Michailova, 2002). Hence, the literature largely tends to exclude Russian domestic organizations as well as organizations located in other cities and regions. Third, the studies have not focused specifically on key individuals, such as owners and/or CEOs, and their managerial styles. Finally, whereas providing elaborate descriptions of the orientations and attitudes of various managerial styles, the studies did much less to explicate the antecedents and organizational implications of these styles.

These limitations are understandable. The focus on MNCs stems from the needs of these organizations to learn the fundamentals of successful business in Russia. Moreover, gaining access to companies in Russia is difficult (Kobernyuk et al., 2014; Voldnes et al., 2014). In this light, accessing managers in MNCs, joint ventures, or MBA programs is one way to overcome this challenge. Furthermore, the challenges entailed in gaining access also hinder a thorough explication of the managerial styles of key individuals as well as their antecedents and implications in the organizations under investigation.

Due to these limitations, the existing literature had difficulties in providing a representative and systematic view of managerial styles in Russian domestic organizations. Whereas research has highlighted considerable differences in management practices and employment relations between domestic- and foreign-owned companies in Russia (Balabanova & Efendiev, 2015; Efendiev, Balabanova, & Liubikh, 2014), the nature of managerial styles in Russian domestic organizations, their antecedents and implications remain largely unexplained. This leaves us in need of more in-depth, inductive and observation-based research, which could help us understand and explain the existing heterogeneity of managerial styles in Russian domestic organizations more thoroughly and in greater detail. This, in turn, will require more elaborate and extensive research approaches that could provide insight into what really goes on in Russian organizations on a daily basis, i.e. how they

function, what practices and processes are in place, and what managers actually do to achieve organizational goals. We now turn to describing our research approach, which strives to accomplish these goals.

## **METHOD**

To tackle our research questions, we conducted a qualitative, in-depth multiple case study. This approach effectively addresses our overall aim of providing a deeper and more comprehensive understanding of managerial styles and their antecedents and implications in contemporary Russian organizations. The inductive nature of our approach allowed us to tap into and analyze managerial styles not based on particular pre-existing categories and dimensions but rather on empirical evidence (Noordegraaf & Stewart, 2000). Hence, we followed a grounded theory approach (e.g. Corbin & Strauss, 1990). In practice, this meant that we relied on exploring and observing the actual behaviors and attitudes of managers instead of employing pre-existing behavioral dimensions, attitudes, and perceptions (cf. Conger, 1998). We deliberately avoided pre-existing concepts and dimensions in order not to limit the creativity of the research process. We intended to remain open to new concepts, behaviors, attitudes, and relationships and to avoid the concern that ‘advances in knowledge that are too strongly rooted in what we already know delimit what we can know’ (Gioia, Corley & Hamilton, 2013: 16). This approach provided us with a rich contextual sense of the phenomenon under investigation and allowed us to find empirically grounded explanations for it (Corbin & Strauss, 1990; Garengo & Bititci, 2007; Yin, 2001).

## **Sample**

To collect data, we selected and examined altogether 26 case organizations (see Table 1). The data collection took place between 2010 and 2015. Acknowledging the innate difficulty of collecting data in Russia, we imposed only a limited number of criteria, i.e. the most critical for the purpose of our study: the case organizations had to (a) be domestic and privately owned, and (b) represent various

industries and geographic regions in Russia. The selected organizations were located in different parts of Russia, namely West Siberia (1), East Siberia (1), Moscow (13) and other European regions (*oblast'*) (11) of Russia, such as Tatarstan, Tver, Belgorod, Lipetsk, Voronezh, and Orel. Moreover, the organizations represented a wide range of industries divided into three main groups: services such as hospitality, construction, insurance, logistics, housing services and utilities, telecommunications, and IT (13); manufacturing such as agriculture, food processing, pharmaceuticals, chemicals, equipment and building materials production (9); and trade (4). The organizations were mainly small- and medium-size enterprises (up to 800 employees). Six companies, with more than 800 employed, represented large businesses.

\*\*\* Insert Table 1 about here \*\*\*

## **Data Collection**

We used three main sources of data, including 1) in-depth semi-structured interviews, (2) participant observations, and 3) internal documentation. Table 2 summarizes our data collection efforts.

\*\*\* Insert Table 2 about here \*\*\*

First, one of the authors has conducted altogether 344 semi-structured, face-to-face interviews. He was involved in all of the interviews and personally visited and spent time in all the organizations, sometimes assisted by research associates. The aim of the interviews was to diagnose each of the case organizations in order to establish what managerial style(s) was/were practiced by its top management, how the salience of a particular managerial style can be explained, and what constitutive implications it had for the organization and its key characteristics.

We used a well-established organizational diagnostic tool based on Weisbord's (1978) six-box model of organizational diagnostics, which covers (1) leadership, (2) organizational goals and strategies, (3) organizational structures, (4) supporting mechanisms, (5) relations between organizational members, and (6) reward systems. We consider this model particularly useful for our purposes because it pays special attention to the role of leadership in determining and coordinating the

other elements of the model (e.g. Burke & Litwin, 1992), which is exactly what we were after in this study.

We employed a ‘top-down’ strategy to select interviewees. This means that first we chose ‘key individuals’ – company owners and/or CEOs – as interviewees. Second, we moved one hierarchical level down and approached top managers, business units, and functional heads. Finally, we interviewed mid-level managers. Conducting multiple interviews at different hierarchical levels served two main purposes. It meant greater reliability for our research findings since we were able to verify how the views of key individuals themselves concerning their managerial orientations compare with the perceptions of these orientations by actors at lower organizational levels. In this way, we were also able to obtain important insights regarding the *trickle-down* or *cascading* effect of managerial styles inside our case organizations.

We posed diagnostic questions for each aspect of the model to our interviewees: first to top persons and then to managers at lower hierarchical levels. Appendix 1 contains a generic questionnaire used in the study listing some of its key questions (see Appendix 1). The number of interviews per organization varied from three to 23, depending on organizational size and structure, and lasted between 30 minutes and four hours. All interviews were recorded and transcribed verbatim. We terminated the interviewing in each company when further interviews revealed no new or relevant data.

Second, as mentioned already, one of the authors had spent substantial time in each of the case organizations, during which he engaged in close participant observations of various meetings and discussions, decision-making processes and negotiations, organizational changes, and practices. He was able to follow closely meetings around the development of concrete organizational features, which are of interest to us in this paper, namely reward systems, specification of business processes and organizational structures, future development plans and strategies, and the resolution of functional conflicts. These observations yielded a large amount of valuable data concerning how each of the observed case organizations functioned in practice, for instance, what methods and arguments organizational actors used to resolve conflicts, what arguments they employed to justify their position,

and what methods and processes they used to develop future plans and make decisions. Subsequently, we used these observations in the analyses to verify our initial interpretations obtained from the interviews. On average, eight meetings were observed per organization.

Finally, while observing and diagnosing the case organizations during the project, we gained access to a large number of internal documents such as internal reports, documents concerning strategies, development plans and budgets, internal directives and guidelines, and minutes from various meetings. This information improved our understanding of the organizations' internal processes, their consistency and economic efficiency, and provided valuable insight into how the managerial orientations of key individuals shape organizational processes and practices.

## **Data Analysis**

We analyzed our data in three main stages. During the first stage, we aimed at identifying what managerial orientations prevailed among key individuals in the case organizations. In contrast to large-scale surveys, our interview protocols did not contain direct questions concerning the interviewees' managerial orientations. We did this on purpose since our intention was to minimize the possibility that in interview situations dealing with sensitive issues around leadership, when asked directly, the Russian interviewees might portray their managerial attitudes in an excessively positive light (e.g., Grachev, 2009). We therefore had to infer these from the actual practices used by the interviewees and from their attitudes as described by them and either verified or refuted by their subordinates.

