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► **To cite this version:**

Vincent Montenero, Philippe Very. Cultural hybridization in the Russian car industry. Iulian Warter; Liviu Warter. Understanding National Culture and Ethics in Organizations: A Study of Eastern and Central Europe, Emerald Publishing Limited, 2020, 9781838670238. halshs-02914794

HAL Id: halshs-02914794

<https://shs.hal.science/halshs-02914794>

Submitted on 12 Aug 2020

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Cultural hybridization in the Russian car industry

Vincent Montenero and Philippe Very

Abstract

How should foreigners manage a partnership or an acquisition in Russia? We know a lot about Russian culture *per se*, but research on foreign companies having to deal with Russia remains scarce. To answer our question, we used the concept of nationally-bound administrative heritage to identify how foreign practices are efficiently implemented in Russia in the context of partnerships and acquisitions. We interviewed 16 Russian managers working in the car industry about their perception of foreign practices and how things ought to be done. Our investigations show the maintenance of a strong national culture that generates a need to cope with uncertainty for foreign firms. For local people, Russia is a particular country, not comparable to others. When transferring practices, foreign managers need to organize hybridization processes in order to successfully import these practices. Hybridization means transferring but adapting in order to impregnate them with the Russian specificity. Such hybridization requires foreign managers to work and network locally for the implantation of practices.

Key words: Culture, administrative heritage, Russia, hybridization, car industry, localization

Introduction

How should foreigners manage a partnership or an acquisition in Russia? Russia has a long history linked to communism and planned economy. Despite its opening to the world economy after the fall of the Berlin wall in 1989, administrative traditions remain strong in a nation where natives think of being “a different country” (Ivancevitch et al., 1992).

The concept of national culture is used in most studies about international alliances or acquisitions in order to identify issues faced by partners or acquirers when entering a new country. This concept has become the classical basis for accounting for differences in attitudes and behaviors between managers from different countries. Culture refers to values and attitudes: “how things ought to be” (Schein, 1985). But culture, whether national or organizational, is of limited help for international managers: it does not inform about the actual practices at work. When these managers plan to invest and manage operations abroad, they want to understand not only the culture of the country and/or partnering organization, but also

the managerial practices implemented abroad. Research in this direction has been rare. Consequently, our study seeks for exploring these practices in the Russian car industry context. For that purpose, we reintroduced an old concept, called “administrative heritage”, and conducted interviews with 16 Russian managers involved in the car industry.

Our findings show that the implementation of Western managerial practices in Russia needs to rely on hybridization, a process by which new practices are introduced, but with a visible “Russian difference”. Such a hybridization requires foreign managers to work and network locally for the implantation of the practices.

Administrative Heritage

The members of a firm develop over time a set of shared beliefs as to "how things ought to be done" (Bjur & Zomorroddian, 1986). These shared beliefs legitimize managerial practices, like the ways of organizing and controlling, that constitute the firm administrative heritage (Bartlett & Ghoshal, 1995). This administrative heritage partially reflects the culture and institutional routines of the company country of origin. For example, Calori, Lubatkin, Very and Veiga (1997) show that a nation’s educational system may shape the beliefs about ‘how things ought to be done’, like managerial preferences toward centralisation or decentralisation in decision-making.

A firm’s administrative heritage is also characterized by path dependency. Bartlett and Ghoshal (1995, p. 195) state that companies are ‘captives of their past’, and any organisational change is influenced by the company history. Consequently, a firm’s administrative heritage may act as a constraint on the strategic choices that firms make about how to compete (Bartlett & Ghoshal, 1989; Collis, 1991).

A few researchers have explored the administrative heritage of organizations. Comparing managerial practices of French and British companies, Calori et al. (1997) and Lubatkin et al. (1998) show how a nationally bound administrative heritage influence the integration practices of acquirers from each country. Zalan and Lewis (2006) have studied the international development of Australian firms and confirm the proposition of Bartlett and Ghoshal (1995): internationalization success is partially explained by company administrative heritage developed in the domestic market, because this heritage restrains strategic choices. Dixon and Day (2007) identify critical success factors for the management of change in transition economies. Their analysis of four longitudinal case studies of Russian oil companies after 1995 highlights the importance of a Russian-based administrative heritage as an initial obstacle to change. They find that organizational change occurs when the top management

team brings radically different mindsets than the traditional Russian ones, when it has an entrepreneurial orientation and a capability to monitor change.

