

International Business
Master Thesis 1999:

SWEDISH MANAGERS IN RUSSIA –

AN EXPLORATIVE STUDY ON HOW TO BUILD A FOUNDATION FOR
SUCCESFUL INTEGRATION

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Abstract

This thesis concerns the complexity of integrating two nationalities, Swedish and Russian, into the same management team at a Swedish venture in Russia. A comparative analysis was conducted of Swedish and Russian management systems in order to identify characteristics, professional as well as personal, that need to be present in a Swedish national to facilitate the integration, thus building a foundation for integration.

A major focus is put on cultural traits influencing the management systems since these are the foundation of the values and behaviour of today's managers. It is important to understand the correlation between the manager's values and country culture in order to penetrate and gain an understanding of the management systems.

A significant factor discussed is the effect that Russia's transition toward a market economy system has on their management system. This has a major impact on the management system, thus on the values and behaviour of the Russian manager. To gather accurate information for this study, interviews were conducted with Russian managers in Moscow.

A prerequisite of the integration is to build a foundation by selecting the most appropriate Swedish candidates. In the recommendation, a five-step model is introduced which can be used as a guideline when selecting Swedish nationals to work in a Swedish venture in Russia, and also to some degree in general selection of expatriates.

Keywords

Russia, Sweden, management systems, culture, recruiting, integration

1 Introduction

1.1 Background

The most salient feature of the business world today is globalisation, both with regard to market organisation and competitive situation. In this context, although being a politically and economically turbulent country, Russia represents a huge market potential, but also a business environment that is very foreign to western enterprises. To be able to undertake effective business operations in this environment, Western enterprises must possess all those skills which are required as a foundation for understanding the specific characteristics of the business environment in Russia. The objective is not to learn those traits which are questionable to such a large extent by Russia's specific cultural traits, particularly as it refers to more than seven decades of a totalitarian centrally planned economics system. The objective is rather to gain an understanding of them. This is particularly so when it concerns those skills which foreign managers need in order to be able to work successfully in Russia, in co-operation with local Russian managers. Seen in a cultural context, the interface between foreign and local managers can entail both chocking and emotionally strong experiences, as reflected in the following statements made by Swedish and native managers in Russian, interviewed for the purpose of the present study:

“Working in Russian is a matter of an emotional rollercoaster” (Swedish manager working in Russia)

“In the beginning it was like climbing Mount Everest without oxygen and with a guide who was lost”(Swedish manager working in Russia)

“Swedes used to scare me in the beginning, they acted like they saw a ghost every time something went wrong” (Russian manager working in a Swedish-owned enterprise in Russia)

The only way to cope with the degree of difficulties reflected by these statements is to try to understand the specific behaviour which, to an extent, as discussed in this report, is governed by the cultural traits represented by persons brought up in different countries.

Russia is now in the midst of a transition process from a command economy into a market economy system. Even if the market economy system was introduced in 1991, it is still far from being implemented in Russia. There are technical and political reasons for this, but perhaps the way in which the collective mind of Russians is impacted from their experiences of so many decades of the Soviet totalitarian command economy system are the most important reasons.

The ideological, political, attitudinal, and mental transition is noticeable in the Russian population as a whole, but also, it is differently reflected in Russians belonging to different generations. There is the older generation that, in many cases, still lives by a communistic ideology, while a younger generation has grown up vigorously active in the new capitalistic market economy system increasingly reflecting the values, beliefs and attitudes of such a system. However, there is also a generation caught in-between the old Soviet era and the new market economy system. This generation tries to keep up with the young generation while, at the same time, reflecting values, beliefs, and attitudes of the old era. Despite these generational differences all are forced to live and to work together in a society that is very dynamic characterised by huge changes in the political and economic life of all Russians.

1.1.1 Purpose

Within the business environment and the Russian society at large, as referred above, this study focuses on Swedish nationals who are to work in Swedish business ventures in Russia. More specifically, the purpose of this thesis is:

“To identify those skills which a Swedish national must have to be able to work effectively in a Swedish business venture in Russia, in the context of a well functioning management team consisting of both Swedish expatriates and local native Russian managers”

This purpose is focused on how country cultural differences affect the management systems in Sweden and Russia, and how these systems are functioning and differences between these systems. This is done in order to identify those skills that a Swedish enterprise must focus on when recruiting Swedish nationals for management positions in its business venture in Russia.

1.2 Research Problems

It is necessary for multinational corporations (MNCs) to build multicultural teams of managers in order to be able to cope with the business environment in various countries, which to such an extent is conditioned by country cultural characteristics. Also, to secure cohesiveness among all those working in the MNC home country and in all its affiliates abroad. In this way, the MNC facilitates a smooth flow of information and communication among its various affiliated units spread over many countries. All these considerations are particularly relevant in the context of business ventures in Russia; to build effective multicultural team of managers is a decisive prerequisite for undertaking effective business operations in Russia.

A multicultural management structure must work as a team and not as a group of separated individuals having different national origins and thus, cultural characteristics. It is important to pay attention to how various skills are affected by cultural characteristics and how everyone in the team can appreciate and understand these in order to achieve a well functioning management structure.

This study will focus on the Russian managers and the management system they represent, in order to define those skills which are necessary for a Swedish expatriate to work effectively with native manager in a Swedish-owned business venture in Russia. In this respect, it is important to appreciate that while some skills are generally needed in enterprise activities in Russia, certain of these may be lacking in the country since Russia has a very limited experience of the market economy system. At the same time, taking into consideration the specific business environment in Russia, certain other skills are only available in local Russian managers.

1.2.1 Main Problem

The main problem focused on in this study is:

“How to build a foundation for integrating Swedish nationals into a management team in a Swedish-owned venture in Russia, by focusing on those skills which the Swedish nationals must have in order to be able to understand and relate to Russian nationals, being exponents of the specific traits of the country culture of Russia”

The way this thesis approaches the solution to this problem is by analysing the Russian management system and then comparing this with the Swedish management system, seen in the context of the respective country culture of Russia and Sweden. In this way, this study tries to identify those skills which a Swedish national must have to facilitate the integration into a multi-cultural team of managers in Russia. The most decisive factors for securing such a successful integration is thus for the Swedish manager to understand and appreciate the Russian manager's characteristics and behaviour. Based on such an understanding, the Swedish enterprise can recruit those Swedish nationals who, as a function of their skills and personal characteristics, best will be able to function in a team composed by Russians and Swedes.

1.2.2 Sub-problems

The main problem stated above can be broken down into at least three sub-problems. The first aspect to analyse is the characteristics of a Russian manager working in a Swedish business venture in Russia. These characteristics have to be understood and appreciated by a Swedish manager working in the same venture. An important aspect here is the extent to which a Swedish manager will perform in this context as a function of his cultural background and/or his personal characteristics. Based on a comparison of the respective traits of a Russian and Swedish manager, conclusions can be drawn at as it concerns the complementary skills and competences of Russian and Swedish managers.

Thus, three sub-problems can be identified:

1. *What are the characteristics of a Russian manager?*
2. *What professional and personal characteristics should a Swedish manager have in order to facilitate the integration into a management team consisting of both Russians and Swedes?*
3. *What are the complementary skills and competencies of Russian and Swedish managers?*

1.3 Delimitations

Russia is a large country with major differences, cultural, economical as well as political among regions. This thesis focuses on the Moscow region, which has a dominating economic and political role in Russia.

The research undertaken for this study is concerned with Swedish manufacturing enterprises having activities in Russia. These enterprises best reflects the complexity of undertaking business operations in Russia since their management teams in Russia consist of both Russians and Swedes.

The focus is on Russian managers of the younger generation, defined as those who have spent at least 50 per cent of their professional life in Russia after the breakdown in 1991 of the Soviet Union. These are those managers who will dominate in business ventures in Russia for decades to come. They are old enough to remember the situation before 1991, but still being young enough to be able to take on values and attitudes of the new market economy system now being introduced into Russia.

This thesis does not analyse Russia's general political and economic situation. It is assumed that it is a matter of common knowledge that Russia now has a turbulent and fast changing economic and political situation.

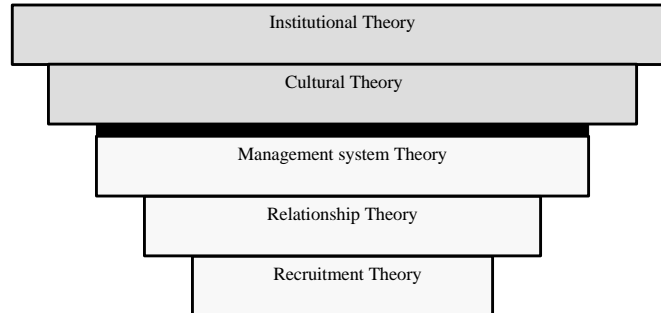
1.4 Structure of the report

In addition to the previous introduction chapter that provided a background and a definition of the purpose and the problem of the study, the report consists of six chapters.

Chapter two and three provides the theoretical framework for this study. This framework is first defined with regard to a macro perspective focusing on institutional and cultural theories: institutions provide the general rule systems on how to behave in a society, in which context country culture has a decisive role, as providing basic rules of behaviour, reflections, country specific values, beliefs and attitudes. Following this, the theoretical framework is defined with regard to a micro perspective, focusing on theories on management systems, relationships and recruitment, to be studied within the context of the macro perspective as referred to above. Thus, the theoretical approach applied in this study can be seen as a funnel, as depicted in Figure 1.

Chapter four discusses methodological issues, while the following chapters focus on the analysis and conclusions, as it concerns the research problem and its sub-problems as stated above. Chapter five deals with the institutional and especially, cultural characteristics of Russia and Sweden, and how these characteristics govern the characteristics of the Russian and Swedish management systems. Based on this, an empirical analysis is made of a selection of Swedish business ventures in Russia. The final chapter, chapter seven, tries to outline the specific conclusions arrived in the specific problem defined above. Figure 2 summarises the overall structure of the report.

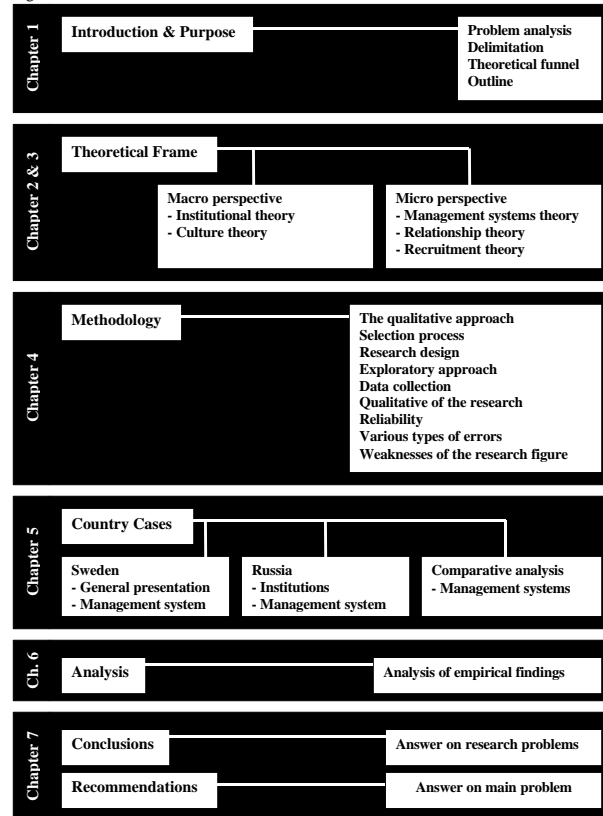
Figure 1: The theoretical funnel.



1.5 Outline of the thesis

On the next page the outline of the thesis is illustrated. Each section is identified and explained in order to understand the thesis' approach and structure.

Figure 2: Outline of the thesis



2 The theoretical framework – The Macro perspective

The macro perspective of the theoretical framework is concerned with institutions and particularly, country culture, which defines the overall context in which national management systems are defined.

2.1 Institutions

Institutions are rule systems governing behaviour of individuals and organisations. Institutions are embodied in a country's political system, legal system, family system, educational system and, above all its country culture. Institutional rule systems can be of a formal or informal nature. All of this is well reflected in Salmi's (1995) definition of institutions:

“Institutions are humanly devised constraints that structure political economic and social interaction. They consist of both informal constrain (sanctions, taboos, customs, traditions, and codes of conduct) and formal rules (constitutions, laws, propriety rights). Throughout history, the institutions have been devised by human beings to create order and reduce uncertainty in exchange” (Salmi, 1995).

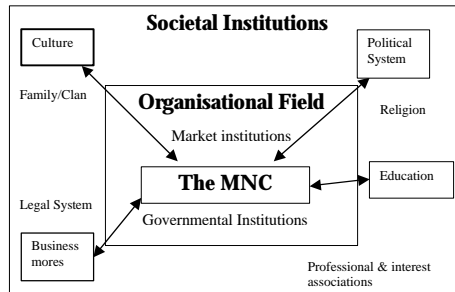
It is important to appreciate that the informal rules complement, modify or reinforce formal rules. Institutions providing informal rules are not directly visible but indirect they often widely influence the behaviour of individuals and organisations of a society. While the formal rules can change relatively rapidly, the informal rules only change over a longer time perspective, if at all.

In a description of institutions concepts such as habits, rules, procedures, and conventions are commonly used. Jansson (1999) argues that these concepts describe the specific way of organising human behaviour in a society. The organising and rule-like nature of institutions facilitates or constrains the relationships among individuals and groups. This provides for a predictable behavioural pattern in a specific society. Thanks to institutionally governed behaviour uncertainty is reduced, providing for a high level of repetitive behaviour, which makes it easier to predict behaviour in specific circumstances, of individuals and organisations.

2.1.1 Institutional Figure

In the institutional model (figure 3) the MNC is acting in the context of the organisational fields and societal institutions. The MNC participates directly in the organisational fields, composed of market and governmental institutions. Within these fields, there is an interaction between the MNC and the organisational institutions. The MNC as well as all actors in the organisational field are influenced by the societal interactions.

Figure 3: Institutional figure (Jansson, 1995).



Societal institutions, such as the legal system, business mores and country culture, provide rule systems that directly govern the behaviour of all actors in the organisational fields, including the MNC. For example country culture defines values, beliefs and attitudes in a society which on the most basic level govern the behaviour of individuals and organisations in a country. Country culture has a decisive role in a society since, to a large extent, it influences all societal institutions of a country and thus, the behaviour of all individuals and organisations in that country. Thus, for a MNC to be able to act effectively in a foreign business environment, it has to understand and appreciate totally the basic traits of the country culture.

2.1.2 Analysing the societal sectors by the institutional figure

In order to analyse a country's institutions, Jansson (1999) has divided the environmental analysis into four stages:

1) *The identification stage:* in this stage the major institutions are identified. Jansson (1999) suggests common figures such as the PEST and the STEP models, to be able to analyse the general institutional characteristics of a particular country.

2) *The description stage:* this stage includes a more detailed description of the institutions. In this phase the various societal and environmental factors are divided into the institutional sections. With regard to country culture as a centrally important institution, Jansson (1999) proposes cultural figures of Hofstede (1991) and Jansson (1999).

3) *The explanation stage:* in this stage the institutions are analysed in more depth to be able to understand which institutions are most relevant for the enterprise. Jansson (1999) indicates that it is suitable to explain the institutions by using business system theory, focusing on: degree and basis of trust between non-kin, commitment and loyalty to collectivises beyond the family, importance of individual identities, rights and commitments, depersonalisation and formalisation of authority relations, differentiation of authority rules and reciprocity, and distance and scope of authority relations.

4) *The prediction stage:* To predict the future role of institutional rule systems always involve high uncertainty, which is reduced if the previous stages noted above have been carefully analysed. The most important consideration here is whether institutional rule systems are stable over time thus, leading to behaviours which will repeat themselves over the long-term future.

2.1.3 Importance of Institutions

Those institutions which are the most important for this study are the ones that directly affect, or have affected, the behaviour of Russian managers. It is important to consider institutions that have affected the Russian management system in the past, based on Russia's historic traditional values, since Russia is a former planned economy; and since they still are in transition into a functioning market economy.

As said, the institutions form and shape the behaviour of individuals and organisations, including institutions such as country culture, educational system, political systems, and business mores. Although, the country culture provide the most basic rule system and the focus in this study will be on country culture. Other institutions will also be of importance, but generally there are affected directly or indirectly by country culture. Country culture has thus an overriding importance in directing behaviour of individuals and organisations in all societies. This is particularly so with regard to management systems in various countries including Russia. Country culture is the basic building block for those values and behaviour which decide how a management system is shaped. This is why country culture is dealt with in a more detailed way below.

2.2 Country Culture

Linton (Usunier 1996) defines culture as: *“A culture is the configuration of learned behaviour and results of behaviour whose components elements are shared and transmitted by the members of a particular society”*. Goodenough (Usunier 1996) argues that culture is a set of beliefs or standards, shared by a group of people, which help the individuals decide what it is, what can be, how to feel, what to do and how to do it. Usunier (1996) argues that culture is a complex and interrelated set of elements, comprising knowledge, beliefs and values, arts, law, manners and morals, and all other kinds of skills and habits, acquired by human beings as members of a particular society.