To do this, we conducted a thematic analysis of interview transcripts to tease out information on the characteristics, behaviors, and attitudes of the interviewees. We read each interview transcript a number of times to identify empirical instances with references to particular situations or circumstances, ways of doing things and/or individual attributes. These included high levels in a key individual's energy, MBA education, stories about becoming an entrepreneur before turning 30 or after becoming 45, and references to the overriding importance of profit and to how subordinates

should look and behave like their bosses. Importantly, when teasing out evidence, we tried to focus on instances featuring concrete facts rather than interviewees' opinions. For instance, we were cautious in interpreting the following opinion of an interviewee explicitly: *'The level of centralization in our company is high'*. However, we considered it more credible when an interviewee described the remuneration process in his/her organization as follows:

*Monthly, the head of the logistics unit sends the owner a document containing the salaries of all his subordinates (more than 300 people). The owner always checks all the figures very carefully, asks clarifying questions and corrects some of the figures. Only after that the document is sent to our accounting for payment.*

Based on this factual description, we concluded that the level of centralization in that particular organization is indeed high.

To understand how the managerial orientations of key individuals diffused to lower organizational levels, we carefully compared how the key individuals themselves and their subordinates described different aspects/features of their organization. In this way, we aimed at establishing how the subordinates perceived the organization's managerial style, its antecedents and implications, and what attributions they made in relation to it. For instance, in one of the case organizations, the owner indicated that he aimed at setting high targets for his subordinates despite the fact that these were seldom achieved in practice. Then, when discussing organizational targets, one of the subordinates stated the following during the interview:

*I do not understand why such high targets are set. All financial targets come from the owner .... I do not know why it is done this way but I do know that everyone in this company benefits when the owner's ideas are realized.*

We therefore concluded that in this particular case the ambitious managerial orientations of the owner cascade and become internalized by employees at lower organizational levels.

In our analyses, we also relied on internal documents. We juxtaposed our interpretations from interviews in a particular case organization with the number and the content of internal documents



collected from this organization. For instance, we interpreted a large number of various internal documents and guidelines as an indication that the organization is highly formalized, whereas a lack of internal documents concerning strategy signified the absence of formal strategy. Furthermore, we also relied on what was observed in a particular case organization when either verifying or refuting our initial interpretations. Hence, we constantly moved back and forth between the three sources of data to verify and confirm/refute our emergent interpretations.

During the second stage, we analyzed the content of the collected interview instances and aggregated them into three categories for each of the case organizations: the managerial styles of key individuals, their antecedents, and their organizational implications. The first category contained all the evidence related to the managerial orientations and attitudes of key individuals, e.g. their role expectations for themselves and their subordinates. The second category encompassed those instances that described key personal characteristics of the key individuals concerned such as gender, age, education, professional experience, and professional histories. Here, we also included the instances that described how, and if, the managerial style of a particular key individual had been shaped and influenced by the socio-economic environment of contemporary Russia. Finally, the third category included the instances that concerned how the managerial style of a particular key individual manifested itself (i.e. determines and coordinates) in the remaining five organizational aspects of Weisbord's model, that is, organizational goals and strategies, organizational structures, supporting mechanisms, relations between organizational members, and reward systems.

As the final step in our analysis, we crosschecked 26 case organizations within the categories to identify similarities and differences between them. Through multiple iterations, we arrived at four distinct managerial styles with their antecedents and manifestations: *wild capitalist*, *rationalist*, *passive*, and *statist*. They are described below in detail more. We then assigned each of the organizations to one of the four groups based on the dominant managerial style practiced by its key individuals (see Table 1).

In a few cases where we could not determine a dominant managerial style, we assigned organizations to two different groups simultaneously. The analysis indicates that such cases were

mainly of two types. First, the co-existence occurred when there was not one but two or more (more or less) equally powerful key individuals (managers or owners) managing the organization. In these cases, various outcomes in terms of the styles' compatibility were possible. An example of a good compatibility of two styles in our sample is the case number 20 (see Table 1) where a *wild capitalist* owner successfully co-existed with a *passive* hired CEO. The key to compatibility in this case lies in the fact that the *passive* CEO did not engage or showed initiative in actively managing the organization and, in this way, did not intervene with the managerial approach and continuous inspiration of the *wild capitalist* owner. In contrast, two owners from the case number 26 with two different styles – *rationalist* and *passive* – were not compatible, as the professionalism, performance-orientation and formalization of the *rationalist* owner appeared to be in conflict with the non-participative, unengaged style of the *passive* one.

Second, the co-existence also occurred in organizations, which during our project's timeframe underwent major leadership changes as the previous key individual was fired, replaced, or simply left, and a new, potentially very different in terms of managerial orientations and attitudes, individual came into power and started to disseminate his / her visions, approaches, values, etc. to lower organizational levels. In this situation, if the managerial styles of the old and the new leaders differ substantially, employees at lower levels might feel confused, as different, sometimes even conflicting, types of practices and processes may start to co-exist in the organization. As it turns out, in several of our case organizations, key individuals were changing during our project, thus allowing us to identify the traces of several managerial styles co-existing in these organizations. The case number 24 offers an illustration whereby a *wild capitalist* owner decided to replace a *rationalist* hired CEO for not being ambitious enough (according to the owner's expectations). As a result, the organization simultaneously possessed some traces of the two styles as the entrepreneurial zeal, ambitious aspirations, and continuous inspiration of the *wild capitalist* owner coexisted with the professionalism, performance-orientation and formalization of the new *rationalist* CEO.

## RESULTS

Our analysis explicates four different managerial styles co-existing in contemporary Russian organizations. These are *wild capitalist*, *rationalistic*, *passive*, and *statist*. In this section, we analyze the styles identified in terms of the managerial orientations and attitudes of key individuals, the antecedents of the styles such as the backgrounds and characteristics of key individuals as well as several idiosyncratic features of the current Russian institutional and socio-economic environment, and the organizational manifestations and implications of the styles.

### **The Wild Capitalist Managerial Style**

In terms of managerial orientations, *wild capitalist* incorporates the *exploitative* orientations described by Balabanova et al. (2015) and to some extent resembles the *military-man* (authoritarian and task-oriented) as conceptualized by Fey et al. (2001). It was the most frequent in our sample (11 case companies). It was the dominant managerial style in eight cases and co-existed with either the *passive* (two cases) or *statist* (one case) styles in three cases. *Wild capitalists* were observed in organizations of various sizes, in various sectors and locations.

Our choice of the label for this style refers back to the characteristic of Russian and other post-Communist states' social and economic situation in the 1990s. Back then, businesses were regulated by 'jungle rules' of free market with almost no government intervention, formal rules or ethical principles. Not restricted by formal rules and/or moral standards in profit seeking, *wild capitalism* in those days was often accompanied by violence, illegal activities, and intensive labor exploitation. Originally, the term was widely used in political journalism and fiction; later it was accepted in academic literature as well (see Bruner, 2002; Korostelina, 2013; Upchurch & Marinkovic, 2011).

There was a clear tendency in the organizations run by *wild capitalists* to merge ownership with management; in 10 out of 11 case organizations, owners and/or founders acted as CEOs and exercised total operational control. In the remaining case, an outsider was hired as CEO although two owners continued to be actively involved by regularly participating in meetings and heading projects

of strategic importance. Nevertheless, this does not mean that the merging of ownership and management in Russia always results in *wild capitalism*, but rather that this style can be imposed only by owners who participate actively in management. As we show later, hired CEOs tend to manage differently.