This bunch of research helps us elaborate a framework for answering our research question: how should foreigners manage a partnership or an acquisition in Russia? First, the study by Dixon and Day (2007) indicates the pertinence of using the “administrative heritage” approach for examining managerial practices in the Russian context: the inheritance from the planned economy seems to slow down or impede organizational change processes. It means that good managerial practices by foreigners in Russia should consider a Russian-bound administrative heritage.

The other studies (Zalan & Lewis, 2006; Lubatkin et al., 1998; Calori et al., 1997) show that internationalization, and particularly cross-border partnerships, represents a particularly relevant phenomenon for examining the role played by administrative heritage in the strategic development of companies. Lubatkin et al. (1998) explain that, in the context of cross-border acquisitions, the members of the acquired company are confronted with a new set of practices that increases their awareness of their own practices. When foreign firms invest in Russia through partnerships, their managerial practices represent their beliefs about “how things ought to be done” in partnerships. Any misalignment between partners managerial practices is likely to exacerbate the consciousness of each one about its company administrative heritage. Consequently, in the course of acquisitions or partnerships, a firm administrative heritage should be best captured by surveying the perceptions of its own members. Similar arguments have been developed for studying the organizational culture in the context of acquisitions (Sales & Mirvis, 1984).

Russian Work Practices

Russia was marked in the early 90’s by the brutal passage from a centrally planned economy to capitalism. The Soviet System has been described as highly bureaucratic and centralized, emphasizing top-down management. At the centre of the organization, we found the various ministers relayed at local level by the enterprises’ directors who concentrated a lot of power in their hands, issuing orders and bearing responsibility for the firms’ results (Ivancevitch, DeFrank, & Gregory 1992). This centralized and autocratic system generated the emergence of several attitudes, such as the fear to talk openly or the preference given to information received from unformal channels to those of any official media (Alas & Vadi, 2004). The socialist system was the cumulation of a century-long history of forces which discouraged participative decision-making and risk-taking (Ivancevitch et al., 1992).

Another important characteristic of the Soviet society was the existence of a vast and ramified system of privileges for the members of the *nomenklatura* which split into two major segments after the fall of Socialism: the political elite and the economic elite (Kryshtanovskaia, 1996). The latter group derives its legitimacy from the amount of money they have and the way they spend it. In any case, the reproduction of elites has been much stronger than in countries such as Poland and Hungary (Hanley, Yershova, & Anderson, 1995). At operating level, the former system disregarded the interest of customers, with consequently little concern for quality issues and scarce culture of performance (Grachev, 2009, p.5).

The transition from a central planned economy to a market economy was considered a great challenge because it required changing attitudes and values (Alas & Vadi, 2004). While transferring technologies and modifying structures is feasible without too many problems, this is far from being the case for culturally embedded practices (Clark & Geppert, 2002; Soulsby & Clark, 2012). This phenomenon, which has been recognized and monitored in many post-socialist countries, has apparently been slower in Russia, where the changes undertaken have not been able to generate enough “new cultural patterns in business relations” (Kuznetsov & Kuznetsova, 2005, 30).

Scholars recognize that the different and numerous reforms implemented by the Russian government have failed to bring Russian capitalism into the modern age (Kuznetsov & Kuznetsova, 2003), speaking even in some cases of the failure of the country modernization (Inozemtsev, 2016). The institution deficiency has led to the surge of corruption and poor contract enforcement (Blanchard & Kremer, 1997). Many Russian economic agents’ behaviours, repeatedly considered senseless, are often rational reactions in front of the uncertainty and the challenge caused by institutional distortions.

