From the Editor

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Guest Editor

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This special issue of the *International Journal of Leadership Studies* is dedicated to the 20th anniversary of the Fall of Communism in Europe. The staggering revolutionary wave sweeping through the Eastern Block in 1989 included the election of the first non-Communist government in Poland (September), the demise of the Communist Party in Hungary (October), the Fall of the Berlin Wall (November 9), the Velvet Revolution in Czechoslovakia and the Bulgarian Upheaval (November), and the violent Romanian Revolution (December). Subsequently, in 1990 and 1991, Lithuania, Estonia, and Latvia declared their independence from the Soviet Union. The USSR itself, fundamentally changed by Gorbachev's glasnost and perestroika, eventually collapsed in 1991 when the dissolution of the Soviet Union became final. This profound political reformation of the former Eastern Block triggered significant social and economic changes in these countries and lengthy and difficult transitions to democracy and market economy.

Although late, the scholarly interest in organizational leadership studies in the former Communist countries has steadily increased. More and more studies employing qualitative and quantitative research methods have explored organizational leadership phenomena in these countries. Recognizing this trend 20 years after the tumultuous events of 1989, the 11th annual International Leadership Association Global Conference, the largest conference in the field, took place in Prague in November 2009. At this conference, Vaclav Havel, leader of the Velvet Revolution, was named ILA's 2009 Distinguished Leader.

This IJLS special issue contains leadership studies from Bulgaria, Estonia, Lithuania, Romania, and Russia. Dimitrova (from the *Bulgarian Evangelical Theological Institute*) and Bocarnea (*Regent University, USA*) examine a servant leadership theory, empirically supporting its causal relationships among love, humility, altruism, vision, trust, empowerment, and service in Bulgarian students' perceptions of leaders. Tuulik (*Mainor Business School*, Estonia) and Alas (*Estonian Business School*), based on their mixed-method exploration of leadership in Estonian organizations in transition, suggest that Estonians expect their leaders to be charismatic, values-based, team-oriented, and participative. Diskienė, Marčinskas, and Stankevičienė (*Vilnius University*), analyzing leadership

attitudes in Lithuanian business organizations based on descriptive analyses of quantitative data, conclude that Lithuanian leaders are minimally flexible and formal, exhibit aversion to making risky decisions, and have reduced teamwork ability. Huțu (*"Gh. Asachi" Technical University*, Romania), building on the results of her prior cultural research on the given topic, addresses leadership and quality enhancement in Romanian companies in the context of Romanian cultural orientations. Finally, van Beek (*Unilever*, Singapore) and Grachev (*Western Illinois University* and *University of Iowa*, USA) analyze Unilever's experience in building strategic leadership competencies in the context of the Russian business environment using an ethnographic approach.

The common thread of the five studies appears to be the need for the adaptation of modern leadership theories and practices to the realities of the countries of the former Eastern Block. The authors of these studies seem to implicitly agree on the need for viable leadership models and theories that are empirically tested, theoretically adjusted, and practically implemented so that they are relevant to organizations in post-Communist transition.

We wish to thank the authors for their contributions to this special issue and to the advancement of organizational leadership research in Bulgaria, Estonia, Lithuania, Romania, and Russia.

Testing Servant Leadership Theory with Bulgarian Students

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This study tests Patterson's (2003) theory of servant leadership in the Bulgarian contexts investigating the causal relationships between the seven constructs in the servant leadership model. University students' perceptions of servant leader characteristics were assessed using the Dennis and Bocarnea's (2005) servant leadership instrument. Results support the causal relationships among servant leadership constructs. Furthermore, the leader-follower gender similarity does not have an influence on these constructs. The study pioneers servant leadership research in Bulgaria, a country experiencing an uneasy transition to democracy and market economy after the collapse of Communism.

Servant Leadership in Bulgaria

Greenleaf (1977), the scholar who first popularized the concept of servant leadership, argued for a new kind of leadership model that makes serving others the top priority of leaders. In his interpretation, servant leadership requires serving others, holistically approach work, promoting a sense of community, and sharing power in decision making. Greenleaf suggested that a true leader is one who is a servant first. He asserted that this leadership style begins with the natural feeling that one wants to serve, to serve first. Then, conscious choice brings one to aspire to lead. The best test asks, Do those served grow as persons; do they, while being served, become healthier, wiser, more autonomous, more likely themselves to become servants? And, what is the effect on the least privileged in society? Will they benefit or, at least, not be further deprived? (p.10).

Servant leadership research in the United States is currently in the theory-building phase (e.g., Farling, Stone, & Winston, 1999; Laub, 1999; Page & Wong, 2000; Russel, 2001; Russel & Stone, 2002). Patterson (2003), for instance, suggested a theory of servant leadership based on

transformational leadership. Patterson agreed that transformational leadership theory shows consideration toward the follower. However, she argued that its primary aim remains organizational objectives. Subsequently, Patterson's premise is that "the servant leader focuses exclusive attention on the follower instead of the organization" (p. 5).

Patterson's servant leadership theory has been studied quite extensively internationally. For instance, in the United States, Bryant (2003) tested the theory with city government leaders; Dillman (2004) tested its concepts with pastors in Australia; Nelson (2003) explored Patterson's servant leadership theory among black leaders in South Africa; Koshal (2005) studied the applicability of servant leadership theory's construct of service in the context of Kenyan leaders and managers; and finally, Serrano (2005) examined the validity and the acceptance of Patterson's constructs in Latin America, specifically in Panama. On the other hand, servant leadership research has never been conducted in Bulgaria. Dr. Angel Angelov, Dean of the Leadership School of the University of National and World Economy in Sofia, affirmed that no such research has ever been done in Bulgaria (personal communication, March 26, 2005). A confirming opinion was expressed by Dr. Radka Pitekova from Sofia University, School of History of Education and Management of Education (Personal communication, March 21, 2005). This study is the first to address the servant leadership theory in Bulgaria.

The purpose of this study is to test Patterson's (2003) servant leadership model in the Bulgarian context through investigating the model's causal relationships among its constructs using Dennis and Bocarnea's (2005) servant leadership assessment instrument. The survey was administered to a group of Bulgarian students from Sofia University who were asked to assess their leader of choice using the given instrument.

Theoretical Framework

Transformational leadership is currently dominant theory in organizational studies (Pawar & Eastman, 1997), but it does not fully explain why some leaders value their followers more than the organization (Rost, 1991). Bass (2000) noted this deficiency and distinguished between transformational leaders who try to align their personal interests with the interests of the organization and servant leaders whose primary purpose is to serve. Patterson (2003) noted that servant leaders serve with a focus on the followers, whereby the followers are the primary concern and organizational concerns are peripheral. In her model, servant leaders lead with (a) *agapao* love, (b) humility, (c) altruism, (d) vision, (e) trust, (f) empowerment, and (g) service. Winston (2003) stated that, in building this new model, Patterson establishes a key difference between servant leadership and transformational leadership by pointing out Bass' (2000) assertion that transformational leaders do what they do for employees in order to gain greater personal efforts by the employees toward the completion of the organizational goals, whereas servant leadership focuses solely on the well-being of the employees.

Agapao Love

The Greek word *agapao* means love as a moral principle where one intentionally does the right thing at the right time for the right reason (Winston, 2002). Patterson (2003) added that agapao love puts the focus on the employee before the organization. Operationally, this kind of love is characterized by genuine care (Russell, 2001), is unconditional (Lopez, 1995), values

people for themselves (Wagner-Marsh & Conley, 1999), and relates to followers on a personal level (Winston). Winston stated that agapao means to love in a social and moral sense. According to Winston, this love causes leaders to consider each person not simply as a means to an end but as a complete person: one with needs, wants, and desires. Swindoll (1981) stated that servanthood and a true love work hand in hand. Likewise, Ferch and Mitchell (2001) advocated love as a goal for leaders, and Crom (1998) pointed out that servant leaders genuinely care for others and are interested in the lives of followers. Russel and Stone (2002) posited that love is unconditional for a servant leader. Agapao love is of particular importance in Patterson's (2003) model as it is the originating concept of the model.

Humility

Humility, according to Sandage and Wiens (2001), is the ability to keep one's accomplishments and talents in perspective. This means practicing self-acceptance, but it further includes the practice of true humility, which means not being self-focused but rather focused on others. Humility in a servant leader is not a weakness, but a strength, according to Patterson (2003). To her, humility is a peaceful virtue that rejects self-glorification and is an almost social reversal of it in that it purports the idea of serving. The servant-leader sees humility as reflecting an accurate self-assessment and therefore maintains a relatively low self-focus (Tangney, 2000). Blanchard (2000) added that humility is evidenced by listening, a feeling of accountability to those served, and receptivity to criticism. Collins (2001) amplified the definition of humility to include modesty, ambition that is not self-channeled, sharing credit for success, and elevating followers to become leaders also. Winston (2003) stated that, since Patterson (2003) found that leaders do what they do because it is the right thing to do, the necessary outgrowths of *agapao* love and humility are altruism and seeking the follower's interest or vision for the organization.

Altruism

Altruism is helping others selflessly for the sake of helping, which involves personal sacrifice with no personal gain (Patterson, 2003; Kaplan, 2000). Specifically, altruism involves behavior directed toward others, high risk of sacrifice to the actor, no external reward, and voluntary action (Monroe, 2002; Oliner, 2002). It also involves going against one's own personal interest in order to satisfy the needs of others. Furthermore, the altruism carries with it the idea that one can gain personal pleasure in helping others. Likewise, Eisenberg (1986) defined altruistic behavior as "voluntary behavior that is intended to benefit another and is not motivated by the expectation of external reward" (p. 1). Elster (1990), on the other hand, argued that not all altruistic actions are done out of love, and, in any event, that they include a measure of self-interest. According to Oliner, altruism involves a range of behaviors along a continuum running from least to most self-sacrificing behavior: on one end lies "conventional altruism," and on the other lies "heroic altruism," in which the altruistic actor is willing to lay down his or her life for another.

Vision

Blanchard (2000) defined this concept as "a picture of the future that produces passion" (p. 5). Greenleaf (1977) offered insight on the person-centeredness of vision, stating that the measure of servant leadership is weather the people who are served grow as people. Vision is necessary to good leadership (Sashkin, 1986). Autry (2001) expanded the usual scope of vision to include the leader's vision of his or her own purpose, mission, and value. The next step, he argues, is to inculcate this vision in others. However, vision in Patterson's (2003) servant leadership model is different. It refers to the leader's vision of the role of the follower in the organization, which is different than vision commonly found in the literature according to Winston (2003). Winston stated that vision in her servant leadership model is operates when the leader finds the various interests and goals of the employee as they relate to what the follower wants to do; then, the leader can modify the organization's procedures and methods to best fit the follower. Patterson argued that vision for the servant leader refers to the idea that the leader can sees this person as a viable and worthy person, believes in his future state, and thus seeks to serve him accordingly.

Trust

Trust is defined as "confidence in or reliance on another team member" in terms of his or her morality (e.g., honesty) and competence (Hauser & House, 2000, p. 230). Melrose (1995) understood the dual nature of trust's definition, stating that servant leaders instill trust in their followers by being trustworthy. At the same time, servant leaders help their followers toward self-actualization by trusting them. Followers are more likely to follow a leader whose behaviors are consistent and trustworthy and who can connect with their aspirations (Kouzes & Posner, 1993). According to Russell (2001), the values of integrity and honesty build interpersonal and organizational trust and lead to credibility. This trust appears to be essential in servant leadership (Story, 2002). Similarly, Wis (2002) stated that trust is an integral element of servant leadership in which the leader believes in the follower's ability to accomplish goals and enable the leader's vision of and for the follower. Trust works with vision; therefore, Patterson's model shows trust occurring at the same time as vision (Winston, 2003). Winston stated that this helps present the process of how the leader engages with the follower to establish the vision with the follower and to establish/place trust in the follower with regard to organizational element. Winston also noted that in these two variables of vision and trust, there is no cost benefit analysis to determine if the follower's vision is worth doing. In Patterson's model, the outcome of the two variables, vision and trust, is empowerment.

Empowerment

Bass (1990) posited that empowerment is power-sharing with followers in planning and decision-making. Farling, Stone, and Winston (1999) asserted that servant leaders empower followers in accordance with acting on their values. In doing so, relationship becomes transforming. At the heart of empowerment is the way people are valued (Patterson, 2003). As a goal of empowerment, servant leaders create many leaders at all levels (Russell, 2001), which entails powersharing that enables people to excel. Thus, empowerment becomes the central

element in excellent leadership, and specifically servant leadership (Russell & Stone, 2002). Vision and trust lead to empowerment or providing the follower with the power, authority, accountability, responsibility, and resources to achieve what the follower wants to achieve relative to his/her vision within the organization (Winston, 2003). Winston argues that in the process of empowering, the servant leader is willing to give up control and power so that the follower can be effective and successful in the accomplishment of the tasks at hand. According to Winston, this 'freedom' is not carte-blanche and anarchist in design, but progressive in nature, with the follower being empowered in small amounts, allowing him or her to learn and grow to the point of being capable and willing to handle larger levels of empowerment.

Service

Swindoll (1981) defined service as giving of one's personal involvement and authenticity – a giving of the leader's self and schedule. According to Swindoll, service involves giving time, energy, care, compassion, and perhaps even one's belongings. The act of serving includes a mission of responsibility to others; people are accountable to those they serve, whether they serve customers or subordinates (Wis, 2002; Greenleaf, 1996). Leaders model their service to others in their behavior, attitudes, and values (Lytle, Horn, & Mokwa, 1998). According to Block (1993), service is the hallmark of servant leaders (Farling, Stone, & Winston, 1999; Russel & Stone, 2002; Covey, 2002; Buchen, 1998; Wis, 2002; Guillen & Gonzalez, 2001; Fairholm & Fairholm, 2000). Winston (2003) noted that the servant leader sees his or her role to the follower as one of providing the follower with what is needed for the follower to accomplish his/her task.

Servant Leadership Model

Figure 1 summarizes Patterson's (2003) model providing the proposed causal relationships among its concepts. This model details how the servant leadership constructs work together beginning with *agapao* love and ending with service. This model illustrates the variables presenting the servant leader's role toward the follower (Winston, 2003).

Figure 1: Patterson's Servant Leadership Model
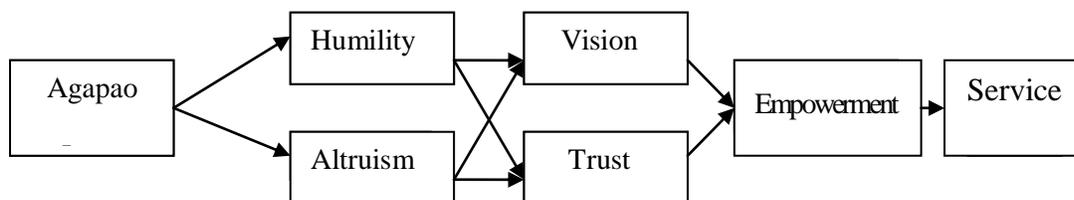
Gender Similarity

In communication studies, gender similarity has been found to be a positive predictor of involvement (Singhal & Rogers, 1999) and homophily (Rogers, 1995). Additionally, the

influence of gender similarity in predicting affective involvement in the communication process has also been supported (e.g., Brown & Cody, 1993). Furthemore, Laub (1999, p.84) stated that servant leadership is not perceived differently by gender, age, organizational tenure, and education. The present study also explores the effect of gender similarity between leaders and followers on the servant leadership constructs.

Servant Leadership Model

As discussed earlier, the primary purpose of this study is to add to the body of knowledge on servant leadership by (a) testing the causal relationship between the constructs of Patterson's (2003) servant leadership model and (b) validating Patterson's theoretical constructs of servant leadership in the Bulgarian context. Based on the theoretical foundation previously discussed, six research hypotheses (RH) were used to empirically investigate servant leadership in the Bulgarian context:

RH1: A leader's agapao love is positively related to his or her humility.

RH2: A leader's agapao love is positively related to his or her altruism.

RH3: A leader's humility and altruism are positively related to his or her vision for the followers.

RH4: A leader's humility and altruism are positively related to the leader's trust in his followers.

RH5: A leader's vision and trust are positively related to his or her empowerment of the followers.

RH6: A leader's empowerment of the followers is positively related to the leader's service to the followers.

Additionally, the following research question was asked about the role of gender similarity on the servant leadership concepts, wherein gender similarity was defined as the same gender being shared by the follower and his or her leader.

RQ: Does gender similarity between leader and follower have an effect on the seven servant leadership concepts?

Methodology

The methodological approach taken in the quantitative design is non-experimental. With its primary objective being to test a servant leadership theory, this study is an explanatory research of causal relationships. Based on its time dimension, the study is cross-sectional.

Sample

The sample for the present research was selected from students of the School of History of Education and Management of Education (SHEME) at Sofia University. Sofia University, established in 1888, is the first Bulgarian university. It is the largest and most prestigious educational and scientific center in the country, offering 83 degree courses in humanities and sciences. The sampling frame consisted of students in the second and third years of their programs at SHEME. These students have been taking leadership courses in their school as the school programmatically prepares them to become the new leaders of Bulgaria. Of these

students, 335 participated in this research. However, 16 surveys had incomplete data and removed from any data collection calculation, therefore yielding a final sample size of $N = 319$.

Table 1
Participant's Gender

Gender	n	Percent
Male	90	28.2
Female	229	71.8

Table 2
Leader's Gender

Gender	n	Percent
Male	89	27.9
Female	230	72.1

Data Collection

Data were collected by a personal distribution method. This approach was selected because of convenience, timeliness, ease of response, standardization, and increased participation level. Confidentiality and anonymity were assured for all research participant responses. All students in the second and third year of their studies in SHEME were invited to participate in the survey during a period of two weeks. Each student had an equal opportunity of becoming a participant. An instructor from SHEME, the researchers' contact at the university, distributed the survey to all participants. Participants had 15 minutes to evaluate his or her leader by answering the given questions. Survey participants evaluated their mentor as their leader. This mentor was a faculty who has been guiding and helping students through their academic and administrative process at SHEME. After answering the questions, participants submitted the surveys to the instructor. The instrument included (a) demographic questions (gender for the participants and gender for the leader) and (b) Dennis and Bocarnea's (2005) Servant Leadership Assessment Instrument (SLAI). The instrument was translated from English into Bulgarian. Students' age and ethnicity in SHEME are homogeneous and, therefore, controlled through the design of the study.

Instrument

According to the SLAI's authors, this instrument is the first one to specifically measure the seven concepts of Patterson's theory of servant leadership. This survey addresses followers' opinions about their leaders, addressing each of the seven servant leadership concepts in six questionnaire items. Followers were asked to respond to each of the SLAI statements as they believed their leader would think, act, or behave. While a relatively new instrument in the field of servant leadership studies, Dennis and Bocarnea's (2005) SLAI demonstrates acceptable reliability. Cronbach alpha reliability coefficients ranging from .89 to .92 have been reported (Dennis, 2004) for four of the seven factors: love, empowerment, vision, and humility. Face and content validity was built into the test development process, following methods set in DeVellis'

(1991, 2003) scale development guidelines. The criterion-related validity and construct-related validity of the instrument were established empirically and have been supported (Dennis & Bocarnea, 2005; Irving, 2005). However, the authors suggested future research to strengthen the instrument.

Per Patterson's request (personal communication, October 2, 2006), the original SLAI was modified to reflect follower-centered vision rather than organization-centered vision, therefore better fitting Patterson's theory. Hence, the original six SLAI items addressing vision were modified accordingly. The original SLAI questionnaire was translated from English to Bulgarian. All questions were tested in a focus group of instructors from SHEME to clarify the meaning of the questions and avoid any misunderstandings of the terms due to translation.