How do owners/CEOs come to this managerial style? Without exception, all *wild capitalists* became managing owners (co-owners) of their organizations at a relative early age (between 25 and 35 years old). None of them possessed any special managerial education and/or career experience in large hierarchical corporations. Only one person had an MBA degree, which was obtained *post factum* – 10 years after he had established the business. Further, these owners/CEOs have entered business in different ways. Some were ‘naturally born’ entrepreneurs and founded their businesses from scratch. Others got their shares of ownership from other business people they had worked with, as a reward for their exclusive business acumen and personal qualities. Some inherited their businesses. This group is a unique one, as we did not observe background histories similar to theirs in the other groups.

In their managerial activities, *wild capitalists* tend to set ambitious and challenging objectives for themselves and their subordinates. Subordinates consider these as exaggerated and impossible to achieve:

*Annually, I set a goal of 50 per cent growth compared with the previous year. Over the past few years, we never achieved this, but it's not important. Without such goals, they [mid-level managers] will not get anything done at all. But because we have these goals, we grow much faster than the market does (case 8, metal trading, owner).*

Hard working themselves, *wild capitalists* expect high commitment and flexibility from their subordinates. Applied efforts, working hours, and/or labor intensity are not considered important to be evaluated and managed. This usually leads to constant overwork by employees, often accompanied by stress and burnout:

*The end-of-the-month syndrome is permanent for us. I cannot remember any day we worked comfortably and peacefully. Nobody leaves the workplace before 8 p.m. Last month, our chief*

*engineer ended up in hospital with a pre-infarction syndrome caused by overstress (case 9, dry-cleaner chain, top manager).*

Although *wild capitalists* do not care about setting clear targets and make their decisions using a trial and error process, they tend to attribute failures in business to the motivational deficiencies of subordinates. To keep motivation high, they seek to build strong incentive schemes at all organizational levels: fee-for-service, job pricing and/or commission schemes are widely used and performance-based short-term bonuses typically make up more than half of employees' income. Another applied motivational mechanism is the owner's personal authority. *Wild capitalist* organizations are extremely authoritarian. Although top- and even mid-level managers may appear to be 'on a friendly footing' with the boss, they still have to obey all his orders unquestioningly. Unlike human resources, financial ones are treated carefully. Cost optimization is the major concern. Most wages are adjusted to the lower boundary of the regional labor market, with the exception of those in the owners' small in-group of top managers.

Neither formal strategies nor detailed plans for achieving ambitious goals exist and neither supporting mechanisms such as planning and budgeting systems, economic analysis, and market segmentation nor KPIs are used in strategy implementation in these organizations. The owners' ambitious goals are to be achieved (or not) by constant excessive effort on the part of personnel and continuous 'inspirational motivation'. Ironically, in this respect highly exploitative *wild capitalists* come close to transformational leaders, as Western academic literature conceptualizes them (e.g. Avolio, Bass, & Jung, 1995; Bass, 1985). Both, although in slightly different ways, focus on the higher-order intrinsic needs of their followers and on motivating their followers to move beyond their immediate self-interests and expectations. Moreover, both define long-term and challenging goals, set high standards of performance, and articulate how to reach a desirable future. In this respect, *wild capitalists* embrace two of the four dimensions of the Western idea of transformational leadership, namely *idealized influence* and *inspirational motivation*.

Furthermore, HR processes such as staff selection and recruitment are structured poorly in these organizations. *Wild capitalists* do not trust formal selection procedures and entrance tests. As

performance is the only criteria for recruitment and promotion, all key positions are filled either by internally promoted managers or by people strongly recommended by those whom *wild capitalists* definitely trust:

*You never know beforehand how a man will perform in action. I just set the task and see how he deals with it. All my top managers are well-trying people (case 8, metal trading, owner).*

The professional competencies, personal loyalty, and commitment of managers ('*solve problems, execute orders, and don't argue, doubt, or complain*') are treated as equally important for internal career growth in these organizations.

In terms of performance, organizations created and managed by *wild capitalists* can be effective even over a long-term period. The case organizations in this group have been successful in their markets for 10-15 years or more. They cope well with crises situations due to their constant mode of 'total mobilization'. For an external observer, they may look like the army of Genghis Khan in combat, i.e. these are collectives of people fully and unreservedly compelled by the will of a single person – a managing owner – who guides them towards conquest of the world. Many employees quit because of such working conditions, considering them inhuman. Nonetheless, experienced *wild capitalists* have stable core teams as a rule. Its members regard their work under such a leader as interesting and challenging:

*We never get bored working there. We all feel like we are constantly moving forward. In our company, there is no stagnation, which you can see in other enterprises. Our boss is able to inspire people like nobody else. That is why we are ready for heroic deeds for a common cause (case 10, composite manufacturing, top manager).*

Overall, *wild capitalists* seem to symbolize 'back to the early 1990s' in Russian management, with its aggressive, unrestrained competition, low standard of business ethics, authoritarianism, intensive labor exploitation, and personal networking. In this case, we observed a process of revitalizing management practices and approaches from the 1990s instead of convergence with Western orientations.

## **The Rationalist Managerial Style**

The *rationalist* style includes the *performance-oriented* managerial orientations described by Balabanova et al. (2015), such as assuming responsibility and taking initiatives. However, we cannot match it with any of the four ‘ideal types’ derived by Fey et al. (2001) since the classical dichotomies of ‘democratic vs. authoritarian’ and ‘task- vs. relations-oriented’ do not capture the major characteristics of this style, i.e. its professionalization, its reliance on highly formalized structures, and its general open-mindedness towards new business ideas. Identified in nine cases in our sample, *rationalist* managers were found mainly in companies of small and medium size and in the service sector.

Either owners themselves or hired CEOs with all necessary authority headed five out of nine organizations. In the other four companies, a functional separation between ownership and management was in place; hired CEOs with substantial authority implemented basic management functions, whereas owners controlled a limited number of important (cost-intensive) issues such as strategic goals and investments. This scheme differs completely from that of the *wild capitalists*, since in *rationalist* organizations owners do not participate actively in operational management. Hired, highly independent CEOs decide all day-to-day management and personnel issues. They are also fully responsible for organizational results, financial performance being the primary indicator.

The majority of *rationalist* owners/CEOs had a professional education in management. In six out of nine cases, key individuals had MBA degrees. The other three had participated in numerous short-term training sessions and possessed a diverse range of managerial experience, including employment in foreign-owned companies operating in Russia. Thus, these Russian managers tend to be more receptive to new ideas and managerial knowledge (Alexashin & Blenkinsopp, 2005; Koveshnikov et al., 2012; May et al., 2005). Additionally, four out of nine organizations had diverse and successful experience of international operations at the time of the study. One organization operated exclusively in international markets outside Russia.

As a whole, the work of *rationalist* owners/CEOs is well planned and structured. They develop and formally document short- and mid-term goals as well as detailed plans for their implementation. These plans are developed on the basis of statistical analyses, marketing research, and an analysis of organizational resources. As a result, subordinates take these plans seriously:

*Initially, we had a vision – to introduce to the market two or three successful products and thus fulfil our entire sales plan. Yet, having analyzed our previous experiences and the current market's conditions, we dropped this idea. Instead, we decided to diversify by focusing on developing 5-10 slightly less attractive and profitable products. This is more difficult but the chances for success are much higher (case 25, pharmaceutical company, CEO).*

What is special about this type of owners/CEOs is their reliance on well-elaborated, thoroughly implemented and continuously improved support mechanisms that facilitate fulfillment of strategic management tasks. Many processes in these organizations are formalized and computerized. Electronic document management systems, well-established structures for monitoring task implementation, budgeting and resource allocation systems, and KPIs are the distinctive attributes of this managerial style:

*We have developed regulations and guidelines for all basic processes. There is a system of regular monitoring of how these processes are executed. If there are deviations, we make formal reports and develop corrective actions plan to prevent such deviations in the future (case 13, IT-services, top manager).*

The high formalization of management processes probably explains why the *rationalist* style is largely incompatible with the other styles in our sample. *Wild capitalists* perceive regulating processes as a restriction on their personal freedom. *Passive* managers (see below) have no resources for maintaining such a system. Although they also use highly formalized management systems, *statists* (see below) pursue goals, which are considerably different from performance optimization. Ultimately, *rationalists* are the only non-authoritarian type of managers in our sample. They manage their organizations through a system of rules and regulations instead of personal authority. However,



there is no evidence that these owners/CEOs tend to be ‘participative’ in their decision-making approaches.