The weakness of local institutions has led experts to use such phrases as “institutional void” (Puffer, McCarthy, & Boisot, 2009) or “path dependency” (Schwartz & McCann, 2007). This explains in large part the citizens’ lack of trust for everything done by the government (Shlapentokh, 2006), which conducts actors to rely more on the cognitive aspects resulting from the combination of values, beliefs and local customs (Puffer & McCarthy, 2007). The absence of strong institutions has led to an increase of games of powers, which have become essential to survive and prosper in a situation perceived as instable and opaque. Consequently, business actors try to take control of situations whenever they feel endangered, prioritizing interpersonal trust over rules and norms (Thelen & Zhuplev, 2002).

The Russian contemporary civil society is associated with different attributes compared to what we know in Western countries: an informal network with social and cultural capital,

strong ties among actors, a diffuse focus on the collective actions, particularized social capital and a weak state. In this model, citizens are marginalized and characterized by politicians as either a receiver of benefits or a degraded mass (Urban, 2010).

The long Soviet history had another consequence in the fact that it cut off the country from a large part of the world. As the nerve centre of the Socialist World, Russia created and developed its own approach of business practices, using many inputs from the West that it highly transformed before processing. Remains of this period can be found in the persistence of the notion of the 'near abroad' (Shashenkov, 1994), as well as in the idea that Russia would be following a 'unique path' different from what exists in Europe (Dubin, 2002). Highly cultivated by the current Russian political authorities through the notion of a new Eurasianism (Smith, 1999), this situation strengthens in the mind of many Russians the idea the country's natural difference.

Regardless of any consideration on the Soviet period or weak institutions, scholars have described several features considered characteristic of the Russian business culture. A first key feature can be found in the importance of relations, an element which can take many forms. Russians attach the utmost importance to creating and maintaining networks (Butler & Purchase, 2004). In a practical way, they thus tend to be more relativistic than their American counterparts, that is they reject universal rules when making ethical judgements (Robertson, Gilley, & Street, 2003). Generally, Russians value much more networking (Salmi & Heikkilä, 2015) and informal relations (Ledeneva, 2006) to processes. Finally, the concept of *blat* (the use of personal networks) is still very important, even if it has evolved since Soviet times from a process to get access to certain resources to a way to "compensate for the failure of formal organizations" (Ledeneva, 2009).

A second feature is to be found in the concept of time. To fight against the uncertainty of the Russian business environment, local entrepreneurs tend to concentrate on short-time, adopting a "limited time horizon" (Grachev, 2009, p.6; Veiga, Yanousas, & Bucholtz, 1995, p.22). On a practical level, this often discourages Russians from elaborating complex plans, driving them instead to adapting to the context. As Michailova (2000, p.102) wrote, "they tend to adapt to the environment rather than transforming it".

A third feature is linked to a vision of interpersonal relations based on power. This applies to relations between managers and subordinates, based on strong top-down connections (Aycan et al., 2000, p.196–206) in exchange of protection. It affect the way information is managed, since managers tend to avoid showing that they may have been influence by their subordinates (Michailova & Husted, 2003, p.65–67). At the level of customer/suppliers'

relations, we find power games as well as a lack of transparency (Braguinsky & Mityakov, 2015).

In synthesis, these identified characteristics define working practices inside the Russian economy. But we don't know much about what happens when these Russian practices are confronted with practices of other countries. Do they evolve? Are they maintained whatever the partner does? We explored these questions in our empirical study.

Methodology

Our empirical study aims at exploring the confrontation of Russian practices with foreign practices at work. We used a qualitative inductive approach, based on the methodology proposed by Eisenhardt (1989). To study the points where practices meet, we selected a number of cases involving foreign companies that have developed activities in Russia. We focused on one industry to facilitate case comparison: the car industry. Several carmakers and suppliers of carmakers have invested in Russia after the fall of the Berlin wall: some have made acquisitions; others have signed partnerships with local firms. Some have been successful, others have failed. In most of these partnerships, foreign companies aim at transferring their best practices and processes to the Russian partner in order to enhance its efficiency. Our study focused on this transfer.

We conducted interviews with Russian managers and executives that were involved in these cases. The choice of Russian managers was motivated by our research question: we wanted to interview actors that could give their perception of foreign actions in Russia in term of working practices. Russians have consciously or unconsciously the Russian administrative heritage imprinted in their mind and can analyse foreign partners behaviours and decisions at the light of this administrative heritage.