After analyzing the principal component structure of the data collected in this research and the reliability of the seven servant leadership concepts, 19 items were kept out of the initial 42: Agapao love (3 items, Cronbach $\alpha = .81$); humility (3; $\alpha = .64$); altruism (1 item), vision (3, $\alpha = .83$), trust (3, $\alpha = .77$); empowerment (3, $\alpha = .78$), and service (3, $\alpha = .66$). These items were used to build the composite variables representing the seven servant leadership concepts used in the hypotheses-testing part of the analysis. Descriptive statistics of these composite variables are presented in Table 3.

Table 3
Servant Leadership Constructs' Descriptive Statistics

	N	Min.	Max.	Mean	Std.
Love	319	0	18	12.17	4.24
Humility	319	0	18	11. 31	3.87
Altrusim	319	0	6	3.93	1.22
Vision	319	0	18	11.56	4.25
Trust	319	0	18	12.32	4.24
Empowerment	319	0	18	11.67	4.06
Service	319	0	18	11.78	3.77

Results

In order to test the hypothesized causal relationships between the seven constructs of Patterson's servant leadership model (hypotheses H1–H6), simple and multiple regression analyses were conducted. Additionally, t-tests were performed to answer the research question addressing the influence of leader-follower gender similarity to the seven servant leadership constructs.

Research Hypotheses

Simple regressions were run to test hypotheses H1, H2, and H6, yielding the following results:

H1 is supported: A leader's agapao love is positively related to his or her humility [R-square $= .31$, $F (1, 318) = 142.68$, $p = .000 < 0.05$, $\beta = .56$];

H2 was supported: A leader's agapao love is positively related to his or her altruism [*R-square* = .21, *F* (1, 318) = 82.44, *p* = .000 < 0.05, β = .45]; and,

H6 was supported: A leader's empowerment of the followers is positively related to the leader's service to the followers [*R-square* = .11, *F* (1, 318) = 39.39, *p* = .000 < 0.05, β = .33].

Multiple regressions were run to test H3, H4, and H5. Results were as follows:

H3:   A leader's humility and altruism are positively related to his or her vision for the followers [*R-square* = .06, *F* (2, 317) = 9.14, *p* = .000 < 0.05; β (humility) = .26; *p* < .05; β (altrusim) = -.09, *p* >.05];

H4:   A leader's humility and altruism are positively related to the leader's trust in his followers [*R-square* = .25, *F* (2, 317) = 52.93, *p* = .000 < 0.05, β (humility) = .42 *p* < .05; β (altrusim) = .15, *p* < .05];

H5:   A leader's vision and trust are positively related to his or her empowerment of the followers [*R-square* = .45, *F* (2, 317) = 131.30, *p* = .000 < 0.05, β (vision) = .13, β (trust) = .61]

Figure 2 presents the results of the linear regression analyses of the causal relationship shown in Patterson's (2003) servant leadership model.

Figure 2: Graphic Representation of the Results in the Tested Servant Leadership Model
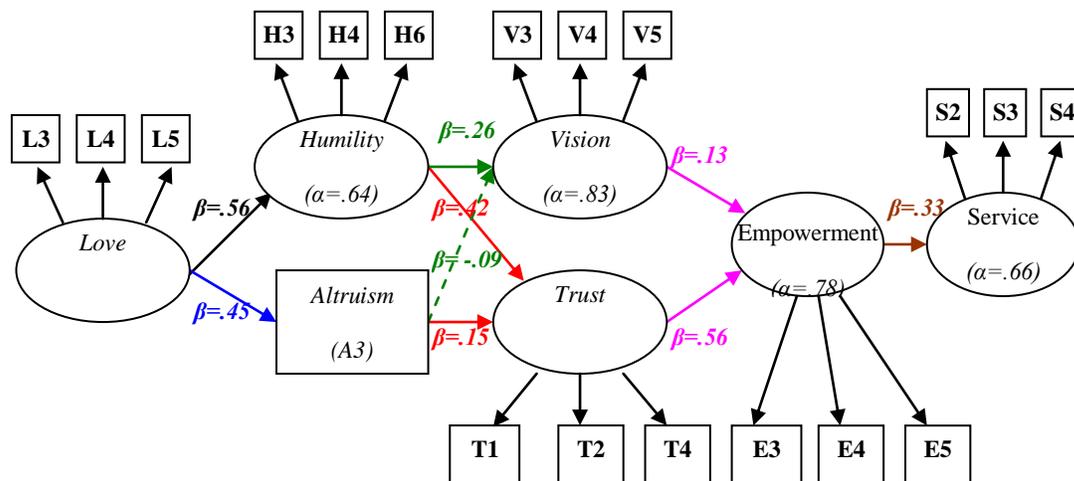
H1: *F*(1,317) = 142.68, *p* < .05; *R*-square = .31; β = .56

H2: *F*(1,317) = 82.44, *p* < .05; *R*-square = .21; β = .45

H3: *F*(2,316) =   9.14, *p* < .05; *R*-square = .06; β $_H$ = .26, (β $_A$= -

Research Questions

Descriptive statistics were run first on the seven servant leadership concepts by gender similarity (see Table 4).

Table 4
Servant Leadership Constructs' Descriptive Statistics by Gender Similarity

	Gender Similarities	N	Mean	Std. Dev.
Love	Same Gender	198	12.25	4.37
	Different Gender	121	12.04	4.05
Humility	Same Gender	198	11.46	3.79
	Different Gender	121	11.07	4.01
Altruism	Same Gender	198	3.81	1.78
	Different Gender	121	3.96	1.54
Vision	Same Gender	198	11.49	4.50
	Different Gender	121	11.66	3.71
Trust	Same Gender	198	12.35	4.35
	Different Gender	121	12.26	4.06
Empowerment	Same Gender	198	11.71	4.18
	Different Gender	121	11.60	3.88
Service	Same Gender	198	11.60	3.88
	Different Gender	121	12.07	3.56

To answer the research question (RQ: Does gender similarity between leader and follower have an effect on the seven servant leadership concept?), t-tests were performed on each of the seven constructs. The results of these tests are presented in Table 5. None of them yielded significant differences.

Table 5
Servant Leadership Constructs by Gender Similarity: t-test Resuts

	t	df	p	Mean Diff.	Std. Err. Diff.
Altruism3	-.75	317	.46	-.15	.10
Love	.42	317	.67	.21	.49
Humility	.86	317	.39	.38	.45
Vision	-.34	317	.73	-.17	.49
Trust	.20	317	.84	.10	.49
Empowerment	.22	317	.82	.10	.47
Service	-1.09	317	.28	-.47	.43

To summarize the results of the study of the Bulgarian sample, the causal relationships posited in Patterson's servant leadership model (2003) were supported with one exception, the relationship between altruism and vision. Furthermore, gender similarity was not found to

determine differences in servant leadership characteristics. These two findings appear to support the portability of the servant leadership theory beyond the specificity of the given sample.

Discussion

This study provides an important addition to the field of leadership studies as it further supports the servant leadership model proposed by Patterson (2003). The research confirms the causal relationships among the seven constructs of Patterson's servant leadership model. Additionally, the study shows no influence of the leader-follower gender similarity on the seven constructs of servant leadership. This study also validates the theory of servant leadership as offered by Patterson (2003) within the Bulgarian context. Leaders lead and serve with *agapao* love, humility, altruism, vision for the followers, trust, and service toward the empowerment of the leader. The values of the servant leader stem from his or her ability to focus on the needs of the follower. Servant leaders know the followers well, help them grow, and develop clear understanding of purpose, direction, and dignity (Batten, 1997). Although the scope of this study is not to present servant leadership as the "correct" leadership style, it helps solidify the theoretical dimension of the servant leadership model by advancing the understanding of the servant leadership phenomenon.

The present study suggests two main directions for future research. First, stronger statistical testing of the theory using structural equation modeling would better test the measurement of the servant leadership concepts and the causal relationships among them as the literature is still weak on both the ontological and the epistemological aspects of the theory. Second, while the present study provided an analysis of the causal relationships between the seven constructs of Patterson's (2003) servant leadership model in the Bulgarian context, the generalizability of the servant leadership theory proposed by Patterson would benefit from future tests in other organizations and other countries. Such cross-national and cross-cultural testing would ensure Patterson's servant leadership theory's portability. Finally, future research should test alternate servant leadership theories in an attempt to unify the theoretical understanding and explanation of the servant leadership phenomenon.

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LEADERSHIP IN ESTONIAN ORGANIZATIONS DURING TRANSITION

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During the 20 years following the fall of communism, Estonia faced turbulent times as they declared independence and gained recognition both politically and economically. To understand characteristics of leaders during these turbulent times, two leadership surveys were carried out in Estonia in 2001 and 2003, evaluating actual leader behavior and desirable leader behavior, respectively. The methodology of the surveys used the Global Leadership and Organizational Behavior Effectiveness (GLOBE) research program, a worldwide, multi-phase and multi-method project. The results showed Estonians expect their leaders to be *charismatic - value based-team oriented* and *participative*; the leaders are not expected to be humane, self-protective and autonomous. The leaders' actual behaviors were considered *charismatic - value based* and *team oriented*, but *not participative* and *too autonomous*. This paper concentrates on the qualitative part of the research and on analyzing the interviews with the leaders of that era.

The modern world can be described by three major global trends: reinforcing technological development, globalization, and the heterogenization of lifestyles. It is more precise not to speak about globalization in general and universal terms, but rather about a specific wave of globalization; the wave being discussed began during the first half or the middle of the 1980s. This wave of globalization is mainly based on two propelling forces—economic liberalization, especially related to the movement of capital, and the development of information technology and transport networks. In addition to positive outcomes, this wave has resulted in a rising gap between countries and the increased vulnerability of different types of systems, and consequently in threats to the sustainability of development (Terk, 2002).

Changes in post-Soviet organizations have been deeper than those typical of a market economy because the new economic order is based on different attitudes and values and attempts to shift the organizational culture toward new values or beliefs, which has been an

enormous challenge (Bluedon, 2000). This challenge is interesting in terms of globalization and the transformation itself; this combination can produce quite unique results.

An important issue that must be considered when talking about the re-establishment of the Estonian republic and that affects the value of the principles of law throughout society is the continuum derived from the first Estonian Republic at the beginning of the 20th century. It must be emphasized that this new developmental stage in Estonian history, the new Republic of Estonia, is influenced by the fact that independence was re-established based on a legal continuum confirmed by the constitution accepted in 1992. As Schneider and Almann stated (as cited in Heidmets, 2007), the principles of legal consistency have obtained the status of a battle flag in the *de jure* existence and *de facto* re-establishment of the Republic of Estonia.

For Estonia, the last 15 years have not only included change, but also rapid and fundamental reform. Almost everything has been transformed: the political and economic systems, ownership relations and citizenship, and friends and enemies. Estonia has reinvented itself as a country and a society. However, the path Estonia has taken has been complicated and controversial (Heidmets, 2007).

During recent decades, Estonia has evolved from a hierarchical, centralized system of state-ownership and command planning to a decentralized, market-driven economy founded on private property. This transformation could be described as social transience, in which a complex set of normative and operating principles, embodied in historical structures, systems and practices becomes replaced by another unknown set; such transience has made this period very ambiguous and uncertain for actors involved. Estonia, the smallest of the three Baltic states, had previously practiced democracy and a market economy, and the country enjoyed living standards comparable to Scandinavian nations before the unlawful incorporation in 1940 (Zamascikov, 1978). Yet fifty years of Soviet occupation left Estonia with a divergent workforce with differing attitudes toward change both in society and in organizations. Additionally, many people have had work experience in vastly different economic systems (Alas, 2004).

The mission of the leaders of Estonia's re-establishment of independence has been carried out. However, Estonia's goal must continue to be becoming an equal member of the European Union and gaining respect from the world. Who are the leaders who had the assignment of guiding Estonia through the transformation from Soviet state ownership to a Western-style market orientation?

According to Schein (1993), the responsibilities of companies were redefined during the transformation process: companies focused solely on economic priorities and renounced their corporate responsibility for workers; now, as Ducker said, a revolutionary managerial culture is needed (as cited in Barnowe, 1992). Kanungo and Mendonca (1996) pointed out that during turbulent times, transformational leadership is best for meeting the needs of organizations. When a company changes its strategy, its people must do things differently as well. And it is the job of leaders at all levels of the organization to help employees identify and understand the changes needed to execute the new strategy and to motivate and guide them toward new ways of working (Kaplan & Norton, 2005).

Beginning with the demolition of the Berlin Wall in 1989 and the dismantlement of the Soviet Union, management and leadership studies in former Soviet countries has continued to be an important topic. The main question for these recently liberated countries has been whether the managerial forces and management styles are more similar to their geographical neighbors or to the countries of the western world. Do they suffer from holdovers from the Soviet regime, or are

they establishing their own specific style of leadership? According to Lang (2003), leadership studies in Eastern Europe reveal a more or less different pattern of leadership behavior in these countries to those in western or northern Europe. One explanation for this is that it is a result of the so-called communist heritage. However, this leaves out any consideration of the influence of the transformation process as a fundamental process of change, which may have supported more strict types of leadership, as well as the influences of different stages of the transformation process.

The historical events and theoretical background regarding societies engaged in the change process highlights the need for the present research. Knowledge acquired from history can be turned into strengths for the future. Estonians, as well as other transforming nations, can benefit from the insights gained from such research.

Transformation in Estonia

Economic transition and transformation indicate different concepts to some social scientists. According to Clark & Soulsby (1999), the concept of transition has been claimed by some economists to connote a presumed move from a command economy toward a Western-style market economy, and the use of this term necessarily has an ideological halo effect. On the other hand, they also argue that the notion of transformation suggests nothing about the destination of the process of socioeconomic change, and that it emphasizes the variety and complexity of the process.

The authors suggest that when discussing Estonia's move from a command economy to a market oriented economy and its accession to the EU, the term transformation should be used. This is because we view the nature of this change as being more like a resumption of the market-oriented direction Estonia had previously taken during its pre-war period of independence. The authors also wish to avoid the halo effect that emerges when treating the period as transitional.

The combination of political and economic reforms, the transformation of key economic institutions, and the impact of foreign investment have made this change process one of the most dynamic features of the global economy (Denison, 2001). Societies are institutionalized contexts, so any explanation of the processes of economic organization and change must begin from an understanding of the nature of institutions and the ways in which institutionalization influences concrete economic structures and activities (Clark & Soulsby, 1999). According to Denison, the most important changes that occur during the transition/transformation process take place on an organizational level, and these changes remain unexamined. The transition/transformation process may well begin with macro level political economic reforms, but it can never be complete until dramatic change has occurred in each individual organization.

Organization and management must be understood as parts of the institutional system; they do not exist or operate independently, but reflect, reveal, and reinforce cultural rules and accounts about the nature of rational economic behavior in particular, and social conduct in general. Organizing and managing are subject to the same process of institutional inertia and change as other formal structures and social practices, and they abide by the same technical criteria, rationality, and normative criteria and legitimacy as other elements of the system (Clark & Soulsby, 1999).

Managers interpret their environment to create systems and structures that they believe will be adaptive. It is the successful creation of these systems and contexts that is required to change behavior, motivation, flexibility, and productivity. This process is never linear, but

instead co-evolves at each of these levels simultaneously. The history of nations, the cultures of organizations, the clash of economic ideologies, and the struggle to survive all come into play in the workplace on a daily basis (Denison, 2001). Thus, the fundamental transformational challenge for leaders is to simultaneously manage continuity and divergent change—namely, to abandon an institutionalized template of functioning and replace it with a substantially different one (Clarke, 1994).

Leadership must not be confused with status, power, or official authority. High status given to somebody does not guarantee the ability to lead. The same is true with power; leaders always have some measure of power rooted in their capacity to persuade, but many people with power (derived from money or the capacity to inflict harm, the control of something or somebody, military power, or access to the media) are without leadership skills. Likewise, official authority is simply legitimized power. Contrastingly, leadership requires major expenditures of effort and energy—more than most people care to give (Gardner, 1990).

Despite the multitude of approaches, four components can be identified as central to the phenomenon of leadership: leadership is a process, leadership involves influence, leadership occurs within a group context, and leadership involves goal attainment (Northouse, 1997). Globalization opens up many opportunities for business, but it also creates many challenges. One of the most important challenges is acknowledging and appreciating cultural values, practices, and subtleties in different parts of the world. All experts in international business agree that to succeed in global business, managers need the flexibility to respond positively and effectively to practices and values that may be drastically different from what they are accustomed to. This requires the ability to be open to the ideas and opinions of others. Being global is not just about where you do your business; it is also about how you do it (House et al., 2004).

Perhaps most important of all, successful incorporation of globalization demonstrates that there is no right or wrong culture, no better or worse culture, except in relation to what the organization is trying to do and what the environment in which it is operating allows (Schein, 1990).

Empirical study

In order to investigate the leaders in Estonia during the transformation process, the authors of the current article decided to use the cross-culturally established GLOBE methodology and research tools. The GLOBE research program is a worldwide, multi-phase and multi-method project. The concept of the research program is concerned with leadership and organization practices, and it was conceived in the summer of 1991. In 1993, the recruiting of GLOBE country co-investigators (CCIs) to collect data in 62 regions began (House et al., 2004).

Phase one involved setting and testing questionnaires and building research concepts. Phase two (GLOBE 2) concentrated on culturally endorsed leadership perceptions and organizational, societal, and cultural values and practices. Phase three (GLOBE 3) was a CEO study, investigating practiced leadership behaviors, work related values, subordinate motivation, commitment, and the self-perception of managers and their work related values and motives.

The fieldwork was carried out by CCIs responsible for leadership of the project in specific regions in which they had expertise. Their activities included collecting quantitative and qualitative data, ensuring the accuracy of questionnaire translations, writing country specific descriptions of their cultures, interpreting the results of quantitative data relevant to their culture, and contributing insights from their unique cultural perspectives to the ongoing GLOBE project.

In most cases, CCIs were natives of the cultures from which they collected data and resided in that culture (House et al., 2004).

Estonia, represented by the authors of this paper, joined the project in 2001 and started by carrying out phase three (GLOBE 3); phase two (GLOBE 2) was carried out in 2003. This paper reflects the qualitative portion of the study (part of GLOBE 3), i.e., the transformation seen through the eyes of local chief executive officers (CEOs).

Sample Design

In the context of the current research paper, phase one of the Estonian research was carried out in 2001 (GLOBE 3, phase three in the context of GLOBE). According to the GLOBE research methodology, the sample had to consist of 40 CEOs from companies or larger organizations. Half of them had to be entrepreneurial CEOs—leading a company they established themselves—and the other half had to be "hired CEOs." Heads of divisions in domestic companies were not considered CEOs and did not qualify for inclusion in the sample, but heads of international companies were considered to be equal to CEOs of local companies. The rationale for this distinction was that the divisions of international companies doing business in Estonia are far enough removed from the influences of the parent company that they can be considered independent. The same independence could not be afforded to the branch or division managers of local companies. The minimum number of employees required to be working for the organization to be included in the sample was 25. To include 40 CEOs, it was decided to create a somewhat larger sample than the required minimum.

For the current article, the results of the semi-structured interviews were used. The semi-structured interviews carried out with the CEOs consisted of 10–12 questions depending on whether the CEO was an entrepreneurial manager/leader or a hired manager/leader. The interviews were first taped and then transcribed. From these written transcriptions, statements and viewpoints related to different aspects of economical life, situations, etc., were selected for use in the current article. An overview of the interview questions is given in Appendix 1.

Consequently, a sample of 63 companies was formulated by random selection from the database based on the Top 100 of Estonia's most successful companies in 2000, as published by the Estonian business daily newspaper, Äripäev. (An analytical survey design, rather than the representative descriptive survey design (Oppenheim, 2003), was chosen). Finally the empirical part of phase one (GLOBE 3) was based on 44 completed research kits, including 174 subordinate questionnaires. Sixty percent of the 178 respondents were men, and 40% were women. The average age was 36.9 years.