As for personnel motivation, *rationalists* surprisingly pay the attention to it. Instead of relying on performance-based payment systems and/or ‘inspirational motivation’, they manage their employees through clear, controllable task-setting and explicit performance criteria. Selected monetary incentives are used but they are rather moderate. Short-term bonuses typically make up between 15 and 30 per cent of employees’ income. Wages are adjusted to the average level in the regional labor market.

HR processes, such as staff selection and recruitment, are based on ‘open tender’ among external candidates whose professional education, knowledge, and working experience are carefully examined. Referrals from informal social networks are also considered, but the professional competencies of candidates are still the key factor for selection. Organizations managed in this way are typically attractive to a majority of employees since job resources, such as role clarity, predictability, and perceived justice in processes and remunerations, tend to balance the rather high job demands:

*Our wages are at the average level. Some employers in our city offer higher wages, but many people seek to get a job in our company* (case 2, pharmaceutical company, top manager).

In terms of performance, these organizations usually achieve good results in the long run. In stable external conditions, they rise to relatively high competitive levels in their sectors and obtain high market shares. Yet, typically, they are not as profitable as the organizations of *wild capitalists*, since hired CEOs tend to make considerable investments in internal management infrastructure. Faced with a crisis, these companies are more vulnerable because their managerial style is unaccustomed to ‘mobilizations’ and excessive effort.

### **The Passive Managerial Style**

As it was found in nine case organizations, this managerial style was also frequent in our sample. However, only in four cases was this style the sole and dominant one; otherwise it co-existed with the other styles, except *the rationalist*. It incorporates the *passive* managerial orientations described by Balabanova et al. (2015). However, it is difficult to relate it to any of the ideal managerial types suggested by Fey et al. (2001) who focused exclusively on effective managers.

Our analysis shows that both business owners and hired CEOs can adopt a *passive* style and it can be observed in various sectors and organizations of different sizes. It is noteworthy that none of the *passive* managers in our sample had any specialized education in management.

As a rule, *passive* owners/CEOs do not set strategic goals. Their business horizons are limited by specific objectives for one or two quarters. In smaller organizations, ongoing business performance information is simply gathered and compared over time. Larger organizations require formal budgeting, although budgets and strategic plans typically receive little attention or are considered unnecessary:

*I would really love to see our budgets followed, so that we would have at least some order in our business to be able to plan our activities. Unfortunately, we have not succeeded in this. Every month, either we are short on revenues or our expenditures are too excessive, and nobody controls it. We constantly need to adjust and ultimately nothing remains from our original plans* (case 26, terminal services, top manager).

The *passive* style comes close to *laissez-faire* or pseudo-leadership behavior (e.g. Avolio et al., 1995; Bass, 1985), which is understood as an absence of leadership characterized by minimum interventions and transactions with followers as well as responsibility avoidance and delayed decision-making among leaders. When confronted with subordinates' failures, *passive* managers try to behave authoritatively, but usually fail to do so. Lacking 'real' authority, they put emphasis on formal status differences and rely heavily on symbols of rank and ceremonies. These managers try to distance themselves from their subordinates in order to avoid being disturbed. The power distance between these managers and their subordinates is high. It is manifested by the large offices of these managers and their numerous receptionists and secretaries. Employees have to seek an audience with these

owners/CEOs in advance and have to wait for a long time. In addition, there is practically no communication nor information sharing from the top to lower-level employees because top managers *‘either lack time or understanding that it needs to be done’*.

At the same time, employees seem to be rather relaxed in these organizations. They act, as a rule, in very traditional ways; new ideas, projects and/or innovations are typically resisted and employees thus have no motivation to change and develop:

*Let's say, there is some suggestion, the boss approves it and then assigns somebody to develop a plan for its implementation. When the deadline comes, it appears that they cannot do this because of something, then for some other reason and so on until everybody forgets about it (case 5, chemical production, mid-level manager).*

There are also no mechanisms to support implementation of goals in these organizations. Oftentimes, there are no goals in the first place. Yet, in contrast to the *wild capitalists*, who compensate for the absence of clear goals with their personal charisma in mobilizing employees, no motivation system exists in organizations managed by *passive* owners/CEOs. Normally, employees receive fixed salaries and sometimes bonuses that are not dependent on performance. As a rule, personnel in these organizations are rather stable; recruitment and selection practices are discrete and unstructured. New recruits are often selected through informal social networks because commitment, loyalty, and obedience are valued the most.

As a result, these organizations are poorly managed. Three out of nine case organizations were unprofitable at the time of the study and two were in the process of changing their management due to unsatisfactory results. Yet, paradoxically, many organizations managed by *passive* managers continue to exist, because they have either stable public contracts or wealthy owners who for some reason do not want to close their business but have no time or desire to change it:

*Often we do not fulfill our contract obligations. I think that our clients do not leave because of their personal relations with our owner. Only small ones leave (case 26, terminal services, mid-level manager).*

## The Statist Managerial Style

To the best of our knowledge, the *statist* managerial style has not been hitherto identified in the literature. It clearly reflects the ‘increasingly active role of the state in business’ (McCarthy & Puffer, 2013: 77) in Russia. Observed in four case organizations, it was the sole dominating style in two of them. It can co-exist with all other styles, except the *rationalist*.

This style is specific to large organizations regardless of their division of control between ownership and hired management. The key biographical feature of *statist* owners/CEOs is their extensive professional experience in governmental structures and ministries, the pro-government political party *United Russia*, and/or state corporations. In their activities, these organizations are closely linked to the state, so that government orders account for the largest share of their capital turnover.

Like *passive* owners/CEOs, *statists* prefer short-term tactical goals to strategic ones in their goal setting. They run their businesses in a stable and traditional way. Usually, budgets and production plans are made, but they are mainly based on extrapolations from forecasts and historical records. Challenging objectives are avoided in these organizations:

*Our Board of Directors approves the yearly business plan, which contains basic financial and production indicators. Of course, there are no market strategies in this plan at all. Rather this is a forecast-based production program (case 3, services for resource extracting industries, mid-level manager).*

Despite weak and unambitious planning, supporting mechanisms are well developed in these organizations, at least on the surface; this makes them seem close to the *rationalists*. *Statists* use KPIs, electronic document management, computer-aided monitoring, and control systems. Organizational processes are highly formalized. Typically, this formalization is explained and justified by close interaction with governmental authorities:

*Most employees' work responsibilities come down to responding to incoming requests. Every employee can get such requests from anyone – customers, [industry] regulators at all levels, contractors, and related departments. If a request is ignored, regulators make huge claims. That is why every request is registered in an automated system as a task with precise execution timing. We constantly monitor how our employees fulfill those (case 22, housing services and utilities, owner).*

However, in contrast to the *rationalists*, these formalized processes and systems are not applied because *statists* tend to lack clear objectives. Formalization is instead oriented towards maintaining the *status quo*. Employees often use these formalized processes and procedures as 'scapegoats' to justify their failures and shift the blame onto others. This practice creates a vicious circle where '*there is always someone else to blame*' for one's defects and faults and it is hard to establish who is responsible in the first place.