Trompenaars (1996) states that culture is man-made, confirmed by others, and are passed on to younger people through a learning process. Culture provides people with a meaningful context that includes the ways they think about themselves and how they face the outside world. Culture is not a physical “thing” but rather, it is created as human beings interact. Each culture tries to solve universal, common and shared problems. A country culture can be distinguished from other country cultures by the way the specific country chooses to solve its problems (Trompenaars 1996).

Usunier (1996) notes that the sources of culture do not always need to be based on nationality, but could be based on specific characteristics of a society, defined by language, education, profession, group (ethnicity), religion, family, gender, social class, or enterprise or organisations in general.

Hoecklin (1995) emphasis certain aspects of culture:

1) *Culture is a shared system of meanings.* Culture indicates what a group of people should pay attention to. Individuals as a group share ideas and values that enable them to interpret different events in life in a similar way. In order to achieve an effective, stable and meaningful interaction, people must have a shared system of meanings. There must be mutually agreed ways of understanding events and behaviours, and on ways to predict how other people in a social group are likely to behave.

2) *Culture is relative.* When dealing with culture, everything is relative. People in different cultures understand the surroundings differently and have different ways of doing things. Each national culture is relative to other cultures, with regard to how to understand the world and how to do various tasks.

3) *Culture is learned.* Culture is a function of people's social surroundings, no one is born with a specific culture. Thus, culture is learned and not genetically defined.

4) *Culture is about groups.* Culture is a matter of shared phenomenon, providing for common values and meanings.

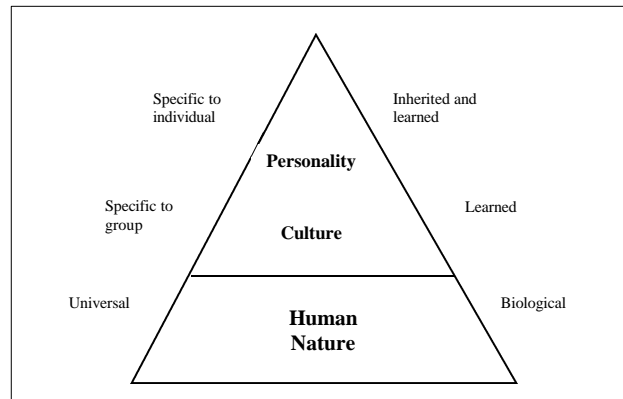
2.2.1 Culture versus human nature

Culture should be distinguished from behaviour, from human nature and the individual's personality. It is difficult to state exactly where the borders are between human nature and culture, as well as between culture and personality. Human nature is what all people have in common, regardless of where they live; it represents the universal "soft mind" of human beings.

The human capacity to feel fear, anger, love, joy, sadness, and the facility to observe the environment all belongs within is the sphere of mental programming. However, what specific persons do with these feelings and how these are expressed is modified by the culture to which persons belonging (Hofstede, 1991).

The personality of a person is defined as an individual, unique set of mental programmes, which is not shared by another human beings. The personality is based on the individual's unique set of genes but is also partly learned – it is both the influences by the collective programming (culture) and the unique experiences of a person. Hofstede (1991) created a figure called “Uniqueness of mental planning” (see figure 4), which focuses on culture in relation to human nature and personality (Hofstede 1991).

Figure 4: Three level of human mental programming (Hofstede, 1991).



2.2.2 Cultural layers

Different layers of culture exist in each person's mind. Almost everyone belongs to a number of different categories and groups at the same time. People contain several layers of mental programming within themselves

which responds to different levels of culture. According to Hofstede (1991), the culture layers could be for example:

- a national level, according to the country of the individual level;
- a regional and/or ethnic and/or religious and/or linguistic level, most countries include different culturally different regions, and/or ethnic and/or religious and/or language groups;
- a gender level;
- a generation level, dividing grandparents from parents and parents from children;
- a social class level, connected with a person's educational level and a his occupation; and,
- an organisational or corporate level, defined by the way that employees have been socialised by their organisational environment.

A child learns the basic values, e.g. what is right or wrong, good and bad, logical and illogical, beautiful and ugly. Cultures teach people how it is to be a person and how you should interact with other people within your own "group". In modern societies there are often conflicts between these different layers, e.g. religious values may conflict with generation values, and gender values with organisational values (Hoecklin, 1995).

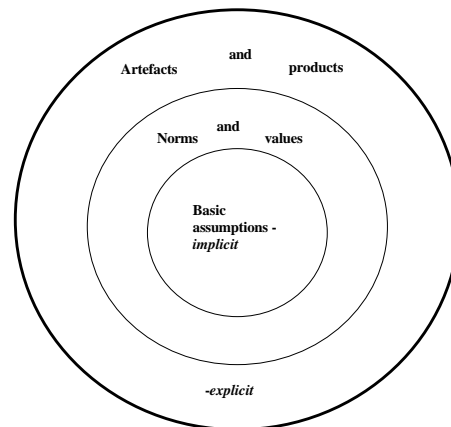
The rest of the layers of culture are learned or "programmed" based on the educational and professional life. Aspects of these programmed cultural issues which are learnt later in a person's lifetime, have to do with principles and ethics in the person's professional life. These layers describes and interpret ways of doing things, or practices, in contrast with the values which define fundamental assumptions of how things are (Hoecklin, 1995).

Trompenaars (1996) also suggests that culture consists of different layers, but he has a different view of what is included in these layers. He argues that there is an outer, a middle and a core layer.

The outer layer defines as explicit layer. This layer includes what captures a person's interest at first when he is experiencing a new culture. An individual's first experience of a new culture is concrete, and includes observations related to such factors as language, food, building, houses,

markets, fashion, and art. These are all symbols of a deeper level of the culture (Trompenaars 1996).

Figure 5: A figure of culture (Trompenaars, 1996).



The middle layer consists of norms and values. In the middle layer, Trompenaars (1996) defines norms as the mutual sense of what a group believes in, what is "right" or "wrong". Norms mature in two ways, partly in a formal way, based on laws, and partly in an informal way, based on social control. Values decide what is "good or bad" and hence these connect to the concept of ideals shared by a group. In a stable culture, the norms reflect the values. However, Eastern Europe during the Communism era provides a good example of how norms failed to reflect the values of the society. The norms support us with the feeling of "how I normally should behave" while the

values give us the feeling of “this is how I aspire or desire to behave” (Trompenaars 1996).

The core focuses on assumptions about existence. To be able to interpret basic differences between values it is essential to go back to the core of human existence. The value that is most basic for humans is their fight for survival. There are civilisations in the world that struggle every day against nature, e.g. the Dutch with their dams against the rising water, and the Siberians with the bitter cold climate. Each of these societies has organised itself to survive despite their hostile environment.

The word “culture” comes from the same word-group as “to cultivate” which means how people act upon nature. The daily problems in life is solved in such obvious ways that the humans do not reflect over it. The concrete solutions to daily problems become so natural that no one reflects over them, the problems are a part of a system of absolute assumptions.

This natural relationship with the environment creates the core meaning of life. The deepest meaning has emerged from constant questioning and the result is that it has become self-evident as reflected in specific routines applied in response to the environment. In this sense, culture is nature (Trompenaars 1996).

2.2.3 Culture and nationality

While culture often refers to a specific nation or country, there may be several sub-cultures within each nation. Historically, a shared culture has been the base for building a specific society. When states emerge, people struggle against local specialities and customs, in order to arrive at a homogeneous society. Still, the distinctive cultural issues within a state could be languages, values, religion, and concepts of freedom (Usunier, 1996).

In every nation there are forces to integrate the country culture into all citizens, including governmental actions related to national language, mass media, national educational systems, national armies, national representation in sports events and a common national market for products and services. At the same time, there are regional forces which fight back to secure their survival of regional ethnic, linguistic and religious values opposing national integration. Examples of these groups are the Kurds in Iran, the Basques in

Spain and France, and many ethnic groups within the former Soviet Union (Hofstede, 1997).

A country's culture can only be explained in comparison with cultures in other countries. For example, India has a defined country culture in relation to Germany or Sweden, but India's subcontinents consist of highly diverse ethnic and social groups, representing regional cultures (Usunier, 1996).

Hofstede (1991) has defined three characteristics which apply to a worldwide level, governing of societies, the groups within these societies, and of individuals within these groups (Hofstede, 1997):

- 1) Relation to authority;
- 2) Conception of self, in particular:
 - a) the relationship between the individual and the society
 - b) the individual's conceptual understanding of masculinity and femininity; and,
- 3) Ways of dealing with conflicts, including control of aggression and expression of feelings (Hofstede 1997)

2.2.4 Importance of Culture

"A culture is the configuration of learned behaviour and results of behaviour whose components elements are shared and transmitted by the members of a particular society" (Usunier, 1996). Thus, culture has a major impact on the behaviour of people as individuals per se and on individual's achievements in organisations. In this way, country culture is crucially important in understanding how people behave in enterprises thus, how various country cultures condition specific managerial systems. The close correlation between culture and management values and behaviour, is therefore in focus in the next chapter.

3. Theoretical framework - The micro perspective

This chapter focuses on the micro perspective of the theoretical framework applied in this thesis. In this perspective, theories of management systems, relationships, and recruitment are presented.

3.1 Management systems

Management systems can be explained as the way culture affects the manager's values and behaviour, seen in the context of cultural differences among countries. This issue will be dealt here based on Hofstede's (1991) and Trompenaars' (1996) definitions of how specific cultural dimensions governed the characteristics of management systems in various countries.

3.1.1 According to Hofstede's cultural dimensions

Hofstede (1991) focuses on people's understanding of an organisation and its prescribed rules and roles. Hofstede (1991) defines five main cultural dimensions:

1) Power distance

Power distance concerns the extent to which less powerful members of organisations accept and expect that the power is distributed equally: to what extent do employees accept that their supervisors have more power than they have and to what degree do they accept decisions because they are made by their supervisors. In a high power distance culture employers are organised in hierarchical systems. Power is centralised and employees expect to be told what they are supposed to do. In a high power distance culture there are many signs of status in the relationship between the managers and subordinates, and all initiatives are expected to come from the former ones.

In low power distance culture the manager and his subordinates consider each other as being more equal. The hierarchy is only a formal system which is not necessarily followed at all times and in all situations. The organisation in a low-power distance culture tends to be decentralised - privileges of managers are few and managers are always expected to be accessible to their staff (Hofstede, 1991).

2) *Uncertainty avoidance*

Uncertainty avoidance deals with a society's tolerance for uncertainty and ambiguity - if the members of a culture feel comfortable or uncomfortable with unstructured situations. Unstructured situations are special, unknown, surprising i.e. different from the usual situation. In a high uncertainty avoidance culture attempts are made to minimise and control uncertainty, by applying strict laws, rules and security measures. For example lifetime employment is common in high uncertainty culture such as Japan. In cultures more prone to accept uncertainty, the numbers of laws and rules are few (Hofstede, 1991).

3) *Individualism versus collectivism*

Individualism refers to the concern for yourself as an individual as opposed to concern and priorities and rules of the group that the individual belongs to. A majority of people in the world live in societies where the main concern is focussed more on the group than on the individual. In such group oriented societies, the major source of individual identity is defined within the group's identity. In other societies individual interests prevail over group interests. In such societies people tend to think of themselves as "I" and separate themselves from other "I". The individual tends to classify himself as a unique individual rather than as a group member (Hoecklin, 1995).

4) *Long-term orientation versus short-term orientation*

The cultural dimension focusing on long-term orientation is concerned with the future and is therefore more dynamic than the short-term orientation while refers to more present static and past concerns.

Values related to a long-term orientation are persistence and thriftiness, as well as structuring relationships according to status. Values related to a short-term orientation are protecting your face, personal steadiness and stability, respect for traditions, and reciprocation of greetings, favours and gifts (Hofstede, 1991).

5) *Masculinity versus femininity.*

Masculine values relate to professional goals, such as earnings and advancement, while feminine values relate to personal goals, such as a friendly atmosphere and getting along with your supervisors. Hofstede (1991) argues that a masculine society defines sex roles more strictly than a feminine

society: traditional male occupations should be held by men while a feministic society argues for equality in all areas. As an example, Scandinavian countries are more feminine while Japan and Austria are among the most masculine country cultures (Hoecklin, 1995).

3.1.2 According to Trompenaars' cultural dimensions

Trompenaars (1996) defines the differences in business cultures based on three main categories: relationships with other people, the passage of time, and differences in relation to the environment. All these categories refer to cultural differences in the business world.

3.1.2.1 Relationships with people

To analyse the cultural differences of how people deal with relations Trompenaars applies Parsons's (1951) five orientations: universalism versus particularism, individualism versus collectivism, neutral versus emotional, specific versus diffuse, and achievements versus ascription.

1) Universalism versus particularism

Cultures and societies dominated by universalism can always define what are good and right, as well as being able to apply this generally. In cultures dominated by particularism, specific relationships define how and when to creating rules. Instead of always believing that "good" is always the right way, particularistic societies defines this based on obligations toward friends and relatives, as a primary focus (Parson, 1951).

Trompenaars (1996) refers to the cultural dimension of universalism versus particularism, as rules versus friendship. At one extreme people feel obligated to follow all rules and regulations since these are universally agreed in the society, while at an other extreme, all obligations is toward people who are closely related to the specific situation.

In universalistic societies behaviour tends to be abstract and equal: everyone who is falling within the rules tend to be treated in the same way. People in a society dominated by universalism tend to resist exceptions from rules, since such exceptions might cause in the end the very collapse of the whole society.

In particularistic societies, everyone is connected by friendship, kinship or family, and are therefore of unique importance. Therefore one is obligated to

protect and sustain relations to individuals no matter what is stated according to rules (Trompenaars, 1996).

2) Individualism versus collectivism

The main issue here is whether people consider themselves as individuals or as a part of a group. This also reflects the focus of the society as whole. Is it more important to focus on the individual so that he can contribute to the society, or is it more important to focus on the group and its importance to individuals and society at large (Parson, 1951).

Trompenaars (1996) refers to universalism versus particularism as an issue of group or collectivism versus individualism. Collectivism often relates to a traditional society as well as communistic societies, while individualistic societies are seen as being more modern. Individualism versus collectivism has a major role in international business. This cultural dimension has a major role in negotiations, decision-making and in defining motivation (Trompenaars, 1996).

3) Neutral versus Affective

The main concern related to this cultural dimension is how important feelings should play in a business relationship. Neutral societies believe that feelings and emotions should be left out in business relations, since these confuse relations. The most efficient way to interact and perform is to be like a "machine", since this also encourages objectivity. In emotional societies, feelings and emotions have an important role in relationships. Without this, business persons do not function well, since business, after all, is a matter of human affair (Parson, 1951).

Trompenaars (1996) refers to the range of feelings expressed. In neutral cultures individuals control their feelings, emotions and expressions. In emotional cultures, individuals openly express their feelings including laughs, gesturing, and grimacing.

This cultural dimension has a major influence on the business culture and systems in various countries defining what degree emotions should play, e.g. when negotiating or interacting, in general, since a large part of the conveyed message is transferred by body language it might cause problems to understand in a multicultural setting.

4) *Specific versus diffuse*

A main concern of a culture that focuses on specific business relationships is their focus on written agreements and on little or no social contacts. In a diffuse business relationship the written agreement is just one aspect, instead, the whole person is involved, socially as well as professionally. In a culture that focuses on diffuse business relationships, the most important aspect is to get to know each other as individuals (Parson, 1951).

Trompenaars (1996), defines the specific versus diffuse as a cultural dimension that refers to the range of involvement. In a specific culture, managers make a difference between work related and private relations. The authority he holds at work is not valid when he meets his associates in private. In a diffuse culture, the general manager brings his authority wherever he goes.

5) *Achievements versus ascription*

In a culture dominated by achievements, a person depends on what he achieves, his recent accomplishments as well as his past record. It is more important what a person knows and performs than whom he knows and where he performs. In a culture dominated by ascription, status is judged by birth, kinship, gender or age. Thus, an ascribed status refers to being while an achieved status refers to doing (Parson, 1951).

Trompenaars (1996) notes that some of an ascribed status is not logical, such as gender, colour of skins and birth circumstances, while other attributes in ascribed status, such as age, education, experience, and professional qualifications, are more objectively valid points.

3.1.2.2 *Attitudes toward time*

Different cultures refer to time differently. Some are focused on the past while others are focused on the future. Even when judging a person's status the attitudes toward time is important. In some cultures it is considered more important what the person has achieved in the past while in others it is more important what plans the person has for the future.

In some cultures, time is perceived as a straight line where "used" time is consumed while, in others, it is perceived as a circle where the past, the

present and the future all are coming together. The perception of time can have a major influence on the strategic planning, both with regard to investment and recruitment. A culture that perceives time as a straight line is more eager to gain short term profits and attract new talent, while a culture that perceives time as a circle is more likely to focus on long term investment and using internal promotion (Trompenaars 1996).