The 16 interviewees and their companies are described in Table 1.

Tab. 1: Interviewee Population

Company and nationality	Activity	Position of the informant	Interview (number & years)
CarSeat* (German)	Automotive polyurethane producer	Technical Manager	1 (2013)
		CEO Russian Sub.	2 (2013, 2015)
		Manager	1 (2015)
Purfoam*	Polyurethane producer	CEO	1 (2013)

(Russian)		Lawyer	1 (2013)
Foamaksent*	Polyurethane producer	Shareholder	1 (2015)
(Russian)		Shareholder	1 (2017)
BASF Coatings (German)	Automotive producer of refinish paint	Sales Manager	1 (2010)
Foamline (Russian)	Automotive polyurethane supplier	Sales manager (automotive)	1 (2017)
Renault Group (French)	Car manufacturer	Purchaser Chemistry	1 (2015)
		Purchasing Assistant	1 (2017)
Avtovaz (Russian) Renault majority shareholder	Car manufacturer	CEO French sub.	1 (2015)
		Lobbyist	1 (2015)
		Technical Cooperation	1 (2015)
		Financial Cooperation	1 (2015)
		Lawyer	1 (2015)

Measuring the nationally bound administrative heritage

Some researchers have investigated the nationally bound administrative heritage, while others examined the company administrative heritage considering the influence of the national context. As we will see, no one exactly fits with our research topic.

Lubatkin et al. (1998) explained that, at the time of their study, there was little consensus as to how to operationalize the concept. These authors studied the organizational administrative heritage and focused upon headquarters- subsidiary control during the early years of acquisition integration. They selected four categories of control that have been shown to be salient during mergers:

- managerial transfer, or the extent to which the acquiring firm staffs key positions in the acquired firm with its own managerial personnel;
- structural control, or whether or not the acquired firm is allowed to operate as an autonomous unit or is integrated into the acquiring firm's organizational structure;
- systems control, or the degree to which key managerial decisions having to do with strategies, operations, financial resources, and people are centralized;
- socialization control, or the degree to which emerging, informal communication patterns are actively managed by the acquiring firm placing emphasis on cooperation, communication, and teamwork. They collected data through questionnaires.

These measures essentially characterize the new organization designed after an acquisition. But they do not fit with an analysis of the transfer of best practices.

Zalan and Lewis (2006) used historical data and facts to identify the characteristics of the Australian-bound administrative heritage at the time of their research: Australian firms had limited FDI traditions; they developed a domestic portfolio mentality that often drove them to build domestic conglomerates; and they relied on accumulating strategic assets for developing a competitive advantage. These researchers adopted a strategic view more than a practice perspective to delineate administrative heritage.

Dixon and Day (2007) used also historical descriptions of the Russian-bound administrative heritage and focused on the alignment of managers' practices with this heritage during the period of transition to a market economy. They interviewed top managers from oil companies to identify their practices and how they changed during the period. Their measurement, based on historical findings, can hardly be used for studying the confrontation of national cultures and practices.

These descriptions show that there is still no consensus about the characterization and measurement of a nationally bound administrative heritage, and that measures used in past research do not fit with our framework. Consequently, we came back to the definition of the administrative heritage (how things should be done) for defining our interview questions.

We conducted the interviews using a semi-structured questionnaire with open questions about the partnership process and its inherent challenges. In certain cases, we met the actors a second and even a third time to make them react to the first information collected. In this paper, we focused on the answers to two questions:

- What were the major difficulties that the company faced?
- What the foreign company should have done better?

The answers to these questions should inform us about how things were done and out to be done in the context of foreign partnerships in Russia car industry.

Analysis

Through our analysis, we identified two main groups of features. A first series of elements seem to derive from a vision of society marked by a high uncertainty, by a strong inequality of power between people, and between people and institutions, and consequently by a high level of arbitrary. A second series of elements is linked to the long isolation of Russian society, the fact that it was cut off from the Western World at several moments of time, and

that it has developed a strong feeling of its specificity, what researchers in the field of political science call “the Russian path”. We illustrate our findings with *verbatim* from interviews.