In relation to personnel motivation systems, differences between formal rules and real practices are also observed. *Statists* often have formal KPI-based reward systems but these do not work as intended:

*Recently, it happened that the bonuses of one of our vice-presidents turned out to be less in comparison with others because of KPIs. We spent all night correcting these reports in order to equalize his results with the others. Otherwise, he would have never forgiven us for this (case 3, services for resource extracting industries, mid-level manager).*

A direct order from a senior manager is almost the only way to make employees do something outside of their daily routines and procedures. In contrast to the *passive* managerial style, subordination and the chain of command are clear and strong in these organizations. This type of management is very authoritarian and incorporates the highest power distance among all the styles:

*You come to a neighboring department and ask them to do something. They may refuse immediately or promise something and then do nothing. That's why all our communication goes through our CEO. Only then are tasks fulfilled (case 4, engineering, top manager).*

When it comes to selection and recruitment practices, an ‘open tender’ is typically used for hiring lower and mid-level managers, whereas senior managers are appointed largely on the basis of their reliability and loyalty. That is why all top managers in these organizations are either promoted internally or hired through personal and professional networks.

Normally, organizations managed by *statists* are rather stable as their order portfolios largely and sometimes exclusively consist of government contracts. It makes their external environment stable and predictable. Their success depends on fulfilling these contracts, although unlike *wild capitalists* they are unable to change rapidly. Moreover, unlike *rationalists*, they are not oriented towards long-term sustainable improvements and building competence.

## **DISCUSSION**

### **Theoretical Advances**

In this study, we set out to explore what managerial styles co-exist in contemporary Russian organizations, their antecedents in the backgrounds and leadership orientations of key individuals (i.e. owners and/or CEOs) and the contemporary Russian socio-economic and institutional environment, and their organizational manifestations and implications. The following points summarize our results.

First, our analysis sheds light on the idiosyncratic nature and current development of contemporary Russian management and leadership. The *wild capitalist*, *rationalist*, *passive*, and *statist* styles identified in our study largely confirm that the majority of Russian business owners and hired CEOs remain more authoritarian than their Western colleagues. However, we take a step further and illustrate how these heterogeneous managerial styles come into existence and are manifested in a number of important organizational aspects such as organizational goals and strategies, structures, supporting systems, the quality of relations between organizational actors, and reward systems.

It is likely that the largely authoritarian nature of the identified styles can be expected in contemporary Russia because business organizations – irrespective of industry or size – represent ‘micromodels’ of the society in which they are located. They incorporate basic values, traditions, and

orientations imposed on them by the wider society's culture as well as the state. The latest macroeconomic and political developments in Russia suggest that managerial authoritarianism is more than just a 'Soviet heritage'; instead, it tends to reflect the underlying values of contemporary Russian society.

Another important feature of the current Russian institutional and socioeconomic environment, which shapes managerial styles in Russian business organizations, concerns the role of the personal networks of business owners and CEOs, especially with governmental structures, which yield stable and continuous contracts and thus put many business organizations above competition. It explains why some of the identified Russian managerial styles, which appear irrational and inefficient (e.g. the *statist* and the *passive*), continue to exist and, somewhat surprisingly, sometimes even remain profitable. Many organizations in today's Russia stay afloat for quite a long time due to state support. In addition to supporting the energy and natural resources sectors, the Russian State also affects organizations and their management in other, more market-oriented, sectors. Yet, it is worth noting that whereas our analysis indicates that organizations with *statist* and *passive* managerial styles can be profitable, it also shows that staying afloat is possible only when they face low competition and receive external support (mainly from the state). On the other hand, the *wild capitalist* and *rationalist* managerial styles appear to be successful in highly competitive markets.

Interestingly, our results to some extent challenge the assertion that the new generation of Russian managers is becoming increasingly more Western-oriented in their management practices and attitudes (e.g. Alexashin & Blenkinsopp, 2005; Astakhova et al., 2010; Dixon et al., 2014; Koveshnikov et al., 2012; May et al., 2005; Michailova, 2002). It can be that the previous literature, which mainly examined Russian managers in Moscow and St Petersburg and either working for MNCs or with training from Western educational programs, has created a somewhat over-optimistic and even romanticized portrait of the new Russian manager. We show that only a fraction of managers in Russian privately owned organizations has succumbed to the forces of 'westernization'; the majority has not. What we observe can be better described with the notion of *groupvergence*, that is, 'the emergence, in the same environment, of different groups of individuals with more local or

more global values', which was proposed by Jaeger, Kim, and Butt (2016: 232-233) because it better captures the development of managerial styles in non-Western socio-cultural contexts than *convergence*.

Moreover, although we found that *rationalists* resemble Western managers to some extent, this managerial style is not likely to become dominant in Russia in the near future. As of now, no competitive pressures exist today to motivate Russian managers to become more democratic and participative. In contrast, the importance of personal networks with governmental structures and/or the visible effectiveness of more exploitative HR approaches and practices only tend to reinforce authoritarianism in Russian organizations.

Our analysis also sheds light on the idiosyncratic nature of transformational leadership in Russia in particular and in high power distance countries in general. Some authors have argued that since the majority of Russian managers are still transactional in their leadership orientations, they need to embrace transformational orientations to advance (McCarthy et al., 2008; McCarthy & Puffer, 2013). Our results, however, show that the only type of Russian managers who explicitly exhibit some elements of transformational leadership (as conceptualized by Avolio et al.'s [1995] MLQ), are the *wild capitalists* – who are highly authoritarian, exploitative, and intuitive rather than rational. In contrast, the *rationalists*, who seemingly most resemble Western-type managers, are definitely more transactional in their style, focusing more on clarifying expectations, enabling effective transactions and a proper exchange of resources with their followers (Avolio et al., 1995; Bass 1985).

Ironically, our results suggest that in the high power distance culture of Russia to be truly transformational, i.e. to emphasize the intrinsic motivation and positive development of followers, and to encourage followers to look beyond self-interests for a common good, managers need to be authoritarian. It can be that in Russia subordinates tend to perceive a non-authoritarian, consultative manager as weak and lacking confidence. Because people and their actions in high power distance environments are largely driven externally, when confronted with the need to alter their personal values and/or attitudes, to make extra efforts, and/or to implement challenging tasks, subordinates might be more willing to follow a person who *coerces* them, i.e. behaves like an authoritarian leader.



This suggests an interesting idea that in the high power distance culture of Russia transformational and authoritarian leadership traits are closely linked.

Although the idea is not entirely novel, it goes beyond the boundaries of purely indigenous management research and echoes some of the criticisms of the transformational leadership concept. For instance charisma, a central ingredient of transformational leadership (Bass, 1985: 31), captured in its dimension of idealized influence (Avolio et al., 1995), is often exhibited in practice by authoritarian individuals, e.g., totalitarian political leaders, leaders of cults or extremist groups (e.g. Mixon, 2009; Stein, 2016). Thus, our study adds to discussion of the ‘dark side’ of transformational leadership by illustrating how some of its traits can produce non-democratic, one-way communication, corporate cultism, and the penalization of internal dissent (cf. Alvesson & Kärreman, 2016; Amernic, Craig, & Tourish, 2007; Tourish & Pinnington, 2002; Tourish & Vatcha, 2005).