Results and Discussion

Socio-economic transformation, at both macro and micro levels, can be understood as institutional change from both the structural and social perspective embracing structures and social values. When the elements of an institution lose credibility and need redefining, the processes of *de-institutionalization* and *re-institutionalization* take place (Clark & Soulsby, 1999). The transformation of Estonia started early in its economic life—even before the re-establishment of the independent state of Estonia. New institutions in the shape of co-operatives and joint ventures started to appear. The first co-operatives in the Soviet Union were established

in 1988, and many of these were founded in Estonia. Many of the pioneer entrepreneurs and company executives involved in this stage were subjects in this research.

The idea of a transformational period of Estonia also found support from the CEOs involved in the study. Many of the entrepreneurs in the current study admitted that there were turbulent times. To illustrate what the period of transformation in Estonia was like, some statements from the interviews with CEOs about the economic circumstances and main obstacles in processes are provided here. Respondents stated (responses are identified by respondent identification number):

- " … *in 1988 the doors opened a little bit … and in the Soviet Union you could feel such an atmosphere of opening and the first joint-ventures were established between Western and Soviet enterprises…."(009).*
- *"... I can say that 1989 was such a happy period — everything was changing" (009).*
- *"... in 1989 the changes in society could be seen with the naked eye and life had to be organized differently" (044).*

As the legislative environment in Estonia encouraged the creation of new private enterprises after re-gaining independence in 1991, most companies in Estonia were young with newly established concerns (Alas, 2004). The economic situation in this new republic was difficult, and the company executives involved in this research reflect that. While looking separately at the two different groups of company executives, paid managers and entrepreneurial managers, their opinions do differ on this point. For the entrepreneurs, the primary task was survival and the most important issues were money, profits, and loans. Money and finance related issues were also mentioned by some of the hired CEOs, but for them this matter seemed a bit easier. The importance of economic outcomes (profit, turnover, etc.) is also reflected in the work-related values, which will be discussed later.

Manager Responses

Speaking about the obstacles related to the development of the business, the majority of entrepreneurial managers said that one of the biggest problems was related to financial resources—the problems with getting loans. Local and foreign banks were not very eager to finance the establishment of new enterprises, and the credibility of local entrepreneurs and enterprises was very low.

Perceived challenges. The financial situation described above can be seen in the statement by one interviewee:

- "…of course there were problems with financing; the banks did not want to give loans nor credit for starting enterprises, so we had to borrow the money from our friends. We were lucky, we could pay the money back quite soon, and now we have an enterprise which has a creditable reputation also with the banks" (041).

Another important obstacle that had to be overcome during the period of building up the Estonian economy and society was getting rid of "old time attitudes." One of the interviewees saw this as being important for a lot of people:

- "The Soviet mindset that we had was pretty hard to break" (045).

To summarize the comments from the managerial interviews about the first decade of free entrepreneurship and transforming Estonia, the following statements are very characteristic:

- "…then I had no experience of how to build up on organization like this … and now I look back at it as a period of learning … but during those times the obligation of an enterprise was to be flexible and act according to the opportunities of the environment" (002).
- "I didn't think that The Republic of Estonia is such a serious thing in this sense that all the things starting from the beginning, from A and B have to be done and written down by ourselves, or at least together with others, and all kinds of work groups and councils and boards had to be organized and utilized, but it was an interesting period and there was the opportunity to do and test things personally and to learn a lot" (009).

Another person looking back on the period stated,

- "…as the Estonian Republic is developing slowly and is still suffering from its birth pains…" (030).

The period between Estonia's liberation and joining the EU was rather short. It was a period that was full of changes and unexpected obstacles to overcome, but eventually it yielded learning and achievements. The hard times seem to be gone, as one of the company executives said,

- "…the difficulties are starting to be forgotten they are even hard to recall, but actually they were quite physical" (002)

Money and profits. In the 1970s, probably the most influential economist of the period, Milton Friedman (1970), stated that *the only responsibility of companies is to make a profit.* Estonia during the 1990s has been considered, and in some respect rightly so, a perfect example of 'Friedmanism' in Central and Eastern Europe (Alas et al, 2007). The interviews with the CEOs of companies support the importance of profits and other short-term values. The overall impression was that money and profits were why companies exist.

When asked what the purpose of the organization was, many of the interviewed respondents (especially entrepreneurs) answered turnover and profit. Some did mention market share and the development of the brand and brand awareness, but still the prevailing answers were profit and asset values.

The following statements from CEO interviews have been chosen from numerous others to illustrate the importance of profitability:

- "…still the main aim of the company is to earn the money and grow, the wealth of the owners. Earning the money has been the main aim right from the beginning (the company was founded in 1988) and nowadays the main aim is still the same. We do have smaller aims and visions but the main thing is still earning the money" (006).

Another quote also reflects the overall mentality:

- "…on first place is still money. If the organization has money, then the organization is alive and there is something to manage" (044).

Alas (2003) also founded in her thesis that in a transforming economy with unstable institutions, survival needs dominate in the formation of people's attitudes. Heidmets (2007) concluded that Estonian society cannot afford to concentrate on one single area of development—economic development.

Management/leadership styles and characteristics. Lewis (2003) describes Estonians and their management style using the following adjectives – reserved, critical and stubborn.

Estonians think that questions asked need a straight answer and they do not provide any additional information on their own initiative.

On the basis of the interviews with CEOs, the characteristic they most often mentioned when evaluating themselves was systematic approach, followed by good communication skills. The CEOs also pointed out that they are trusting, hard working and enthusiastic people, who are optimistic, straightforward, ambitious, can resist stress, are patient and trusting, possess intuition, are experienced and analytical and are good listeners. All these characteristics were stated in at least in two interviews. The first one — systematic approach — was mentioned by six CEOs and good communication skills by four CEOs.

The local managers themselves also think that their main weakness is that they are not strict enough, especially when it comes to routine (they also stated that they hate routine). This was one of the main characteristics, but interpretations varied as can be seen by the following statements:

- "My weakness is controlling" (002)
- "I am lousy in control" (004)
- "I am not systematic enough while it comes to routine and controlling then I have push myself hard to be consistent" (012)
- "I absolutely hate controlling" (015)

There is an interesting fear among the managers that they are too good or too gentle. Through their statements they want to show that they know that a manager/leader has to be more decisive but they are hesitant unless their employees find them sufficiently decisive. They characterized themselves with the following words:

- "I am too gentle" (006)
- "I am not resolute enough" (031)
- "I am too soft; I have to be sharper and more decisive" (043)
- "I am too compromising" (044)
- "I sometimes place too much confidence in my employees and try to understand them" (045).

One of the managers said, "…maybe I trust my people too much or I am naïve," but he concluded the sentence after speaking about swindlers everywhere around us: "…but without trust you cannot do business" (042).

Some of the managers were critical of themselves, describing themselves as:

- "stubborn and even uncompromising" (005)
- "authoritarian" (030)
- "partly too authoritarian" (003).

Both who stated that they are "a bit authoritarian" also thought that the employees are used to it.

It seems that Estonian company executives are worried about being cheated or deceived, and they are not well prepared to prevent or avoid it. They want to treat their people well, but remain concerned about the possible negative outcomes. They still have the idea, or at least feel hesitant that maybe managers should be as Elenurm suggested in 1985 — "Estonian managers are demanding, giving orders and information and controlling, and their role as motivators, developers, team leaders and conflict managers is insignificant" (Elenurm, 1985).

In 1985 Elenurm pointed out that the role of the Estonian manager as a team leader is rather poor. In this sense there has been a change among Estonian managers, as a decade later one of the most important leader attributes is team orientation.

It is good to see that in independent Estonia, the role of distributing information is still one of the most important characteristics of local leaders. Even decisiveness and self-confidence has remained, but luckily new characteristics associated with people skills, which were lacking in Soviet managers, have developed.

Based on literature the qualities that are particularly helpful in enabling leaders to bring about transformations are creating vision, encouraging personal development of the staff, providing supportive leadership, empowering employees, innovative thinking, leading by example and being charismatic.

In addition to charisma, two key personality factors are agreeableness and extroversion, which combine to enhance interpersonal relationships (Judge & Bono, 2004).

Most people place a great deal of faith in their leaders. Whether they are business leaders, political leaders, or leaders of religious or social groups, leaders are important representatives of their organizations. Leaders are looked to for direction, for inspiration and motivation and for comfort. Leaders give clues about how to behave, about what is right, and what is important (Ulmer et al, 2007).

Managers of post-communist enterprises have to assume this leadership role in the milieu of sudden discontinuity and dramatic change. They are the only ones potentially capable of translating changes in the macro-economic environment into the corresponding micro-economic behaviour of firms. Otherwise, transformation to a market economy will not happen (Kozminski, 1993).

Transformational leaders encourage the personal development of their staff, practice supportive leadership, empowerment and innovative thinking and they lead by example. Being emotionally stable and open to new experiences and extroversion are very highly rated. London (1999) stated that the leadership challenge in the twenty-first century is to lead in a way that shows high integrity, trust, and honesty.

The company executives of the study emphasized the importance of team orientation. The following quote could be used to illustrate this:

- "The most important strength is our people: our team, the specialists and the managers – their skills and motivation to work here" (022)

While talking about the strengths of management/leadership skills one of them pointed out,

- "I can assemble a powerful team to work together with me and also motivate the team to work towards challenging and ambitious but attainable targets" (015),

and another added,

- "… the keyword is teamwork" (019)

All these statements, and numerous others not included in this article, demonstrate that the basic ingredient for success is teamwork and that teams highlight the *transformational style of the leaders.*

Conclusion

It took Estonia fifteen years to become a member of the European Union. It all began with Independent Economic Estonia, an idea known as IME—which in Estonian means "miracle," as it seemed to impossible to have a free economy in the Soviet Union. The process of re-establishing the Republic of Estonia was an enormous challenge for the entire nation. All the changes necessary to transform the planned economy of a Soviet republic into a market economy oriented independent state, had to be directed by leaders.

Leadership in Estonia will probably develop further during the coming years; the question is in what direction. Will Estonians continue developing along a country-specific track and establish a "unique Estonian leadership style," or will leaders in the future become increasingly similar to global leaders—gaining conventional Western leadership patterns or merging into something of a European Union leadership style? Today it is not possible to predict these developments.

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Appendix 1 - CEO Interview Guide

Begin with an explanation of the cross-cultural CEO study. Inform the CEO of the following:

This is a multination study of CEO leader behavior and its effects, organizational practices and their effectiveness, and strategic organizational change. Twenty-seven countries are participating in the study. This study is a follow-on to a study of leadership and organizational practices in 62 countries. In that study we identified the kind of leader behavior most commonly expected of high-level executives in each of the cultures. I will leave with you a copy of the first report of the 62 nations study (House et al, monograph in ADVANCES IN GLOBAL LEADERSHIP, JAI press). While this report is quite technical, I believe you will find the information on pages 212 to 216 to be informative and interesting. A non-technical report of the current study will be sent to all participating executives in about two years. There will take one year for data collection and another year to complete the data analyses. Separate analyses will be conducted for each participating country and a collective analysis of all of the data will also be conducted.

The data collection for the current study consists of interviews with approximately 50 CEOs in each nation, and administration of the questionnaire to their immediate subordinates. The questionnaire consists of questions about the leader behavior of the CEOs, organizational practices and their effectiveness, organizational competitive performance, strategic processes, and organizational change. It also includes questions about the environment of the organization and its dominant technology.

Ensure the CEO that the responses to the questions will be kept completely confidential. Inform the CEO that the interview usually takes about forty-five minutes and that you would also like him/her to complete a short ten-minute questionnaire after the interview is completed. Please wait for the CEO to complete the survey to clarify any questions.

Please record the interview on an audiocassette and have the interview transcribed for subsequent motive coding.

Ask the CEO for permission to record the interview on an audiocassette. Tell the CEO that you will turn the recorder off at any time that he or she wishes not be recorded. (If you do turn the recorder off take notes about what he/she discusses unless he or she expresses that you should not take such notes).

Following questions are asked from No- Entrepreneur CEOs
INTERVIEW QUESTIONS:
1.   Would you briefly, taking about five to eight minutes, describe your career to date, beginning with your education and then when you first entered a management position?
2.   When you assumed your present position was there a mandate for what you were expected to accomplish, a number of problems you were expected or desired to solve, goals you expected or desired to achieve, or a vision of your own or someone else's to be accomplished?

3. What were the strengths of the organization that you expected to help you accomplish your mandate?
4. What were the major deficiencies in the organization, or the major problems or barriers facing you, in accomplishing what you hoped to accomplish?
5. What are your major strengths with respect to your functioning as a CEO in your current position?
6. What are your major weaknesses?
7. Please describe the most important organizational changes that you plan to implement in the near future.
8. How do you plan to go about it? (Probe for how he or she will introduce the change and the strategy for its implementation.)
9. Please describe your philosophy of management (this is usually already implicitly described in the answers to the above questions). If time permits request the CEO to describe the second most important change he/she wants to introduce, and repeat question 8 with respect to this change.
10. Are there any other considerations we need to know about in order to understand your role in your current position?
11. At this point, please give the CEO the quantitative questionnaire, ask him/her to fill it out and return it to you while you are there. We advise you to wait for the CEO to fill it out. Again, the questionnaire should take approximately 10 minutes to complete.
12. **IMPORTANT**: In the CEO Entrepreneur and Non-entrepreneur questionnaire, the organizational change section (questions 1-13) may be problematic for some respondents. Please ask them to answer in regard to MAJOR strategic, organizational or operational change that has occurred in the last six months.

Following questions are asked from Entrepreneur CEOs
INTERVIEW QUESTIONS:

1. Would you briefly, taking about five to eight minutes, describe your career to date, beginning with your education and then when you first entered a management position?
2. How did you happen to found your business? That is, what were the events or circumstances that led up to the founding of your business?
3. When you started your business, what goals did you expect or desire to achieve?
4. Did you have a vision the kind of organization, products to be produced, and kind of market to be served by your organization when you founded your business or did the organization, product line(s) and markets evolve incrementally?
5. What were the major problems or barriers to achieving your vision/objectives that had to overcome?
6. What were the factors that helped you accomplish your objective (s)?
7. What are your major strengths with respect to your functioning as a CEO of your organization?
8. What are your major weaknesses?
9. Please describe the most important organizational change that you plan to implement in the near future.

10.   How do you plan to go about it? (Probe for how he or she will introduce the change and the strategy for its implementation.)

11.   Please describe your philosophy of management (this is usually already implicitly described in the answers to the above questions). If time permits request the CEO to describe the second most important change he/she wants to introduce, and repeat question 9 with respect to this change.

12.   Are there any other considerations we need to know about in order to understand your role in your current position?

13.   At this point, please give the CEO the quantitative questionnaire, ask him/her to fill it out and return it to you while you are there. We advise you to wait for the CEO to fill it out. Again, the questionnaire should take approximately 10 minutes to complete.

14**.   IMPORTANT**: In the CEO Entrepreneur and Non-entrepreneur questionnaire, the organizational change section (questions 1-13) may be problematic for some respondents. Please ask them to answer in regard to MAJOR strategic, organizational or operational change that has occurred in the last six months.

Leadership Attitudes in Lithuanian Business Organizations: Evidence and Perspectives

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This paper presents an analysis of management transformations in Lithuania, resulting in a response to global challenges and their influence on leadership attitudes. The emphasis is on the results of a survey that reveals the orientation of the mindset of leaders who expressed their principles and attitudes to leadership practice. The level of importance Lithuanian managers' place on leadership function and their managerial competency in implementing this function was analyzed, demonstrating the dominant leadership attitudes in business organizations. The concept of this paper is based on the integration of leadership theory and actual practices.

Problems associated with management transformations, prompted by global issues, have escalated across the whole world, and now it is clearly understood that the traditional, industrial management system that developed within economic-geographical boundaries no longer applies. An intensive search for new managerial attitudes, methods, and technologies is underway, and new management paradigms are being formulated, which are bound to have an impact on the managerial attitudes of Lithuanian business managers.

The managing authority figures of the last era are losing their influence and certain success factors no longer give companies the edge they once had. The management system is also becoming evermore dynamic and flexible: organizational structures are being transformed, the orientation toward team-work is growing, attitudes toward human resource management are becoming more liberal, and there is less stress placed on monitoring the personal work of subordinates and the negotiation of different forms of bureaucratic decision-making (Chapman, 2001). The role of high-ranking managers is becoming increasingly related to organizational culture that values showing initiative, autonomy, and creativity in the decision-making process, as well as knowledgeability, as knowledge and information are now valued more than other resources, such as capital and assets. The significance of cultural differences and their influence on an organization's managerial orientation is duly recognised (as discovered in the results of

empirical research conducted by Hofstede (2001), Trompenaars and Hampden-Turner (1997), and others). The necessity of understanding and tolerating partners' cultural peculiarities has also been acknowledged—that is, managers must exhibit intercultural competency.

The paper begins with an overview of social, political, and cultural factors in describing managerial behavior and research on leadership issues in Lithuania. This is followed by an analysis of an empirical study of leadership attitudes in Lithuanian business organizations.

The Influence of Cultural Values Orientations on Managerial Behaviour in Lithuania

In order to have a clearer image of current Lithuanian leadership, it is important to acknowledge the influences of political, societal, and cultural factors on the management process. Changes in post-Soviet organizations have been deeper than those typical of a market economy because the new economic order is based on different attitudes and values, and attempts to shift the management and organizational culture toward new values or beliefs—something which has been considered one of the greatest challenges (Bluedon, 2000). During the decades of transition, the Baltic States (including Lithuania) changed from a hierarchical, centralized system of state-ownership and command planning, to a decentralized, market-driven economy founded on private property and on new, different values. This transformation could be described as social transience, in which a complex set of normative and operating principles, embodied in historical structures, systems, and practices, becomes replaced by another unknown set, making this period very ambiguous and uncertain for those involved (Tuulik & Alas, 2008).

In the case of Lithuania, it should be remembered that local traditions of sound economic management existed in the pre-Second World War era, but the reign of the command economy was long and strong enough to eradicate most of them. Basic managerial and entrepreneurial skills have been neglected during recent decades, and it has demanded considerable time and effort to reintroduce them into the new generation of Lithuanian companies and business managers (Diskienė, 1997).

The group most heavily affected by the consequences of this system were managers and the upper echelons of the government bureaucracy. It strongly rewarded conformist attitudes and discouraged independence and initiative. What became the cultural norms are as follows: aversion to change, endeavouring after the preservation of the status quo, maximization of security, and compliance with the directives and demands of power centres outside the enterprise.

The creation of a market economy in Lithuania required a radical transformation of the values moulded and firmly entrenched under the socialist economy, such as a sense of security, conformism, obedience, and self-effacement, and deference to the decisions of higher-level authorities. These values, which in the past determined the behaviour of managers, grew into norms and evolved into an organizational culture that can be identified as bureaucratic. Some qualities that were not required from managers in this Soviet period that are now of great importance are as follows: innovativeness, entrepreneurship, and strategic thinking about the future of the organization.

Now, people in the Baltic States are more attuned to the politics of self-determination. Compared with other former Soviet Republics, the level of education is remarkably high and notable stress is put on Western skills. According to Manning and Poljeva (1999) and Manrai et al. (2001), a strong working ethos is helping re-establish historic economical relations with

Western Europe and revive the old Hanseatic trade routes (as cited in Huettinger, 2008, p. 360).
Furthermore, Lithuanians share a cultural and political heritage with Poland and have strong
historical links with Germans. They are said to be emotional and grandiloquent (Lewis, 2000).

