

How Managers Establish Their Authority at the Russian Industrial Enterprise: A Typology and its Empirical Evidence¹

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Abstract: The paper investigates how managers at industrial firms in the new Russian market established their authority in labour relations. An original typology is used for the analysis of managerial preferences, including the models of paternalism, fraternalism, bureaucratism and partnership. These ideal types are constructed as the intersection of two oppositions: rigidity as opposed to flexibility in the administrative hierarchy and formality as opposed to informality in labour relations. A major task of the study is to reveal the impact of divergent models of behaviour on managerial strategies and to explore to what extent managerial choices are influenced by the parameters of the firm, its market situation, and the personal qualities of the firm's top managers. Our data were collected from a nationwide survey of industrial enterprises in six Russian economic sectors. At the end of 2007, questionnaires were filled in by 303 top managers of firms differing in size and profile.

Keywords: labour relations, managerial strategies, industrial firms, Russia

JEL Classification Numbers: J50, P31, Z13

1. Introductory remarks

All labour relations display a basic asymmetry of power between managers and workers. At the same time the power of managers should not be taken for granted. Even well-established managerial authority may be continually challenged by subordinates. Hence, our analysis will be based on the following major assumptions:

1. Continual efforts are required by managers to legitimize their authority in labour relations.
2. To obtain this legitimacy, managers use a variety of strategies to promote corporate and personal loyalty on the part of workers and encourage their compliance with the established rules.
3. The choice of strategies is based upon relatively stable and context-specific preferences.
4. These preferences could be influenced by economic parameters of the firms and personal characteristics of the managers.

Two research questions arise from these considerations. First, what strategies are used to establish and maintain managerial authority? Second, what factors determine the choices of diverse managerial strategies? In this paper, we offer specific conceptual tools and measures to analyse the models of managerial behaviour and strategic preferences in relation to workers within firms in the Russian industrial production sector.

On a more general level, one more question for investigation should be added, namely, what function is fulfilled by managerial models and strategies. It would be interesting to learn to what extent managerial choices arise from existing organizational structures of firms and personal qualities of their leaders, so that choices are made to support these structures and qualities, or rather, to compensate for deficiencies and failures in them. Thus, basically we would like to understand if managerial strategies enforce the strengths or compensate for the weaknesses of firms and their leaders.

Much research on employers' strategies has been conducted, although it has largely focused on the institutional issues of collective bargaining at different levels (centralized or decentralized) and trade union policies in the liberal and coordinated market economies [for example, see: Thelen 2001]. There is also a long-running debate on how employers and employees bargain for wages and protect their rights in the context of building a social partnership [Borisov, Clarke 2006]. This study does not consider the institutional aspects of labour relations but rather concentrates on the maintenance of managerial authority from an interactionist perspective. The study seeks to identify the behavioural models used by employers to establish their inter-personal interactions with workers and how they exploit these models to maintain and strengthen their own power and authority.

2. Ideal models of managerial behaviour

In this section we will introduce our concept of four ideal models of managerial behaviour in relation to workers, namely, Bureaucratism, Paternalism, Fraternalism and Partnership². Each of these ideal types presents a coherent system of preferences shaping the models of managers' behaviour with respect to their subordinates. Let us describe these types briefly.

2.1. Bureaucratism

This model of managerial behaviour in labour relations is built upon an explicit and rigid administrative hierarchy. Managers prefer to make decisions on their own and are reluctant to share important information with workers. These managers are ready to explain their reasons for taking a decision if they face resistance from their subordinates, but they insist on their implementation nevertheless. Managers of a bureaucratic type are not eager to establish friendly relationships with their subordinates and do not concern themselves with their workers' personal

problems. These managers rely on formal control over work procedures rather than on interpersonal trust. They also tend to control the working time of their subordinates, in general denying them opportunities to hold a part-time job outside the firm. Named after the French 'bureau' (office), this model of behaviour assumes that the manager plays the role of a higher standing administrator whose status is backed by formal office rules.