Second, our analysis also suggests another way to conceptualize the heterogeneity of managerial styles co-existing in Russia today, which in our view is more informative and comprehensive. Whereas the previous studies (Balabanova et al., 2015; Fey et al., 2001) relied on pre-determined dimensions of individual leadership orientations established in Western research, e.g. authoritarian vs. democratic and/or task vs. relationship orientations, our inductive analysis indicates that such dichotomies are not very informative in illuminating managerial styles that co-exist among owners and CEOs in contemporary Russia. Three out of four styles identified in our analysis are highly authoritarian; thus, authoritarianism is not a distinctive feature behind the heterogeneity of the Russian managerial styles. Likewise, task or relationship orientations do not really capture the heterogeneity, since all business organizations are by definition task-oriented. Hence, it would be much more relevant to examine the kind of tasks set by owners/CEOs in contemporary Russian organizations and how, to assure fulfillment of these tasks, they design organizational structures, support mechanisms, and rewards systems in their organizations, and facilitate relationships among organizational actors.

Our results indicate that the four styles are very different when compared on these dimensions. Table 3 below summarizes our results.

\*\*\* Insert Table 3 about here \*\*\*

Several differences stand out. First, both *rationalists* and *wild capitalists* tend to set more challenging tasks for their organizations which, to be achieved, require a high degree of coordination and specialization. Both constantly require intensive organizational development. In contrast, *statist* and *passive* managers either neglect goal-setting or set conservative, unchallenging goals to be achieved through routine practices. Second, the identified styles manifest themselves through the varying degrees of formalization pursued by organizations to achieve the set organizational goals, i.e. the formality of the implemented systems and procedures. Both *rationalists* and *statists* focus on developing complex forecasting systems, formal development programs, explicit performance indicators, control mechanisms, formal budgeting processes. In contrast, *wild capitalist* and *passive* managers rely primarily on informal implementation mechanisms and intuitive decision-making.

Additionally, our results increase our understanding of the mechanisms by which the individual managerial orientations of Russian owners/CEOs translate into managerial styles in Russian privately owned organizations as systems of practices that govern these organizations. In line with the extant literature referred to above on the role of top managers in shaping organizational cultures, norms, and values (e.g. Berson et al., 2008; O'Reilly et al., 2014; Peterson et al., 2003), our analysis shows that in Russia the role of owners/CEOs and their managerial orientations is major and sustainable. In addition to the cultural explanation, such as the high power distance in Russia, three additional factors contribute to the sustainability and prominence of the managerial orientations of key individuals and their diffusion.

The first concerns hiring and staffing practices. Today, in the majority of Russian privately owned organizations, key individuals ensure internalization of their personal managerial orientations and modes of action throughout organizations by selecting employees with similar orientations, understandings of business processes, and sometimes even personal traits. Hence, the organizations remain confined in their practices of staff selection and recruitment. Normally, only lower-level or unattractive positions are filled through open competition, whereas top- and mid-level managers are

either hired through the social networks of key individuals or appointed through internal career growth mechanisms.

The second factor emanates from the likelihood that at all organizational levels in Russian privately owned organizations the law of ‘natural selection’ applies; those who cannot comply with a particular managerial style prefer to leave rather than try to effect change. It is especially true of the *wild capitalist* style, with its high turnover and high demands on employees who work in a very stressful working environment. In contrast, employees who do not aim at high salaries but prefer working in relaxed and friendly conditions settle down in organizations managed by *passive* managers.

The third factor is the important role played by the Russian State and the overall business environment in the sustainability and prevalence of particular managerial orientations in many Russian organizations. The relatively higher importance of state support and of relations with powerful governmental actors compared with operational efficiency and profitability creates a business environment where business owners and/or CEOs are not motivated to reflect on their managerial styles and/or consult their subordinates concerning how management processes and practices can be improved in their organizations. Taken together, these factors explain how the *trickle-down* effect works, sustainably diffusing the managerial orientations of key individuals throughout Russian organizations.

Finally, it is noteworthy that our study provides support for the relevance as well as the benefit of indigenous management concepts and research. It shows that the characteristics which really differentiate the identified Russian managerial styles, such as the major role of the state in determining the efficiency and sustainability of particular managerial styles, the coevolution of the Russian management styles and the wider Russian society, and the idiosyncratic nature of transformational leadership as manifested in different aspects of *wild capitalist* and *rationalist* managerial styles, are all illustrations of how ‘[w]hat may seem ineffective, inappropriate, or even illegal from a Western perspective may be regarded as efficient, suitable, and tolerable from a local standpoint’ (Holtbrügge, 2013: 4). Thus, our analysis indicates the need to conduct more research to

develop ‘a Russian theory of management’ in parallel to developing ‘a theory of Russian management’ (Puffer & McCarthy, 2011: 30).

### **Managerial Implications**

The present study has several important implications for Western managers working in Russia and/or with Russians, especially in privately owned organizations. Several managerial styles coexist today in Russia and have different antecedents and organizational implications. *Rationalists* are definitely the closest, the most comprehensible and comfortable type of managers for Western partners to deal with. These managers are more predictable, oriented towards high performance standards, and follow understandable rules. They are receptive to new knowledge and practices. They aim at resolving all disputed matters through dialogue. *Rationalists* are interested in long-term relationships and are hence reliable. They are the only type of managers who tend to delegate authority.

Furthermore, business cooperation with *wild capitalists* – at least in some situations – can also be beneficial for Western partners. Being extremely active, adaptable, and highly capable in resource mobilization and fast strategic maneuvers, these managers are more agile and effective in dynamic environments and in situations requiring cost and price reduction. However, cooperation with *wild capitalists* can also be challenging. First, all issues need to be handled exclusively with managing owners, since the organizations of *wild capitalists* are extremely centralized. Agreements with lower level managers, as well as formal claims, are not taken seriously and can be easily forgotten. Hence, if an organization is large and you are not its key client or partner, you are not likely to get the key person’s full attention. Second, trust building can also be problematic. Since cost reduction is the major concern for managers of this type, they tend to ‘optimize’ everything and do not regard formal agreements highly. *Wild capitalists* can ‘correct’ some clauses of a contract post hoc at their own free choice – for example, by lowering quality compared with a pilot batch if sufficient controls are lacking. That is why dealing with *wild capitalists* implies considerable transaction costs from monitoring their compliance with formal agreements.

Furthermore, the primary asset of *statists* resides in their personal networks with powerful government officials. Nevertheless, organizations managed by *statists* can be challenging for foreign investors to collaborate with due to their high levels of bureaucracy and hierarchy, as well as immobility and a low orientation towards high performance. As for the *passive* managerial style, the only recommendation is to avoid dealing with organizations managed by such managers because they are seldom internationally competitive.

Finally, due to the difficulty of identifying the nature of managerial styles at first or even second glance, it can be advisable for Western managers to explore the biographies of key individuals in an organization of interest prior to initiating cooperation. As our analysis shows, the ways in which privately owned organizations are run in Russia today reflect the personal orientations and experiences of key individuals in these organizations to a significant extent.

### **Limitations and Suggestions for Future Research**

The current study has limitations, which point towards areas for future research. First, due to its qualitative nature and despite its relatively broader geographic and industry scope compared with other extant research, our study can still be criticized for its limited representativeness and generalizability. Considering the vast size and diversity of Russia's economic geography, the managerial styles identified need to be verified in future research on larger samples of organizations and key corporate managers/owners in different industries and regions. One important venue for future research would be a comparison of managerial styles in private versus state-owned enterprises.

Second, to draw comparisons, future research could apply models other than Weisbord's, which we used in this study, to diagnose managerial styles and their manifestations in Russian organizations. For instance, the model of Burke and Litwin (1992) can be relevant and interesting, as it tends to pay more attention to the role of external environment, performance, and organizational culture in explaining effective management of organizations.