3.1.2.3 Attitudes toward the environment

Cultures and societies have different attitudes towards the environment. In societies focused on individuals the major factors affecting individuals lives and virtues lay within the person. Values and motivation are derived from within the special person. Other cultures believe that the environment is more powerful than the individual. The environment is feared since that is the major factor that influences their lives. Thus, in some cultures believes that man controls the environment, by imposing its will over it, while others believe that man is a part of the environment and he just follows what is stipulated by the environment (Trompenaars, 1996).

3.1.3 Importance of management system

Management system theory is the heart of the thesis. In order to facilitate the recruitment of Swedish nationals to Swedish enterprise ventures in Russia, it is very important to understand the Russian management system, reflecting the country and culture of Russia. Management theory is also the major base in the empirical analysis and in the field study in this thesis. Management system theory functions as a compass, reflecting the institutional rule systems and particularly, those defined as cultural in the specific country.

In the analysis all of Hofstede's cultural dimensions will be used, while some of Trompenaars's will be excluded. The excluded dimensions are individual versus collectivism and attitudes toward the environment. Individual versus collectivism are closely related to Hofstede's same dimension, while attitudes toward the environment are more a question for sociologist to discuss.

Management governed by the cultural traits of a country is, above all, an issue of relationships among human beings. This is being discussed in the following section.

3.2 Relationship theory

The relationship theory focuses on relationships among individuals and among enterprises. The main concepts in business relations are trust and commitment. These are concepts, which are also strongly influenced cultural traits. Without trust and commitment, a multi-cultural team will not function.

3.2.1 Concept of trust

Morgan and Hunt (1994) conceptualised trust as existing in a relation when one party has confidence in an exchange partner's reliability and integrity. This definition is similar to that of Mooreman, Deshpandé, and Zaltman's (1993) "*Trust is defined as a willingness to rely on an exchange partner in whom one has confidence*". Anderson and Narus (1990) argue that trust building should focus on the perceived outcome. They argue that the outcome of trust should be the individuals belief that another individual will perform tasks and actions that will result in a positive outcome as well excluding engaging in any negative tasks and actions which would result in a negative outcome.

One of the most important skills in today's business practise is the ability to work in a team. One of the major inputs in teamwork is trust. Therefore, trust is vital in order to integrate a Swedish national into the management team of Swedish-owned venture in Russia.

3.2.1.1 Professional versus social trust

Jansson (1994) makes a distinction between social and professional trust. Professional trust is a consequence of meeting each other in the context of achieving business purposes only. By having a business relationship, two or more persons start to trust each other. This trust is built on professional skills, knowledge, competence, and performance. This kind of trust lacks emotion and does not happen outside of the strict business relation.

Social trust, on the other hand, involves a complex mixture of emotions and builds on kinship, birthplace, and belonging to the same social or cultural group. By documenting social trust, the involved persons have an easier time of reaching decisions and being accepted by other persons.

It is possible to combine these two kinds of trust, as well as to move from professional trust to social trust, this may happen in lengthy business relations.

In some cultural setting business is not based only on professional or social trust, but on both these simultaneously (Jansson, 1994).

3.2.2 Commitment

Commitment to the enterprise as well as to the group is vital in the world of business. Morgan and Hunt (1994) define commitment as when an exchange partner believes that an ongoing relationship with some other partner is so important as to warrant maximum efforts to maintaining it; that is, the committed party find the relationship so valuable that all has to be done in order to ensure that it lasts indefinitely.

Hakansson and Snehota (1992) argue that commitment is created as soon as two parties become interested in each other. Being mutually committed involves giving and being given priority. In this context the committed actors have to comply with certain specific rules towards each other. In this way commitment is an important factor in creating trust.

3.2.3 Importance of Relationship Theory

Relationship theory covers an extensive area of concepts. In this study, the focus is on trust and commitment as being central concepts in relations between managers of having different cultural backgrounds.

Morgan and Hunt (1994) argue that trust and commitment are very important because they leads to five desirable outcomes: increased acquiescence, decreased propensity to leave, increased cooperation, decreased functional conflict, and decreased uncertainty. These outcomes are of major importance since they facilitate long-lasting and well-functioning relationships.

Trust and commitment are of particular importance within multi-cultural teams, since all members have different background and experiences. If trust and commitment are present all team members are more prone towards being willing to understand each other's behaviour, to a large extent being influenced by their respective country culture.

Relationship theory increases the understanding of specific management systems, and defines important aspects of those behaviours and values which need to be present in an organisation. As argued here, this in turn facilitates

the recruitment for example of Swedish nationals into a management team in Russia.

The focus has been on relationship theories and concepts that are present in a cross-cultural perspective, as well as those affecting the cross-cultural communication and relationship. All the identified theories and concepts will be present in the analysis. In the following part, the recruitment aspect will be specifically presented.

3.3 Recruiting

Recruitment is an aspect of business competition since the enterprises have to identify, attract, and hire the most skilled people to be competitive. The recruitment is a two-way process, organisations seek employees and employees seek organisations. The recruitment process starts with a clear statement of objectives, based on the types of knowledge, skills, abilities and other characteristics that the organisation needs. According to the author Randall S. Schuler (1995) recruiting is *the set of activities used to obtain a pool of qualified job applicants*.

In accordance with the purpose of this thesis, the recruitment theory presented here has an international perspective. It focuses on what nationality should be hired and what skills are needed in order to succeed in an assignment in a foreign country.

3.3.1 The international approach

When staffing an enterprise venture in a foreign country the first issue that needs to be taken into consideration is what nationals should be used for each position. There are three main groups that the enterprise can hire: parent-country nationals, host-country nationals, and third-country nationals (Griffin, 1996).

Parent-country nationals (PCNs) are residence of the MNC's home country. The major advantages of using PCNs are that they share the common background, culturally as well as educationally, as that of the MNC's headquarter. This facilitates the coordination and communication between headquarters and the subsidiary abroad (Bird 1991). Also, if the MNC bring new technology to the foreign country PCNs tend to be the best on

implementing these. The disadvantages of using PCNs is that they most often lack an understanding of the specific conditions in the foreign country's laws, economic conditions, social structure, and political processes and culture at large. All these issues can be learned and taught, but it can be rather expensive and will never be a perfect substitute for using someone being national in the specific country. PCNs also tend to be expensive to relocate and to maintain in a foreign country (Management Review, 1990). Another disadvantage can be that the host country restricts the number of foreigners who can be transferred into the country. All this considered, MNCs are most likely to use PCN only in top-level and technical positions in the foreign country, and perhaps also, mostly on temporary basis.

Host-country nationals (HCNs) are residence of the host country. The major advantages to MNC of staffing its subsidiary abroad with HCNs are that these understand the laws, economic conditions, social structure, political process and the culture of the country. They are also less expensive to maintain, than PCNs. However, their effectiveness might be lower since they do not have a full understanding of the way that the specific MNC operates and behave.

Finally, the MNC can staff by hiring third-country nationals (TCNs). These are neither residence of the MNC's home country nor of the host country. It is most common that the MNC's staff with technical or managerial positions with TCNs, possessing required specialised skills and knowledge. TCNs are also hired to promote an international outlook of the enterprise. (Griffin, 1996)

3.3.2 Staffing Figures

Most MNCs usually develop a systematic staffing strategy for choosing between HCNs, PCNs, and TCNs. The three most common ones are ethnocentric-, polycentric-, and geocentric staffing models.

The ethnocentric models focuses on choosing PCNs to staff in managerial position. The assumption is that the home country perspective should be more valid than that of the host country, that PCNs are more effective in expressing the MNC overall perspectives in foreign operations. Key jobs are often staffed by people from the headquarter.

The polycentric staffing figure emphasises the use of HCNs. The assumption is that HCNs have the best understanding of local market conditions. In this

approach, the local subsidiaries are managed by HCNs, but MNC headquarters still control decisions on key financial targets and major investments (Griffin, 1996).

The geocentric staffing figure does not differ between HCNs, PCNs, and TCNs. The major objective of this figure is to find the best possible person available for the job, without any regards for where the person comes from - this concerns relevant key positions (Brandt, 1991).

Henry (1992) identifies a fourth staffing figure, the Regiocentric staffing figure. The approach here is to staff mainly with persons from the same geographic region. The transfers of persons are restricted to the same geographic area, although the key positions still can be staffed by PCNs.

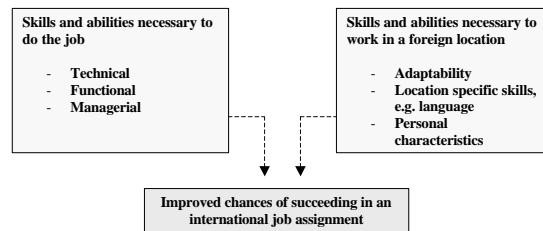
3.3.3 Requirements and selection

When a MNC recruits a manager for an assignment to a foreign country there are two major categories of skills that the MNC needs to look for:

- skills required to do the job, and,
- skills required to be able to work effectively in a foreign country

These categories of skills are further developed in figure 6.

Figure 6: Required skills and abilities of international managers (Griffin, 1996).



As shown by figure 6, it is not sufficient to focus only on skills needed to do the job, a major emphasise must be on identifying those skills which are needed to work and function in a foreign working place.

The most promising candidates for a foreign posting most often share the following characteristics and skills: (Griffin, 1996)

- managerial competence (leadership, technical skills, an understanding of the enterprise's culture);
- appropriate training (formal education, understanding of the host country's language, culture, and business system); and,
- adaptability to cope with new situations (ability to deal simultaneously with adjusting to a new work and a new environment, ability to work with HCNs, and to adjust to a new national culture) (Black, 1989)

3.3.4 Importance of Recruitment theory

Building a management team in Russia often involves mixing individuals representing different nationalities and cultures. The international recruiting theory focuses on how to understand and analyse recruitment in an international setting, particularly including the pros and cons of using host versus home country employees. This is the major focus of this thesis.

3.4 Conclusion of the theory chapter

The culture can be seen as being the software installed into human beings. As is well known, input of different software creates different performance and behaviour of the machine. In turn, these different applications of software create different managerial systems. Management systems are the output of the inputted software. It is the outcome that is the behaviour, which is presented by the software producer (the institutional rule system).

Taking into regard institutional rule system in general, and particularly that of culture and how it affects management systems, there is a lot of software or behaviour and machines or people to take into consideration. In order to understand the compatibility of various software and machines we need to understand how they interact, how they communicate, and how they act and react.

To summarise, the theory framework in this study is built around some major cornerstones; institutions, culture, management systems, relationship theory, and recruitment theory. This is applied in order to clarify, develop and

interpret the main problem focused on in the thesis. To the extent as possible, all these various theoretical cornerstones will be appraisal in the empirical analysis.

4 Methodology

4.1 Introduction

We have conducted a qualitative methodological approach for our thesis. The qualitative methodological approach was the most suitable method for our thesis since we wanted to understand reflections and thoughts of people, thus it was of no interest for us using only numbers in this thesis to find answers, as in the opposite approach, the quantitative method.

4.2 Exploratory approach

Every chapter, section, and sub topic must be organised in a particular way to contribute to the report's structure. Yin (1994) characterised three different types of purposes to the study, explanatory, descriptive, and exploratory. Our study is based on exploratory nature since we will develop hypothesis and propositions for the future in this particular subject.

The characteristics for the exploratory approach are linear-analytic structures, comparative structures, chronological structures, and theory building. Linear-analytic means that the order of subtopics involves the problem that is studied, an evaluation of relevant literature, the methods that are used, the findings from the data that are composed and analysed, and the conclusions from the discoveries. A comparative structure repeats the same study two or more times in order to compare an alternative description or explanations of the same study. The chronological structure characterises by that the sequence of chapters follows the early, middle, and late phases of the study's history. Theory-building structure means that the chapters always follow theoretical logics (Yin, 1994).

We describe everything that we include in our thesis carefully, however, the description has no primary goal and works rather as a tool to explore and develop our theoretical frame of reference. In the thesis, there is a chronological order since we have described and analysed everything sequentially and is reflect in the thesis.

4.3 The qualitative methodology approach

The purpose of a qualitative methodological approach is to discover and interpret a phenomenon or a process, or the perspectives and worldviews of the people involved. A general type of qualitative research starts from concepts, figures, and theories, followed by data collecting by interviews, observations, or document analysis. The general conclusions are a mix of description and analysis, and the analysis is constructed from the theoretical framework (Merriam, 1992). The qualitative method is based on methods and analysis constructing which contains understanding of complexity, details and context. A qualitative research has a holistic form of explanation and understanding rather than focus on specific surface patterns, and trends.

Mason (1997) argues that a qualitative methodology should be systematically and rigorously conducted. The qualitative approach is not a casual way of conducting a research, it should be strategic and flexible. This indicates that the researcher should have a clear strategy, but could change according to the environment. It is significant to understand for a qualitative researcher that they are not totally neutral in their study, although the researcher should try to remain as neutral as possible. They could instead try to identify their own part of the study. A qualitative research should produce conclusions which should be viewed in a more general environment, and not only for specific research. A major issue that the researchers should consider is the ethical and political implications in the environment of their study (Mason, 1997).

Our thesis has been using a qualitative methodological approach, conducting several interviews based on our theories. The qualitative methodology provides us with implications and discoveries since we have interviewed people with different background and mentality. To achieve the goals for the study we did not use one enterprise's view on our problem. We wanted reflections from several companies in order to understand the differences in our study. From an early stage in the writing process there was a clear outline of the structure needed to fulfil the empirical requirements. Interviews included opinions from two different groups: Swedish nationals that have recently experienced Russia and Russians in Russia working in Swedish companies. Throughout the thesis work we have been keenly of the ethical and political environment not only in Russia but also in Sweden.

4.4 The selection process

Once the problem has been clarified in the research, the next step is to select the foundation of the research, the sample. In every study there are numerous sites that could be visited, events or activities that could be observed, people that could be interviewed or documents that could be read. The researchers need to reflect on where to observe, when to observe, whom to observe, and what to observe. To sum up, the research selection includes considerations about the research site, the time, the people and the events.

There are two general types of selection: convenience network sampling or snowball and chain network sampling. Convenience sample is that the researchers conclude a sample based on time, money, location and availability of sites of the respondents'. This sample type is what the name indicates, convenient. In all research some elements of convenience occur, but the risk with a research only based on convenient material is that the quality of information may be poor. While the snowball and chain network sample is a strategy, which asks the existing participants in the research to refer to other appropriate participants. This is a way to find participants to the study and create a foundation for the empirical study (Merriam 1992).

Our selection process is based on a country and enterprise selection. We select Russia as a case country because we have a genuine interest for the country and its unique culture. Russia is also becoming more popular for Western companies, and Swedish companies in particular, to invest in. In the enterprise issue, we used a convenient approach and a snowball approach. We chose our focal companies based on two criteria, that the companies are Swedish MNC located in Moscow, and that they are manufacturing companies. The next issue was to contact several companies in this target group and we selected the most appropriate ones according to our own time schedule. This was necessary due to the limited time we had in Russia. Contact with the companies was achieved through our own network of contacts and by creating new contacts. For example at the companies in Russia we received new interviewees while we were there.

4.5 Research design

Every study has an implicit and explicit research design. The most basic research design is the logical system that connects the empirical data to the

study's initial questions and finally to its conclusions. However, a research design could be defined as an action plan that takes the researchers from "here" to "there". In this case "here" represent the initial questions that have to be answered and "there" is the conclusions. In the middle of "here" and "there", there are numbers of steps and actions for example analysing and judging the empirical data. It is important to realise that the research design is more than an action plan for the research. The general purpose of the design is that the empirical results correspond well with the initial problems (Yin, 1994).

In this section will we use Yin's (1994) figure " Basic Types of Designs for Case Studies" to be able to identify categories of common research designs.

Figure 7: Basic Types of Design for Case Studies (Yin, 1994).

	Single-case	Multiple-case
Holistic	TYPE 1	TYPE 3
Embedded	TYPE 2	TYPE 4

← Our case type

A case study could include more than one single case; this design is called a multiple-case design. If we compare the multiple-case design with the single-case design, there are some common advantages and disadvantages. An advantage with the multi-case design is that the result is more compelling, and the overall study is more durable. However, the rationality in single-cases cannot be achieved by a multi-case study. The multi-case study could include the holistic or embedded view of the individual cases. The holistic view means that the study only explores the global nature of a problem and is appropriate when the theories that inspire the research are holistic by themselves. The embedded view of a case study design includes more than one unit of analysis and focus on sub-units (Yin, 1994).

We have conducted a research design that is designated "Type 4" in Yin's figure. We used several case-companies where we selected certain persons to interview for our study. These case-companies are different cases that have

common characteristics as mentioned before. We think that it was necessary for our specific problem to conduct a multi-case design because each enterprise approaches the problems differently. We did not want to delimit ourselves by following only one enterprise's opinion in this matter. We thought that by conducting studies in the different companies broader conclusion could be made and utilised in a variety of companies and industries. Our research design has an embedded characteristic since we have conducted research in several companies. We focused on different sub-problems in our quest in identifying and analysing the answer of our main problem. In our analysis we did go back to the theory- and our empirical data and compared the information to receive appropriate information to the analysis.