A classic description of the bureaucratic (legal) type of organization was presented by M. Weber [Weber 1946: 199-204, 1978: 220-221]. Later it was developed into the classic organizational theory [Merton 1940; Blau 1956]³. Since that time, the idea of bureaucratic organization is still popular, despite many criticisms, and stimulates provocative empirical studies [Evans, Rauch 1999].

2.2. Paternalism

Hierarchy within the firm is also indisputable in this model of behaviour. The top manager prefers to keep a distance from subordinates and to make decisions alone. If the workers disagree, the manager might provide an explanation but goes through with the decision even where the explanation is not accepted. Such a manager also does not believe that it is necessary to share a maximum of information with subordinates. In this respect, this model of behaviour is similar to that of Bureaucratism. But there are also some important differences. Paternalistic managers would accommodate informal relations with subordinates that extend beyond office issues. This type of manager is ready to avoid formalities and to take responsibility for the personal problems of workers if they arise. Enjoying the benefit of position in an undisputed hierarchy, the paternalistic manager would rather use informal relations of trust than impose strict bureaucratic control. He/she would rely more on personal charisma and personal influence than on formal systems of regulations and sanctions. Named after 'pater', this model of behaviour presumes that the manager plays the role of a 'father, who demands obedience but at the same time is able to take a large amount of responsibility for the 'family'.

As for the sources of conceptual inspiration, in the case of paternalism we would point to the theorists of 'moral economy', who described it with regard to industrial workers and peasant communities of the past centuries [Scott 1976; Thompson 1971].

2.3. Fraternalism

This model of managerial behaviour differs from both Bureaucratism and Paternalism. The fraternalistic manager certainly has a significant amount of administrative power (otherwise, the firm could not work effectively) but attempts to conceal it and be on an equal footing with subordinates. He/she tends to discuss the most important issues in an open manner, tries to persuade the workers if they disagree, takes collective decisions (or at least camouflages individual decisions under collegial norms), and shares important information with the workers.

A fraternalistic manager is ready to establish good friendly relationships with subordinates, which are not confined to formal business routines. He/she is willing to consider subordinates' personal problems, though this is not part of the manager's formal obligations. This kind of manager would insist that trust is more effective in labour relations than regular formal control. He/she would not oppose someone having a part-time job outside the firm. Linguistically, 'Fraternalism' is close in meaning to 'brotherhood'. And a fraternalistic manager would behave as a *'leader'* dealing with 'brothers in arms' rather than as a boss.

The notion of fraternalism is not as pervasive as those of Bureaucratism and Paternalism. We borrow it from R. Scase and R. Goffee who introduced the term in their study of small and medium firms in the UK [Scase, Goffee 1982: 108-117].

2.4. Partnership

This model of managerial behaviour has some important similarities with Fraternalism. It also tends to conceal the hierarchical character of the labour relationship. Such a manager prefers not to stress his/her superior position, takes collegial rather than individual decisions, and discloses important information to the workers. In case of disagreements, this type of manager would persuade subordinates that solutions suggested by the managers would lead to better outcomes. At the same time, contacts between managers and workers remain predominantly formal and confined to the office. This manager would avoid any involvement in workers' private (home, family, or psychological) affairs. He/she would insist on compliance with the formal contractual rules and impose regular control over working procedures including a prohibition on having an external part-time job.

The ideology of partnership could be illustrated by the conceptual perspective of an institutional economic theory that presents the firm as a nexus of contracts [Alchian, Demsetz 1972; Jensen, Meckling 1976]. In this kind of firm, each employee has a capacity to maintain his/her autonomy, which is normally based on specific professional skills and protected by a formal contract, while the manager fills the role of a *'coordinator'* who facilitates cooperation among the contract holders.

Thus, we have four distinct models of behaviour which are practised by managers in their relations with workers. In the bureaucratic model, the manager takes the role of an *'administrator'* who formally insists on his/her superior position. An effective bureaucratic system resembles an efficiently functioning mechanical device. It may be observed in any modern bank with a rigid and highly formalized structure.