1. Respond to uncertainty and arbitrary

Networking is essential.

Creating a multifold network is essential because you do not know in advance whose support you may need to solve a specific problem. This applies to professionals or to authorities. The time spent on networking is considered a proper investment that can avoid wasting time when difficulties happen or paying an intermediary. At the same time, the importance of having the highest variety of support as possible may lead to very complex constructions, including more partners that would seem necessary in the West.

- Develop a personal network:

HR Manager Proseat Russian subsidiary (now working in Turkish company): “They (the Turkish company) know everyone. And for opening ceremony, always someone from Ministry comes. For example, for last opening ceremony of plant, the Minister of Innovation came to us. He came by helicopter from Moscow, like a magic guy coming from the sky. And this works. Because you have support from authority. You can say I have a problem with this audit which comes to us every time and does not let us work. Stop them please. Help!”

- Relate or pay:

CEO Avtovaz subsidiary (France): “When you don’t personally know the people outside the company, you must pay if you need something. Without relationships, you must respect formal processes. If you know, you can find arrangement.”

- Importance of multifold partnership

CEO Proseat Russian Subsidiary: “Foamdecor people would not step in the project without Foamline support. In Russia, probably not only in Russia, in the whole World, first of all you should be introduced by some people who recommend you. [This is what happened with Foamdecor and Foamline]. In Russia, it is the only way it works.”

Foamline share-holder: “After putting Proseat with Evroplast, we were no more indispensable. [...] But it created a triangle [...] Proseat decided to do everything themselves and they lost two million.”

Lawyer Foamline: “We introduced several people who could be interesting for them. At a certain point, they decided to work directly with them. We did not understand why. Maybe they thought we were mere intermediaries and that we did not have anything to bring”.

Limited trust and norms versus situational individual power

The faith in rules and norms is limited. Several elements of the interviews show the persistence of a belief that, in case of a difficulty, the best solution is finding a person with enough power to change the normal course of actions.

- Inconsistency of rules

CEO Proseat Russian subsidiary: “The rules, which are the rules yesterday, now are not rules anymore and today are started new rules. This is possible. This is a big risk. Rules are rules, but in Russia sometimes they could be changed. This is a big issue.”

- Lack of transparency of events

CEO Proseat Russian subsidiary: “But as soon as we started to go deeper, I realized that for him, if we bring the Carrousel [equipment], for sure it must be declared. And people from the authorities would come and they would see that there are some changes in comparison with the initial project. And they would ask you: What did you do? And it creates the way to sort out the issue. You just need to pay, and the amount could be unpredictable here because it is his fault.”

Information is power

When the context is changing constantly and it is very difficult to know what is true, it becomes essential to check the reliability of all information that you get. This may lead actors to play with information, what they put forward, what they will say at critical moments, or what they forget to say.

Proseat CEO of Russian Subsidiary: “[The German purchaser] negotiated first deal with Proseat and Sotex [Russian]. Because the negotiation process was not transparent. When you negotiate with two companies and one is European, the other company does not provide with the same information [...] The proposal of Proseat was very realistic. The proposal of Sotex was far from reality.

Command and hierarchy

In an environment where everything is moving, it becomes essential to identify how power is shared among one's stake holders. Actions and reactions are organized according to this analysis. Thereafter, managing one's level of power is essential, making it difficult to speak

openly about problems that one might have identified. In such a context, trust is given only to those seen as points of stability, i.e. who implement what they said they would do.

- A strong respect of superiors

Proseat CEO of Russian Subsidiary: "First of all, he was my boss. And I respect him. But I think that Jean sometimes probably [...] created his own story and [...] sometimes did not pay attention to details, small details. This is why I think there were problems. [...] but, actually I was in a position when I should hear him".

- Limited individual initiative

Renault Project Manager: "At Avtovaz, it is a direct command by hierarchy that launches action (...) People say I am not responsible, I need to consult my boss."

- Necessity to control

Share-holder Dekor: "They helped us to organize the whole 'process'... It was necessary. With Proseat, they started morning meetings to discuss their previous day, what is the result, what is the conclusion of this result and the plan for today."