4.6 Data collection

Yin (1994) refers to some principals in data collection that are of high interest in our study. A principal is to collect multiple sources of evidence, which means that there exists evidence in the investigation from two or more sources; but there should be convergence between them in the findings. Another principal is the chain of evidence which means that there exist links between the questions that are asked, the data collected, and the conclusions within the study (Yin, 1994).

Our data collection profile includes information from more than two sources. We gathered information from sources both in Russia and Sweden. Our findings in the study have convergence because we asked our respondents similar question during similar conditions. The chain of evidence is clear because that every question that we asked and later analysed is in accordance with our theory, which is linked directly to our conclusions.

4.6.1 Primary data

The primary data is information that could be collected from interviews, observations, seminars, and other sources that are used for the current research.

The use of primary data in our study is high. We took a field trip to Moscow to understand the culture and behaviour in our different case companies. We realised that one week in Moscow does not give us a complete comprehension

of the people or their culture, but the visit increased our knowledge about our case country. We met several managers, both Russian and Swedish, in Swedish companies in Russia so we could compare and combine our results. We have also conducted interviews in Sweden with Swedish people that have recently experienced Russia in several aspects.

4.6.2 Secondary data

Secondary data in a study is the data that exists in documentation and is made for another field of study.

During our thesis we used different types of secondary data. It has been a continuous collection of sources that are connected with our major issues. The secondary sources include books, articles, Internet documents, and essays.

4.7 Interviews

A major and significant source of evidence in a study is the interviews, which can appear in different forms. In an open-ended interview the respondents are asked about facts of a certain issue including their own opinions about the event. Another type of interview is the focused interview in which the respondent is questioned in a short period of time. These interviews are also open-minded and leave room for the interviewee's own opinions; still, they follow a particular questionnaire that emerged from the study protocol. It is important to be aware of that the questions should not be leading in order to receive neutral result.

The interviews are a primary source of information in the study since the thesis deals with different aspects of the human intellect. The interviews are done personally in the interviewee's natural setting since we wanted to observe how the respondents reacted to our various questions, as well as the natural settings made the interviewees more comfortable and relaxed.

Another common method in the interview issue is the use of tape recorders. The major advantage with a tape recorder is that it presents the information of an interview so that it can be reinforced back to its original form. The use of a tape recorder is questionable if the respondent does not feel comfortable under those circumstances. It is the interviewer's responsibility to make the respondent comfortable and secure at all times. Another important issue

concerning the tape recorder is that the interviewer should have the technical skill to be able to use the tape recorder (Yin, 1994).

The interviews in our case enterprise were mainly conducted with people responsible for the human resource department. The people we interviewed could be divided in two groups, Russians on Swedish companies in Russia and Swedes that have experienced Russian's in a Swedish enterprise.

We used a tape recorder during our interviews because we did not want to miss any of the respondent's answers. We were aware of the risks of using a tape recorder and we always asked the respondents if they were comfortable under these conditions.

Interviews can be made in person, by phone or through the mail. We conducted all our interviews in a personal nature to reach the best results and also to avoid misinterpretations that could occur during communication by phone or mail. Our interviews were of a focused nature and followed a structured questionnaire that took approximately one hour. The interviews were always open which gave the interview the ability for more open discussions and opinions. This was important because of our own interest and the differences between the Russian- and the Swedish cultures. The questions were constructed in accordance with our theory, thus keeping us neutral and not influencing the respondents with our own opinions. We received supplementary information by e-mail. We used this communication tool because this is the most rapid one.

To achieve the best results, one of us was the interview leader while the other took notes. The interview leader's main task was to get the interview to run smoothly and ask follow up questions, while at the same time create a comfortable environment. The person taking notes was focused on transcribing all responses and also participating with relevant questions.

4.8 Quality of the research

In every research, the validity and reliability of the study must be high, i.e. the quality of the research must be as high as possible. Below we will discuss the characteristics of the concepts that could increase the quality of the research.

4.8.1 Validity

The validity of an investigation refers to that the researcher measuring and explaining what he/she claims to measure (Mason, 1997). Yin (1994) has divided the validity into three different groups; construct validity, internal validity, and external validity. Below we have explained the different concepts and how they have been used in our own research.

4.8.1.1 Construct validity

It is significant that a researcher succeeds in developing a sufficient operational set of measurements and that objective judgement is used to collect data. A reader of the study must be able to interpret that the study's result reflects reality, and it is not only the investigators own impression of the reality. To increase the construct validity, the author suggests the use of multiple-sources of evidence that follows lines of the research. A second issue to reach the construct validity is to conduct a chain of evidence (Yin 1994).

Starting from our theory, and in accordance with the theory, we conducted our research to discover different views of reality. We used multiple sources of evidence by doing several interviews with different companies and persons, and we have also read a variety of secondary data concerning our subject. This was done so as to have several different views of the subject and so that the research's result is a reflection of reality and not of our own interpretations of the reality. We have also used a chain of evidence, which enables the reader to trace the whole investigation chain from the theory to the conclusion. This means that we have used the same foundation in the theory-, empirical-, and the analysis chapter. This makes it easier for the reader to follow our structure and our findings from the beginning of the thesis until the analysis. Our questionnaire was created in accordance with our theory. To increase the construct validity, we have discussed the result with our key informants in the study. This was made in order to be sure that we have interpreted their view of our subject correctly.

4.8.1.2 Internal validity

The internal validity is only used for simple (causal) studies in which the researcher decides whether the event "X" leads to the event "Y", and without knowing that the third factor "Z" may actually be responsible for the event "Y". This states that the study has failed to deal with the threats to the internal validity. It is important to be aware of that this measure does not fit into

qualitative studies because they don't make simple (causal) statements (Yin, 1994). In this report, there is no internal validity because we do not use any causal or quantitative statements to reach to our conclusion.

4.8.1.3 External validity

The external validity addresses whether the study could be generalised in a broader perspective than the immediate study. External validity has been a common problem in studies. The main problem is that one study may not be of a sufficient quality to be able to draw some generalisations. Therefore a theory should be tested in several settings to discover if the findings are similar in all settings (Yin, 1994).

We argue that our external validity is high because we have several interviews with various respondents. Our conclusions consist of the common result which means that we use the similar answers from our respondents which create trends and patterns. The study is valid for various manufacturing companies in Russia since we have a wide perspective of companies that are participating in our investigation. Our study could lay a foundation for a enterprise considering establishing a facility in Russia.

4.9 Reliability

Reliability occurs if a later investigator will do the exactly same study and would make the same findings and conclusions as in the former study. The main objective of reliability is to minimise the errors and the biases within the study. A main facilitation of the reliability is to document the whole work procedure of the investigation and making it possible for the next researcher to conduct the same exact investigation. Another issue is to conduct the whole investigation as if there were someone looking over the researcher's shoulder (Yin, 1994).

The reliability issue is hard to achieve in the social sciences because human nature is dynamic and never static. Consequently qualitative research could never be achieved without the influence of human behaviour. It is more likely that the researchers want to explain the world as they experience it. However, the researchers should be aware of the concepts, "dependability" or "consistency", which means that rather than outsiders achieving the same results, the researchers wish to concur that the collected data makes sense.

Although that this study is qualitative, trying to achieve the highest reliability was always a concern. We have used a standard questionnaire in our interviews, which allows another researcher to duplicate our investigation. We are aware of the risk for biases and errors in our thesis and therefore we tried to be as neutral as possible and follow our prepared questioners during interviews. However, this is a qualitative study and we have our individual interpretations and thoughts, and it is likely that another researcher would have their own interpretation. The changing environment in Russia also affects reliability. If the study were made two months later, the results from the interviews could be different since the general conditions in Russia may have changed.

4.10 Various types of errors

There is always a risk that various types of errors could occur within a study and it is important that the researchers avoid these errors. An error that could occur in our research is the misunderstanding of our complex case country, Russia. We have tried to avoid this error by studying the country and interviewing Russians and experts on Russia before our visit.

Another type of common error in studies is the misinterpretations during interviews because of language problems and different thought processes. We have tried to avoid these by listening, recording the interview, and following up with questions if there was a lack of understanding in a particular issue. To interpret and understand the information, we discussed the content of every interview afterwards and recorded all pertinent findings.

4.11 Weakness in the research model

Of course this is no perfect research model, but by being aware of its implications the figure will be improved.

To generalise conclusions from a theory by a few selected interviews could be difficult. Therefore we have conducted interviews with different persons on different companies to be able to draw generalisations. We will try to generalise from our given material but it will work more as a suggestion for our findings.

These qualitative interviews are very time consuming for both the interviewee and the interviewer. A negative side of this issue is that the interview takes often more than hour, which means that we take up a lot of the interviewee's time. In order to avoid further irritations we informed our interviewee in advance that the interview would take about an hour. Another issue is that the research would be even better if we had the time and money to interview more companies during our stay in Russia, but that is not possible. This could affect our research model in a negative way because we don't receive enough of interviews to conduct a satisfactory analysis chapter. However, we believe our empirical level functions as an agreeable foundation for our result, because every interview has given us reasonable information about our subject.

The result of a qualitative research is always depending on the researchers' own views. As mentioned before, we tried to be as neutral as possible. We are also aware that our Swedish culture influences our interpretation of the interviews; however, we tried to be as open-minded as possible. We also interviewed both Swedish and Russian people in order to get as good understanding of the different views as possible in our subject.

5 Country Cultures and Management Systems – A Comparative Analysis of Sweden and Russia

5.1 Introduction

This chapter focuses on an analysis of institutional aspects, particularly those related to country culture, and management systems, in a comparison of Sweden and Russia. The major concern is with Russia being the focal country of this country.

The first part gives a short introduction to, followed by a discussion of the Swedish management system, based on Hofstede's and Trompenaars' cultural dimensions. The second part, which is the main one, concentrates on related aspects as they concern Russia. The second part is introduced with an analysis of so called Management Sovieticus system that is, the management system of the communistic era. It is important to understand this system in order to be able to understand management in Russia today.

In the final section of this chapter a comparative analysis is made between Sweden and Russian in the above mentioned respects, highlighting the managements systems differences and similarities.

5.2 The Institutional Setting of Sweden

Sweden has long applied a democratic parliamentary political system. Poverty during the 19th century caused a large amount of suffering and between 1850 and 1930, 20 percentage of the Swedish population immigrated to America.

For centuries Sweden has been characterised by homogeneity with respect to language and religion. Even as early as the 16th century, the Swedish state administration was established, including a central bank and a post service. Sweden has never been occupied or suffered from a bloody revolution. In the 18th century, Sweden got its constitution, which guaranteed freedom of speech. The educational level is high and illiteracy was erased before the end of the 19th century. In 20th century Sweden developed a common feeling for individual equality, trying to decrease differences in economic and political status among individuals (Larsson, 1999).

5.3 The Swedish Management System

Below, characteristics of the Swedish management style are analysed based on Hofstede's and Trompenaars' cultural dimensions, being decisive for governing the specific traits of management systems, and thus, for the behaviour of managers formed by different country cultures.

5.3.1 Hofstede's dimensions

Below, the management style characteristics of Sweden are presented in accordance with Hofstede's dimensions.

5.3.1.1 Power distance

Sweden is characterised by low power distance, and subordinate's dependence on their managers is low when performing their tasks. The employees regard themselves as rather equal to their managers. The emotional distance between employees and their manager is relatively short and Swedish managers are employee-oriented. The relation among employees is informal, transparent and is not of a political nature (Tixier, 1996).

The CEO in a Swedish enterprise has a very powerful position. At the same time all the employees are aware that if the CEO does not act in the appropriate way, the board of directors has the power to dismiss him.

In general, the employees are loyal to the CEO. The employees listen and follow the CEO since they know that he represents a lot of power on decision-making. However, the CEO also knows that he/she would lose the respect of his employees if he used his/her power for personal gains. In all respects, a Swedish CEO tries to persuade the employees to behave in a certain way, more than ordering them to do so.

Consensus in decision-making is an old tradition in Swedish enterprises. Persons from other cultures have been frustrated by the informal management style and the independence in Sweden of taking decisions in committees. The typical Swedish command often boils down to "see what you can do". The Swedish ideal management style seems to be to let employees take decisions based on an enterprise wide consensus around a vision. Sweden has among the youngest managers in Europe and this influences also the Swedish management system. There are a lot of listening and exchange of ideas, little

authorities and in general, there is a high degree of trust between business partners (Larsson, 1999).

5.3.1.2 Uncertainty avoidance

The degree of uncertainty avoidance is low in Sweden and managers are expected to be innovative. The Swedish managers are prone to take risks and they always believe in a successful outcome of various actions taken.

The Swedish management style favours risk-taking and working towards a quick implementation of decisions, given a rough and speedy analysis, all conducted within a process of team learning. Swedish Management style is characterised by vision, communication, and consensus (Lidin and Melitti, 1999).

The Swedish informal management style could be vague and inexact, which might be a weakness as seen by those in other cultures such as those of Germany or the USA, which focus on the managers clearly expressing their views and giving clear directions and decisions. The strength of the Swedish management style is that it gives room for the employees to take own initiatives and decisions, which enhances the creativity in the whole organisation (Larsson, 1999).

5.3.1.3 Individualism versus Collectivism

Swedish managers have an individualistic style focusing on personal time, freedom to implement own approaches to the job, challenges, variety, identity, self-orientation, and emotional independence of the individual (Lidin, 1999).

At the same time, Swedish managers are characterised by a lot of collective thinking with a focus on teamwork, communication, and delegation (Lidin, 1999). It is a Swedish tradition to work in a group context. In early primary school, children are taught to work together (Tixier, 1996).

5.3.1.4 Long-term versus short-term orientation

The Swedish management style is characterised by a long-term orientation, due to the stable system that has been present in Sweden for so many decades. The Swedish managers can plan and follow a long-term strategy. One of the key foundations of Swedish management is that the whole enterprise should

be governed by one vision, which emphasises widespread decision-making and taking a long-term perspective on various issues dealt with.

5.3.1.5 Masculinity versus femininity

Sweden is characterised as a low masculinity society. Problems and conflicts arising in a Swedish enterprise are to be solved in a spirit of consideration for others. Problems are mostly solved when they arise, and emphasise the respect for the individual.

Swedish people are less concerned about daily results; but more with general enterprise objectives. Every employee within the enterprise has the right to express his opinion and to take initiatives. The employers have confidence in the middle management, as opposed to other countries, and they are allowed to act independently in their fields of responsibilities. Financial rewards are seldom of primary importance in motivating employees (Tixier, 1996).

There is generally a lot of trust in the relation between the CEO and the board of directors, within a Swedish enterprise. If the CEO experiences the slightest degree of mistrust he would resign. The reliance on trust more than on strict financial control makes it possible for Swedish managers to steer their organisation in a rather flexible way (Larsson, 1999).

5.3.2 Trompenaars' dimensions

The Swedish management style characteristics are presented below in accordance with Trompenaars' (1996) dimensions.

5.3.2.1 Universalism versus particularism

Sweden is a universalistic country where routine behaviour is appreciated. In Sweden, there is more focus on rules than on relationships. The Swedes like to follow rules in all cases. They argue that the only reality within business is the one that has been agreed upon between two parties.

5.3.2.2 Neutral versus affective

Swedish people are more neutral than affective oriented in business relations and do not express what they are feeling and thinking of different issues. They do not use any special physical contact with each other except when they shake hands. However, in existing relationships, which often have existed for several years, they are more affective and eager to maintain personal relations.

5.3.2.3 *Specific versus diffuse*

Sweden is characterised by a specific orientation, reflected by a clear dividing line between their professional and personal life. The Swedes personal involvement in business relations is therefore not as great as in e.g. Russia. The diffuse orientation shows mainly in the habit of Swedes to follow laws and standards of morality, regardless of situation.

5.3.2.4 *Achievement versus ascription*

Sweden is an achievement oriented culture. The uses of titles in companies are only relevant in specific situations, in normal situations they prefer using names, particularly first names. The respect for the supervisor is based on the belief that the managers make a satisfactory work. The respect is thus not based on the fact that they are the supervisors. The managers in Sweden are of various ages and genders but there is a dominance of males.

5.3.2.5 *Concept of time*

Swedish people have a future time orientation - they discuss a lot of potential and future achievements. They enjoy planning and stalking out strategies and particularly, strategic visions. In business life, deadlines are common and every individual realise that if the work should be done they must do it themselves.

5.4 The institutional setting in Russia

This section deals with those Russian institutions which are relevant for the thesis, as well as the Russian management system, before and after the political revolution in the beginning of the 1990s. Section 5.4.1 only highlights certain aspects on culture and business mores, while those aspects are discussed in detail in the following sections of this chapter.

5.4.1 *History and political development*

In Russia's history there have been many totalitarian leaders, such as Ivan the Terrible, Peter the Great, Catherine the Great, Lenin, and Stalin. These great authorities have affected the Russian society particularly by their totalitarian political system, focusing on defending their power positions. This system made the Russians almost incapable of taking political or other initiatives (Hingley, 1991).