Culture has a tremendous impact on many factors, including leadership, within the
international business field has become a focal issue (Nasierowski & Mikula, 1998). According
to Ardichvili and Kuchinke (2002), little research has been conducted on cultural values and
their influence on aspects of management in the CEE countries. More recent studies, which have
included Eastern Europe, are those of Nasierowski and Mikula (a replication of Hofstede's 1984
study in Poland) and Suutari's (1998) comparison of Estonian, Russian, and Finnish leadership
behaviors (as cited in Mockaitis, 2005, p. 45). As little is known about the Baltic countries even
now, Mockaitis (2002) and Huettinger (2008) have contributed to filling this gap; applying
Hofstede's methodology, they have applied the cultural dimensions he identified to the Baltic
States (power distance, uncertainty avoidance, masculinity/femininity,
individualism/collectivism, and long-term/short-term orientation) (see Table 1), thereby
revealing their influence on management activities, among them, leadership.

Table 1
Results of Work-related Values of Baltic States

Country	PDI	UAI	IDV	MAS	LTO
Northern group	28	40	69	14	41
Baltic group	42	63	63	19	-
Estonia	40	60	60	30	-
Latvia	44	63	70	9	25
Lithuania	42	65	60	19	30
Poland	68	93	60	64	32

[1]

In order to have a better understanding of the attitudes of Lithuania's enterprise leaders in
terms of their managerial activities, the dominant cultural value orientations should also be
discussed (Diskienė, 1997; Diskienė & Marčinskas, 2007) as distinguished by authors in the field
of cross-cultural management (Kluckhohn & Strodtbeck, 1961; Hofstede, 1984; Hall, 1989;
Trompenaars, 1993).

Environment

The dominant environment existing in Lithuania is one of control and constraint, which is
determined by a combination of the instability of the surrounding conditions (work and business)
and orientations. As Lithuanian culture can partly be associated with fatalism, people often tie
their fate to God's will, government decisions, and other external forces. In other words, a

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[1] Adapted from Huettinger, 2008

control orientation toward the surrounding environment is being formed quite rapidly, even though Lithuanians are less likely to take risks and look rather suspiciously on change due to a dominant feature of the national character—conservatism. This assumption is confirmed by research on how the uncertainty avoidance dimension influences management (Mockatis, 2002; Huettinger, 2008). However, a greater inclination among the younger generation to make risky decisions and innovation intake has already been noticed. In the business sector, the idea that "life is what you make of it" has become commonplace (an effect of the influence of Western culture). The environment is and should be adapted to satisfy people's needs.

Time

A very restrained monochronic orientation to time prevails in Lithuania even though the understanding of time is not as precise as in the west (i.e., the "time is money" approach does not have many followers). Lithuania is more orientated to the past and the present, and these attitudes are organically inter-twined. Change in the name of progress is unpopular as people are rather conservative and do not accept change very easily (uncertainty avoidance is quite high; see Table 1). However, in an organization environment, orientation toward the present is noteworthy, meaning planning is more short-term in nature, and resource allocation and coordination is based on present need.

Activity

Lithuania's culture is more orientated toward business-like objectivity rather than interpersonal relations, even though the importance of forming good relations in business is widely acknowledged. When faced with difficult situations, managers—especially those who are convinced of the activity's purposefulness—try to achieve the best results, sometimes ignoring the difficulty of the task. Younger managers place special importance on work-styles orientated toward business-like objectivity and seek independence and autonomy, agonizing over the restrictions they face in these areas.

Communication

Lithuanian culture is more orientated toward a narrow context of communication. The dominant communication style is direct, formal, and rather reserved. Strong traditions, adherence to social customs, and respect for rules and procedures are all highly regarded in Lithuania, as is status both in society and in an organization environment. This is evidenced by the sustained use of titles (professional and academic).

Power

A strong orientation toward hierarchy can be felt in Lithuania. Attention is given to social status, authority, duties, and one's name. Status symbols are strictly defined in organizations. Governance has remained autocratic and paternalistic in some cases, although in recent years there has been a strong move toward democracy (the power distance dimension is rather moderate; see Table 1).

Individualism

      Lithuania is a combination of individualist and collectivist orientations. The latter is rather strong, as in other East European countries. Broadly speaking, Lithuanians' national consciousness is more collective that individualistic; however, people's work-groups are not prioritised as much as their primary social groups (family and friends). In recent years, there has been a growing trend toward individualism.

      The set of societal and cultural orientations presented above do not involve all the values that are shared by Lithuanians. These orientations, however, seem to be significant in understanding the specifics of managerial activities and behavior in Lithuania. Table 2 presents the link between cultural values, behavior, and attitudes preferred by Lithuanian managers.

Table 2

Cultural Orientations in Lithuania and their Influence on Managerial Behavior [2]

Cultural value orientations	Expression in managerial behavior
Combination of control and constraint in the making	Fate, luck, and other external forces (such as management) control people's lives. Rather low flexibility in the organization's activities Avoidance of risky decision-making The new generation of managers highlight their dominance in the organizational environment
Reservedly monochronic and strict understanding of the past-present	A weak involvement in formal work time planning is demonstrated (difficulties are linked to acting precisely according to time schedules) As traditions are very highly regarded, change is not prioritised A dominance of short-term planning; resource allocation is orientated toward current needs
Stronger orientation toward business-like objectivity	A style orientated toward taking action, especially among the younger generation of managers Demonstration of reserved optimism and caution in the organizational activity Career-seeking attitude Motivation is mainly tied to material stimuli and career opportunities
Communication that is moderate, narrow in context, direct, reserved and formal	Good relations often become a provision for task accomplishment Informal contacts are associated with performing a certain activity Respect for rules and procedures Conflict avoidance Importance of informal groups

[2] Diskienė, 1997; 2007

Cultural value orientations	Expression in managerial behavior
Reservedly private space	Space is an important status symbol Managers prioritize having individual work rooms Distance is maintained in conversations
Hierarchical orientation toward governance	A reserved distance is maintained by higher level managers Organizational structure is usually vertical and bureaucratic Formal power-seeking Importance of formal degrees and ranking Minimal inclination toward teamwork
Combination of collectivism and individualism	Special particularisation of performing a certain activity Anti-cooperative attitudes Insufficient inclination toward cooperation Inadequate loyalty to the organization or branch
Exhibited tendency toward competitiveness	Managers are inclined to maximise their results to the detriment of others Avoidance of obligations to be carried out in sacrifice of one's personal life
Orientation toward order	Large degree of uncertainty avoidance A need for rules, procedures, and regulation
Holistic thinking	Priority is given to symbolic thinking rather than dry facts Insufficient rationality in decisions Ability to solve irregular problems

To summarize, it can be said that although every Lithuanian business organization forms its own specific cultural characteristics, there is still a link between common cultural values and managers' attitudes and priorities.

Leadership Research in Lithuania

The issue of management and leadership in organizations has been receiving special attention for several decades. Ever since the middle of last century, this topic has been widely discussed by academics, researchers, and business people in developed Western countries, and now management specialists from the new, up-and-coming economies are joining in the discussion. A review of available leadership literature quickly reveals a myriad of definitions. Awareness of the complexity of the relationships in a leader-follower situation is critical. The leader is a person who occupies a position of responsibility in coordinating the activities of the group, which has the task of attaining a common goal. Leaders must mobilize their constituents to do something and induce their willingness to do it. Leaders are those who give credibility to their words by their actions. An adequate analysis of leadership involves situations and conditions under which leader behaviors are effective (Aioanei, 2006).

It is no wonder that there are a number of competing theories of leadership. According to Burke (2006), over a rather extended period of researching management issues, more than 15,000 articles and books devoted to this complex problem appeared. Nevertheless, leadership remains one of the most vexed areas of management research, with many unresolved problems (James, 2001). Indeed, Cole (1999) has argued that, despite decades of empirical research that

has produced a mass of findings we still do not have an integrated understanding of leadership (Soutar & Ridley, 2008, p. 462).

Lithuania's academics only started researching the leadership phenomenon in the 1990s; thus, it is a rather new research subject in this country. The first academic studies were by Razauskas (1988, 1996), Zakarevičius (1996), Butkus (1990), Jucevičienė (1996), Jucevičius (1996), and Žvirdauskas (2006). Management terminology became an object of discussion; the concepts of management, administration, and leadership and their differences were analyzed and compared with the corresponding terminology presented in English language sources of literature on this topic. Seilius' studies (1997) raised the issue of effective leadership, underlining that an organization's success is determined by the personal characteristics of its highest-level leader, that is, their theoretical-practical experience and intuition. Šilingienė (2004) interpreted the relationship between management and leadership in a theoretical way, presenting a general concept of leadership based on research of Lithuanian enterprise managers. Skaržauskienė and Barvydienė (2005) analyzed the leadership phenomenon on an existential psychological plane, highlighting the concept of modern leadership, the similarities between leaders philosophical worldviews, and their distinctions and trends, which impact activity results. In summarizing several theoretical sources, Skaržauskienė (2008) presented a new leadership concept based on new systemic-thinking principles that was linked to the integration of four dimensions (vision, values, knowledge, and power). Šimanskienė (2006) raised the issue of gender difference in the management process, and her research results refuted the hypothesis that men and women apply different management tactics, thereby confirming the importance of social acquisition issues over innate behavioral tendencies in this process. Marčinskas and Diskienė (2007, 2008) researched public and private sector leaders' attitudes to the implementation of management functions, focusing on their managerial competency and approaches. Staniulienė (2008) analyzed managers' use of power in Lithuanian enterprises in terms of how it was exerted on their subordinates. Butkevičienė, Vaidelytė, and Žvaliauskas (2009) researched the expression of leadership in Lithuania's governmental services, focusing on the results of leadership competency research. Other individual authors have also given significant attention to separate aspects of leadership: motivation (Mockaitis & Šalčiuvienė, 2003; Marcinkevičiūtė, 2005; Bakanauskienė, Staniulienė, & Maziliauskienė, 2008; Genevičiūtė-Janonienė & Andriulaitienė, 2008; Bakanauskienė & Ubartas, 2009), the manager's role in the conflict resolution process (Kulvinskienė & Stancikas, 2003), and stress management (Kulvinskienė & A. Bandzienė, 2008), among others.

In summarizing Lithuanian authors' research on the concept of leadership, it was noticed that a majority of authors are orientated toward theoretical leadership interpretations, while empirical research is mostly directed at separate aspects of leadership (gender difference in the leadership process, conflict resolution, motivation, managers' use of power in terms of their subordinates, leadership in separate sectors, etc.). There is a noticeable lack of integral research on the concept of leadership itself.

Managers' Attitudes Toward Leadership in Business Organizations in Lithuania

The definitive role in resolving crucially important management transformations tasks, as much on a social as on an organizational level, belongs to managers because managerial activity and its effectiveness has a marked influence on a country's political, economic, and social

processes. A manager is a leader of opinions, and the bearer of value system standards. This is why, when analyzing the leadership attitudes of managers of Lithuania's business organizations, the authors had to look at the importance managers placed on leadership function and their level of managerial competency in implementing this function.

Research Methodological Explanation

This empirical research is a part of broader research, which was conducted by the authors in 2005-2006. It revealed the prevailing managerial attitudes in Lithuanian public and business sectors in the context of management functions (planning, organizing, leading, motivating, and control), and evaluated their compliance with modern management standards. Data was collected from different Lithuanian business companies and public sector organizations, which encompassed all geographical aspects and business activity (production and service) types. This research encompassed the wide scope of the population researched—1154 leaders (515 in the public sector and 639 in business organizations) from different management levels (top, middle and first-line). Since the article discusses the attitudes of leadership in the business sector, the study results concerning the public sector are excluded.

The whole research was based on a quantitative method of data collection: survey. The non-probability, convenient sample was used. The chosen method of data collection was the self-completion questionnaire. The anonymity of respondents was respected at all times, as some questions may have appeared sensitive to the respondents.

The questions represented leadership function measured on a five-point Likert scale. The used questionnaire consists of three parts:

1) Open-end questions, which provided us with possibility to evaluate and describe the personal opinion of the respondents;

2) Closed-end questions, meant to determine the characteristics, attitudes, and skills of the respondents; these questions reflect the attitudes and leadings toward used and wanted leadership styles, featured power sources in organizations, the leaders' positions from the perspective of the subordinates, and motivational leverages used;

3) Personal factual questions regarding age, gender, education, number of working years, and the managerial position of the respondent in the company (see table 3).

The open-end questions, as expected, created more difficulties in processing the survey results; it was time consuming. Nevertheless, it was very useful in respect to leadership competences and orientation identification.

Table 3
Background Information on the Respondents (percentages)

Characteristics (percentage)	
Gender	
Male	49
Female	51
Age	
< 30	35.8
31-40	36.8

41-50	18.6
51-60	8.0
> 60	0.8
Education level	
Professional education	8.6
Higher education (5 years)	31.1
Bachelor degree	27.4
Master degree	32.3
Doctor degree	0.6
Management level	
Top	23.5
Middle	49.3
First-line	27.2
Number of working years	
<1	12.8
1-5	40.7
6-10	27.6
>10	18.9
Activity sphere	
Production	23.3
Service	76.7

The questionnaires were evaluated using the MC Excel program. The research results allowed the evaluation of the compliance of managerial attitudes in implementing leadership function.

Characteristics and Abilities of Lithuanian Business Organization Managers

The possession of special skills has a direct impact on the effectiveness of managers' activities. The standardized application of the skill groupings identified by Katz (1955) (i.e., conceptual, technical, and working with people) to separate management levels does not guarantee that their possession will ensure effective leadership. It is noteworthy that the relative importance of these skill groupings changes significantly depending on the situation, while the optimal blend of technical and specific skills is linked to the type of organization in question (Boyatzis, 1982; Kotter, 1982). Even within the same organization, according to Szilagyj and Schweiger (1984) the combination of skills will depend on the activity's strategy. Nevertheless, specific skills such as analytical abilities, persuasiveness, oratorical abilities, tact, and empathy are important in any management position.

Evaluating managerial competency and attitudes toward leadership, it can be pointed out that characteristics typical among business organization managers differ little from the selection which was formed to describe the range of various results of this research on managers (see Figure 1).
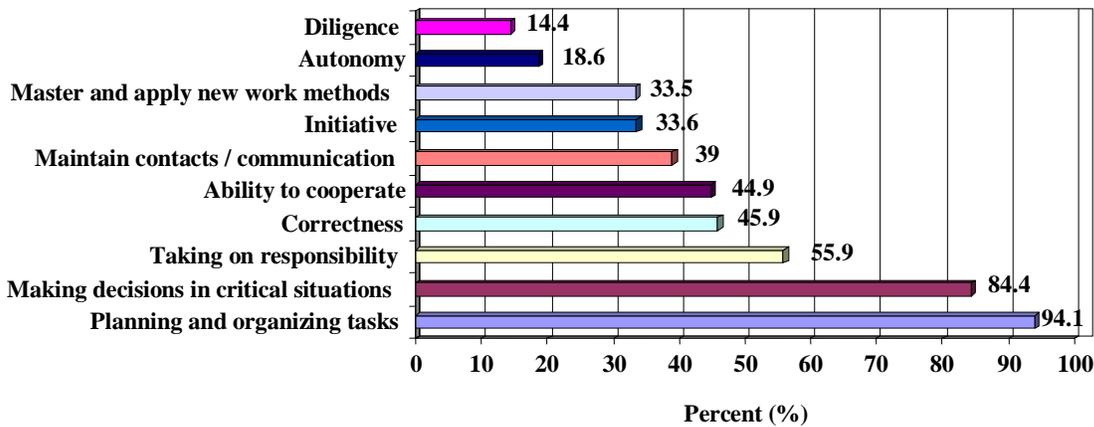
Figure 1: The Most Important Characteristics and Abilities of Managers in Lithuanian Business Organizations

It should be noted that task planning and organization skills, as well as decision-making, especially in critical situations, are very highly regarded. This demonstrates that there is a clear understanding of these key management system factors, such as the importance of planning and decision-making, and it is understood that decision-making is one of the essential elements of managerial activity. Managers also underline the importance of maintaining relations and contacts, which is determined by business activities in themselves as they are strongly consumer-orientated, where the ability to establish contacts, show attention, and foster good relations facilitates sustaining consumer numbers, which is ultimately related to the final activity results.

Over half of the surveyed managers identified responsibility as an especially important managerial characteristic. One either accepts responsibility or not, and even when responsibility is handed down, the individual must accept it internally; otherwise, it remains a mere formality. The insufficient evaluation of initiative should be highlighted as well: it was identified as one of the most necessary characteristics by more than one third of managers from the business sector. Yet, all managers need to understand that initiative is one of the most important managerial leadership characteristics that allow them not to overlook new opportunities and implement them.

Managers' Attitudes Toward the Implementation of Leadership Styles in Organizations

Managers' attitudes are clearly reflected in their leadership styles. Irrespective of how leadership style is described, management specialists unanimously admit that it consists of a combination of a manager's personal characteristics, the conditions under which they carry out their activities, and the behavior of their subordinates—which is influenced by the nature of the professional activity and the existing organizational culture. In other words, that which we see when observing the work of a leader at any level is an expression of their personal abilities and experience accumulated in situations that have had an impact on his or her attitude, especially related to how one should and should not display leadership skills. In addition, there is a significant influence not only from the type of organization that is being managed, but also from objective factors which determine contemporary management styles:
- Reorientation of the economy in relation to the market;
- Volatility in social, political, and legislative conditions;

- Internationalisation, arising from integrated structures and most of all, the increase in the appearance of international information systems, competitiveness, and interdependence in the global economy.

During the course of our research it was noticed that in business organizations, there has been a distinct push from an autocratic leadership style toward a more democratic one (Česynienė et al., 2002; Diskienė & Marčinskas, 2007). Previously (from 1999-2001), leadership styles in organizations were set out in the following order: autocratic, liberal, mixed, and democratic. In organizations, the mixed style was mainly expressed as autocratic-liberal or liberal-autocratic. When analyzing the established situation, it was noted that managers' work styles were in line with the realities of that period, and that the outcomes of autocratic leadership in organizations were rather high, as proven by their activity results. However, the managers gained awareness that these managerial attitudes were starting to have a negative impact on inter-relations and cooperation within the collective, and that which appeared completely acceptable and was effective unwittingly became an obstacle. All of this was encouraged by the change in managers' orientation. At present, a majority of managers (as stated by over half of those surveyed) place priority on a democratic work style based on cooperation, mutual respect, and the manager's authority.

To establish managerial attitudes to management, the following typology of leadership styles was selected (Figure 2).
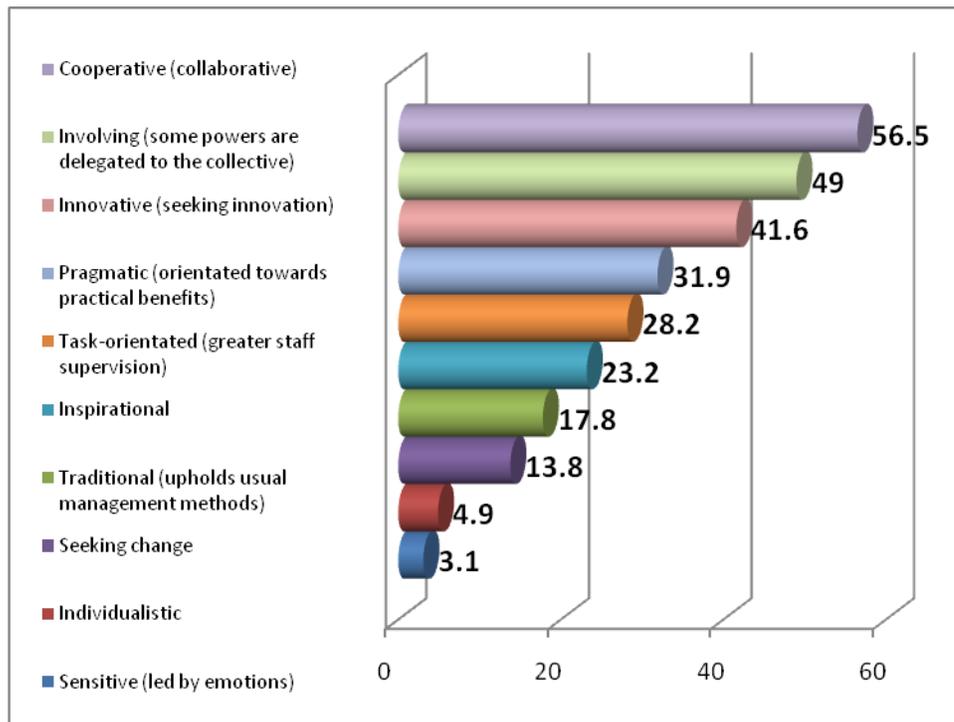

Figure 2: Preferences of Leadership Styles in Lithuanian Business Organizations

As the research data shows, more than half of the managerial staff upheld a democratic position (56.5%), which is completely in line with the afore-mentioned conclusions (Diskienė & Marčinskas, 2007). The selection of a democratic style is obvious as its implementation is seen

by many to produce greater results. It is, without a doubt, effective when internal stability must be maintained within an organization. Appreciating this choice made by managers, it should be noted that a managerial mindset stereotype still prevails – the democratic style is one of the best.