In contrast to these bureaucratic formalities, Paternalism brings a spirit of family relations to the shop floor. The manager acts as a responsible *'patron'*, or father, in this model. For a good example, we could go to an agricultural farm [Newby, Bell, Rose, Saunders 1978].

Following the model of Fraternalism, the manager acts as a *'leader'*. This type of relationship

is frequently observed in small and medium firms in the construction industry [Scase, Goffee 1982]. As for the Partnership type, the manager takes on the position of a ‘*coordinator*’. This type of relationship may be characteristic, for instance, of a consulting agency in which professional experts are involved in project-based work in a relatively autonomous regime.

The logical structure of our typology is presented in Table 1.

Table 1 Four models of managerial behavior as intersection of two dimensions in labor relations

		Administrative hierarchy	
		Rigid	Flexible
Relations with workers	Formal	Bureaucratism	Partnership
	Formal + informal	Paternalism	Fraternalism

3. Models of behaviour and transition patterns

When dealing with the models of managerial behaviour in labour relations, it is necessary to avoid systemic biases in connotations that arise from cultural and linguistic contexts. It happens, for example, when ‘Bureaucratism’ is associated with ‘red tape’ procedures; ‘Paternalism’ is treated as an outdated form of ‘industrial feudalism’; however, Partnership is viewed as a ‘democratic’ and ‘progressive’ way of managing. We would rather treat each model as equals. These managerial models are also not distinguished by a degree of instrumental rationality. In our opinion, each of them could be quite rational and effective in a given context.

We would also argue that in speaking about patterns of transition it would be unreasonable to attach the ideal models to different historical stages of those transitions and expect that labour relations would progress from one model to another. These models continuously coexist in real business practices at very different stages though their profile and relative importance may change considerably. They have the capacity to survive through transitional periods despite fundamental technological, economic and political change. Therefore, we have to investigate how their profiles and their combinations change throughout the transition period.

Let us illustrate this approach by taking an example of Paternalism. Normally, it is presented as an old traditional model, which still persists in underdeveloped Third World countries and local village communities, non-technological small firms and household economies. Indeed,

historically, the classic form of Paternalism grew out of the social order in which a feudal lord's moral obligations to protect his servants/workers against the dangers of famine and violence and to provide them with the minimum means of subsistence during hard times were exchanged for the workers' loyalty and services. It was characteristic of the peasant communities under feudalism and later of the workers' communities in early bourgeois society [Scott 1976: 27, 33, 40; Thompson 1971: 95].

This type of traditional paternalism was expected to diminish as modern capitalism grew, thus leaving the room for large and formally organized corporate structures. But, in fact, it did not entirely disappear. Its continued existence was down to the industrial capitalists, who adopted many of the paternalistic practices, creating a basis for so-called 'paternalistic capitalism' [Morris, Smyth 1989]. In the 20th century, these practices were by no means confined to the agricultural sector, but were also reproduced as important elements in large modern corporations. The old 'personalized' paternalism was partially replaced by the new 'managerial' paternalism, meaning that the large firm takes the position of a 'patron' [Dore 1973: 274, 393].

This 'personification' of corporate organizations has been observed, for example, in the Japanese management style, which contains many elements of Paternalism. Initially, the paternalistic inclinations of managers in modern Japan were interpreted as remnants of the past, indicative of underdevelopment and a strong Orientalist legacy. Then, following the economic success of Japan in the 1980s, this management style was highly praised and widely imitated with so-called 'Japanization' or 'Toyotaism' being actively disseminated in western management [Wood 1991]. A decade later, a crisis of the Japanese model was declared and paternalistic practices came under attack again. But despite these reversals, the story of Paternalism did not come to an end.