In 1917, the Russian revolution occurred. Under the leadership of Lenin the Bolsheviks took over and they renamed Russia into Union of Soviet Socialist Republics (USSR). The Communists imposed a centrally planned economic system and all property was confiscated by the state based on the argument that it belonged to the people. A few years after Lenin's death, Stalin came into power, and he continued to enforce a collective thinking on the Russian people. Stalin's rule is called "The Great Terror" because he killed millions of people, in the process destroying all elements of trust between the working associates, relatives and friends applying a "spy on your neighbour" politics. Over the decades the economy started to crumble and in the mid 1980s the Soviet Union starts to fall apart (Hingley, 1991).

At this time Mr. Gorbachov became president of the Soviet Union and during his presidency he introduced *glasnost* (openness) and *perestroika* (reconstruction). In the end, Mr. Gorbachov had to resign and in 1991 the USSR was dissolved into several independent regions (Hansson, 91-12-11). Mr. Yeltsin became the new president of the Russian federation. He implemented political and economical reforms to privatise the economy and to make Russia a democracy. This was the beginning of the implementation of a democratic market economy system in Russia.

The current situation in Russia is characterised by all problems related to an effective introduction of a democratic market economy – a system that is completely new seen in the perspective of the Russian history. Thus it is to be expected that the situation in Russia is very volatile. This is particularly so when one considers that the process of introducing a democratic market economy system of this type in Western countries took more than 200 years, Russia has only been in this process for less than 10 years.

5.4.2 Education

In Russia, the educational level is high with a literacy rate of 99 percent. Russian universities are of high quality level and have a good reputation. However, in the wave of the current economical problems in Russia, the quality of the educational system has started to decrease (Freeland, 97-08-29). A particularly important educational problem in Russia is the historic lack of management training. In Russia, there is very little experience of a Western

management system, which makes it hard for foreign enterprises to operate in Russia (Chambers, 97-08-29).

5.4.3 Culture

The culture in Russia is rich and varied in the performing arts etc. The Russians have an enormous national pride. The foundation of the Russian culture is solidarity and close relationships. The most common analysis of Russians, both by foreigners and themselves, is that they are a comparatively static, easy-going people, without political or other initiatives, favouring a strong leader to guide them (Hingley, 1991).

During the Communistic era the culture has been very closely connected to the political system. In the social class system, the only class that was allowed, apart from the Russian elite class (the high Communist politicians), was the working class. This emphasised the formation of a collectivist culture. Today, this collectivist culture starts to decrease in importance but basically, it is still there (Fässberg, 1998).

5.4.4 Business mores

In the Russian business society it is very difficult to get hold of information, e.g. the annual reports in Russia are not public information and in general, there is an unwillingness to share enterprise information. This is the legacy of the old Communistic era.

The informal relations in Russia are significant. A Russian does not directly discuss business with a foreigner - the Russian would prefer to meet him/her a couple of times before starting any discussions. Another common problem in Russia is that it is difficult to find the right person to start business negotiations with - if a businessman starts discussions with the wrong person a lot of time and money will be wasted. In Russia, there are different networks and as a foreigner it is not always easy to join into these networks. Being introduced to the right persons is of crucial importance, in order to be allowed into established business and personal network structures.

The Russian businessman can be aggressive and determined. Foreigners in Russia could have problems to turn down what seems like an innocent proposal. The best advice to foreign businessmen is to spend a long time in Russia in order to learn and understand how business functions in the country.

before undertake any business operations
(<http://www.iep.doc.gov/bsnis/country/rupartnr.html>).

5.5 Management systems in Russia

The Russian management system is now in the midst of a changing process from that of a communistic management system, the so called Management Sovieticus system into that of a market economy system. The new market economy system puts new demands on the Russian managers – they now have to acquire new skills and competences to be able to operate within the parameters of the new economic system. However, this is a troublesome process – the legacy of seven decades of a Communistic system is not easy to get rid off.

In order to understand how management works in Russia today it is vitally important to understand management in the centrally planned economy system. Therefore the Management Sovieticus is first discussed in depth, followed by an analysis of today's management system in Russia.

5.5.1 Management Sovieticus

In order to interpret the actions of a Russian manager in a market economy it is vital to have an understanding of how the Russian managers functioned during the plan-economy era. The management style developed during this era has been referred to as the Management Sovieticus, having the following characteristics (Liuhto, 1993)

- 1) Political-nepotistic recruitment
- 2) Administrative PR-management
- 3) Bureaucratic-authoritarian managers
- 4) Wasting and hoarding of factors of production
- 5) Disregards for usefulness and quality of products
- 6) Massive feudalistic corporations
- 7) Organisational misuse, fraud and corruption
- 8) Withholding of information
- 9) Ignoring of innovation
- 10) Lack of strategic management

Each of these characteristics is discussed below.

5.5.1.1 Political-nepotistic recruitment

In the centrally planned economy, the most important criteria for selection of managers were their political maturity, in terms of their loyalty to the command system and their overall conviction on the ruling principles of this system (Andrle, 1967). The consequence of the focus on political maturity was that the most professionally qualified persons were not selected for the top management positions. This practice formed a vulnerable and ingrown organisation with managers focusing on defending their position, being loyal to the ruling communistic party ideology.

The rationale behind this political-nepotistic recruitment system was the need for the central organs to secure the loyalty of all leading personal to the planned system. By using the political maturity factor in the selection process, the real power remained within the central party organs, while the enterprises and their top management were loyal to the prevailing political- economic system.

5.5.1.2 Administrative PR-management

To be able to cope with the requirements of the system in the era of planned economy it was important for managers to have good relations with central authorities, especially the planning organs, and also with manager of others enterprise, on which the specific depended. A network system, focusing on the "blat" i.e. exchange of services and favours, where vital to managers in order to undertake their enterprise operations, according with what the central planning organs prescribed. Also, so called "krugovaia poruka" occurred frequently: managers of different enterprises co-operated to withhold actual production from the planning organs, or to reach the production results required by the planning organs. The manager's focus on networking with others important actors was a main task to be focusing on by the enterprise top management.

The "blat" system was necessary in order to reach the objectives set up by the planning organisations. This system was not only a matter of business relationships, but also included friendship and social connections. Practices such as "krugovaia prouka" were deployed frequently in combination with the "blat" system to secure a low production quota from the planning organs. The managers did not use "krugovaia poruka" only for personal gain but mostly to

be able to fulfil production system plans, within a highly inefficient command economy system (Liuhto, 1993).

5.5.1.3 Bureaucratic-authoritarian manager dictatorship

The planned economy system was a matter of a very bureaucratic system. Orders were put down on papers and were considered to have "power of law". A very powerful top manager, often becoming like a benevolent dictator in the enterprise, led this bureaucracy. This development meant that sub-ordinates had very little influence on decisions. The planning organisations accepted this "dictatorship" system, as long as the enterprise fulfilled its production and objectives. Of course, such a management practice decreased the innovativeness and in depend thinking and behaviour among employees - the only important concern was to follow orders from the top manager. In this bureaucratic-authoritarian management system everyone did what they were told to do, nothing more, nothing less. As long as they behave in this way they were protected by the system and thus, secure in their jobs.

5.5.1.4 Wasting and hoarding of factors of production

The planned economy system entailed a lot of waste of factors of production, including financial resources, time, material, as well as labour resources. Better to have an oversupply of resources than too little resources, in the process of fulfil a production task. This often meant over-employment of personnel, which in turn decreased the efficiency of workers, as well as the enterprise operations at a whole.

5.5.1.5 Disregard for usefulness and quality of products

The main goal of an enterprise in the planned economy was to reach the aims and objectives of the planning institutions – often defined as quantitative production targets set by the planning organ. This often implied a disregard for the usefulness and quality of the products produced. This occurred since it was the planning organs and not a market that assessed the value of products (Tiusanen, 1991). This lead to that in order to reach the objectives the enterprises increased the quantity and decreased the quality. Also, the technology in the factories was often old and very ineffective and did not allow neither for high production efficiency nor for high quality of the products.

5.5.1.6 Massive feudalistic corporations

In the planned economy system the enterprise was not only responsible for production, but also for the social welfare of the employees including accommodation, hospital care, education, and their overall well being. This expanded the enterprise's responsibilities and also, the power of its management and made the enterprise resemble a feudalistic society. Another factor that contributed to a feudalistic type of enterprise was the lack of resources and supplies. This led to that the enterprise tried to become self-sufficient. The enterprise tried to produce each part or resource that was needed to produce the final product.

5.5.1.7 Organisational misuse

Organisational misuse among managers and employees in the centrally planned economy system were common. It was so accepted that the line between legality of common business practice and misuse was obscure, e.g. stealing from the state was usually not seen as being an illegal act. Also, among the top management misuse were common. A common practice among the management was to put names on dead people on the payroll in order to collect the salary for themselves. Another common practice was to report lower production output than actually achieved and then, sell the "oversupply" outside the official channels. In order to succeed with these types of operations it was necessary for the top management to have close mutually rewarding cooperation with each other to conceal what was going on. This wide spread misuse of resources and corrupt practices were a natural ingredients of the business culture of the centrally planned economic system.

5.5.1.8 Withholding of information

Information was seen as the most powerful tool that a manager could have. It was common that managers withheld information in order to gain more power within the planned system. Since there was little sharing of information, there was a lot of uncertainty within the enterprise, as well as between the enterprises and the central organs. This decreased efficiency on all levels.

The main reason for withholding information was to secure their position within the enterprise. The information could be false, falsified, just or correct. Since the manager did not know for sure they many times preferred to keep it for themselves. If they spread false information it could cost them their position. Information was power and could never be acquired without

compensation. It was vital for the managers to balance the value of keeping the information against the value of using of information (Liuhto, 1993).

5.5.1.9 Ignoring of innovation

A main priority was to secure a status quo, a stable situation. All innovations were likely to disturb this situation, opening them up for problems. To avoid this, the managers refused to let go of old traditions and customs. At the same time, all research and development activities took place outside of the relevant enterprise, so there was no reason to promote innovations.

5.5.1.10 Lack of strategic management

The enterprise had little or no, influence over what and how much to produce. It had no information about the demand situation or any clear picture of for whom they produced the products. These issues were dealt by the central planning organs, which undertook all the strategic planning. The enterprise simply executed a plan, decided by the central planning organs. There was no room for or incitement towards thinking in strategic terms. The focus was on the short-term fulfilment of production quotas (Liuhto, 1993).

5.6 Characteristics of the present management system

5.6.1 According to Hofstede's cultural dimensions

This section analyse Russian management systems based on Hofstede's cultural dimensions. The logic applied here is, as said, that the country culture, the collective mind of people, describes the way they behave, individually and as enterprises.

5.6.1.1 Power distance

Russia has a long tradition of centralised power and control, a tradition that is deeply imbedded in the Russian manager. Despite an emerging liberal regime and the transition into a market economy system the Russian manager still has a high power distance relation to his sub-ordinates. Power is not distributed equally in the society as a whole, or in the enterprises. The Russians are used to obeying to the power of authorities, and the managers execute an autocratic leadership style. The Russian enterprise is characterised by central decision-making, a hierarchical structure and little information sharing.

5.6.1.2 Uncertainty avoidance

The Russian manager has a high uncertainty avoidance that has its roots in the old command economy system. They are used to following and relying on directives and orders from above – in this way, they avoid any risk taking. To ensure that all followed the direction of the Russian manager, the ones who followed the direction were rewarded while the ones who did not were punished. The Russian manager's uncertainty avoidance makes them avoid taking responsibility, which may entail taking risks. The logic is obvious – if the manager is not responsible, the risk of being punished is minimised. Also, this tendency towards uncertainty avoidance increased a tendency to blame others.

5.6.1.3 Individual versus Collectivist

Russia is traditionally a collectivistic society. Individuals that tried to increase their individual welfare were looked upon with contempt and suspicion. The common Russian considered "equal poverty for all" as the guideline in life. This has meant that the Russian manager does not want to stick out from the group but instead, always to show his loyalty to the group. Individual success and to take own initiatives, were not at all a priority in life or in enterprise achievements.

5.6.1.4 Long-term versus short-term orientation

The Russian society is characterised by a short-term orientation. The prevailing political and economic system encouraged the Russian manager to act in a short-term perspective. The Russian manager tended to focus on the past and the present, trying to survive day by day. This indicates that Russian managers are less concerned with long-term consequences and future opportunities – anyhow, why bother about the future, which you anyhow cannot affect.

5.6.1.5 Masculinity versus femininity

The Russian culture has elements of masculine and feminine orientations. It is masculine culture focusing on power, large enterprises and large production volumes. The society has its feminine touch, as reflected in the values related to personal relationships, solidarity, and caring for the weak and also, with regard to hospitality and politeness. All these values are also reflected in the Russian manager.

5.6.2 According to Trompenaars' cultural dimensions

5.6.2.1 Universalism versus particularism

Russian managers have a particularistic orientation since they value personal relationships more than formal rules. They consider relations and unique circumstances more important than general rules, when deciding on what is good and right. This influences the whole management system since no formal rules actually define what is right and wrong – this is a function of personal relations and specific circumstances.

5.6.2.2 Neutral versus Affective

The Russian manager is effective in his way of managing. He does not hesitate to show feelings. They do not avoid physical contact and they can be quite emotional. The Russian manager has a well-developed body language, which is often used. They easily raise their voice and they connect directly with the counterpart both verbally and non-verbally.

5.6.2.3 Specific versus diffuse

The Russian culture is more diffused than specific oriented. The main argument for this is the importance of business relations in Russia, which often are hard to establish and being long-term. To have a business relationship in Russia demands great personal involvement, including a high frequency of contacts, and an exchange of gifts and favours. In the best of scenarios, this leads to a business relation founded on a personal friendship. The Russians diffuse orientation is also showed in the importance that the specific setting and relation has when he takes a decision.

5.6.2.4 Achievement versus ascription

Russia has an ascription oriented culture. For Russians power and titles are important. Status in Russia is based on age, knowledge, gender, and qualifications. The self-accomplishment in Russia is focused on enhancing ideological consistency and contributing to the nation's strength.

5.6.2.5 Concept of time

Russians are present and past time oriented. The history of the country is important to the Russians. The older generations are highly respected in Russia. As said, Russians also have a more short-term orientation.

5.7 Russian and Swedish management systems – a comparison

This section presents a comparative analysis of Russian and Swedish management style characteristics. This is done based on the analysis of Hofstede's and Trompenaars' cultural dimensions as discussed above. The analysis is summarised in figure 8 and 9.

Sweden is characterised by decentralised organisations while Russian enterprises have a more centralised structure; this implies that there is a more effective flow of information in Swedish enterprises compared to Russia. These differences in the structure of the organisation make the Swedes more eager to take own initiatives as well as more risk taking than their Russian counterparts. The Russians lack of initiatives, and minimal risk taking, correlates with their need to belong to a group, and not standing out from this group.

Due to the difference in concept of time between the countries - Swedish manager plan for a longer term than their Russian colleagues, which practise short-term planning. This indicates that the Swedish are more skilled in formal organisation and strategic planning while the Russians are experts managing "day by day".

The Russians are more relationship-oriented compared to the Swedes, which makes them focus more on relationships and circumstances rather than general rules. The Swedes, on the other hand, have their focus on general rules and try to obey those in all situations. In Sweden it is common for a business relation to be strictly business while in Russia the business relations tend to develop into a private social relation, which indicates that in order to keep a business relation in Russia it demands more involvement than in Sweden.

Respect is gained through professional competence and knowledge in the Swedish management system, while the Russians respect age, gender and superior position in the hierarchy system. Therefore, the managers in Sweden are of various age and gender while the Russian managers tend to be older males.

Figure 8: Sweden and Russia according to Hofstede's cultural dimensions (Edfors and Hagman, 1999).

Hofstede's Dimensions	Sweden	Russia
Power Distance	Low - Decentralisation and consensus in decision making - Do not allow large hierarchies - Wide information sharing	High - Obey power of authority - Central decision-making - Tall hierarchical structure - Withholding of information
Uncertainty Avoidance	Low - Risk taking encouraged - Willingness to meet challenges - Formal contracts important - Take Responsibility	High - Reliant on directives - To follow rules is rewarded - Risk taking is discouraged - Avoid taking responsibility - Tendency to blame others - Importance of networks
Individual/Collectivist	Individual - High valuation of personal life and family - High social mobility, weak bonds to family roots - Large personal space Collectivist - Prefer to belong to a group, teamwork	Collectivist - Important to belong to a group - Avoid standing out - "Equal poverty for all" - Own initiatives are punished - Low social mobility
Long-term versus Short-term orientation	Long-term - "Long range industrial thinking" - Money invested for future	Short-term - Little planning for the future - Focus on the past and the present - "Managing day by day"
Masculinity/Collectivist	High Feminine - Emphasise equality - Value good relations to supervisors - Value cooperative relations - Solve conflicts through compromise and negotiations Low Masculine - Creative - Responsibilities and earnings important - Little expressing of emotions	Feminine - Values solidarity - Close personal relationships - Care for the weak - Value politeness and hospitality - Emotional Masculinity - Emphasis on formal education; economic growth and construction of large enterprises - Emphasis on military, police

Figure 9: Sweden and Russia according to Trompenaars' cultural dimensions (ibid).