- Importance of doing what one says (i.e. to get trust)

CEO Proseat Russian subsidiary: "People will only follow you if you give your word."

Short-time orientation

This aspect may be a consequence of the lack of stability of the environment which push people to prefer more practical and concrete initiatives, i.e. those that they can see almost immediately.

- *CEO French Subsidiary Avtovaz: "In Russia, we have had money issues for 20 years. HR Directors try to implement social motivation systems, but people need money (...). Europeans are far away. They don't need more money, not so much. If motivation is not based on money, here, it cannot be efficient."*

- *CEO of Russian Subsidiary: "At the beginning the idea was to purchase a piece of land and set a plan...But it is not possible in Russia. You can rent it for example for 100 years [...] For foreign companies 100 years is almost nothing, it is a piece of history. For Russians, we think often in a scale to survive and for tomorrow."*

2. The Russian path

These features are the consequence of the specific and unique path pursued for decades by the Russian business culture, different from the practices known in the Western World, which are often mistakenly considered universal. This group includes several persistent practices,

inherited from the past, as well as a special attitude towards the outside world, which combines the necessity to import intellectual resources and technologies with the strong affirmation of the national specificity.

Specific practices resulting directly from the old system

Although many things have changed and are still changing since the time of the Soviet Union, the analysis of interviews revealed several behaviours which have been directly inherited from the former system. Interestingly, the interviewees' attitude shows a strong complacency or passivity towards what is often seen by Westerners as a major source of inefficiency.

- A heavy bureaucracy

Project manager – Renault Russia: “...to launch an action (...), you need a paper, just to sign a paper in another building (...) and sometimes, you need to walk one hour or take the bus, sometime wait for the bus, and when you arrive the person is absent and so you need to come back later. It creates delays and there is no internal communication here.”

- Difficulty to simplify processes, to adapt to the audience

Country Manager (France) Avtovaz: “When we started working on motivation system, the situation was as follows: the management thought they have a very professional system, but it was too complex. There were more than 100 criteria. Nobody understood and was unable to manage it. Workers knew they had a salary, but that's all. There was a bonus for quality, but it was only one criterion (...) The outcome was that it was not efficient.”

- A complacency towards several bad practices

CEO of Russian subsidiary: “It is difficult to start working at the beginning of the day and fix in the end of the day (...) For example at 8 o' clock, we need to start work. Everyone is talking and drinking tea. The work is not organized. Then they came at 11 o'clock and we [had] needed to come earlier, at 8 o'clock to make planning and start working immediately.

Managing relationships with the outside World

Interviewees' comments show at the same time a strong interest for technologies and concepts coming from the West, a thirst for knowledge, and concern on how they can be

adjusted to the Russian market specificities. Because if the adaptation is necessary, it is never certain that it will work. While many actors seemed glad that Westerners invested in Russia, they had rough time accepting the resulting dependency situation.

- The necessity to “import” from the West and catch-up

Proseat HR manager: “It was difficult for them to make structures and to work all according to the rules. So, it was difficult for them to make such analytical work, to understand which mould should work now, which worker should work next time.”

Proseat CEO of Russian Subsidiary: “What they did, they brought their knowledge but Evroplast, they gave use to all infrastructure for the project and our technical people came to Russia to educate them. They organized this training. And this project would be very successful”.

- The necessity to convert / adapt

Lawyer Foamline: “I am not sure that Proseat realized they needed to negotiate differently with [their customer]. I think it is essential to take the Russian market into account. In our country, you always need to adapt. Nothing works like in Europe!”

- The Russian difference assumed

CEO of Russian Subsidiary: “When they employed me [...] how I could say, they found out that situation was very different from hat they first thought, from the initial idea. [And they needed a Russian].

Proseat CEO of Russian Subsidiary: “Next step, when they realized that the purchase by themselves Proseat was not possible because a lot of things...It was normal that they should ask Russians.”

- The difficulty to adapt to the Russian context (infrastructures)

Lawyer Foamline: Thinking about it, it is clear that she [the interpreter] did not spend enough time to translate properly [what was said]. On top of this, since she always worked with Western societies, she had difficulty understanding the specificity of the Russian market.”