In Russia, the same phenomenon of continuously reproduced paternalistic relationships is explained by the legacies of the socialist system, which is defined as 'authoritarian paternalist', meaning that the enterprise director had absolute authority but management was conducted largely on the basis of informal relations [Clarke 2004: 407]. After the collapse of the socialist system and a relatively long period of transformations, many elements of paternalistic policies still remain in post-socialist countries both at the level of state welfare policies and business corporations' policies. Therefore, 'traditional' forms of relationships have proven their adaptability and survived through transitions and transformations.

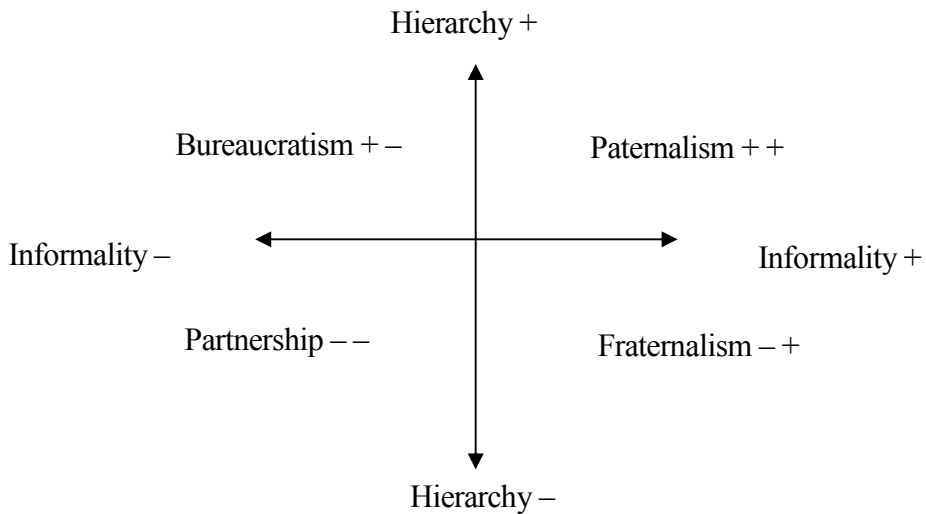
4. Methodology

Now we have to specify four models of managerial behaviour by considering the subject from a more operational perspective. In our concept, these models have been constructed as the intersection of two oppositions that are critical for labour relations, namely:

- Rigidity vs. flexibility of the administrative hierarchy
- Formality vs. informality of relations with workers

Thus, our typology is constructed according to the following principle. Each model of behaviour is similar to one more model and confronts the other two models on the first dimension (type of hierarchy). At the same time, it is similar to another model of behaviour and confronts the other two models on the second dimension (formality/informality) (see Figure 1).

Figure 1 Two oppositions and four models of managerial behavior in labor relations



If we consider the first opposition, we see that in Bureaucratism and Paternalism, the administrative hierarchy is explicit and unequivocal while in Fraternalism and Partnership it is mixed with collegial relations or at least camouflaged with the norms of collegiality. As for the second opposition, Bureaucratism and Partnership assume that relations with workers should be confined to the formal office rules while Paternalism and Fraternalism allow a significant amount of informality along with these formal rules.

Our questionnaire was designed in such a way that each respondent received eight similar questions structured along these two oppositions. The first four questions present an option between a rigid and a flexible managerial hierarchy while the remaining four questions prompt the managers to say whether informal relations with the workers are accepted or not. The list of alternative attitudes is presented in Table 2.