Trompenaars dimensions		
	Sweden	Russia
Universalism versus Particularism	Universalism - Focus more on rules than relationships - Legal contracts are readily drawn up - Trustworthiness and honouring word - There exist one truth or reality - A deal is a deal	Particularism - Focus more on relationships than on general rules - Trustworthiness is connected to changing mutualities of relations - There are several perspectives on reality relative to each participant - Relationships evolve
Achievement versus ascription	Achievement - Respect for a superior in hierarchy is based on how effectively he perform his job and professional knowledge - Senior managers are of varying age and gender; have shown proficiency in specific jobs	Ascription - Respect for superior hierarchy is seen as a measure of your commitment to the organization and its mission - Senior managers are male, middle aged and qualified by their background.
Time orientation	More Future than Past/Present - Much talk about prospects, potentials, and future achievements - Enjoy planning and strategising - Present and past is used for creating future advantages	More Past/Present than Future - Focus on history and origin of family, business, and nation - Show respect for ancestor, predecessors and older people - Activities of the moment are most important - "Here and now"
Specific vs. Diffuse	More specific - Low involvement in business relations	More diffuse - High personal involvement in business relations
Neutral vs. Affective	Sweden is in-between while Russia is more Affective than Neutral	
	Neutral -Do not reveal what you think -Emotions are often expressed but could occasionally explode -Cool and self-possessed conduct is admired	Affective -Reveal thoughts and feelings either verbally or non-verbally -Expressive body signals -Emotions flow easily and without inhibition

These figures show the major cultural differences between Russia and Sweden and thus, the main characteristics of the management system applied in these countries. This primarily depends on specific country cultural traits, particularly, since Russia has a history of more than seven decades of a totalitarian centrally planned economics system. It is important to be aware of that Russia is in a transition process, and that also concern the Russian management style. However, this is a matter of a long-term process – Russia is developing its own management style, which in the end will probably be a sort of a combination of the original Russian style and the one that is dominating in the Western countries.

6 An Empirical Analysis of Russian Managers

6.1 Introduction

This chapter presents the empirical results from the field study undertaken for this thesis. The account is given in accordance with what has been said in previous theoretical chapters.

The chapter is divided into three parts: Management systems, Relationships, and Recruitment. The headings of various sections of this chapter follow those used in the questionnaire.

The field research focussed on Russian managers working in Swedish business ventures in Russia. An important observing made is that there is a major difference between Russian managers working in Swedish ventures in Russia and Russian managers working in Russian enterprises. Russian managers working in Swedish ventures have developed an understanding about the market economy and the Western way of management that those working in Russian enterprises seem to lack. Due to the influence from the Swedish MNC's the development of skills and competence needed for successfully working in a market economy has been sped up, which put Russians in the Swedish-owned enterprises in Russia ahead of their colleagues in the Russian enterprises. It would seem that the Swedish MNC has influenced the mindset and behaviour of Russian managers; the result is that the Russian's mindset and competence are becoming more like those in the West.

6.2 Interviewed enterprises

The section below presents the companies participating in the research. It is not stated in the presentation which person and which enterprise that have argued what.

6.2.1 ABB

Asea Brown Boveri is a world leading electrical engineering group. It has 1,300 affiliated enterprises in 140 countries with principal operations in power generation, industrial and building systems, and rail transportation.

ABB has operated on the Russian market since 1992 and they employ about 700 persons. ABB's main lines of activities in Russia include power generation, power transmission, power distribution, automation, oil, gas and petrochemicals (Tatyana Pavlova, 1999). (For further information about ABB, see Internet, www.abb.com)

6.2.2 Volvo Car International

Volvo Car International was acquired in January 1999 by Ford Motor Corporation.

In 1981 Volvo Car established its first representation office in Russia. Today it has about 20 car dealerships in Russia with its headquarters in Moscow. The principal operations in Russia are sales and marketing of cars, PR/communication of Volvo's brand and image, service and spare parts, and development of dealer network and operations (Olga Zherdeva, 1999). (For further information, see Internet, www.volvo.com)

6.2.3 Scania

The core of Scania's global operations is the production, development, and marketing of trucks, buses and coaches (for more than 30 passengers). Scania is operating in about 100 countries with approximately 95 percent of total sales outside of Sweden. Scania has about 23,500 employees worldwide.

On the Russian market Scania sells trucks, buses and industrial engines. Scania also runs three service shops as well as providing necessary spare parts for reparation (P-G Nilsson, 1999). (For further information, see Internet, www.scania.com)

6.2.4 Sandvik SMKTC

The Sandvik Group conducts worldwide business activities through 300 companies and is represented in 130 countries. The Group has 34 000 employees and annual sales of about SEK 40 billion. Sandvik's operations are divided into three core businesses of tooling, mining and construction and specialty steels.

Sandvik SMKTC (Russia) manufactures indexable inserts mainly for the Russian market. The factory has 280 employees and received its ISO 9001 certification in 1999 (Robert Hartinger, 1999). (For further information, see Internet, www.sandvik.com)

6.2.5 SCA

SCA produces hygiene products, graphic paper, and packaging products. SCA is present in more than 30 countries and employs over 34,000 employees, worldwide.

In Russia, SCA sells consumer hygiene products, including Libresse (feminine pads), Libero (baby diapers), and Zewa (toilet paper) (Svetlana Pashkova, 1999). Its headquarters is in Moscow. (For further information see Internet, www.sca.com)

6.3 Management systems

The results from the empirical analysis in the management systems are presented below. The structure of the presentation follows the questionnaire, used in the field study.

6.3.1 Group versus individual work

Most of the interviewees preferred group work since this enhanced the work result and, it was also considered to be "fun" to work with colleagues. It was noted that in order to reach good work results it was important to have a well-organised team.

According to the research, most Russian managers prefer to work in a group. Russia used to be a strong collectivistic society that emphasised the importance of belonging to a group, as well as, the traditional values of solidarity.

Russian managers' interest in group work could further be explained by their focus on personal relationships and that they are diffuse oriented in their relations: they do not want to separate professional relations from personal relations but to combine these. The Russians are good in creating harmony within the group because of their personal interest in the other team-members.

An issue that could facilitate teamwork for Russian managers is their influence from their feminine society, such as emotions and solidarity. They can create harmony within the group and this enhances the work for all participants.

Another factor that has influenced the Russian manager's positive opinion about group work is their high uncertainty avoidance: this emphasises the importance of networks; to avoid taking responsibilities; and that following rules lead to rewards. When included in team, these ambitions can be realised. In group work, the network is there, there is not as much personal responsibility, and there are rules to follow.

A collectivistic Russian society does not encourage own initiatives or "standing out" which decrease the willingness of Russians to take on group leading positions. In this area the field research showed a generational change: all young interviewees stated that they wanted more responsibility. They also strive toward promotion, which also indicates the willingness of more responsibilities.

Since the Management Sovieticus era the uncertainty avoidance has decreased among Russian managers. This facilitates working in a group, since it makes it easier for Russians to trust each other. Also, one of the consequences of high uncertainty avoidance that were present in Management Sovieticus was the tendency to blame others, which has decreased at the same time as the uncertainty avoidance.

A market economy is, of course, characterised by more individualistic thinking than a command economy where everybody works towards common goals and objectives, set by central institutions. In Soviet Union all property was confiscated based on the argument that it belonged to the people. This created a mentality towards sharing everything. The market economy requires here a change in mentality and thinking pattern, but this will take a long time to complete. However, already, there are certain noticeable changes. It would seem that the Russian population has started to become more individualistic and less focused on collectivistic values, such as group belonging and *equal misery for all*. This encourage initiative and creativity within the group

A negative cultural aspect affecting teamwork is the high power distance in Russia, which decreases willingness of Russians to share information within a team. This tendency to hold onto information has its roots back in the Management Sovieticus, where information was power as well as a *keep the job insurance*. Today the Russian managers have a better understanding of the

importance of sharing information. Most of them agree that the older generation of Russian managers, which works in the offices, is an obstacle to an effective information flow. A high power distance also decreases initiatives and creativity of managers since they do not feel comfortable to discuss issues with their superiors.

The Russian tendency towards group thinking is an advantageous characteristic for Swedish companies in Russia because Swedes are used to working in group and cooperating with each other. However, the Swedish companies have to make the Russians understand that it is expected that every team-member takes their own initiatives and responsibilities. The Russians have to realise the combination of teamwork and individuality, e.g. that co-operation and individual performance is in harmony with each other.

6.3.2 Decision making

The research shows that the Russian managers can make decisions within their area of responsibilities, but they feel a clear need to inform their supervisor about the decisions they make. The decision should only be based on facts, but emotions are taken into consideration.

The research shows that Russian managers feel that they could make their own decisions in their area of responsibilities. However, most of them felt a need to inform their supervisor about their decision. In Russia high uncertainty avoidance has made the Russians avoid taking risks in their organisation. This is due to their former centralised management system, where employees could be punished if they did not follow the rules and regulations. The tendency to inform supervisor about decisions is explained by the former tradition of being relaying upon directives from above. By ensuring that the supervisor knows about and agree with decisions, the uncertainty perceived by the Russian manager decreases.

The power distance is traditionally high in Russia. The employees are used to that managers have more power than they as well as, that manager takes all decisions. This creates centralised decision-making, which makes the Russian management system more formal than the Swedish system. The centralised decision making tradition also made the Russian managers unused to making their own decisions, as well as, frightened to take responsibilities for their own actions. The high level of power distance created a system of withholding

information, the reasoning was that no one needed to know more than necessary, and what was necessary knowledge was decided by the top managers. It is difficult to make the parties come closer and make them less distant, as in the Swedish system, since the old system still is mentally present. However, it should be noted that the new Russian generation of managers has come a long way towards documenting less power distance.

The former collectivistic society also influences the decision-making: no one wants to *stand out* from the group. The Russians also do not take as much initiatives, due to the impact of the former system.

The Russian are traditionally past and present oriented. This lack of future orientation has the consequence that the decision-making process is based on day-to-day survival. Therefore, the decisions are not considered in a long-term perspective and could therefore have devastating consequences.

The transition to a market economy has slowly increased the willingness of Russians to take responsibility for their own actions. They are starting to understand that own initiatives and decisions will, in some cases, be rewarded but never punished. An expatriate states that attempts are made to make the managers more human, in order to decrease the power distance. This would facilitate working with Russians in the Swedish system where delegations of responsibilities are very common and it is expected that everyone make own decisions.

6.3.3 Information sharing

The research showed a disagreement on this question. It was about 50/50, one half thought the information sharing was very effective while the other half argued that it could be improved.

In the former Soviet system information was the most powerful tool for a Russian manager. The information was withheld to secure the Russian manager's position within the enterprise. This resistance to share information created ineffectiveness and lack of information flow in Russian enterprises.

The unwillingness to share information depends on a high level of uncertainty avoidance. In the old era no one wanted to take the risk of sharing information because they could lose the power position that the information provided them

with. Also higher authorities controlled the information in the political system; no one wanted to risk a conflict with the central authorities.

The information sharing is also connected with Russians ascriptive culture, which emphasised the importance of formal titles. Keeping information was a way for the Russians to protect their titles, as well as increasing their authority. A transition in Russia towards an achievement culture will decrease the importance of formal positions and increase information sharing.

Restriction of information is very uncommon for Swedish managers, who are used to giving and getting all information requested. The transition to market economy system has made the Russians realise that they have to start sharing information in order for their enterprise to succeed. However, the research showed that managers of the old generation working in Swedish MNCs still do not understand the importance and necessity of information sharing. This is a matter of learning, the old generation is used to the old system of restrictive information sharing and it is difficult for them to change the mentality and gain an understanding of the new system.

The research shows that Russian managers in the Swedish MNCs share information rather willingly. The issue is more a question of increasing the effectiveness information sharing among departments. Today there are weekly meetings to update the staff and special information journals and e-mails, are distributed.

6.3.4 Long-term versus short-term planning

The Russian managers are starting to realise the importance of long-term planning, but they argue that following a long-term plan in Russia is difficult because of the unstable environment.

Russians are past and present oriented, which indicates that they don't have special concerns for the future; instead they have lived after the famous Latin quote *carpe diem*. Today, the Russian manager is moving toward future orientation and has realised the importance of long-term planning. In the earlier system, the state did the strategic planning and the companies followed

predetermined goals and objectives. The best solution was perceived to be the one that solved the problem for the moment – there was little consideration for how the given solution would affect the problems in the future.

The foreign companies have a big part in the Russian manager's transition towards long-term planning since the foreign companies "force" them to consider the companies' long-term visions and goal when making decisions. During the Management Sovieticus era, all the planning were done by the central organs and all that managers needed to do was to implement the plans. Due to their high uncertainty avoidance they did their best to follow the directions from above. There was no concern for the future - as long as they followed orders they knew that they would not get into difficulties.

The Russian unstable situation does not mean that long-term plans cannot be followed as several Russians argue. The Swedish MNC's strategy in Russia consists of flexible long-term planning. Arguments has been raised that it is even more important to have a long-term plan in unstable situations like Russia. Reasons for this are that it provides the enterprise with a stable foundation to follow as well as it motivates the employees. Of course, a major dosage of flexibility is necessary in implementing a long-term plan.

The Swedes are used to working with long-term planning and seem to have problems adjusting to the specific situation in Russia. As shown, the Russian and Swedish managers are suffering from two extremes; one side argues for long-term planning no matter what, while the other side argues that due to the market conditions you can not do business in this way, but there needs to be more flexibility in the planning process. If these two extremes could meet in the middle they might discover the ultimate way of doing business in Russia - a good mix of long-term planning and flexibility.

6.3.5 Holistic versus departmental view

Today's managers have a holistic view - they are more concerned with the enterprise's performance than with their own department, according to the Russian managers. However, the Swedish expatriates argue the opposite the Russian managers are more concerned with their own department than with the enterprise as a whole.

The research shows that the Russian managers have a holistic view, according to themselves, but the Swedish managers argue that the opposite is the case. It is important to note that the Swedes probably compare the situation with the situation in Sweden while the Russians most likely relate to how things used to be done in Russia.

In the Management Sovieticus era, Russians managers did not have any holistic view of their enterprise since the centralised system did not allow it for this to be the case. There were no channels of information to inform the managers about the enterprise - managers had to accept this lack of information and focused instead on own departments.

The Russian manager used to have a past and present concept of time - they did not perceive the future as the focus of their performance. Today they have a more future orientated time concept and they are therefore more concerned about taking a holistic view on the enterprise, since this could tell what the future will entail.

6.3.6 Rules and praxis versus flexibility and creativity

The research shows that while Russian managers used to be more flexible, Western enterprises have a lot of standards and rules which must be followed, which as seen by the Russian managers can be hard to do due to a complex and dynamic business environment in Russia.

Due to the Russian tradition of high uncertainty avoidance, the older generation in Russia has a tendency to follow rules and praxis. In the Management Sovieticus you were awarded when you followed the rules, and punished when you did not. The new generation of Russian managers, which is the focus of this research, are more flexible. Reasons for this are several. The new generation of Russian managers started their career just before, or after, the political revolution in the beginning of the 1990's. This limited the influence from the Management Sovieticus as well as from the planned economy. All these factors increased the flexibility while at the same time it decreased the uncertainty avoidance. The flexibility increases since it have to be there in order to survive, and the uncertainty avoidance decreases since the Russian society lost much of it structure and organisation and risk became a part of the every day life.

After the political revolution in the beginning of the 1990s, the uncertainty increased and the population found themselves living in chaos. Since there were fewer clear rules and praxis's to follow, in the society in general and at the work place in particular, people were forced to become more flexible to be able to survive. There were no clear guidelines to follow and there were no rewards for following these. The Russian managers' situation was affected to such a high degree that the academic world felt the need to introduce a new dimension in the management system theory, entrepreneurialism. The Russian managers were forced to move fast in order to survive. Since the rules and praxis were gone with the wind they could not afford to be afraid in investing time and money into new projects and systems.

According to the research conducted for this thesis, the element of flexibility is once again decreasing, after the booming years of the 1990s. The foreign companies have once again brought structure and organisation back into the life of Russian managers. After experiencing a fight for survival in the Russian corporations the Russian manager now has a safe heaven in the foreign companies. The foreign companies have decreased the flexibility by implementing their standards and rules, but the flexibility will most likely increase once again when the Russian becomes used to the Swedish way of doing business.

The elements of uncertainty avoidance among Russian managers working in Swedish owned ventures have increased since they know that if they lose their job, the probability of finding a new job at the same level in a foreign enterprise is slim. Therefore, to secure their positions they have taken a defensive position characterised by limited risk taking and a pronounced tendency to follow the enterprise's rules and praxis. However, this has at the same time decreased initiative taking and creativity since the Russian managers are afraid to do wrong and do get punished.

It is hard for the Russian manager to follow all the rules and praxis that the enterprise demands. Russia is still not a stable country, the flexibility that the Russians exercised before to survive would even today be valuable in business operations. The only obstacle is that the foreign enterprise obstructs the flexibility of the Russian manager by all rules and regulations applied.

The Russian managers seem to have changed from a past and present orientation to a more future oriented time perception. However, this has also decreased the Russian managers' flexibility and creativity since this future orientation is closely related to the need to follow rules and praxis in the enterprise.