Financial Director Avtovaz: It is not only a problem of language but of references. Interpreters cannot ensure an efficient communication if they don't integrate the different contexts. When you add up differences of languages, the necessary adaptation as well as the fact of using an interpreter, you are never sure where you get.

Proseat technical director: “They gave us the technical information, i.e. the Volkswagen prerequisites as well as a couple of templates. Unfortunately, everything

was in English. I am not sure that everyone understood. Especially because everything came from the headquarters without any adaptation to our context.”

- The need for local expertise

CEO of Russian Subsidiary: “Volkswagen at that time, they did not realize actually that they are in the same world as their sub-supplier. Because actually, in Europe the situation is a bit different. Because they said “You are our supplier. We chose you and this is why you should sort out your problems by yourself. But in Russia, it is a different situation because they are quite dependent on (local) sub-suppliers. So this is why their approach to suppliers, their attitude has to be different.”

- Resentment towards the dependency situation

Financial Director Avtovaz: “All people coming from France are very polite. They have a high ability to listen. However, you always have the feeling that they do not take Russia seriously...”

Proseat CEO of Russian subsidiary: “You should not say that production prices [of Dekor] are too high. If we produce for Russia, it is good that the money stays in Russia.”

Discussion

Our exploration of the confrontation of Russia to the Western world through the lens of managerial practices both confirms past research findings and add new ones.

As former researchers have found, our interviews corroborate the vision of a society **marked by a high uncertainty linked to a strong inequality of power between people and institutions, as well as a high level of arbitrary.** From the Russian perspective, this vision should be translated in a bunch of good practices for foreigners:

- Develop a network of personal relationships because at a certain moment in business life, you may require one of them to help you.
- Don't trust systematically norms and rules because it is always possible to find a person with enough power to change the normal course of action.
- Take into account the authority in the relation with others *i.e.* the situational power of the other.
- Manage information as a political instrument, as information is an important element of the arbitrary environment.

The fact that the Russian society was cut off from the Western World at given moments of time, for long to short duration, has given the Russian society a strong feeling of its specificity (*i.e.* the Russian path). Russian managers have the conviction that practices resulting from the old system are very difficult to remove. They also think that the relation to others, especially to the Western World remains complex: **while it is seen necessary to update Russian know-how, imported processes seem to be obliged to go through a strong russification.** Hence the following good practices from the Russian perspective:

- Import Western practices but adapt them to the Russian context
- Show ostensibly that you care about the Russian culture and administrative practices
- Be physically present for implanting change

Our research complements existing knowledge about the management of partnerships in Russia. Past research has generally looked for characterizing Russian culture and administrative heritage *per se* (Dubin, 2002; Ledeneva, 2006). We show that, in the context of partnerships with Western companies, Russian culture remains very salient and strong. In other words, Russian managers are not keen on being imposed practices coming from abroad. They welcome foreign practices. But at the same time, they want these practices to be adapted to the Russian context. This means that managers of foreign companies need to elaborate a **hybridization process**: select practices to implant in Russia, then see locally how to put them in place while keeping “the Russian specificity”. According to our findings, implementing this hybridization process looks tricky because Russian are proud of their difference (Dubin, 2002), trust is difficult to create, and some resentment exists toward dependency. Foreign companies need to send their managers for creating the conditions for an efficient hybridization.

The findings also show the interest of the nationally bound administrative heritage concept for identifying relevant practices in the context of cross-border alliances and acquisitions. To our knowledge, no study had concentrated on these strategic moves in Russia with the objective of identifying efficient administrative practices. The only study dealt with acquisitions between Western countries (Calori & al., 1997). The administrative heritage lens allowed us to identify the need for hybridization. Consequently, this concept could be advantageously utilized in further research for exploring practices in situations where companies and countries meet.

Conclusion

Doing business in Russia needs tact. Foreigners cannot simply transfer their current practices in the Russian context. Our study shows that a process that we call hybridization

needs to be elaborated so that foreign practices are implemented, but with a visible “Russian difference”. And a good hybridization requires foreign managers to work and network locally for the implantation of practices. Further research could gain at extending our study to other industries or other countries within the same industry.

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