Finally, our study underscores the important role of social networks and connections in the recruitment practices of contemporary Russian organizations. Such practices strengthen organizational authoritarianism, reduce competition on the labor market, and shift the focus of attention from professional competencies of candidates to their loyalty and obedience (Efendiev & Balabanova, 2012). To the best of our knowledge, the role of social connections in sustaining authoritarianism and ‘anti-meritocracy’ in Russian organizations remains understudied by scholars. Although there are some studies of the role of favors, ‘*blat*’, and/or social networks, these phenomena are conceptualized either from a historical perspective (by referring to the Soviet period) or at macro-level, as an institutional characteristic of contemporary Russian society (Michailova & Worm, 2003; Puffer et al., 2013). Future research needs to examine these phenomena more closely and at the micro-level, as an ever-present feature of daily intra- and inter-organizational interactions in Russian business organizations.

## CONCLUSION

In this study, we focused on privately owned organizations in Russia and examined the managerial styles of owners and top managers in these organizations. Despite of the preconception that Russian managers form a rather homogeneous group, we distinguished between four types of managerial styles co-existing today in Russia. We called them *wild capitalist*, *rationalist*, *passive*, and *statist*. We showed that these styles engender different goals, strategies, structures, relations, and reward systems. We described how these styles come into existence and manifest themselves in day-to-day practices in organizations. Overall, our findings have important implications for Western-Russian business relations. They point out the types of Russian managers which are the most convenient and beneficial ones for Western partners to deal with. As for the rest, we suggest the most appropriate ways to build mutually beneficial cooperation.

## NOTES

[1] According to Hofstede Centre (<https://www.geert-hofstede.com/>), Russia's score on Power Distance is 93 out of 100. For comparisons, e.g., Finland – 33, Germany – 35, USA – 40, etc.

## APPENDIX I

### Generic Questionnaire Used in the Study

#### *Part #1: Questions aimed at key individuals in the organization*

1. What is the general competitive strategy of your company? How was it developed / formulated? Why this particular strategy?
2. What are the key strategic goals of your company? How are they defined?
3. Please describe the organizational structure of your company.
4. Why the company has this particular structure (e.g. hierarchical, flat, team-based, etc.)?
5. Who is responsible for the pricing strategy in your company? How and by whom is the price determined? Who manages cash flows / profits in your company?
6. How would you describe relations between different units in your company? How are they formed / developed?
7. Do units in your company have financial performance indicators, which you regularly evaluate / assess? If yes, what are they? Who sets them? What indicators are the most important and monitored on a regular basis?
8. How is the budget of your company calculated / estimated? What and why is included? How is it decided what to include and what not?
9. How is the budget of key functions (e.g. production, marketing & sales, logistics) in your company estimated? How is it decided upon and by whom?
10. How is the performance of different business functions in your company evaluated?
11. Can managers in your company follow up their units' performance and costs? Why?

#### *Part #2: Questions aimed at employees at lower organizational levels*

##### Section #1: Organizational goals and strategies

1. Does your company have formal and declared goals for 1-3 years ahead? Please name 1-3 key goals of your company.
2. What are your company's strategic priorities (e.g. market share, cost leadership, quality, niche orientations, etc.)?
3. How are the product offerings of your company evaluated (with what methods)? Are they divided into primary and secondary ones? Are these evaluated differently, if yes, in what ways?
4. Do you aim at increasing sales or profitability in your company? Why such priorities?
5. Please discuss the financial goals of your company:
  - a. What are they and what do they mean?
  - b. How are they communicated to different units?
  - c. How are they evaluated?
  - d. How do they correspond to the company's strategy?
  - e. How are they monitored and controlled?
6. How do you see the competitive advantage(s) of the company? What is it?

### Section #2: Organizational structures

1. Please describe the organizational structure of the company.
2. Why do you think the structure is as it is?
3. How does it correspond to or reflect the company's strategy?
4. What is the degree of decisions-making centralization in your company? To whom do you report?
5. Are there any discrepancies between the formal structure of the company and how it operates in practice?

### Section #3: Supporting mechanisms

1. What supporting mechanisms / programs are used for management control and support in your company? What programs do you use?
2. Does the company have any internal communication system / mechanism?
3. What indicators are monitored and evaluated (e.g. financial data, marketing analytics)? How regularly is it done and who is informed about the results? Do regular employees (managers) access these data?
4. What reports do you prepare and to whom do you report?
5. What data or reports do you need for your work? What data do you pay attention to? Do you receive enough data and support?
6. Does the company have financial performance indicators, which are common and comparable for all units? Does the data get aggregated at the company's level?

### Section #4: The quality of relationships between organizational members

1. How would you describe the relations between your unit and other units in the company?
2. How often do you interact?
3. Can you make important decisions independently without consulting other units?
4. What kind of information do you receive from other units? What information do you share with other units?
5. Do you experience any challenges in these relationships? If yes, what are they and why do you think they exist? How do you solve such challenges?
6. Are the relations formalized in any way?

### Section #5: The system of rewards

1. How is the work of your unit evaluated in the company today (e.g. profit, sales effectiveness, resource efficiency)?
2. How are these evaluation criteria determined and set?
3. How are they controlled? How regularly and by whom is your work unit evaluated?
4. What for does your company formally reward/punish its employees?
5. What is your remuneration consists of in this company? And the remuneration of your subordinates?
6. What are the fixed and bonus elements?
7. How are the bonuses determined? How often are they paid?
8. In your view, are there any challenges in the company in relation to employees' remuneration?
9. What would you improve in this respect? Why?
10. Do you know the remuneration of your colleagues in the company?
11. What other means of rewarding exist in the company (e.g. promotion, training, etc.)?



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Table 1. Case organizations' key characteristics and managerial styles

Case no.	Sector	No. of employees	Region	Key person(s) managing the organization <i>de facto</i>	Managerial style			
					Wild capitalist	Rationalist	Passive	Statist
1	Manufacturing	700	Belgorod	Owner	+			
2	Manufacturing	140	Lipetsk	Owner + Hired manager		+		
3	Services	22 000	Moscow	Owner			+	+
4	Manufacturing	2 000	Tatarstan (Kazan')	Owner				+
5	Manufacturing	700	Tver'	Owners	+		+	
6	Services	40	East Siberia (Yakutsk)	Owner	+			
7	Trade	2 000	Moscow	Owner + Hired manager	+			
8	Trade	2 000	Voronezh	Owners	+		+	
9	Services	800	Moscow	Owner	+			
10	Manufacturing	150	Moscow	Owner	+			
11	Trade	10	Moscow	Owner	+			
12	Services	500	Moscow	Hired manager		+		
13	Services	700	Tatarstan (Kazan')	Hired manager		+		
14	Services	10	Moscow	Owner		+		
15	Manufacturing	2 000	Moscow	Owner + Hired manager		+		
16	Services	40	Moscow	Owner + Hired manager		+		
17	Manufacturing	800	Orel	Owner + Hired manager			+	
18	Manufacturing	150	Orel	Owner + Hired manager			+	
19	Manufacturing	140	Orel	Owner + Hired manager			+	
20	Services	200	Moscow	Owner + Hired manager	+		+	
21	Services	800	Moscow	Hired manager			+	
22	Services	190	Moscow	Owners	+			+
23	Services	2 000	West Siberia (Khanty-Mansiysk)	Hired manager				+
24	Services	400	Moscow	Owner + Hired manager	+	+		
25	Trade	20	Moscow	Hired manager		+		
26	Services	600	Moscow	Owners		+	+	