Table 2 Meanings of the major dependent variables

№	<i>Variable meanings (1st dimension)</i>	<i>Hierarchy</i>
1	Keep distance from the subordinates	+
	Try to be on equal foot with everyone	–
2	Make individual decisions	+
	Take collegial decisions with the subordinates	–
3	Explain your decisions but insist if the workers disagree	+
	Try to attract the workers on your side if they disagree	–
4	Do not share all information with the workers	+
	Share a maximum of information with the workers	–
	<i>Variable meanings (2d dimension)</i>	<i>Informality</i>
5	Maintain friendly relations with the subordinates	+
	Confine relations with the subordinates to the office issues	–
6	Try to resolve personal problems of the subordinates	+
	Do not get involved into personal problems	–
7	Trust the workers rather than impose control	+
	Impose regular formal control over workers	–
8	Tolerate a part-time work of the subordinates at the other firms	+
	Ban any part-time work of subordinates at the other firms	–

Having been prompted to choose an alternative in each of our eight questions, the manager accepts two ideal models and rejects the other two models at the same time. It means that the two models selected are given the value ‘1’ while the rejected two models receive the value ‘0’. If the manager points to a ‘hard to say’ option, all four models receive the value ‘0’. It means that, in total, each ideal model can be accepted or rejected eight times, and the index value of each model varies from ‘0’ to ‘8’.

Our data analysis is performed in three stages. At the first stage, we consider two main oppositions in labour relations from an empirical perspective. At the second stage, we look at each of four ideal models of managerial behaviour separately. And at the final third stage, we

explore the managerial strategies as combinations of four ideal models. We argue that any practical managerial strategy could not normally be confined to one model of managerial behaviour. It is nothing but a complex combination of divergent models. Thus, two main oppositions and four ideal models of managerial behaviour become specific axes defining the space for composite managerial strategies.

We know that it is more common to use case studies and ethnographic approaches for investigating these sorts of issues. Further, obtaining data from a standardized survey means that simplifications are inevitable. We are also aware that the attitudes of our respondents could manifest strong elements of ex post rationalization rather than well-planned strategic actions. However, in spite of these obvious limitations, we believe that our results will reflect some important structural elements of labour relations. In addition, our suggested typology could be effectively used for comparative studies.

5. Data and measures

Our data were collected during the course of a research project carried out by a research team at the State University – Higher School of Economics in Autumn 2007. The project was headed by Professor Leonid Kosals. The fieldwork was done by the Analytical Centre of Yuri Levada. We provide basic information about this survey below.

5.1. Sample

Regional aspect. The survey was carried out on a nationwide level in 26 regions and 39 cities of Russia. The firms were selected on the basis of industrial sector and size. Within these parameters, they were randomly selected from the list of firms presented in the electronic database ‘Business Map of Russia’.

Industrial sectors. Six sectors of Russian industrial production in 2007 were selected for the survey. They include the following:

Chemical and petro-chemical industry	- 8% of the sample
Machine-building and metal-processing	- 47%
Forestry, wood-working, pulp and paper	- 12%
Production of construction materials	- 8%
Light industry	- 7%
Food industry	- 18%

Firms. We selected firms of different size as measured by the number of their workers. In our sample, 41% were small firms employing not more than 100 workers; 38% were middle-sized firms employing from 100 to 500 workers; and the remaining 21% were larger establishments with more than 500 workers (the maximum number was 20 thousand workers).

Slightly more than half of the firms in our sample (56%) were established before 1987 when the transformation of economic institutions started. The rest of the firms were founded in the years of institutional transformation. With a few exceptions (3%), all the firms are non-state establishments. In our sample, 60% of the enterprises were state-owned assets that had been privatized, while one third (36%) had started up as newly established businesses (status of 1% of enterprises is not reported by the respondents).

Respondents. In total, we received 303 questionnaires filled in by top managers of Russian industrial enterprises. General directors of the firms make up two thirds of the sample. The rest of the sample was made up of deputy directors of economic and financial affairs. The firms' directors could be divided almost equally into three groups: one group has been working for 3 years or less; the second group for 4 to 10 years; and the third group includes 'veterans' of the firm working as directors (or their deputies) for more than 10 years.

Owners of the firms make up 39% of all respondents, including single owners (7%) and co-owners (32%). Of the respondents, 52% are hired managers (9% refused to clarify their status).

Demographically, most of the top managers are males (78%), which is traditional in Russia's industrial sector [Radaev 1993]. Normally, they are in their active years (only one fourth of the group is older than 55 years).