An attitude orientated toward participation is second in priority (49.0%). As is widely accepted, management based on participation is effective when the maturity levels of the subordinates are rather high. When selecting this attitude, managers simply state the required level of staff competence and their ability to independently perform a task, resulting in the manager having to be less prescriptive and more supportive by discussing tasks and making decisions together.

Many managers highlight the innovative approach as one of the most dominant. Managers seeking innovation usually want changes to take place. In this approach, it is the changes in management systems that allow the hidden reserves of staff characteristics to be revealed. According to such managers, the introduction of various changes makes it possible to avoid activity stereotypes and a certain kind of professional deformation among the staff. Innovation-orientated managers make up 41.6% of all managers in business organizations, which is clearly related to fewer restrictions on the organization's system and structure, the type of business sector, and today's challenges. However, one important disadvantage of this attitude cannot go unmentioned, one which commonly arises when managers (possibly due to a lack of experience or managerial ambition) ignore the real limitations of their environment. The negative effects of this attitude are related to an over-abundance of innovations. An organization undergoes a radical "shake-up" as usual activity stereotypes are too drastically eroded.

The sensitive approach is practiced by the fewest number of managers (3.1%). Incidentally, it is more popular among women (it was chosen by just over 2% of men and almost 5% of women). This approach to management places great importance on social and psychological matters. However, emotional and warm relations within a collective can have a downside. It is most important not to forget that a certain distinction should remain between the manager as a leader and the manager as a friend.

The traditional approach to management still maintains its position in the mindset of certain managers and was selected by about 18% of respondents. This traditional management style seeks to preserve the situation that is most familiar. Even if the effects of this type of management are slight but nevertheless bring results, there is no inclination to make any elementary changes. In addition, managers exhibiting this traditional attitude are inclined to uphold the same, usually inadequate, work principles and misguided priority system or strategy. They are prepared to defend their right to work "as they always have" and are likely to base this on the type of work they do, as well as on limited resources and opportunities.

The inspirational attitude of management is closely tied to charismatic management. Only 23.2% of managers in the business sector prioritize this style. This is indicated by the insufficient preparation of managers to take on the burden of leadership as it requires taking action, showing initiative, thinking creatively, and bearing additional responsibility. Incidentally, the inspirational approach is more common among higher-level managers, among whom there are undoubtedly quite a few true leaders. Based on the research conducted by Barvydienė and Skaržauskienė (2005), it is this level of managers who see being a leader as being responsible, and this is their own free choice.

On the above scale, the staff and task-orientated attitude of business organization managers is rather telling and strict. Different combinations of these dimensions can have

ambiguous effects. Irrespective of the greater attention to subordinates and levels of structurization, which should ensure greater activity efficiency and thus have a positive impact on staff satisfaction, it cannot be guaranteed since situational factors can have a major and unexpected influence (Mullins, 2005, p. 290). In addition, research conducted in other countries (Misumi, 1985) underlines that effective management demands both orientations toward task and staff relationships. In the opinion of almost one third of Lithuania's managers (27.4%), task-orientation is one of the attitudes that bring the most results. This is clearly a short-sighted position that can bring only short-term benefits. A manager seeking long-term success needs to find a sensible balance between the two orientations: if all attention is diverted toward carrying out a task and the staff's needs are left completely ignored, sooner or later the staff will react negatively, which will impact work quality; meanwhile, if too much attention is given to a friendly work atmosphere and the creation of good staff inter-relations, task implementation may suffer. Realistically, only a quarter of the managers surveyed expressed a more or less substantiated opinion concerning the rationality of combining both orientations. Such an understanding of this particular management orientation happens to reflect one of the more prevalent contemporary management trends—the strengthening of the social face of management and its orientation toward the individual. Under present conditions, more managers must understand that the desired goals can only be achieved by the whole collective working together as one effective team. For this reason, it is important to suitably combine both orientations; that is, to improve activity results and to form and maintain good relations within all the organization's groups.

Managerial Attitudes in the Formation of an Organization's Internal Environment

Management quality is closely related to an organization's internal environment, which is formed by managers themselves and whose optimal level and rationality is very dependent on the management competency of managers. An organization's internal environment can be described by the following features: goals distribution, attitudes toward control, decision making, managerial position, dominant management sources, trust in the manager, and conflict tolerance.

The Direct Manager's Position in an Organization

Whether the selection of one or another prioritized management style actually reflects the existing work styles of managers in organizations is partly indicated by the immediately superior manager's position description. In an organization, several positions are possible depending on the dominant management style: the dictator who demands obedience—managers who insist that their orders are carried out immediately; the problem-solver who requests cooperation—such managers who aim to involve all staff in the work process and seek to establish uniform attitudes; or the strategist who requests partnership—the type of manager who tries, among other things, to create a friendly, conflict-free atmosphere.

The Strategist who requests partnership 48.4

The Problem-solver who requests cooperation 35.1

The Dictator who demands obedience 14.7

Figure 3: Managerial Roles in Lithuanian Business Organizations

Managers, for the most part, uphold the positions of the strategist requesting partnership and the problem-solver requesting cooperation. This is congruent with managers' orientations toward a more democratic and involvement style of management. The position of a dictator demanding obedience, according to the respondents, is taken by a smaller number of managers—about 15%. This position is congruent with the autocratic management style. However, in this case, a discord between these managers' orientation and the position they have been ascribed can be noted. The managers themselves state that a strict, authoritarian style is demonstrated very rarely, while their behavior is understood differently (i.e., all the characteristics typical of a manager-autocrat are demonstrated).

Potentials for Using Authority in an Organization

In the opinion of most specialists, one of the most important elements of leadership is the effective use of authority in an organization. Authority is understood as the power to influence staff behavior in a way that is beneficial to the organization. Authority transfuses the entire organization, maintaining its structure and uniting all the various organizational constituent parts into a whole. Success in using authority or reactions to authority depend on how it is understood, knowing when and how it should be used, and the ability to foresee the outcomes of its use.

For an organization's activities to be successful there must be a cohesive distribution of authoritative powers; imbalance would jeopardize disrupting the organization's systems and may lead to staff passivity. According to Kanter (1979), managers' hopelessness transforms into ineffectiveness, non-harmonious leadership, and a petty, dictatorial management style.

In influencing an organization's staff, a manager is guided by different power sources. These are plainly referred to in management literature, with no indication of their order or priority dependent on the stage of the manager's area of activity or career. However, usually there is some kind of order in place; despite the existence of several governing power sources, one can still be identified as being most prevalent.

If the manager is an established professional within his or her field, then the power of knowledge can have much importance as a power source. Subordinates rarely oppose a competent, professional decision, and they willingly carry out orders handed down. However, when crossing over to a higher hierarchical level, there is danger in continuing to play the same role of a specialist in one's earlier field of activity in order to utilize the professional's power

potential to the full extent, thus either forgetting to apply or inadequately applying one's time and efforts to carry out new duties. An especially significant power source is the power of personality, or charisma. Yet, we should not overlook that simply being charismatic (in particular when there is little knowledge or other resources to back it up) does not guarantee authority for long among one's subordinates, nor is it possible to ensure that they will adequately complete a certain task.

Regarding the use of authoritative potential, it is important to state the dominant power sources of organizations in the business sector (Figure 4). When analyzing power sources, a definite asymmetry was noticed. According to the respondents, knowledge dominated as the main power source in organizations. In their opinion, formal rights and personal characteristics were less related to power.

Knowledge and experience (i.e., competency) matches the expert authority typology, which is understood as using ability, experience, and knowledge to exert influence. Knowledge, identified as the main power source, gives a positive description of respondents' understanding of today's realities, meaning that they understand that by developing the knowledge and information societies, professional and managerial competency requirements in the public sector will grow. Competency, or knowledge in a particular field of activity, is an effective organizational balancing power; competency can be achieved through formal education, independent work, and work experience (Whetten & Cameron, 2004). Knowledge, as a distinguished resource, increases the possibility of gaining more authority. Possessing special knowledge, even the lowest-ranked management representative can earn the authority normally reserved for a higher-level staff member. In addition, in those organizations where decision-making depends on substantiated, objective information, a person possessing more knowledge will have more authority. Therefore, it is no wonder that leaders at all levels prioritize knowledge as the dominant power source.
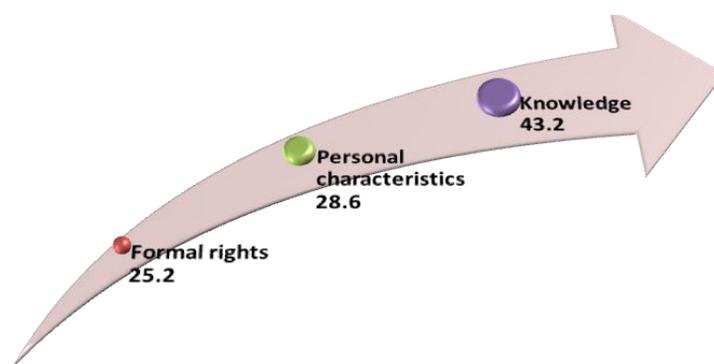
Figure 4: Dominant Power Sources in Lithuanian Business Organizations

Formal rights, as a source of power, match the type of authority that represents power gained through occupying a particular position in an organization's official hierarchy. An interesting fact is that this source of power is considered most important by representatives of the most active career-seeking age group (31-40 year olds). If movement along the career ladder is

not as rapid as they expect, then this is perceived as a restriction of their opportunities and a lack of formal authoritative responsibilities. However, the view that authority is determined only by the position held within the hierarchical structure is misleading. Experienced staff members understand perfectly that representatives of different levels (not just the higher levels) can have influence in an organization based on informal relationships, and this aspect is the underlying cause of acquiring formal organizational influence, not its result (Whetten & Cameron, 2004).

Personal characteristics as a source of power are tied to the standard authority typology when one's resources and qualities help them earn authority among their subordinates. This encompasses charisma, likeable behavior, and physical characteristics. There is no doubt that a manager exhibiting these characteristics—which include broad scope of the existing situation, sacrificing personal well-being in the name of the vision, using novel methods, possessing a special sixth-sense, great enthusiasm, and self-confidence (Conger & Kanungo, 1987)—will draw a greater number of followers, and thus their influence will be significantly greater. However, respondents gave a rather punitive ranking to personal characteristics as a source of power. This is not a good sign as it shows an inadequate inclination among managers to actually lead when there is a lack of both personal attractiveness and demonstration of professional and moral values.

Managers' Attitudes Toward Conflicts in Organizations

One of the conditions for successful managerial activity is a manager's socio-psychological competency, an important aspect of which is their conflict resolution competency. This encompasses understanding the nature of the conflict, the formation of a constructive approach toward conflicts, possessing conflict-management and regulation skills and fostering them, the ability to foresee the consequences of a conflict, and the ability to eliminate the negative effects of conflicts.

Conflicts often arise over organizational or technological problems, and they later transfer to personal relations. Therefore, the higher the level of personal culture among managers and subordinates, the greater the number of objective and constructive conflicts that will arise. Conversely, the lower the personal culture, the more often conflicts take on a personal, destructive nature. It is thus the style of conflict management applied that determines whether its effects will be positive or negative (Thomas, 1976). The negative effect of conflicts can be very significant: staff dissatisfaction grows, staff don't feel well or happy, opportunities for cooperation fall; and if there is too much involvement in the conflict situation, the damage done to work activities grows, as does staff turnover. At the same time, conflicts can have a positive effect by minimizing tensions between the conflicting parties, helping gain new information about the opponent, and encouraging change and development.

Is the conflict competency of Lithuania's business organization managers adequate? The research results show a rather positive mindset exists among managers—i.e., the gradual change

from a traditional approach to conflict being seen as a threatening phenomenon (see Figure 5).
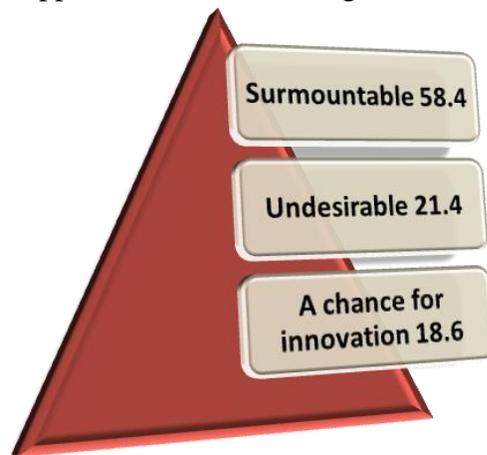
Figure 5: Orientations in Conflict Tolerance in Lithuanian Business Organizations

Conflict is not understood only as a great threat; it can be surmountable if there is sufficient preparation. More than one half of the surveyed managers reported this opinion, and approximately 19% represented a progressive, optimistic approach and valued conflict as an opportunity for innovation. Nevertheless, approximately one quarter of respondents' attitudes toward conflict were passive—they thought that conflicts were undesirable and tried to ignore them. However, ignoring a problem is one of the greatest mistakes made by leaders when managing conflicts.

Generally speaking, conflicts are unavoidable, and the modes of resolution can become valuable for the organization. Depending on the conflict resolution modes employed, the whole organization's activities can be either maintained or destroyed. Conflict resolution modes mentioned most often in management literature range from cooperation to coercion (Robbins & Judge, 2007; Daft, 2005). The conflict resolution modes of Lithuanian leaders, in order of priority, are:

1. cooperation – 86.5%
2. compromise – 74.6%
3. stimulation – 38.5%
4. conformation – 12.1%
5. avoidance – 9.4%
6. coercion – 9.4%

This ordering by managers confirms the growth of their conflict-management competency; i.e., their orientation toward seeking out the most effective modes of resolving conflict situations is being expressed—namely through cooperation, compromise, and stimulation. The formation of positive trends in managerial thinking highlights earlier research designated for analyzing management orientations in the business sector; most often, enterprises seek to avoid conflicts or ignore them (Česynienė et al., 2002).

There is no one right method to resolve conflictual situations. However, as important as constructive conflict resolution is conflict prevention. Prevention envisages interaction between people and the creation of suitable conditions for their activities in an organization in order to

decrease the origin of conflicts and the potential for the development of destructive disagreements.

Managers' Attitudes Toward Staff Motivation in an Organization

The effectiveness of managers' leadership is closely tied to the successfulness of staff motivation. This is influenced by factors that encourage work activities, such as remuneration and awards, self-consolidation, respect, career prospects, creative atmosphere, and confidence in the leadership. There is no doubt that motivating factors have varying impacts on different people.

Do the motivational measures applied by managers in practical activities match understanding of the priorities of staff motivation? The research results confirm that staff motivation priorities do not exactly meet the motivational leverages in place. Motivational leverages that are used by the surveyed managers (see Figure 6) undoubtedly depend on their managerial competency and on the actual situation (i.e., the realities of the labor market and standard of living in the country).
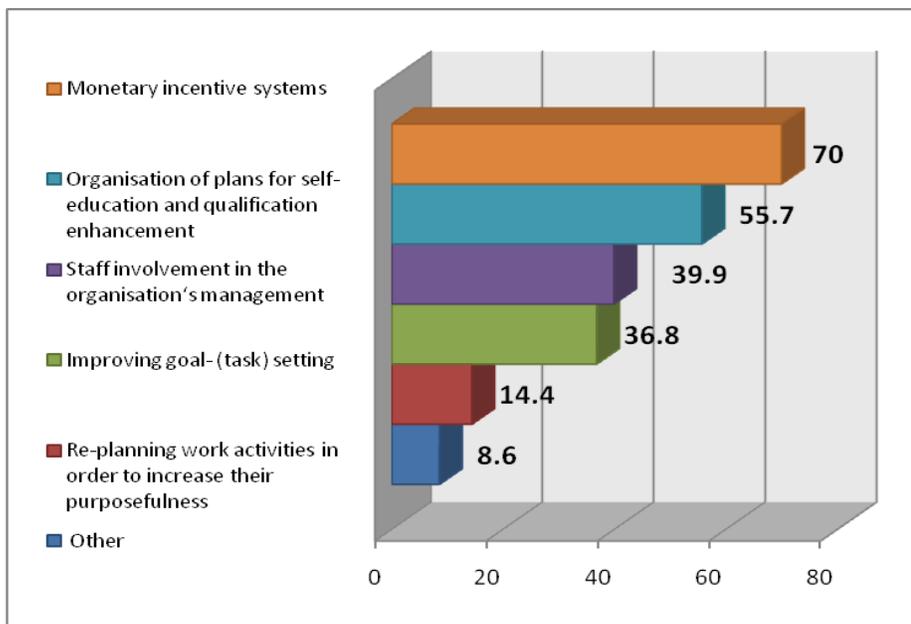
Figure 6: Motivational Leverages Used in Lithuanian Business Organizations

It was expected that the most importance would be given to monetary incentive systems, and this was confirmed by a majority of the business enterprise respondents (70%). Remuneration is a universal factor that motivates people to work. However, the infatuation with monetary incentives should not be exaggerated. As Herzberg stated, a salary in itself is not a motivator. It is merely a sanitary factor—i.e., it can keep someone in an organization, but it cannot motivate on its own. To be more precise, the monetary factor is not considered the stimulus that would motivate every staff member to perform a certain complex task. Irrespective

of this, many managers place special importance on money as a motivator, although money often becomes a tool for manipulation and loses its role as a motivating stimulus.

Monetary incentives partly correlate with the understanding of the importance of staff needs for security (managers are of the opinion that this requirement is most dominant). This became especially relevant to Lithuania and other Eastern European countries during the period of economic transformation when staff were concerned about keeping their jobs. Foreign managers working in this region found it difficult to understand this work-performance attribute, wherein maintaining one's position (i.e., job security) was more important that additional payoffs.

The evaluation of managers' attitudes toward the application of motivational leverages would not be objective without considering their opinions on restrictions on the effectiveness of motivational technologies. Unfortunately, the sophistication of the survey participants, in terms of the macroeconomic situation and societal mentality, was not adequate (almost half of all respondents did not answer, or were not able to evaluate the situation; i.e., their competency score was very low, equal to 1 or 0). In summary, it can be said that one of the weaknesses of applying motivational technologies is the restriction on allocating financial resources, which does not facilitate fostering staff abilities to the fullest extent; encouragement is weakly linked to the invested effort, qualification, competency, and loyalty to the organization, which is why it does not motivate staff to show initiative and continually strive for improvement. There is no doubt that the country's economic situation has a major impact on staff motivation processes. This is linked to general economic development indicators, the labor market situation, existing salary levels in the market, and inactivity among staff; and all of these factors have a strong influence on the circumstances within organizations themselves. The evaluation of each organization's opportunities for providing motivation cannot be ignored either (such as existing resources and possibilities for their re-grouping, ineffectiveness of the incentives being applied, and opportunities to use immaterial leverages).