Table 2. Data types

No.	Sector	No. of interviews	Total no. of internal documents	No. of observed meetings
1	Manufacturing	23	2	18
2	Manufacturing	15	49	6
3	Services	8	131	2
4	Manufacturing	11	17	12
5	Manufacturing	14	1	14
6	Services	10	6	3
7	Trade	16	7	2
8	Trade	21	30	15
9	Services	15	10	16
10	Manufacturing	16	82	4
11	Trade	3	17	3
12	Services	12	2	7
13	Services	18	91	11
14	Services	3	12	2
15	Manufacturing	18	24	13
16	Services	6	6	3
17	Manufacturing	17	39	6
18	Manufacturing	9	8	0
19	Manufacturing	8	9	12
20	Services	19	43	15
21	Services	21	4	15
22	Services	5	187	9
23	Services	11	103	7
24	Services	21	30	7
25	Trade	7	22	5
26	Services	17	50	16

Table 3. Key individuals' managerial styles in contemporary Russian organizations, their antecedents and organizational implications

Managerial style	Key orientations	Key antecedents	Organizational goals and strategies	Organizational structures	Support mechanisms / systems	The quality of relations	The system of rewards
<b>Wild capitalist</b> (11 cases)	<ul style="list-style-type: none"> <li>• Exploitative</li> <li>• Authoritarian</li> <li>• Task-oriented</li> <li>• Control-oriented</li> <li>• Hardworking</li> <li>• High power distance</li> <li>• Personal authority based</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment of ownership and management</li> <li>• Active participation of owners in management</li> <li>• Becoming owners at young age (25-35)</li> <li>• Lack of professional experiences and managerial education</li> <li>• Early entrepreneurs (founders, buy-ins, inheritors)</li> </ul>	<ul style="list-style-type: none"> <li>• Ambitious and challenging goals</li> <li>• In view of subordinates – impossible to achieve</li> <li>• Lack of clarity in goal setting and formal strategies to achieve these goals</li> <li>• Trial and error decision making</li> <li>• Cost optimization is the key strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Hierarchical</li> <li>• Work roles and responsibilities are not clearly specified except for the need to obey and stay committed</li> </ul>	<ul style="list-style-type: none"> <li>• No support systems are used</li> <li>• Ambitious goals are meant to be achieved through excessive efforts of personnel and continuous inspirational motivation</li> </ul>	<ul style="list-style-type: none"> <li>• High commitment expectation</li> <li>• Stressful and exhaustive</li> <li>• Blameful</li> <li>• Strict obedience is required</li> <li>• Competence, personal loyalty and commitment are the key</li> </ul>	<ul style="list-style-type: none"> <li>• Failures are attributed to employees' motivational deficiencies</li> <li>• Strong incentive schemes (fee-for-service, performance-based bonuses)</li> <li>• High wage differentials</li> </ul>
<b>Rationalist</b> (9 cases)	<ul style="list-style-type: none"> <li>• Performance-oriented</li> <li>• Responsibility delegating and initiative taking</li> <li>• Non-authoritarian</li> <li>• Participative</li> <li>• System rather than personal authority based</li> </ul>	<ul style="list-style-type: none"> <li>• Mainly in service industries and small and medium enterprises</li> <li>• Practiced by hired top managers</li> <li>• A functional separation of ownership and management</li> <li>• Hired top managers have substantial authority</li> <li>• Independence and personal responsibility for performance</li> <li>• Professional managerial education</li> <li>• Experience in foreign-owned companies</li> <li>• International orientation of the companies</li> </ul>	<ul style="list-style-type: none"> <li>• Well planned</li> <li>• Formally documented short and midterm goals</li> <li>• Detailed plans for the goals implementation</li> <li>• The plans are analyses based</li> <li>• Clear and controllable task setting</li> <li>• Explicit performance indicators</li> </ul>	<ul style="list-style-type: none"> <li>• Clearly structured</li> <li>• Slightly rigid and unable to adjust through excessive effort in crisis times</li> </ul>	<ul style="list-style-type: none"> <li>• Well elaborated, implemented and constantly improved support mechanisms and systems</li> <li>• Processes are formalized and computerized</li> <li>• Sophisticated monitoring, budgeting and resource allocation systems</li> </ul>	<ul style="list-style-type: none"> <li>• Highly formalized and based on a system of rules and regulations</li> <li>• Professional</li> <li>• Competence based</li> </ul>	<ul style="list-style-type: none"> <li>• Performance indicators based</li> <li>• Professional competence based</li> <li>• Monetary incentives are selective and moderate</li> <li>• Average wages</li> <li>• Some short-term bonuses</li> </ul>

<p><i>Passive</i></p> <p><b>(9 cases)</b></p>	<ul style="list-style-type: none"> <li>• Passive</li> <li>• Unprofessional</li> <li>• Unengaged</li> <li>• Emergent and spontaneous</li> <li>• Gut feeling based</li> <li>• Intentionally authoritative</li> <li>• High power distance - emphasis on formal status and status symbols</li> <li>• Non-participative and no initiative taking</li> <li>• Non-motivational</li> </ul>	<ul style="list-style-type: none"> <li>• Can be adopted by both hired top managers and owners</li> <li>• Present in various sectors and companies</li> <li>• Lack of professional managerial education</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic goals are not set</li> <li>• Limited business horizon</li> <li>• Budgets and plans are not seen as necessary</li> </ul>	<ul style="list-style-type: none"> <li>• Structures are stable</li> <li>• Processes are unstructured and discreet</li> <li>• Structures and processes are not managed and are not paid attention to</li> <li>• Informal networks matter</li> </ul>	<ul style="list-style-type: none"> <li>• No mechanisms to support the implementation of goals</li> <li>• No motivational system</li> </ul>	<ul style="list-style-type: none"> <li>• Distancing between managers and subordinates</li> <li>• Not respectful</li> <li>• High power distance</li> <li>• Symbols of power and status matter</li> <li>• Non-motivational</li> <li>• Commitment, loyalty and obedience are valued the most</li> </ul>	<ul style="list-style-type: none"> <li>• Initiatives and innovative ideas are not appreciated</li> <li>• Fixed salaries and sometimes bonuses which are performance independent</li> <li>• Loyalty and obedience are rewarded</li> </ul>
<p><i>Statist</i></p> <p><b>(4 cases)</b></p>	<ul style="list-style-type: none"> <li>• Short-term orientation</li> <li>• High power distance and bureaucracy</li> <li>• Neither motivational nor performance-oriented</li> <li>• Stable and traditional</li> <li>• Unambitious</li> <li>• No use of managerial professional knowledge and skills</li> <li>• Focus on the key customer – the state</li> </ul>	<ul style="list-style-type: none"> <li>• Specific to large companies irrespective of ownership / management division</li> <li>• Previous experience from governmental structures and ministries, the United Russia political party and state corporations</li> </ul>	<ul style="list-style-type: none"> <li>• Unambitious and short-term planning</li> <li>• No strategic goals and implementation plans</li> <li>• No analysis, just previous results' extrapolations</li> <li>• Budgets and production plans are made but without proper analysis</li> <li>• Challenging objectives are avoided</li> </ul>	<ul style="list-style-type: none"> <li>• Structures and processes are highly formalized to closely interact with and report to governmental authorities</li> <li>• Work roles are clearly defined and described</li> </ul>	<ul style="list-style-type: none"> <li>• Well developed</li> <li>• Monitoring and control systems to control the production process and report to the state</li> </ul>	<ul style="list-style-type: none"> <li>• Formal and oriented towards maintaining the status quo</li> <li>• Direct orders are often used</li> <li>• Oriented at shifting blame along the production chain – scapegoating</li> <li>• Not trustful</li> <li>• The subordination chain of command is clear and strong</li> <li>• Very high power distance</li> </ul>	<ul style="list-style-type: none"> <li>• Formal KPI-based reward systems</li> <li>• Decoupling of formal and actual reward systems</li> <li>• Following direct orders is important</li> <li>• Unfair and with high wage differentials</li> </ul>

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