5.2. Dependent variables

We have several groups of dependent variables. The first group of four variables is based on two main oppositions in labour relations. They include preferences for a rigid or flexible hierarchy and preferences for formal relations with workers or a combination of formal and informal relations with workers. Their indices vary from '0' to '4'.

The second group of variables presents four models of managerial behaviour in labour relations, including Bureaucratism, Paternalism, Fraternalism and Partnership. Each of them has values from '0' to '8'. We also compressed this scale to a smaller one to identify the low level of intensity (0-2), the medium level of intensity (3-5), and the high level of intensity (6-8).

The third group of variables presents managerial strategies defined as combinations of four ideal models, of which the intensity is measured as low, medium or high. We have one variable presenting all the varieties of strategies including 81 statistical variants. On this basis, we reveal a relatively small set of dominant combinations and construct a dummy variable for each of these dominant strategies to see what factors could influence their formation.

5.3. Independent variables

Looking for explanatory factors we divide the independent variables into three groups, as follows:

- Parameters of the firm
- Market situation of the firm
- Personal qualities of the manager

Parameters of the firm are presented by the following main indicators:

- Industrial sector
- Market experience of the firm
- The form of ownership
- Size of the firm
- Unionization of the firm

Industrial sectors are divided into two sets. The first set includes industries producing materials and equipment, namely, chemical, machine-building, forestry, and production of construction materials. The second set includes light and food industries producing consumer goods.

Market experience is measured by the number of years the firm has been operating in the market. A major indicator is whether the firm was established before or after 1987 when institutional economic reforms were started.

With regard to the *form of ownership*, the firms are divided into those that privatized their assets and newly established firms.

Size of the firm is measured by the number of workers and employees. All firms are divided into three clusters, namely, small firms with not more than 100 workers; medium-sized firms employing from 100 to 500 workers, and large firms employing more than 500 workers.

Finally, *unionization of the firm* is indicated by the existence or absence of trade unions at the enterprise level.

Market position of the firm is defined by the following parameters:

- Economic position of the firm in general
- Introduction of new technologies
- Impact of labour shortages
- Labour turnover
- Average wages and salaries
- Workers' (dis)satisfaction

Economic position of the firm is estimated by the manager as 'good', 'moderate', or 'bad'. The latter means that the firm is close to bankruptcy.

Introduction of new technologies is recognized if these were implemented during the period 2004-2007.

Impact of *labour shortages* is defined by the extent to which labour scarcity affects the activity of the firm.

Labour turnover is measured by a ratio of the number of administrative dismissals and

voluntary resignations to the number of workers and employees in 2007.

Average level of *wages and salaries* at the firm is pointed out by the respondent in thousands of rubles.

The indicator of *workers' (dis)satisfaction* is a reflection of whether they express or do not express their dissatisfaction with the situation at the firm.

Personal features of the manager include age, gender, length of managerial experience and status at the enterprise with regard to property rights.

In terms of *age*, managers are divided into three cohorts: under 40 years; from 41 to 55 years; and older than 55 years. *Gender* is presented by a standard variable.

Managerial experience is measured by the number of years the respondents have been working as directors (or deputy directors) at a given enterprise. A major variable differentiates among those with short experience of three years or less; those working from 4 to 10 years; and those with more than 10 years of managerial experience.

Status of manager at the enterprise with regard to property rights depends on whether the general director is at the same time the owner (or a co-owner) of the firm or just a hired manager.

We will analyse all these variables to see whether they help to explain the differentiation among four models of managerial behaviour and the popularity of different managerial strategies.

6. Hypotheses

The first two hypotheses deal with two oppositions in labour relations. Assuming that Soviet legacies are important here and the socialist style of management can be defined as 'authoritarian paternalistic' [Clarke 2004], we hypothesize the following:

H1. Top managers of post-Soviet industrial enterprises tend to be authoritarian in relations with their workers though collectivistic rhetoric is widely used.