Conclusion

When looking at Lithuania through the framework of value orientations, it should be pointed out that managerial behavior and attitudes prevalent in the country can be described as minimally flexible in action, formal, aversive to making risky decisions, and containing a reduced ability for teamwork. The particularity of action, predominant here, indicates a moderate power distance value, a high level of uncertainty avoidance, and a need for rules and regulations.

In summarizing the research of Lithuanian authors on management concepts, it was noticed that the majority focused on theoretical management interpretations, while practical research was aimed more at separate aspects of management (gender differences in the management process, conflict resolution, motivation, managers' use of power in respect to their subordinates, leadership in individual sectors, etc.). There is a lack of integral research on the concept of management itself.

At present, the majority of business organizations' managers' leadership attitudes represent a clear push toward a democratic style—one based on cooperation, mutual respect, and the authority of the manager, which is congruent with the modern management philosophy of coming to an agreement based on cooperation between managerial staff and not dominating relations.

Unfortunately, there is a more one-sided situation in regard to staff- or task-orientation; in essence, Lithuania's managers are more orientated toward the task at hand, which clearly goes against one of the spreading trends in modern management where there is a strengthening of social management and its greater orientation toward people. It is noteworthy that in organizations there is an asymmetry between motivational leverages and knowledge of the motivating priorities of the staff, resulting in managers' inadequate application of motivational leverages in practice. In addition, the objectivity of Lithuanian managers' application of motivational leverages is reduced due to their insufficient sophistication in evaluating the macro-economic situation and mentality, which realistically determines the limited effectiveness of motivational technologies.

To summarize, it is necessary to turn attention to the fact that Lithuania's managers are not always able to adequately and effectively react to market needs or evaluate newly arising issues in a globalization-affected environment. This may be identified as a problem of national importance, which clearly requires an adequate program.

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LEADING THE CHANGE FOR QUALITY ENHANCEMENT: A ROMANIAN CULTURAL PERSPECTIVE

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This article comments on leadership and quality enhancement in Romanian companies from a cultural perspective based on the results of three studies performed by the author related to cultural orientations in Romania. Key cultural orientations (as described by Hall, Hofstede, Schein, and Rosinski) are used to debate leading cultural changes needed most in Romanian organizations in order to effectively implement quality management to increase performance and competitiveness. Also, considering the context of Romania's ongoing process of European integration, the results of the author's research on key cultural values in Romanian companies are mirrored in relation to a synthesis of dominant European organizational values and their role in creating a culture of quality. Within this framework, it was determined that the change processes needed in Romanian companies must be oriented by a more inspirational, transformational leadership—moving the center of gravity from conservatism, high context communication, polychronism, high power distance, lack of transparency and confidence, and inward orientation to a proactive attitude, dynamism and flexibility, trust, openness, higher valuation of time and performance through innovation, and continuous improvement.

Culture, Leadership, Change, and Quality

No matter where applied—companies, NGOs, the government, etc.—quality approaches aim at improving effectiveness, flexibility, innovation, and, ultimately, competitiveness of an organization through specific mechanisms (such as strategies centered on customers and continuous improvement, awareness and understanding of processes, etc.), as well as real commitment and the involvement of everyone at all levels.

The global short-term race for efficiency, which has contributed to the present global recession, painfully reminds us that a fair balance in the money-quality-respect equation for the customer could be a chance for recovery. Achieving quality objectives often requires a change in

the organization's mindset toward a culture of quality centered on shared belongingness to the system, continuous improvement, and value for customers (Hill, as cited in Dale, 1998). Consequently, instead of seeing quality approaches as processes aimed at changing the organizations, we must change the organizations to adequately support quality efforts mainly through education, training and leadership, whereas structure, systems, and procedures are important, but subordinate (Schein, 2004).

It results that successful quality approaches are critically related to inspirational, transformational leadership, capable, through personal effort, example and dedication of the leader, to build a cultural framework based on quality centered values: focus and facilitation (shared values and vision, systems, balance, involvement, and action); flexibility, innovation, and risk taking; synergy and co-participation (congruent objectives, clear processes, and *primus inter pares*); attention, openness, courage and trust; and long term orientation (direction and continuous improvement).

In quality approaches, effective leadership is the key to excellence: it starts with a clear vision centered on quality (cultural element) to be developed into a strategy to implement the vision (structural element) through specific processes and mechanisms (Imai, 1995; Oakland, 1999). Some components of this include (a) Building a culture of quality based on genuine commitment for continuous improvement (CI, CIP, Kaizen); (b) Promotion of "right the first time" philosophy; (c) Promotion of and support for training in quality issues and continuous development of quality "experts"; and (d) Systematic integration of quality in all strategic processes of the organization. After all, in quality matters, "leadership makes all the difference – always" (Creech, 1995).

Methodology

Within this conceptual framework, this paper will comment on three of author's studies concerning key cultural orientations and values of the social and business environment in Eastern Romania (historical region of Moldova) in relation with the leadership of quality approaches, in an attempt to answer two questions:
1. Which are the relationships between organizational and leaders' values and quality approaches in Romanian organizations?
2. Considering the requirements of European integration (post-accession), towards which specific cultural orientations should the Romanian leaders focus their efforts in order to positively support the organizational change processes centered on quality, mostly needed in Romanian companies to surpass the nowadays crisis?

The three studies discussed here were conducted in the context of a broader research on the relationships between cultural orientations and competitive capacity building in Romanian companies and took place over a period of nine years (the latest still ongoing).

The first study was conducted in 1999 (Stanciu & Huţu, 1999) within 42 manufacturing, commerce, services and construction companies, mostly private SMEs in Eastern Romania, all undergoing a process of change (175 valid respondents yielded a response rate of 62.9%).

The second, a follow-up study, was conducted over a two year period (2000-2001) within the context of more extended research on corporate culture and technology transfer considered to be a major process of organizational change (Huţu, 2003, 2001), involving 46 companies within the same geographic area, including 93% of the companies that participated in the initial research (142 valid respondents yielded a response rate of 54.2%).

The third study (1999-2001; 2002-2003; 2003-2008), which is still ongoing and was partially reported in Huțu (2004, 2007), has also been conducted mainly in Eastern Romania (85% of respondents) and has concentrated on cultural orientations in organizations based on the cultural orientations/dimensions of Hofstede (1980, 1991), Hall (1983, 1989), Schein (1985), Rosinski (2003), and the metaphor-based approach of Gannon (1993). All respondents are college educated professionals and/or managers from diverse organizations (industry, services, higher education, NGOs, government institutions). The respondent base increased from 144 valid respondents in 1999 to 850 valid respondents in early 2004, to 1683 valid respondents in mid-2008, and it attempts to develop a statistically representative sample at the national level over the coming years.

Aimed at balancing normative, descriptive, exploratory, and prescriptive approaches (Yin, 1989), the research methodology followed an integrated approach for all three studies. However, the researcher did not control behaviors, and the attention was focused on both diachronic and synchronic aspects of the studied phenomena.

The highly complex contexts of the studies, from both theoretical and practical perspectives, determined the sequence: a qualitative approach centered on case studies and focus groups—aimed at identifying major themes in relation to organizational and leaders' cultural orientations and values and their impact on competitive capacity building/quality/technology transfer—followed by a quantitative analysis based on surveys and in-depth follow up interventions based on both qualitative and quantitative instruments.

Data collection techniques used for the studies consisted of informal and semi-structured interviews, focus groups on Romanian cultural metaphor based on Gannon's (1993) methodology, case studies, surveys, secondary data analysis (company documents, statistical reports, media reports, etc.), and direct observations.

Resource constraints limited the sampling processes to mixtures of convenient "typical cases," "critical cases," and "snowball" types (Henry, 1990), with the respondents holding significant positions and status in relation to the objectives of the studies—respondents held key roles in change processes and/or technology transfer processes and/or quality/improvement approaches that were critical for their organizations.

The practical validation approach consisted of applying the principle of triangulation, consulting the respondents and pilot surveys for content validation, and minimizing the "Hawthorne effect." Unfortunately, considering the sampling method, inherent elitist bias, acquiescence, and "save face" types of errors were unavoidable.

Finally, the findings of the studies are used to compare and discuss cultural orientations and values in European Union (literature synthesis) and Romanian companies in an attempt to better understand the kind of changes the Romanian companies need and how that change processes must be led in order to successfully achieve continuous improvement and customer satisfaction.

Characteristics of National and Corporate Culture in Romania

Integrating the results of qualitative and quantitative research on national culture (Huțu, 2007, 2003, 2001; Stanciu & Huțu, 1999) has produced substantial insights. For example, *Power distance* could be considered low on the vertical-descendent direction and high on the vertical-ascendant direction due to differences in perception of the two categories of individuals involved in interactions; the individuals occupying power positions considered themselves accessible for

their followers while the followers seldom perceived their leaders accessible for them. Furthermore, informal communication has been preferred to official communication. High power distance can also be noticed at family level, tending to increase with age, along with nostalgia for the lost authoritarian system (which generated a high degree of power distance), which is confirmed by the latest European Values Survey / World Values Survey (2008).

Collectivism slightly exceeded *individualism*, being mostly manifested at family or closed communities level and was characterized by "high context," generating secrecy, nepotism and corruption; within organizations, collectivism and individualism have been balanced to a large extent, as also showed by Rusu & Huțu (1997). Teamwork is seen mostly as a framework used to exonerate individuals from taking clear responsibility for their work (operational level).

Masculinity and *femininity* were also balanced; either formally, or informally, either in families, organizations, or at the societal level, masculinity coexists and/or alternates with femininity: from often intolerant and aggressive behavior, close to "monumentalism", as recently defined by Michael Minkov (quoted by Hofstede, 2009) to caring for others, modesty, and the power to decide by persuading others to make the "right" decisions.

The degree of *uncertainty avoidance* proved to be high since people tend to think that they own the absolute truth. Also, at both formal and informal levels, there are very complex and complicated rules and regulations, from the legal system to very old rites and traditions; the supreme truth though, the super-ordinate informal rule seems to be, "break all the rules!" Secondly, *uncertainty avoidance* could be considered low in a country where history has been one of wars and natural disasters and uncertainty has been considered "normal"; as a consequence, at best, planning and forecasting have been materialized in projects and scenarios that have never been implemented because of an uncertain future.

Short term orientation prevailed and was directly related to uncertainty avoidance, reflecting the idea that fate was inevitable, making long term planning useless; the adverse reaction to long term planning, exacerbated by the communist centralized economy—along with the impact of nowadays economic environment, characterized by a chaotic "eternal" transition/crisis—has created a mechanism of self fulfilling prophecy, counterproductive for higher degrees of performance and long term success.

Manifested in relation with collectivism, the *context of communication* was mainly high, including at the organizational level; it was characterized by intense relationships, implicit meanings, intense use of symbols, limited use of instructions, etc.

Organization of time was dominantly polychronic, influenced by traditions, favorable climate, and availability of natural resources, features that contributed to the belief that there was no need to rush in order to reach objectives and deadlines, or even that there was no need of objectives and deadlines because "tomorrow is another day"; also, relationships are highly prized over objectives and deadlines.

In order to put Romanian national culture into perspective to be usable in dealing with organizational culture, there is necessary to further underline the following key elements:

- Highly conservative culture, based on high context, myths, legends, heroes, superstitions, etc.; people still live in a cyclical, "unhistorical" time, and don't yet really understand the importance of time for the success of their companies because for them time is indestructibly linked with the rhythms of Nature, and not with the rhythms of the business;
- Paradoxical integration of two major antithetical themes, "Meşterul Manole" and "Miorița", showing short term orientation, high/low uncertainty avoidance,

masculinity/femininity and collectivism over individualism (Huțu, 2003), endless search for meaning and sense amidst a turbulent history, and the belief in "the myth of the eternal return" (Eliade, 1954);

- The belief that there must be someone "up there" to make decisions, to control, and to judge what is Right or Wrong, combined with fear to stand for personal opinions and beliefs (high power distance), and strong dichotomy between formal and informal communication;
- The obvious conceptual dichotomy between hard work and success, between work and satisfaction, and between value/performance and recognition/rewards, mainly inherited from the communist era.

These elements were also reflected at organizational level.

Cultural dimensions at the organizational level produced further insights. *Power distance* was low if considered from top to bottom, and high if considered from bottom to top; to a very large extent, decisions and control are centralized, with top-down over bottom-up formal communication.

Concerning *collectivism vs. individualism*, within organizations collectivism and individualism are balanced; although most of the respondents reported preference to working in groups, middle and top management emphasized mostly individualistic attitudes (mainly related to power distribution and retention) even though most of them declared that teamwork was very important. Teamwork has relatively frequent use especially at the lower hierarchical levels, matching well with the native collectivist character of national culture (however, this attitude is not to be mistaken with teamwork in the Western sense of the concept since in Romanian companies, team mostly means an umbrella to hiding from taking individual responsibility and accountability more than anything else).

Masculinity vs. femininity: at formal level, assertiveness and authoritarian/aggressive behaviors were exhibited. Also, the number of women in top management positions was very small; in contrast, considering the "organization as family," femininity is manifesting at the level of informal relationships.

A contrasting situation presented regarding *uncertainty avoidance*. On one hand, there is a tendency toward low uncertainty avoidance with people feeling comfortable in ambiguous situations. Most of them are taken by surprise by daily problems, and many even declare that when making decisions they try to imagine various possible scenarios; thus, the difficulties appear when the ideas must be put into practice. The frequency of unforeseen situations is higher at the lower hierarchical levels compared to top management. On the other hand, high uncertainty avoidance can be noticed in attitudes toward new ideas, which, in many situations, are "lost" in a drawer or are regarded with suspicion.

Short-term orientation: the late communist planned economy exacerbated the adverse reaction to all that meant planning; the idea that "one can never know what will happen tomorrow so planning is useless" (which is much older than communism) is widely shared, negatively impacting performance and success.

Finally, *high context* and *polychronic time* are characteristics of national culture strongly integrated at the organizational level. A significant aspect of this refers to communication: horizontal, within-group, informal communication is preferred to vertical, inter-group communication.

Besides these dimensions discussed, the research identified several additional features specific to organizational culture in the geographic area represented in the studies:

- The idea that "the people are lazy and willing to cheat," which leads to a lack of cooperation and openness and a need for strict survey systems;
- The idea that "the law is only for fools," determined by corruption at all levels and low trust in law enforcement systems (police, justice);
- Secretiveness as a reminiscence of the former political system (fear to communicate information necessary for the development of a normal economic activity sometimes reaches extreme levels);
- Coexistence of conservatism, mainly manifested in relation with basic assumptions, traditions and rites, and inconsistency in dealing with more overt dimensions, such as norms, objectives, plans and procedures.

The research data revealed that the cultural environment at the organizational level emphasizes a strong contradiction between the formal, declarative level and actual practice. Despite the fact that there are official sets of values recognized and recommended as important, other, hidden values are actually used in practice. This fact underlines once again that organizational culture in Romania still carries on the scares of communism, many of them stressing already existing traits of the national background with a negative impact against the demands of competition in times of global recession.

Values, Leadership and Quality: Romania vs. the European Union

The Romanian vs. EU perspective on values, leadership, and quality is based on the cultural orientations in Romanian organizations and society discussed in the previous section and a literature summary by the author (Barsoux & Lawrence, 1991, 1990; Feichtinger & Fink, 1998; Garvin & Roberto (2005); Hall, 1989, 1983; Hampden-Turner & Trompenaars, 1994; Lawrence, 1991; Lessem & Neubauer, 1994; Moingeon & Soenen, 2002; Rosinski, 2003; Trompenaars & Hampden-Turner, 1998; Wilkinson, 1998; Winch, Millar, & Clifton, 1997), stressing quality as an organizational/managerial value.

Values, Leadership and Quality in the European Union

Although still debated, the "European identity" is a feature the European Union's defines as a common set of values that provide legitimacy, coherence, and direction for action: unity in diversity, freedom, democracy, respect for human rights, and the rule of law (*Treaties and law*, 2009).

Following the principle of "unity in diversity," the author's literature synthesis of the European organizational/managerial values has pointed out the following common features:

- Performance through individual and collective effort;
- Consistency, auto-discipline, and auto-control;
- Egalitarianism: status through professionalism;
- Time: sequence and synchronization;
- Flexibility, innovation, creativity, and dynamism;
- Enforcement of law, rules, and regulations;
- Thorough planning;
- Loyalty, openness, trust, and cooperation;
- Service for the customers.

It can be noticed that the specific values of European management are very similar to the defining values of Total Quality Management, Excellence Awards, and "the learning organization." Thus, role-based individualism and acceptance of status are combined with an orientation toward action, planning, focus on processes, structure, specialized roles, rules, and depersonalized standards and procedures, and are consistently applied following clear routines by professional management. Performance is the outcome of auto-discipline, auto-control, and responsibility of all organizational members, inspired by leaders capable to build a "culture of quality."

Integrative thinking, coordination, and integration centered on the systems theory lead to cooperation and co-determination and focus on processes and long-term planning, as well as on attention to the organization's interdependence with its external environment. Also, preoccupation for the external and internal customers becomes central in quality approaches, generating a predilection for creativity and innovation, high levels of risk taking and ambiguity, promotion of organizational learning, and entrepreneurship.

Values, Leadership and Quality in Romania: Romania in the European Union

A similar synthesis process was applied to the cultural orientations in Romanian organizations previously discussed in this article. The following features in respect to Romanian organizational/managerial values resulted:

- Improvisation: creativity, risk, and ambiguity;
- Lack of: consistency in applying quality standards and procedures, responsibility and accountability—"anything would do";
- Limited planning;
- Personal relationships outrun institutionalized objectives;
- Low rate of meeting deadlines;
- Excessive red tape—complex and complicated legal requirements, rules, and regulations that practically cannot be enforced, favoring improvisation;
- Politicized hierarchy—wide acceptance of high power distance combined with informal relationships favoring nepotism and corruption;
- Lack of trust and openness;
- Short term orientation;
- Inward orientation.

From this perspective, the Romanian companies could achieve competitive advantages through creativity through flexible specialization—job rotation, quality circles, etc.; diversity—once accepted by organizational members through *strong, visionary leadership*; and dynamism. At their limits, Romanian organizations could show cyclical deviant behaviors between apathy and anarchy.

In connection with the culture of quality, the antithetic position of many of the values identified in Romanian organizations in respect with quality approaches can be emphasized:

- Improvisations, limited responsibility and accountability, and short term orientation instead of consistency in applying quality standards and procedures, continuous improvement, and long term orientation;

- Focus on personal relationships over priorities and objectives, simultaneously with excessive bureaucracy combined with high power distance ultimately lead to eluding rules and procedures, is essential to quality approaches;
- Inward orientation over orientation towards customers;
- Lack of trust and openness that undermines objective professional relationships, centered on individual and organizational quality and performance.

But favorable values and orientations to building and sustaining a culture of quality also coexist in Romanian organizations:

- Predisposition for creativity, flexible specialization, and diversity;
- High risk taking in working in high ambiguity contexts;
- Change/dynamism and flexibility.

If these features were consistently supported by an inspirational leadership promoting a coherent vision of quality along with clear and adequate quality practices, then Romanian companies could successfully implement various quality approaches that would increase their competitiveness chances in the European Union market and other global contexts (see Table 1).

Table 1
Romania in Europe

From...	To...
Improvisations, high risk and ambiguity	Orientation toward professionalism and performance in highly competitive contexts
Creativity	Creativity and innovation
"Anything would do"	Planning and synchronizing activities through auto-discipline and auto-control
Failing to meeting deadlines	Services for customers, TQM, organizational excellence and "the learning organization"
Politicized bureaucracy	Flexibility and dynamism
Inward orientation	Orientation towards all key stakeholders
Lack of trust and openness	Openness, trust and cooperation
Short term orientation	Short, medium and long term orientation

Conclusions: A Cultural Perspective on Leading the Change for Quality in Romania

Therefore, the answer to the research question "Which are the relationships between organizational and leaders' values and quality approaches in Romanian organizations?" resides in the observation that successful implementation of new concepts, whatever they are (and quality approaches are "new" for the Romanian organizations), can be achieved only when considering the impact of cultural characteristics in the system. Even if a model that proved to be successful in many other situations was used, and even if the contexts seemed to be similar, specific cultural features must be addressed and necessary adaptations performed in order to assure the success of implementation.