6.3.7 The decision process

Russian managers perceive Swedes as slow and too careful in their decision-making process. They argue that in Russia you need to be fast and flexible. At the same time Swedish managers perceive the Russians as being insecure and naive in their decision-making, due to lack of experience.

Russian and Swedish managers have different time perspective, as well as a different attitude towards information needs. The Russians are used to practising on a rather short time span, as well as basing their decisions on less background information. In contrast, the Swedes always consider possible consequences of each decision, which means that they require as much background information as possible.

The Russian tendency to not consider various consequences is a tradition dating back to the Management Sovieticus era. Decisions were sent down from centralised institutions and the Russian managers were only supposed to follow these without any questions or concerns. Thus, they had no reason to consider consequences or other possible outcomes. If they did so, any initiatives might have lead to punishments.

Russian managers perceive that Swedish managers are too slow and careful in their decision-making process. A possible reason for this is that Swedish managers feel a lot of insecurity with regard to the Russian market, and also their tendency to focus on long-term thinking and need to extensive background information. Another reason for a relatively slow decision process is that Swedish managers in Russia do not know who and what information to trust. A Swede stated that he got different information from everyone, and then it was up to him to decide which information was accurate.

6.3.8 Future developments – Cultural perspectives

On the question of how the Russian manager will develop in the next five years, the answers were consistent, Russian managers will become more

Westernised. Since the interviewees all worked in Swedish enterprises, and since most expatriates were Swedish, it can be assumed that Westernised referred to as taking on more of the Swedish management style.

The focus in this section is on Hofstede's and Trompenaars's cultural dimensions and how these might developed in the future. The main purpose is to get an idea about in what direction the Russian management system is heading.

6.3.8.1 Power distance

All factors considered in the empirical research point in one direction: a decreasing degree of the power distance in the future. A main reason for this would be that Russia is moving away from an authoritarian, centralised system towards a decentralised market economy system: this occurs on a practical level but also, mentally. The Swedish enterprises have introduced a new management style into Russia, which is characterised by less of power distance. Already, Russian managers are adapting to this, and the consequence for the future will be even more of adoption and, thus less of power distance.

6.3.8.2 Uncertainty avoidance

This dimension is trickier to analyse from a future perspective. Earlier in the thesis it is argued that the uncertainty avoidance is increasing again after a decrease during the chaotic years in the beginning of the 1990s. It is argued that uncertainty avoidance will again increase in the Swedish-owned ventures in Russia since they introduced structure and organisation into the life of the Russians.

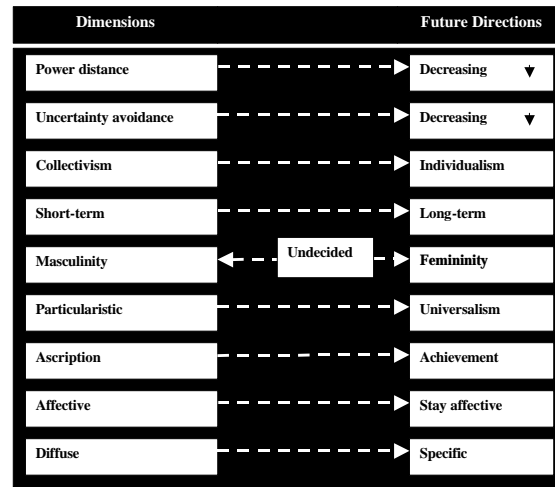
It is also possible that the uncertainty avoidance would decrease in the future. Signs pointing in this direction are that the Russian manager wants more responsibility, while at the same time being less dependent on directives from above.

The prediction will be that the uncertainty avoidance will decrease in the future mainly because of adaptation to the Swedish management system which, Russians will get increasingly used to and learn how to manoeuvre within.

6.3.8.3 Individual versus collectivist

Russian managers are moving towards more individualism, and will continue to do so in the future. They still believe in the importance of belonging to a group, but it seems that the group relates more to the enterprise, that to the family, as it used to be. The main arguments for expecting more individualism is an increased willingness among the Russians to *stand out*, and at the same time to take more of their own initiatives.

Figure 10: Future trends of the Russian management system.



6.3.8.4 Long- versus short-term orientation

The market economy demands that the Russian managers become more long-term oriented, which they already are, compared to before. This is illustrated by their increased strategic thinking, as well as, a tendency towards taking more of a holistic view. The future will bring more long-term orientation, as well as, more of a focus on the future.

6.3.8.5 Masculinity versus femininity

The field research did not give any answer on how this dimension will develop in the future. Factors such as careers advancement and importance of money would argue that Russians are moving toward a more masculine society, but this dimension is so complex that it is difficult to decide on its future development.

6.3.8.6 Universalism versus particularism

Personal relationships are of key importance in Russian business life. But the question is, how important is it for the Russian managers working in a Swedish MNC in Russia? Since there were no common trends, it is not possible to make any assumptions about how it will develop in the future. The most likely prediction is that as Swedish MNC's implement their management system in Russia, the particularistic orientation of Russians will decrease while universalism would increase.

6.3.8.7 Achievement versus ascription

The Russian managers show signs of moving towards more achievement orientation, as reflected in an increased importance of money and need to focus on a career. The research also showed that to earn respect in today's Russia is not about age, gender, and political conviction, but more about knowledge and competence. This indicates that Russian managers are moving toward more of an achievement based orientation.

6.3.8.8 Neutral versus affective

The Russians affective orientation might be one of the strongest cultural traits of all. This orientation will not change in the near future - Russian managers will continue to express their emotions and apply extensive body language. The prediction will therefore be that this dimension will stay unchanged.

6.3.8.9 Diffuse versus specific

The influences from the Western companies are great on the Russian manager. In order to survive in the foreign MNCs, they need to adopt their practices, and to some degree, suppress their cultural traits. The research showed that their diffuse orientation were not appreciated by the Swedish MNCs – instead, there should be a clear focus on the MNCs main goal, profit and efficiency. The tendency among Russians to have a great involvement is both time consuming and inefficient. Therefore, the Russians need to adapt to the Western way in order to be appreciated. The future would bring a more specific oriented Russian manager.

6.4 Relationships

This part discusses and analysis personal relations, trust, and commitment. The importance of this in the Russian business life is also discussed in accordance with the study.

6.4.1 Personal relations

All the participants in the study agreed that personal relationships are one of the most important factors in Russian business life. A Russian manager points out that personal relationships create a good atmosphere between the companies; if you start a friendship with a Russian, it will be for a lifetime.

The importance of personal relationships in the Russian business life is pronounced high. The managers of an enterprise in Russia should be able to create a network of relations in the country since relations are the cornerstones of Russian mentality. A Russian discusses only business with people he has met on several occasions. To receive a business competitive advantage, it is therefore important to create a network of personal contacts in Russia. Another important issue is to start relationship with the right persons in the enterprise, so that no money or time is lost.

The interest for relationships in Russia could be characterised as a diffuse relationship in accordance with Trompenaars (1998). The Russians want to develop a deeper view of the business relationships, and want more personal information about their business partners. They like to combine their professional business relation with more personalised relation.

The importance of relations could be traced back to the former political situation. In the era of planned economy it was significant for the managers to have good relations with the central authorities, the planning organs, as well as, with other enterprise managers. Russia is a particularistic society where circumstances and relationships are more important than formal rules. According to the research, relationships create a good atmosphere between companies. They are also traditionally a society mixed of feminine and masculine values, where the feminine side dominates. Some values that the feminine side brought to Russia are solidarity, close personal friendships, and emotions. All these factors argue for the importance of personal relations in the Russian society.

Russia is moving away from collectivism to a more individualistic society. This has an affect on the importance of personal relations. A reason why it was so important before was the need to belong to a group that gave various advantages. The group used to be family, relatives and friends. Today, belonging to traditional groups is less important. The Russian managers' traditional groups have been replaced to some degree with the foreign enterprises. The group they belong to today is primarily their foreign enterprise, and secondarily, the family, relatives and friends.

The relationship between the manager and the subordinates is based on hierarchical respect, loyalty, and trust. The high power distance in Russia compared to Sweden is a major difference between the two countries. As a Swedish manager in the investigation expresses it, "*I was never so respected by my subordinates as in Russia*". Russia has a tradition of centralised power and control, a tradition that is deeply imbedded in the Russian manager. The power distance in Russia remains high despite the transition to a market economy. This makes the business life in Russia rather formal. In Sweden, the power distance is low and the dependence of subordinates on their managers is low. The combination of these two management styles could be difficult for actors involved because of the pronounced different views on the appropriate relation between manager and subordinates.

Personal relationships in the business life are most significant in urgent and crisis situations. Due to the fact that that the Russians have a tendency to keep information to themselves, in some situations it is necessary to have a personal

relationship in order to receive pertinent facts and information. Personal relations also facilitate the honesty when conducting business in Russia. In the seller-customer relations it has shown that the Russian sellers are more honest and gives better deals to a customer they know personally. This is because emotions play an important role in Russian business life - sometimes even more important than facts.

6.4.1.1 Trust and Commitment in the Personal relations

The interviewed enterprises state that they had always a contact person in the cooperating companies, to whom they have a special relation to. The personal relation solves a lot of different problems, and problems can be handled easily based on their special personal contacts, which creates mutual trust, between the parties. This trust is important both in a professional and in a personal perspective.

There are two possible ways to reach professional trust in Russia: either by showing and applying knowledge and competence, or by becoming good friends with the Russian on a personal level. However, knowledge and competence would seem to count for more than personal friendship when gaining professional trust. Since Russia is traditionally a particularistic society, personal friendship can be a problem for the modern Russian manager working in a foreign MNC. Traditionally in Russia, friendship is considered to be more important than rules, which can cause problems in the cooperation between Russian and Swedes. It has happened that Russian managers promise more than the Swedish MNC will accept in business relations, because of the personal friendship they feel with the customer.

A personal relation also increases commitment, both for the enterprise and its employees. The Russian manager feels a high degree of commitment toward his enterprise. A main reason for this is that he perceives his present job as a major platform to move ahead in life, as well as, up the hierarchical ladder. They are also aware of what an opportunity it is to work in a foreign enterprise and that if they lose this job they will have a hard time finding a new one. This increases their commitment, as well as their loyalty to the enterprise.

To become a personal friend in Russian involves commitment, commitment and friendship for life if handled correctly. The friendship needs to be maintained and nourished over time, otherwise it can be over before it started.

It facilitates the relation if the partners are equal to each other - equal in status, authority and power. If the relationship is not equal, one part may be embarrassed since he cannot return favours and gifts in the same fashion as he receives.

6.5 Recruitment

This part will discuss and analyse the results related to recruitment theory.

6.5.1 Skills and competences of the Russian/Swedish managers

Most of the Russian managers argue that the management team's majority should consist of Russians. For example, a Russian manager suggested that the sales manager ought to be Russian since this required networking skills and knowledge of the local situation.

As suggested by Russian respondents in the study, almost all positions within the management team ought to be Russians. The financial manager should be a Russian since the current financial situation is constantly changing and it is for foreigners hard to interpret and understand the rules. It is difficult even for foreigners with knowledge in the Russian language because the rules are specific to Russia; you need to be able to read between the lines. Rules are based on tradition and specific Russian types of rules.

It is also important that the sales manager is a Russian, because of their knowledge of the local market and their networking skills, according to the study. Again, the key aspect of the Russian culture is focus on personal relations, a Russian does not like to discuss business with unknown persons. To use a Russian in the sales position within an existing network in the sales position would speed up the business process for the Swedish enterprise. Another reason that it could be good to have a Russian on the position is that it could be difficult for foreigners to say no to a Russian due to their aggressive negotiation style. To learn and to understand how Russian business life functions a foreigner must spend several months in Russia.

To have a Russian as a production manager would facilitate communication with co-workers and engineers. If workers know that they can communicate with their manager in an effective way this would increase the trust and commitment in the relation. When the worker trusts his manager he performs

better and will not engage in tasks that could be negative for the enterprise. The commitment between the managers and sub-ordinates is important for both parties and most of all, for the enterprise, because it makes them maximise their efforts to maintaining their relationship.

6.5.2 Staffing strategies

In an international enterprise it is common to develop a systematic, staffing strategy, in the establishment phase. This facilitates the selection for the Swedish enterprise between Host Country Nationals (HCN), Parent Country Nationals (PCN), and Third Country Nationals (TCN). The major advantage of using Swedish managers, PCNs, is that they share common background, and it facilitates communication between headquarters and the subsidiary. The disadvantages are the Swedish managers' lack of understanding of Russia's culture, business mores, laws, social structure and political processes. It is also expensive to relocate Swedish managers to Russia.

The advantage of using the Russian managers in several of management positions is that they do understand the country's culture, business mores, laws, social structure, political processes and are less costly to employ than Swedish managers. The disadvantage is that their effectiveness is not as high because they do not understand enterprise culture and practices.

In the study, a general trend was discovered among the participating companies. The enterprise started with Swedes in several positions of the management team. They were there to teach and select suitable Russian candidates to succeed them. When it is felt that they have full confidence in possible Russian candidates, the Swedish managers leave for Sweden. One position they were hesitant to put a Russian national during the establishment phase was as the regional manager. The enterprise indicated that it would take several years before they would have a Russian regional manager. In this position it is most important to have a manager that understands the enterprise's values and strategy, and have a long experience of working in the enterprise. A regional manager works with all communication with the headquarter and is therefore an important actor in the enterprise's international network. Therefore, he should be an expatriate.

This would indicate that the Swedish companies starts with a PCN focus in their staffing system figure because of the advantages in the initiation phase of

having people that have experienced of the enterprise in Sweden. But in parallel, they recruit HCN because they want to adapt to the country and learn about the situation in the country.

There are four different staffing strategies: the ethnocentric, polycentric, geocentric, and regiocentric figure. The major objective of these directions is to find the best possible person available for the job, no regards where the person comes from; this includes the key positions. Swedish companies use both the ethnocentric and the polycentric staffing figures. However, in the future, it would be more appropriate to use a geocentric staffing model. To reach this stage the Swedish MNC needs to take its responsibility and train the Russians in the areas where they are needed.

In the end of this section an organisation chart, figure 11, is shown, which was used by a Swedish enterprise during its establishment phase in Russia. This shows an example of the staffing strategy for a specific market, such as that of Russia. The interviewees stated that which nationality that should be on a certain position is well considered and developed in Sweden before they went to Russia.

6.5.3 Strength and Weaknesses of Russians and Swedes

The study has discovered that the strengths of the Russians are their high ambition levels and their creative sides. Their flexibility is also a major strength, because they have to make adjustments in Russia, according to Russian's. The Swedes do not see their flexibility as a strength, they view the Russian in a more static way. This difference in views can be explained because the Russians has the Management Sovieticus as a reference model while the Swedes has the Western management model.

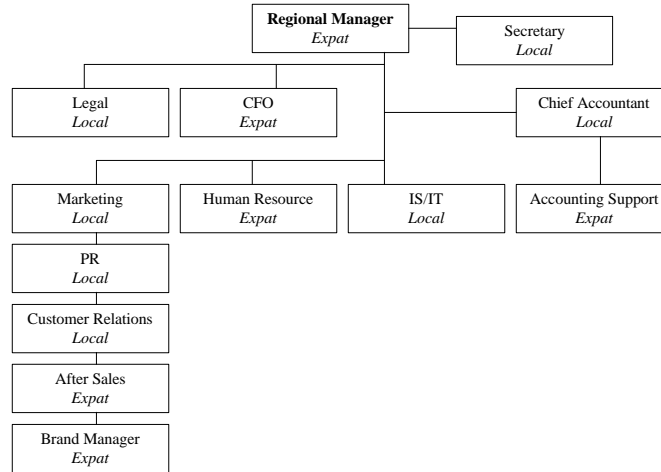
Another strength is that they are of Russian nationality, and therefore understand the language and the culture. Some of these strengths are reflected in the organisation chart, as for example that the position as manager of customer relations should be hold by a local nationality. The reason is that locals know how to build a sustainable relation with Russian customers, but also because of their knowledge about the language, the culture and the market. A negative side of this is that they might promise to advantageous conditions to the customers because of the special relation between the

Russians. This makes it important that, at least in the beginning, the customer relation's manager works in cooperation with a Swedish manager.

Russians are more affective than Swedes. The Russians show their feelings in relationships, which could be hard for a Swede to do since they are characterised by a more neutral approach to managing.

The strengths of the Swedish manager are their ability to plan, to organise and develop a strategy. The Russians prefer the Swedish management style - they feel secure with this style which makes them less afraid of making a mistake.

Figure 11: The organisation chart of a Swedish MNC's in Russia.



In the organisation chart the expatriates, Swedish managers, have the strategic positions of regional manager, brand manager, and CFO. There are two major

reasons for this: they want the Swedish way of managing and they want people that have experiences of the enterprise, having a clear view of the enterprise's visions and policies.

6.5.4 The gender question in the Russian society

Some interviewees argued that Russia (Moscow) was an equal society, while others stated that it was unequal. This paradox might be explained by considering the interviewees different views. Some used the workplace as a reference while others referred to the society as a whole. The ones who felt that inequality was great in the society as a whole experienced a greater inequality within the enterprise, than those who argued that the society was rather equal.