And,

H2. Top managers of post-Soviet industrial enterprises allow for informal ties in their relations with workers.

All in all, it means that dominant managerial strategies must be concentrated along the dimensions of 'Bureaucratism + Paternalism' (rigid hierarchy) and 'Paternalism + Fraternalism' (informality of relations).

Considering explanatory factors, we will formulate several alternative hypotheses. We would like to determine if managerial models and strategies arise from the existing structure of the firm, its market position, and personal qualities of the managers and whether these strategies seek to further strengthen such structures and positions or whether they work as compensatory mechanisms to ameliorate the negative effects produced by existing structures.

Keeping in mind the general meaning of these alternatives, we suggest the following two

hypotheses with regard to parameters of the firm:

H3. Managers of the larger firms are inclined to more hierarchical and formal relations with their workers than managers of the smaller firms are⁴.

And, alternatively:

H4. Managers of the larger firms try to camouflage hierarchical and formal order by pretending to be more flexible and informal than managers of the smaller firms.

The second choice would mean that managerial models and strategies are chosen to compensate for the rigidity of large-scale structures.

Considering the economic situation of the firm, we suggest similar opposite hypotheses, as follows:

H5. Managers of the successful firms allow themselves to be more flexible and informal when compared with the managers of the unsuccessful firms who have to be more authoritarian and formal in order to mobilize scarce resources.

And, alternatively:

H6. Managers of the firms facing serious problems are forced to be less authoritarian and less formal to maintain 'good relationships' with their workers than are managers of the successful firms who are able to be more demanding in the contractual relationship.

The first option means that flexibility and informality in relations with workers are practised to gain further economic success while the second option means that they are pursued to compensate for the lack of economic success.

Finally, we have to formulate two alternative hypotheses with respect to personal features of the manager. Here, we hypothesize the following:

H7. Older, more experienced and higher status managers are more used to being authoritarian and formal in relations with workers than younger and less experienced managers are.

And alternatively:

H8. Older, more experienced and higher status managers allow themselves to be more non-authoritarian and informal in relations with workers than do younger and less experienced managers.

These hypotheses are based on the assumption that managerial models and strategies reflect on the level of authority gained by the manager. The first option means that more authoritarian and formal rules help to further strengthen the authority of more experienced managers while the second option presumes that the lack of authority forces younger managers to present themselves as more authoritarian and formal.

Let us test each of these hypotheses using our survey data.

7. Research findings (managerial models and strategies)

We start with the analysis of our dependent variables in trying to determine what kind of managerial models and strategies are more widespread and what combinations of managerial models are more common among Russian managers at industrial enterprises.

7.1. Authoritarianism vs. collegiality

According to our data, Russian top managers are more inclined to an authoritarian style. The necessity of an explicit hierarchy in labour relations is underlined more often than the necessity for a flexible hierarchy (their average indices values are 2,56 and 1,23 on a 4-point scale). More than half of our respondents (56%) persistently support the hierarchical order (with average indices values of '3' and '4'), while only 13% persistently select the option of a flexible hierarchy. Hierarchical modes of relations are rejected entirely by only 3% of managers (with an index value of '0') while non-hierarchical modes are absolutely unacceptable for a much larger group, that is, 27% of managers.

Most of the managers (85%) are sure that it is better to keep a distance from their subordinates while only 10% pretend to be on equal footing with everyone. Whereas 52% believe that decisions should be taken by the top manager alone, 44% would prefer to arrange the decision-making process on collegial terms. Three-quarters of the managers (75%) agree that it is sufficient to explain one's decisions before implementation while only 25% would try to persuade the workers and win their support.

For all these parameters, the more authoritarian outlook predominates over non-authoritarian ones. The only exception is with respect to the option of sharing critical information with subordinates. Here, the managers are split into two more or less equal groups: the first group is sure that a maximum of information should be delivered to workers (45%), while the second group has serious doubts on this issue (43%). In any case, our *Hypothesis 1*, which assumes that the authoritarian style would dominate over a collegial style, is not rejected.