Considering that, quality approaches can be defined in terms of cultural dimensions of stakeholder management, proactive attitude, long term orientation, dynamism and flexibility,

open communication and trust, respect for people and communities, high valuation of time and performance through creativity and innovation, and strong preoccupation for quality.

Furthermore, in order to answer the second question—"Considering the requirements of European integration (post-accession), towards which specific cultural orientations should the Romanian leaders focus their efforts in order to positively support the organizational change processes centered on quality, mostly needed in Romanian companies to surpass the nowadays crisis?"—only the development of specific mindsets supporting coherent quality approaches in Romanian organizations and Romanian society at large can positively support the change efforts that could contribute to effectively using quality approaches in order to overcome the current crisis:

- *From short-term toward mid and long-term orientation* - the idea that fate is inevitable is extremely old and is reinforced by Romanian history. It would be extremely difficult to work with this dimension in order to build discipline and confidence in long term developments because it simply has never happened in Romania; but it is crucial to begin this process and this is probably the single most critical task of Romanian policy makers and organizational leaders/managers alike;

- *From high power distance toward lower power distance* - during an era of a spectacular technological revolution when the workforce is becoming more and more educated, it is essential that wide participation of employees in the decision making process, along with the required responsibility and accountability, take place within organizations in order to assure high degrees of quality/performance. Giving up (some) power as well as accepting the burdens of power are very delicate issues that must also be internalized in order to succeed; determination of leadership, along with training and facilitation could produce effective results;

- *From inward toward outward orientation* – a lack of perspective toward the outer world generates dramatic situations such as developing products with no demand on the market or which are obsolete the moment they hit the market, inadequate distribution or promotion systems, etc. The most dangerous mind-set is "…up till now it has worked. Why shouldn't it work tomorrow too?" The interventions addressing these issues must be based on creativity, innovation, shared knowledge, intensive R&D, and dynamic research of the external environment;

- *From high context toward lower context communication* - interventions promoting experimental use of low context systems (such as clear procedures and instructions) could be used, helping people involved to discover by themselves the benefits of knowing in detail what to do. Also, the (re)design and implementation of new communication systems within the organizations, allowing wide access to information (introducing upward and lateral communication, implementing IT&C systems, etc.), and the creation of a climate of openness and trust are essential to this attempt. The key factor that must be considered here is the fact that low context communication could lead to information overload, and thus lack of action; therefore, a balanced approach is crucial;

- *From polychronic towards monochronic time* - the interventions must emphasize the importance of planning and scheduling, the value of deadlines in doing business, etc., in order to gradually eliminate the "we don't know what will happen tomorrow anyway" and "anything would do" symptoms. It is essential that the actors internalize these new values because otherwise the result could be opposite the desired one. To help the

process, adequate leadership as well as adequate reward systems must be established and reinforced;

- *From "people are essentially lazy and willing to cheat" toward "people are perfectible"* - this assumption is one of the most difficult to change since it is fed by corruption and common experience. Therefore, the interventions must be bilateral, from top-down and bottom-up, and valuing people, trust, consistency, commitment, responsibility and accountability, and adequate reward systems are essential. Of course, acting at the organizational level is good, but not enough; the change must occur in Romanian society at large;

- *From immobility, individualism and opportunism to flexibility, teamwork and equal opportunities* – at the individual (and often departmental) level, a mixture of collectivism and individualism can be found, concretized on the one side by the idea that "everyone must be equal" (communist reminiscence), and on the other side by an individualistic opportunism that results in a lack of collaboration, cooperation, and information exchange. Concerning these issues, a wide range of interventions could be applied, from which teamwork interventions inside and outside the system are the most important in relation to new, flatter organizational structures; the related motivational and reward systems are extremely important achieving success.

About the Author

Dr. Carmen Aida Huțu is an organization development professional with over 20 years of academic and corporate experience. She is a Romanian who has been working nationally and in international academic and business environments. At present, Dr. Huțu is a professor of corporate culture and technology/knowledge transfer, leadership development, organizational behavior, human resources management, communication techniques and research methods in organizational studies at the Department of Management, "Gheorghe Asachi" Technical University of Iași, Romania. Dr. Huțu is also a visiting professor at five master's programs around Romania, and has been frequently invited to give lectures at the Technical University of Crete, GR and Universidade do Minho, PT. Dr. Huțu has published over 120 books, articles and conference papers, both nationally and internationally, from which: nine books as sole author; nine books as first author and contributor, from which two with international participation; 34 articles and papers abroad (26 ISI). For the last 10 years, Dr. Huțu has been a consultant, trainer and coach for more than 50 Romanian companies and has worked as an expert on 26 international projects, in "face-to-face" as well as in virtual teams. Her international experience includes working and learning in BEL, CA, DE, EE, ES, FR, GR, HU, IL, NL, PT, SL, UK, and the USA. She is also an expert-evaluator with the European Commission for European Union funded Projects. Dr. Huțu is an associate consultant for Grovewell in NY and the consulting & training director for A&B Consulting in Romania.
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BUILDING STRATEGIC LEADERSHIP COMPETENCIES: THE CASE OF UNILEVER

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This article explores strategic leadership resources of a global firm doing business in post-Communist countries. The authors analyze Unilever's experience in building leadership competencies and discuss application of its "Leadership Growth Profile" concept to a specific Russian business environment. The article presents results of interviews with company managers and displays culture-specific adjustments to leadership development in Russia.

After the collapse of Communism in Central and Eastern Europe, global corporations aggressively moved into the new emerging markets shaped by radical transformation in economic landscape and institutional framework. These firms had to deal with motivations and behaviors of local employees, customers, and other major stakeholders that were different from traditional corporate experiences in industrialized countries. In order to respond to the challenges and effectively grow in the new markets, these firms had to adjust their global strategies to culture-specific environments and transfer valuable and proven management competencies into the region. While post-Communist countries with rich natural resources and a potential customer base looked very attractive, it soon became clear that the most complicated corporate tasks revolved around building effective human resource management systems, motivating employees for highly productive and innovative behaviors, and generating cohesive corporate culture and leadership competencies.

When compared to the other post-Communist countries, Russia displayed the deepest shifts in all spheres of economic and societal life. It thrived through the crisis of the 1990s with wild privatization, financial, and political instabilities, and moved into the 2000s by strengthening state capitalism, enlarging bureaucracy, and slowing down the development of democracy and a free market. However, the country has not been able yet to tackle deep and

painful problems of poor work motivation, corruption, and crime, and was slow in attracting large scale foreign direct investment to the areas beyond extraction industries.

Nevertheless a large group of global firms such as Ford, BP, Nestle, and Siemens succeeded in expanding into Russia via joint ventures, acquisitions of local firms, and developing greenfield operations, as well as adjusting to the country's culture-specific business environment (Shama, 1995, 2000; Arnold & Quelch, 1998; Hoskisson, 2000). These firms expressed strong interest in adjustments to the unfamiliar local environment (Ralston, 1997; Fey & Beamish, 2000; Rondinelli & Black, 2000; Engelhard & Nagele, 2003) and in advancing human resource management systems (Shekshnia, 1998; Fey & Bjorkman, 2001; Grachev, 2001; Minbaeva, 2003). Successful multinationals proposed internationally recognized competitive elements: various "packages" of motivation programs, broad employee participation in decision-making, encouragement of creativity, environments favorable to employees' continuous education, in-corporate training and self-improvement, and promotion of shared company values (Fey, 2000). International firms' experiences in Russia reinforced the belief that local managers were innovative and dynamic professionals. They clearly articulated values and shared them with the majority of employees. They underlined their commitment to long-term presence in the country and focused on key issues of social commitment, including charitable and educational activities, mutual respect, trust, encouragement of innovation and entrepreneurship, and equal rights and opportunities for organizational members.

Unilever is among the group of global firms successfully doing business in post-Communist countries. This Anglo-Dutch multinational conglomerate brings to the world a broad range of consumer products, from ice cream and foods to home and personal care. Created in the early twentieth century, Unilever has been selling products in 150 countries under leading brands such as Dove, Hellmans, Lipton, Axe, and Knorr, and its 175,000 workforce worldwide is generating $59 billion in annual revenues (2008).

Unilever achieved outstanding growth in the post-Communist markets, and in Russia in particular. With the Central and Eastern European headquarters in Moscow, today the company sustains a leadership position in Russia in dressings, spreads, ice cream, and deodorant markets, and is among top players in skin cleansing, hair and body care, household care, and savoury. Its success stems from the balanced attention to economic expansion as well as to strategic leadership competencies that added to competitive advantage and differentiation in those markets.

This paper explores practical solutions that support Unilever's market growth internationally, and in Russia in particular. It emphasizes the evolution of the corporate competency model, called the *Leadership Growth Profile* (*LGP*), in response to the global market change. First, the authors outline the framework for discussing strategic leadership competencies. Second, they review the competencies model at Unilever and discuss its *LGP* concept. Third, the paper identifies specific characteristics of the Russian management culture and its relevance to Unilever's business practices. Fourth, the article displays findings from interviews with Unilever corporate executives and 20 company managers in Russia. Finally, the authors summarize their findings and make suggestions for future research.

Leadership Competencies of a Multinational Firm

In the era of globalization, successful multinational firms capitalize on their global efficiencies (i.e., scale, scope, and location), multinational flexibility, and worldwide learning. In

the last decade, a group of multinational corporations such as IBM, Johnson & Johnson, 3M Company, and Unilever have been seriously considering behavioral resources, particularly leadership competencies, as a source for competitive advantage and sustainable strategic development. While universal standards in this area have not yet been developed, an intensive search for practical solutions in incorporating leadership competencies into corporate strategies has emerged.

The authors' approach to strategic leadership competencies in a global firm is based on several streams of independent research. In the field of strategy, we discuss the firm's core competencies and their role in market success. International human resource management researchers explore cross-cultural variations in global employment practices. And organizational behavior scholars analyze cultural convergence and divergence in international practices, expanding the traditional view of leadership to culture-contingent levels of analysis.

The authors respond to these research contributions and, in particular, consider the GLOBE integrated theory on culture, leadership, and organizations, which suggests that leader effectiveness is a function of interactions between strategic organizational contingencies and leader attributes and behaviors (House, 2004, pp. 17-19). Hence, they emphasize the critical link between the firm's corporate strategy and competencies revolving around leadership and develop a set of interrelated propositions (Figure 1). This framework extends traditional perceptions of leadership beyond top managers' traits or leadership styles to organizational learning and contribution to strategic corporate success.
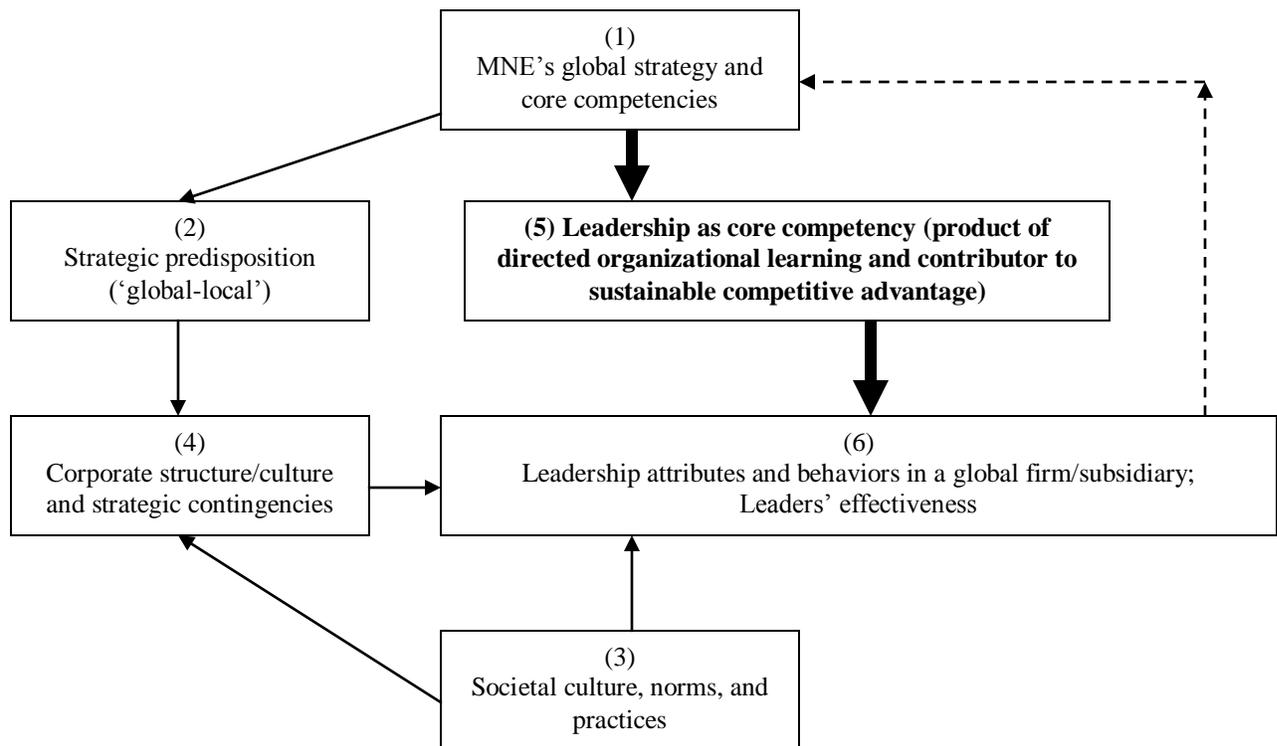

Figure 1: Theoretical Framework for Analyzing Leadership Competencies in a Multinational Firm

1. A resource-based view suggests that multinational companies build a competitive advantage by utilizing their tangible and intangible resources, including those directly related to human behavior in the organization (Barney, 1991, 1995). Core competencies—combined skills/behaviors developed through organizational learning, which are valued by customers (and consumers) and difficult to imitate by competitors—are viewed among the major strategic success factors (Hamel & Prahalad, 1990; Prahalad & Hamel, 1994).

2. Multinational firms respond to multiple international environments but express different response (sensitivity) to cultural issues in their subsidiaries depending on strategic configuration (from multi-domestic to global) and strategic predisposition (from 'ethnocentric' to 'geocentric') (Chakravarthy & Perlmutter, 1985; Doz & Prahalad, 1986; Bartlett & Ghoshal, 2002). This 'cultural sensitivity' influences a global firm's ability to overcome "cultural friction" and transfer competencies and ethical behaviors beyond national borders (Donaldson, 1996; Shenkar, 2001). That is why predictions based on cultural distance should be made with great caution to avoid simplification when global firms' cultures are directly associated with the culture of their home country. In particular, it is not advisable to look at the congruence in cultural values between a headquarters and its foreign subsidiaries with the prediction that high congruence would lead to competitive advantage before we understand the 'strategic configuration' of a multinational firm (Shenkar, 2004).

3. Global firms make adjustments to human resources policies, employee behaviors, and organizational culture while adapting to practices in the countries in which they operate (Adler, Doktor, & Redding, 1986; Schneider, 1988). They rely on cross-cultural comparisons to perform these adjustments (Hofstede, 1984; Rogovsky & Schuler, 1997). Business and societal environments in turn influence leadership behavior (Dunnette, 1976; Bass, 1981; Yukl, 1998). There is empirical evidence that entities which distinguish a given culture from other cultures are predictive of the practices of organizations of that culture, and predictive of the leader attributes and behavior that are most frequently enacted, acceptable and effective in that culture (House, 2004).

4. Organizational culture and practices also affect leadership behavior and leadership styles (Schein, 1990; Kotter & Heskett,1992).

5. Global firms that perceive leadership among core competencies strongly influence leadership behaviors and leadership development in their international operations. In successful multinational companies the concept of leadership is associated not only with traditional dimensions such as traits and styles, but has also been developed to the level of leadership competencies generated through the historic process of organizational learning and competitive advantage.

6. Leader effectiveness is a function of interaction between strategic organizational contingencies, leadership competencies, and leader attributes and behaviors. Leader attributes and behaviors that meet the requirements of strategic organizational contingencies will result in increased leader effectiveness (House et al., 2004). Hence, directed development of leadership core competencies in a global firm changes managers' behaviors and contributes to effective growth in the markets.

This framework sets the stage for the follow-up discussion on Unilever in Russia. It emphasizes interdependence of external (societal and cultural) and internal (strategic capabilities) factors in pursuing successful global strategy, and the role of specific leadership competencies in strategic development.

Unilever's Approach to Leadership

The fundamental approach to leadership at Unilever has been evolving in the last twenty years from traditional leadership development systems to the current sophisticated *Standards of Leadership* model, and it continues to evolve. During this evolution in the early 2000s, *Leadership Growth Profile* (*LGP*) emerged as the most important stage in bridging corporate growth strategy (*Path to Growth*) and leadership competencies.

Unilever's *Path to Growth* integrated strategy combined marketing, supply chain, customer development, and other key organizational assets. One of its primary targets was effective enterprise culture aimed at encouraging employees to demonstrate winning behaviors in the marketplace through their mindset, passion, and motivation. In the long run, the company was willing to knit major activities for (a) growth in the international markets with behaviors that deliver this growth, and (b) the use of leadership competency as an important tool in winning from the competition[1].

Unilever's *Leadership Growth Profile* was the most important component of strategic re-direction in the field of human resources. It combined the following elements:

1. To create a growth vision (growth served as the key criteria for employees' behaviors at Unilever);
2. To drive growth through implementation and to energize others for growth; and
3. To secure employees' commitment to growth.

By defining the new set of *LGP* competencies and using them for management development, performance reviews, and recruitment, Unilever tried to change managers' behaviors and to increase behaviors which were linked to achieving strategic goals for growth (Figure 2).
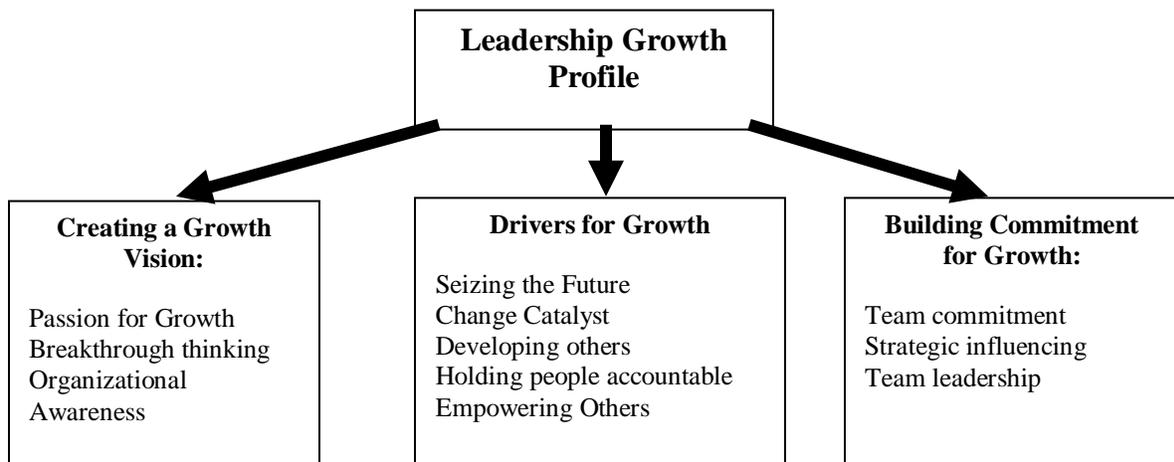
Figure 2: Unilever's Leadership Growth Profile

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[1] The follow-up discussion does not focus on corporate strategy but explores human resources practices, as well as leadership, aimed to achieve the winning strategy.