This issue has a major role in the working place and in order to facilitate overall integration within a management team in a Swedish MNC in Russia.

In Moscow it is quite ordinary that women work, in an independent and westernised way. It was also clear that women are treated differently in Swedish MNCs than in Russian companies. The women in Russian companies experience more discrimination than in the Swedish MNCs.

One reason why the Russian women are still dominated by men is the high level of power distance that exists in the Russian society. The high power distance has made it a habit among women to obey authorities. In this sense the authorities are referred to as objects of power.

A high uncertainty level also makes women reluctant to fight for their rights since it encourages following the rules or else getting punished. In the Russian traditional society men are considered superior to women, and by opposing this, the woman would break the rules.

The Russian short-term orientation has made the women focus on the past and present, which has made them less likely to find a solution to their problem. This can be compared to Swedish women who fought for decades before they saw a solution at the horizon.

The Russian woman of today is in general more equal to men than ever before, due to the fall of communism and the planned economy, as well as,

due to influence from the West. However, there is still a long way to go before arriving at the situation in the West.

The research showed that in recruiting, it is also a matter of an unequal society. When hiring a woman, common questions included whether they had any children and if they were planning to have any. The employer argued, according to the interviewees, that in either case, it was a disadvantage to employ women. If they did not have any children they would get some in the future and therefore be away from work, and if they had some they needed to be away from work when these got sick. Therefore, it is harder for women to get a job in Russia. The Swedish MNCs argued that they do not discriminate between the genders when they recruit new personnel, but they have noticed that some Russian men do not respect female managers.

6.6 Conclusions of the analyse

The analysis has focused on the Russian management system as well as touched upon the question on the skills and competencies that Russians and Swedes possess.

The analysis has shown that the management system in Russia is not a static phenomenon but rather, it is under continuous development. One of the main overall conclusions is that the Russian management system is moving towards more of a Westernised management systems.

7 Conclusion, Recommendations and Future Research

This chapter attempts to summarise the conclusions arrived at as concerns the research problems and the various sub-problems.

7.1 Research Problem I

What are the characteristics of a Russian manager?

The Russian managers working in the Swedish MNC ventures in Russia are becoming more Westernised, due to the influence from the Swedes. However, there are still major differences between the Russian and Swedish systems, particularly with regards to aspects on: power distance, universalism versus particularism, and long-term versus short-term orientation.

7.1.1 Power distance

Among Russian managers the power distance is still significantly higher than among Swedes. Russian needs to have an assurance of their supervisors of all the decisions they make. The Russians also have quite a lot of respect for their superiors which makes it difficult to develop close relationships, as well as it obstructs the information flow within the enterprise. The high power distance also favours more of centralised decision making among the Russian managers.

7.1.2 Particularistic orientation

The Russian manager still lives after a particularistic orientation that makes them value friendship and personal relations. It also makes them believe that there is more than one truth, depending on circumstances and relations, making it necessary to adapt rules and praxis's, given the specific relations and circumstances at hand. All this makes it hard for the Russian manager to adapt to the enterprise's rules and praxis. Also, it makes it likely that Swedes and Russians will have different interpretations of the reality.

7.1.3 Short-term orientation

The Russian managers are used to short-term planning and argue that it is not possible to make any long-term plans because of the volatile Russian environment. They feel that long-term planning decreases their flexibility, in the same way as all rules and regulations. The Russian manager is still past/present orientated but this is changing, they are increasingly becoming more future oriented.

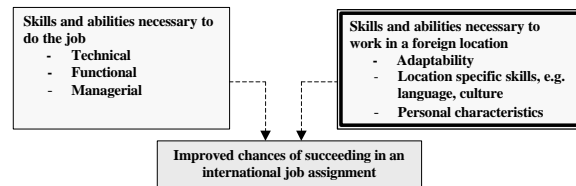
Russian managers are becoming more and more Westernised, influenced by the market economy system, as well as the foreign enterprises. They are willing to learn and they are ready to adapt to the requirement of the Swedish management system, since they are very ambitious and eager to learn. But, it is important to remember that the Management Sovieticus system has left many traces in their mentality and behaviour.

7.2 Research problem II

“What professional and personal characteristics should a Swedish manager have in order to facilitate the integration into a management team consisting of both Russians and Swedes?”

The conclusion of this research problem is structured according to the figure below. The assumption is that the necessary managerial and technical skills are present, therefore the focus is on the box to the right.

Figure 12: Necessary skills and abilities for international managers (Griffin, 1996).



7.2.1 Adaptability

Russia has specific and different country, business and enterprise cultures, which demands extraordinary skills of adaptations from Swedish managers. One of the major characteristics needed in order to adapt to Russia is an open mind; practises that work well in Sweden are not necessarily going to work in Russia. It is as also important to respect the way Russians work and try to learn from them. After all, they are Russians and know how to operate in Russia. This is not to say that their working practises do not need improvement, but this is not the same as saying that the Swedish management system is a perfect system for the Russians.

In order for a Swedish manager to operate in Russia it is not vitally important to speak the language, but to show an interest in the language and especially the culture, in order to win the Russians' respect and trust. Without the respect from the Russian people it is not possible to build the vital relations and trust, which is crucially important for being able to undertake effective business activities in Russia.

7.2.2 Location specific skills

Location specific Russian characteristics are mainly a high power distance and a short-term and particularistic orientation. In order to function as a Swedish manager in Russia these characteristics need to be taken into consideration. Russia's unstable business environment is also a location specific factor that needs to be taken into consideration.

The Swedes need to adopt their long-term view to a more short-term view, due to the current unstable situation in Russia. It is important that the Swedes cooperate with the Russian managers in the planning process, since the Russian know the local market and conditions.

The Swedes need to make sure that the Russians understand the concept of decentralisation, based on responsibility for own decisions. It might be difficult to delegate to the Russians managers since they are not as used to take on own responsibilities as the Swedish managers. This is an important aspect for the Swedish managers to realise and to make sure that the Russians know what they are expected to do and how they should to it.

Swedish managers are used to following rules and praxis's but in Russia, they need to be more flexible and adapt these to each specific situation. The Swedish managers have to follow their enterprise's rules and praxis but they also need to consider that these rules are created in Sweden, not necessary being in accordance with the situation in Russia.

The Russian society is still dominated by men. However, this is not a major obstacle for a Swedish female manager to work in Russia since she receives respect as a foreigner, as well as an employee of the foreign enterprise.

7.2.3 Personal characteristics

The Swedish managers have to transfer their competences and skills related to initiatives, accept responsibility and co-operate within a team to Russia. Therefore, the Swedes should in the beginning take a leading position in the group, in order to establish a good mix of Russian and Swedish team working practise. Thus, the Swede needs to have good leadership skills.

To make the Russian understand that it is acceptable to make mistakes and to ask questions, the Swedes must be natural leaders and also possess technical skills and knowledge, in order for the Russians to respect them. If the Swede is able to gain the Russian's trust and respect, everyone will learn much more.

Swedish managers have to understand that the key foundation of Russian business life is based on personal relations. The Swedish managers have to create long-term relations with their business associates. It is important to consider that the relations should be more of a personal nature than the Swedes are used to. Thus, a social skilled manager is needed in order to build these relations.

The Swede needs to be a good leader in the sense that he knows how to give feedback. The Swedes are sometime to right on target in their negative feedback to the Russians. They should explain their criticism in a more pedagogical way and explain why it is incorrect. If the Swedish manager succeeds in building up trust and respect with his fellow Russian managers it would be foolish to ruin this by not knowing how to give feedback to the Russians.

It is also important that the Swedish manager trusts his Russians colleagues, even if their way of doing business is different from his. It has to be understood and appreciated that the Russians have done business in Russia for a long time, and that a Russian manager would never do anything to harm his enterprise since this is his safe heaven.

7.3 Research problem III

“What are the complementary skills and competencies of Russian and Swedish managers?”

The one skill that Russian possesses that the Swedish MNCs cannot be without is that they are Russians. They know how the market works, and most of all, they know the Russians way of thinking and acting. These skills are very time consuming for a foreigner to learn, and might even be impossible for many to understand, appreciate, and learn.

Russia's institutions continuously create new laws and regulations, which the companies need to adapt to. The tricky part is that there is no possibility for a enterprise to follow all these regulations, in order to know which to follow and which to ignore, you need to be able to read between the lines. To read between the lines in governmental document is a skill that no foreigner can learn, but the Russians are experts in this, particularly in financial, accounting and related legal fields.

The Swedish managers' useful skills in Russia are their international experience, their knowledge in strategy, planning, organisation, marketing, and their understanding of the enterprise culture. Another strong side of the Swedish managers, according to this study, is their work discipline. The weak side of the Swedish managers is their lack of knowledge of Russian business system as well as their lack of the understanding of the current situation in Russia.

7.4 Recommendations

This sections gives some recommendations on how to solve the main problem focused on in this thesis:

“How to build a foundation for integrating Swedish nationals into a management team in a Swedish-owned venture in Russia, by focusing on those skills which the Swedish nationals must have in order to be able to understand and relate to Russian nationals, being exponents of the specific traits of the country culture of Russia?”

During the research it became clear that something was wrong; neither the Russians nor the Swedes seemed satisfied with the present solution having a number of Swedish managers present in the Swedish-owned ventures in Russia. All Swedish managers, except the general managers, were there to find a suitable Russian that could take over their position when they left. The Russians were not satisfied with this arrangement since they felt let down when the Swedes “escaped” back home, while the Swedes were not satisfied since they had problem adapting to the Russian environment while being in Russia.

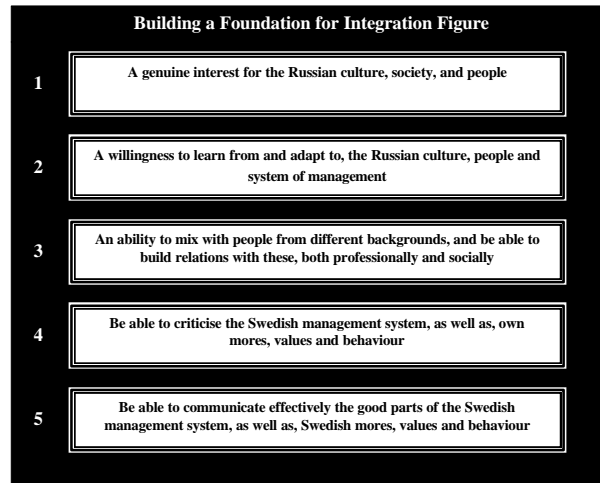
Under these circumstances, a Swedish manager will not be fully integrated into a Swedish MNC ventures in Russia, too few are willing to spend the time and effort it takes to learn to understand the complex Russian culture and mindset. They do not stay in Russia long enough to build close personal relations and trust with their colleagues and business partners; and, the differences in the management systems of Russia and Sweden are not great, but big enough to make a Swedish manager feel lost and confused.

These factors raise the question of whether Swedish manager should be present in Russia at all, under these circumstances. The answer is no, as long as the Swedes are not willing to adopt to the environment, both socially and professionally, and to increase their understanding of the Russian managers position. To find the right Swedish nationals that are willing to do these things you need to identify the most suitable manager in the selection process.

When the Swedish MNC is going to place a Swedish national in Russia they should focus on five criteria in the selections process in order to build a

foundation for integration, as shown in Figure 13 below. An assumption is made that the manager always possesses the needed technical, functional, and managerial skills.

Figure 13: The five-step selection process.



The most important part in building a foundation for integration is that the Swedish national has a genuine interest in Russia as a country, and its culture and people. This is important since it functions as the major motivational factor when being in Russia, as well as gaining the respect from the Russians.

The second step is to make sure that the managers have an open mind to the experience, thus, that he is willing to learn from it. The manager is not only there to inform the Russians, he is also there to develop as a person, as well as

to bring new knowledge to the enterprise. Also, by learning about the language and culture impresses the Russians, and facilitates the acceptance as well as gaining their respect.

The third pre-requisite is that the manager has the social and mental skills needed to successfully mix with the Russians, building long-term personal relationships with them. Without the social relations with the Russians, the manager will live in isolation, both professionally and socially.

To be able to learn as much as possible by the experience it is important that the manager is able to criticise his own management system, as well as, own values and behaviour. By having a clear picture of all the good and bad sides of the own management system will facilitate his adaptation to, learning from, and understanding of the Russian management system, based on the Russian values and behaviour. It will also make the manager more popular among the Russian colleagues. By having an objective view the Swedish national will gain trust from his colleagues, which are so vital in order for being effective in all business relations and undertakings in Russia.

The last factor is to have a pedagogical competence in order to inform the Russians about the good sides of the Swedish management system. By having the wrong approach or lack of competence in this area will increase the distance to the Russian colleagues.

To improve the effectiveness of the Russian venture the Swedes should also have superior competences in strategic planning as well as organisation, since this are the major areas were the Russian system needs improvements.

Even if these factors are present in the Swedish national going to Russia, it does not guarantee a successful time as a manager in Russia. It is important to remember that to supervise and work with Russian managers might be the challenge of a lifetime for a Swedish manager. He might be a natural leader, social and open minded, but this might not be enough. As one interviewee puts it; *“To succeed as a Swedish manager in Russia you need to be born as a manager”*.

7.5 Future Research

This thesis has provided an explorative study of the Swedish and Russian management systems, based on interviews with a limited numbers of Swedish business ventures in Russia. Thus, this thesis does not aspire to give a final or complete view of this issue. There is an obvious need for a more detailed analysis in several respects. Below follows a few suggestions of analyse that could be made in this context:

- In this thesis, the basic foundation of the integration of a Swedish manager into a management team in Russia has been considered from mostly a theoretical perspective. But how does it work practically, and how should different cultures actually be integrated on the work place?
- The Russian management system is always under development. It would be interesting to do some research on the impact on the Russian management system steaming from future developments of the Russian society, with a focus on the overall Russian political, economical, and cultural environment?
- A similar study could be made from a Russian perspective. How to build a foundation for the integration of a Russian national into the management team of a Swedish enterprise?
- What is the negative impact of Western management systems on Russian institutions and particularly, values, beliefs and behaviour of the Russian country culture?
- How to build the ultimate management system by creating a Russian-Swedish concept of managing?

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- www.sandvik.com (1999-11-02)

- www.scania.com (1999-11-02)
- www.sca.com (1999-11-02)
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Other sources

- *Mosina Olga*, Foreign Ministry Russia (e-mail contact)
- *Nyström Jan*, Sweden's Embassy in Moscow (e-mail contact)

QUESTIONNAIRE

We explain our problem and purpose as well as that the interview is confidential. This part of the interview can take maximum 45 minutes (the questions in bold are the most relevant in case of time shortage).

State your name and occupation for the record.

Management System Theory

- 1) **Do you prefer to work in a group or do you prefer to work alone?**
- 2) **Do you think that a team can reach a better result than an individual?**
- 3) Are emotions/personal relations important in the R/S business life and in the decision making process within your company?
- 4) If you want discuss an issue with your boss, how do you proceed?
- 5) **Is it possible for you to take own decisions without consulting with your boss?**
- 6) **Do the departments within your company share information in an effective way?**
- 7) If an unusual situation occurs, how does the general Russian manager act? Is he calm, stressed, or focused on the solution?
- 8) Does the general Russian manager solve a given task alone or does he co-operates with his sub-ordinates to reach a solution?
- 9) **Does the Russian manager prefer long-time planning or short-term planning?**
- 10) **Does the Russian manager have a holistic view on the tasks and the organisation? Or does he focus on his own department?**
- 11) **Does the Russian manager works by the company's rules and praxis, or does the manager adjust the rules to the specific situation?**

Relationship marketing theory

- 12) Does a personal relationship facilitate the business? If that's so, how important is it?
- 13) **Which nationality trust each other most, Russian-Russian, Russian-Swedish?**
- 14) Does the R/S workers focus only on their main task, or does they focus on several tasks at the same time? (static contra dynamic)

- 15) Are R/S flexible in their work or does they follow a planned schedule?
- 16) If you should place one Russian manager into a Swedish MNC, what position would you give him?
- 17) Have you had any experiencing working with Swedish/Russian people? If yes:
- What are the major differences between the two nationalities in management questions?
 - What difficulties did you experiencing working with Swedish/Russians?
 - In the decision process, what are the major differences between Swedish/Russians?
 - What are the major strengths of the Swedish/Russian manager?
 - What are the major weaknesses of the Swedish/Russian manager?
- 18) Could you state a skill that the Russian manager is not so good in compared with a Swedish manager (for example co-operation)?
- 19) Could you suggest a skill that the Russian manager is better in, compared with the Swedish manager (for example co-operation)?
- 20) Can you mention three characteristics that illustrate the Russian workers relation with their boss?

Other

- 21) How much does the current (unstable) environment influence your working conditions?
- 22) Compare a Russian manager today with one from 10 years ago? How will the Russian manager develop within a five-year period (more Westernised)?
- 23) Is the Russian society a society of equality between woman and men?
- 24) Do you think that your organisation is decentralised or centralised?
- 25) Do you think that your company is good at communicate their goals and objectives?