Unilever's *Corporate Purpose Statement* at that time described what Unilever "aspired to be, as well as expressed its values and beliefs" and pointed out Unilever's focus on local culture within a global framework. In this multi-local multinational company, foreign subsidiaries were able to draw on the resources of a global corporation and bring together global scale and local relevance. *Leaders Into Action* was one of the senior programs targeted at developing the behaviors aligned with Unilever's competency model. While measuring cultural change was not easy, the program was yielding tangible results. Employees and line managers both detected improvements in the *LGP*, and surveys indicated increased outcomes. Managers looked at things from different angles, were more aware of themselves and others, were more empowering and delegated more, were better at holding others accountable, were courageous and persistent, were more open and trusting, were more collaborative, and were better at coaching.

Unilever's fundamental strategic pattern for growth in Russia combined several key components, such as delivering sustainable value in large categories, trading the markets up, working the consumer pyramid, and building core competencies as competitive advantage. The critical element in this strategic effort was talent management with distinctive emphasis on developing great local business leaders. Turnover rates in the Russian subsidiary were below market average; and surveys were positive on effective behaviors. *Unilever Russia Academy* made a great start in developing Russian managers as the next generation of Russian business leader's.

According to former Chairman of Unilever Russia/Ukraine, it has been Unilever company-policy to actively foster the common-sense spirit and fruitful benefits that accrued with leadership, and specifically the distinctive leadership concept of "servant leadership," as a way of doing business. He emphasized the global need to develop business leaders who had a strong sense of ethics and morality. Citing his own company, Unilever, as a typical benefactor, this top executive emphasized servant leadership as not just the right thing to do, but as a business imperative. At Unilever Russia/Ukraine, management talked to its people about developing their vision and what they wanted to grow towards and applied servant leadership as a highly effective management tool, as well as a moral compass for dealing with and reducing some of the crises the corporate businesses faced in emerging markets.

Russian Business Environment from a Cross-Cultural Perspective

Unilever successfully applied its *LGP* concept to the Russian subsidiary; however, the company executives explained that success stemmed from its detailed, careful, and sophisticated approach to the Russian business environment and to understanding local management culture. In particular, cultural friction may impose constraints on partnerships with locals and support international companies' preference for wholly owned start-ups over acquisitions and joint ventures with Russian businesses. The gaps between values and behaviors may be critical in interactions between Western organizational leaders and those from Russia.

While the country's societal profile may display somewhat generalized patterns and miss the diversity and complexity of real life, it is extremely helpful in analyzing typical behaviors, interpreting stereotypes, and comparing activities and decisions between and among firms (organizational units of a global firm) from Russia and from the other countries. Selected cross-cultural comparative findings on Russian management culture were reported and discussed in the literature (Elenkov, 1997; Naumov & Puffer, 2000; Mikhailova, 2000; de Vries, 2000; May, 2005; Grachev, 2009). In particular, it was confirmed that cultural configurations strongly

influenced organizational practices and leadership effectiveness in the 1990s and created the basis for subsequent perceptions of societal changes in the 2000s.

According to the advanced Global Leadership and Organizational Behavior Effectiveness (GLOBE) research project conducted in 62 societies[2] (House, 2004), post-Communist Russia displayed quite extreme scores on Hofstede-type cultural scales[3] (Chhokar, 2004; Grachev, 2004; 2009). Russian behavior practices scored relatively very low on Uncertainty Avoidance, Future Orientation, Performance Orientation, and Humane Orientation, and very high on Power Distance and Gender Egalitarianism. Behavior and value scores on Institutional and In-Group Collectivism, Egalitarianism, and Assertiveness displayed some agreement, while the behavior and value scores on dimensions linked to economic and social transformation—such as Power Distance, Performance Orientation, Future Orientation, Uncertainty Avoidance, and Humane Orientation—showed visible gaps between practices and values.

Among the behavioral set of findings, the extremely low Uncertainty Avoidance score and rank could be considered favorable for entrepreneurial activities unless it is linked to a very low Future Orientation score. That could be interpreted as a lack of vision in management and entrepreneurship, as their primary focus is on survival and short-term business development. The low Performance Orientation illustrated the difficulty in encouraging managers to focus on continuous improvement and learning. Low ranking on Humane Orientation raised doubts about long-term investments in human resources. Meanwhile, high Power Distance scores explained the tough bureaucratic measures in crisis management and in restructuring enterprises and industries.

There was a wide gap between practices and values data on the dimensions linked directly to economic reforms. The "Should Be" profile displayed the deficit in and the preference

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[2] Based on quantitative data on societies and cultures; and quantitative data from responses to questionnaires obtained from 17,350 middle managers in 61 societies (including 450 mangers from Russia) GLOBE research operationally measured societal cultures by assessing questionnaire responses from those managers with respect to the values they endorsed and reports of behavioral practices. Cultural values and practices were measured on a 7-point response scale with respect to nine cultural dimensions that displayed high within-culture and within-organization agreement and high between-culture and between-organization differentiation. In a similar way, and consistent with the way leadership has been measured in previous research, GLOBE combined trait and behavioral descriptors to reflect relevance to leadership effectiveness.

[3] The GLOBE cultural dimensions design was based on previous works by Hofstede (1984) and McClelland (1985) as well as theoretical findings of Kluckhohn and Strodtbeck (1961), and Triandis (1995), and took into consideration the criticisms of these earlier efforts in cross-cultural research. The GLOBE summarized cultural findings along the following dimensions: Institutional Collectivism (degree to which organizational and societal norms and practices encourage and reward collective distribution of resources and collective action), Group Collectivism (degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families), Gender Egalitarianism (extent to which an organization or society minimizes gender role differences), Assertiveness (degree to which individuals in organizations or societies are assertive, confrontational, and aggressive in social relationships), Power Distance (degree to which members of an organization or society expect and agree that power should be unequally shared), Performance Orientation (extent to which an organization or society encourages or rewards group members for performance involvement and excellence), Future Orientation (degree to which individuals in organizations or society engage in future-oriented behaviors, such as planning, investing in the future, and delaying gratification), Uncertainty Avoidance (extent to which members of an organization or society strive to avoid uncertainty by relying on social norms, rituals, and bureaucratic practices to alleviate the unpredictability of future events), and Humane Orientation (degree to which individuals in organizations or societies encourage and reward individuals for being fair, friendly, generous, caring, and kind to others). Sufficient statistical procedures were applied to define the properties of the GLOBE cultural scales (House 2004).

for more humanistic, ethical, and democratic values. At the same time, there was no visible gap on dimensions strongly linked to historical cultural roots, such as In-group Collectivism. The Gender Egalitarianism practices score is positive and not significantly different from values. But when compared with the global trends, a relative decline in the importance of egalitarian values may create potential problem for Russia in the future.

The GLOBE research displayed the *profile* of an administratively competent Russian manager, capable of making serious decisions and inspiring his/her followers to meet performance targets. To some extent he/she relied on teams and, through diplomatic and collaborative moves, succeeded in integrating efforts of his/her members. However, in his/her actions there was not much interest in humane orientation to others or modesty in personal behavior. He/she could sacrifice a lot and did not care much about saving face. Altogether one might consider that Russia was seeking its own way for effective leadership concepts and practices (Grachev & Bobina, 2006).

Empirical Design and Major Findings

To better understand how global companies adjust to the cultural environment in Russia and succeed in emerging markets, the authors focused on the case of Unilever. The monitoring of the firm's cultural and leadership practices began in 2001 and continued through 2009 with thorough data collection, executive interviews, and management surveys.

In order to test leadership competencies frameworks in a global firm, they followed a traditional approach to qualitative data collection and ethnographic fieldwork (Miles & Huberman, 1994; Uzzi, 1996). First, the authors tried to understand how Unilever's management personnel perceived Russian societal culture and adjusted behaviors to that culture. For this purpose they interviewed the expatriate HR Director at the Russian subsidiary. Second, the authors surveyed 20 managers of this subsidiary who were native Russians in order to understand the priorities in competency building as well as cultural peculiarities in those perceptions. Third, the authors combined market success and leadership development data to support the direction of strategic leadership competencies building.

Linking Culture to Strategy

In order to explore cultural characteristics of the Russian business environment and to link behavioral data to strategic decision-making, the authors interviewed the company's Human Resources Director using GLOBE findings on culture and leadership. On each GLOBE dimension, this manager was asked two sets of questions. The first set of questions asked if the Russian scores on each cultural dimension had provided a strategic advantage or strategic disadvantage to Unilever. The second set of questions was linked to the first one: if it provided an advantage, did Unilever make an effort to capitalize on this, or not? If it provided a disadvantage, did the company try to respond and correct this, or not? This interview displayed the perception of advantages and disadvantages of the Russian cultural profile to Unilever's strategy (Figure 3).

Collectivism, both Group and Institutional, was prioritized as an *advantage*. The company's Human Resources Director positively assessed the ability of Russian managers and employees to work in teams and to follow group norms, to share achievements widely, to integrate efforts, and to build organizational commitment. Unilever developed a sophisticated

system to exploit this factor and to motivate high loyalty of its Russian managers, sometimes pushing them to sacrifice individual interests. An environment with high Collectivism helped Unilever to combine innovative efforts within the company and target specific groups in the markets. The interviewee, however, indicated an unusually high influence of trendsetters within the Russian collectivist environment.

GLOBE BEHAVIORAL SCORE/RANK FOR RUSSIA	IS THIS SCORE PERCEIVED FOR UNILEVER AS ADVANTAGE (+) OR DISADVANTAGE(--)?	IF ADVANTAGE, DOES UNILEVER CAPITALIZE ON THIS (+ +) OR NOT (+ --)? IF DISADVANTAGE, DOES UNILEVER CORRECT/RESPOND TO THIS (-- +) OR NOT (-- --)?
Uncertainty avoidance VERY LOW (2.88/61)	**DISADVANTAGE** (-) Bureaucratic rituals choke initiatives	**CORRECT/RESPOND** (--+) Simplification initiatives choke in forms
Performance orientation VERY LOW (3.39/59)	**ADVANTAGE** (+) Reward & recognition have a big impact	**CAPITALIZE** (++) Individual reward & recognition are strong motivators
Future orientation VERY LOW (2.88) RANK 61	**DISADVANTAGE** (-)	**CORRECT/RESPOND** (--+) Being better than competiton in this field brings competitive advantage
Assertiveness LOW (3.68) RANK 54	**DISADVANTAGE** (-) Expatriates have too big a voice	**CORRECT/RESPOND** (--+) e.g. selection of assertive Russian staff for promotions
Group/family collectivism HIGH (5.36) RANK 17	**ADVANTAGE** (+) Big impact of trendsetters	**CAPITALIZE** (++) Targeting products + advertising at very specific groups
Gender egalitarianism VERY HIGH (4.07) RANK 2	**ADVANTAGE** (+) Women make buying decisions	(+--)
Humane orientation LOW (3.94) RANK 37	**DISADVANTAGE** (-) Resistance to teamwork – western style	**CORRECT/RESPOND** (--+) Naming teamwork as a key behavior
Power distance HIGH (5.52) RANK 14	**DISADVANTAGE** (-) People are still hiding their good ideas	**CORRECT/RESPOND** (--+) Open management style
Institutional collectivism HIGH (4.50) RANK 17	**ADVANTAGE** (+)	**CAPITALIZE** (++) Creating space to share achievements widely strengthens connection and committment

Figure 3: Perception of GLOBE Scores of Russian Societal Culture at Unilever

Unilever's Human Resources Director emphasized low Performance Orientation as the other advantageous cultural attribute. The low score on this dimension reflected the heritage of the previous command system and painful realities of economic transition. It was difficult to change motivation in a short period of time. However, the interviewee explained that additional performance-oriented rewards and recognition had an enormous impact on personnel, and Unilever used those motivators effectively.

Some other factors displayed distinctive Russian cultural *disadvantages*. One such area was low score on Uncertainty Avoidance. Unilever tried to correct the negative influence of this factor by providing clear corporate guidelines, and by avoiding ambiguous bureaucratic practices. The low score on Assertiveness was also considered a significant negative factor. The interviewee explained this score by widespread conformism and lack of leadership initiative. To balance the negative impact of this factor, Unilever designed specific programs encouraging initiative and selecting assertive Russian managers for a fast career track. The interviewee considered low Future Orientation to be a negative factor for business in general, but emphasized that this pattern generated a relative advantage to Unilever. The company was trying to

strengthen future-oriented behaviors in the subsidiary, thus making such orientation an advantage over less future-oriented local competitors.

This in-depth interview emphasized visible behavioral areas perceived as contributors or impediments to effective and productive growth in a specific Russian business environment.

Defining Leadership Priorities for the Russian Cultural Environment

The main input in the second stage of research was based on interviews with 20 managers of Unilever's Russian subsidiary. It focused on what Unilever defined as middle management, covering managers and directors in leading positions with work experience of at least 3 years in marketing, sales, or functional responsibilities.

Respondents represented Unilever's Worklevel 2 (15 managers) and Worklevel 3 (5 managers), levels in the organizational structure that define middle management. Their average age was 36 years. Fourteen managers were women, and six were men. They represented different functional areas, such as marketing (6), sales (4), finance (4), supply chain (1) and human resource management (5). Managers' industry/market affiliations were defined as Foods (4), Home and Personal Products (3), or both (13). The interviewees were native Russians with good command of English language (only one was not fluent English but could effectively communicate with translator/interpreter's assistance), responsibility for a team, assignment of another organisational unit, and having lived abroad for less than three years (to ensure that they were not influenced too much by other cultures). Out of 20 transcripts, 19 were valid, and in those interviews 51 (business) cases were used and transferred into behavioral indicators, which could be further categorized into competencies. All interviews were conducted in English and tape-recorded for detailed analysis and validity.

In the interviews, the authors focused on the following questions in each of the 51 cases: Which leadership competencies lead to business success? Were the competencies which lead to business success part of Unilever's *LGP*? Were the competencies which lead to business success country-specific for Russia?

The interview format was based on the *Behavior Event Interview* (BEI) technique that permitted assessing and predicting future effectiveness of leaders (Dunnette, 1976). The interviews were semi-structured and focused on examples/cases, at least 2 per interview, which visualized the behavioral aspects of successful business achievements. Based on the business examples/cases given in the interviews, behavioral indicators were written down and translated into competencies.

The authors encouraged the interviewees to talk about business success cases. To make sure these cases were real and the interviewee had an actual role in the business success case they described, the authors used respondents' Personal Development Plans (PDPs), workplans, and actual business performance data for verification purposes. To increase reliability, four interviews were analyzed by a second expert person: a manager from Unilever with a psychology degree. In this way, the inter-observer reliability was checked. The external expert analyzed the tapes, wrote down the critical behavior indicators, and matched those behavioral indicators with one of the competencies. Having conducted the interviews and analyzed the transcripts, the authors sent a report to the Russian subsidiary Human Resources Director for comments, approval, and feedback.

With a corporate leadership competency dictionary, the authors constructed the set of leadership contributors/factors to business success (Figure 4). The eleven *LGP* competencies

were added to this list. Those eleven competencies were set upon the extensive benchmarks of those Unilever leaders who delivered high growth figures in different units and subsidiaries.

Core leadership competencies	Competencies which lead to business success in Russia
(1) Unilever Leadership for Growth Profile (*LGP*) Competencies	
Holding people accountable	9
Seizing the future	5
Passion for growth	6
Breakthrough thinking	3
Change catalyst	1
Strategic influencing	1
Team leadership	0
Developing Self and others	0
Empowering others	0
Team commitment	0
Organisational awareness	0
(2) Competencies other then *LGP*	
Building sustainable relations	8
Building Confidence / trust	7
Human care	5
Build Commitment / ownership	4
Out of the box thinking	1
Action Oriented/risk taking	1
Teamwork (common, different from team commitment or team leadership which is more individualistic)	0
Create a clear and shared vision	0
Total:	51

Figure 4: Unilever's Russian Managers' Responses to the Survey on Leadership Competencies. These scores represent how often the competencies were derived from observed behaviors as distinctive factors for business success.

The survey displayed valuable results. About 50 percent of leadership competencies identified by Russian managers directly related to one of the 11 *LGP* competencies. This reflected the validity and instrumentality of *LGP*. The other half of standardized competencies that lead to business success could not be classified as *LGP* competencies.

In the first group, three competencies were scored most frequently: 'holding people accountable' (9), 'building sustainable relations' (8), and 'building confidence/trust' (7). This

reflected the relational nature of Russian business practices with high Power Distance and low Uncertainty Avoidance. Relatively low scores on 'seizing the future' (5), 'passion for growth' (6), low 'strategic influencing' (1), and ignoring the competency 'creating a clear and shared vision' (0) supported the low Future Orientation score. Modest results on 'human care' (5) reflected the moderate Humane orientation in the Russian societal culture.

Low scores on the 'action oriented/risk taking' (1) competency reflected low Assertiveness. Lack of interest in 'developing self and others' (0) and 'organizational awareness' (0), as well as the low score on 'change catalyst' (1), reflected low Performance Orientation in societal culture.

What came as a surprise in this study was the ignorance of collectivism and team orientation, which is critical to effective leadership worldwide and traditional to the Russian societal culture. In particular, there was no expression of interest to 'team commitment' (0), 'team leadership' (0), 'empowering others' (0), or teamwork (0). This raised serious questions about the nature of leadership in the current transitional Russian business environment and about additional efforts that global firms should invest in teamwork. A possible explanation is that respondents' average age of 36 suggests they invested in their education and were the first post-Communist generation, which may have made them more focused on their own achievements and careers. Individual scores were higher then team scores, matching more the perceived Western values.

Conclusion

In this paper, the authors explored the importance of leadership competencies as contributors to successful corporate growth in multicultural environments. They proposed theoretical framework that emphasized the value of the leadership competency model and further explored this framework in the global firm. The overview of the evolution of Unilever's practical approach to leadership competencies and the detailed analysis of *Leadership Growth Profile* concept helped to better understand the link between strategy and desired managers' behaviors that lead to strategic success.

The authors investigated the application of the leadership competency model in a specific cultural environment, namely in the post-Communist Russian business landscape. They relied on the GLOBE advanced cross-cultural study of managers' behaviors and values in 62 societies and on cultural characteristics of Russian management derived from that study. They observed that an effective company adapts its policies to the environment (within a global framework) and that not all instruments for leadership competency that have traditionally been considered as universal worked successfully in a country-specific situation. This in turn confirmed the contingent nature of leadership competencies.

The other valuable contribution of this study was the detailed description of the cultural profile of emerging markets. The authors summarized the most critical attributes of Russian culture that managers of multinational companies should take into consideration. The new data offered a better understanding of how culture moderates relationships between organizational processes and leadership effectiveness, and how it could frame collaborative strategies by taking into consideration the positive components of a country's cultural configuration and benefiting from them. But adapting and modifying Western know-how and best practices to fit a specific Russian environment required a great deal of patience and knowledge.

The paper confirmed previous studies about global firms' difficulties in cultural environments with visible gaps between typical behaviours and perceived managers' values. The authors emphasized these cultural gaps and interpreted consequences for companies doing business in post-Communist environments such as the Russian environment.

A framework which takes both business environment and culture into consideration is recommended for organizational middle managers. Key principles of this framework are:

1. To focus on leadership competencies which lead to business success in a particular cultural environment;
2. To differentiate and to add competencies depending on culture-specific business and functional needs, even if they may not be a part of the corporate core competencies; and
3. To balance between competencies that are needed to achieve the global corporate strategy and competencies that are necessary to achieve daily operational business success of a foreign subsidiary.

In sum, the authors recommend learning from the advanced and successful experiences of global firms such as Unilever about interrelationships between leadership competencies and winning strategies. They suggest further exploration of theoretical bases, as well as empirical evidence that supports these interrelationships.

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This article represents the personal views of Maarten van Beek and Mikhail Grachev and should not be seen to represent those of Unilever. Maarten van Beek has written this article on personal title.

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