7.2. Formal rules vs. informal relations

Managerial preferences with regard to formality or informality of relationships are more diverse. However, the style which allows informal ties to infuse labour relations is more widespread than the managerial style that is entirely formal (average index values on a 4-point scale are 2,07 and 1,76 respectively).

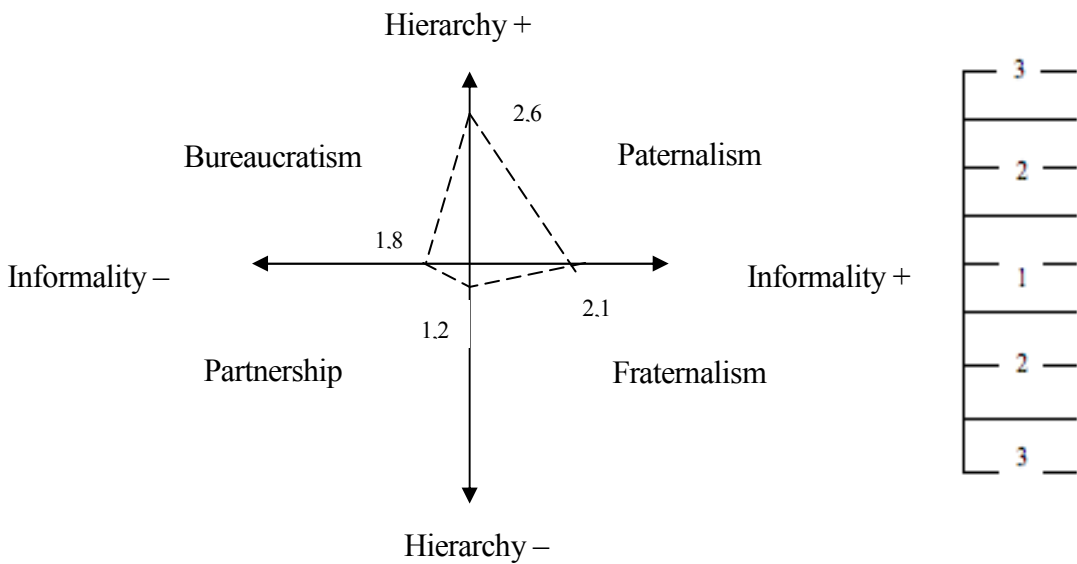
Three-quarters of the general directors and their deputies (75%) interviewed admit that they typically concern themselves with the personal problems of their subordinates while only one fourth (25%) claim that this is not a customary practice. More than half of the respondents (53%) are sure that labour relations should be confined to business routines. Still, 39% believe

that it is better to maintain friendly relations with subordinates.

Some 57% of managers tend to closely supervise the work of their subordinates rather than rely on interpersonal trust (39%). However, the managers are less restrictive with respect to moonlighting. Only 40% of employers formally insist that workers should not have part-time jobs elsewhere, while 55% express more democratic and informal attitudes to this issue.

Intensity of managerial preferences in terms of their average values is shown in Figure 2

**Figure 2 Two oppositions in labor relations
(average values; I = 0...4; n = 303)**



In sum, we would not argue that an informal style is dominant but that it is more widely accepted. Therefore, our *Hypothesis 2* is not rejected as well. It means that the ‘authoritarian paternalistic’ style of management that was characteristic of the Soviet era is still practised [Clarke 2004].

7.3. Models of managerial behaviour

Now let us turn to the analysis of the four models of managerial behaviour. Bureaucratism is widespread having an average value of 4.32 on an 8-point scale. This model is strongly favoured in 27% of cases, moderately in 56% of cases, and weakly in 17% of cases only.

Paternalism is the most popular ideal type among managers with an average value of 4.64. One third of our respondents (32%) have strong paternalistic preferences; 60% of them

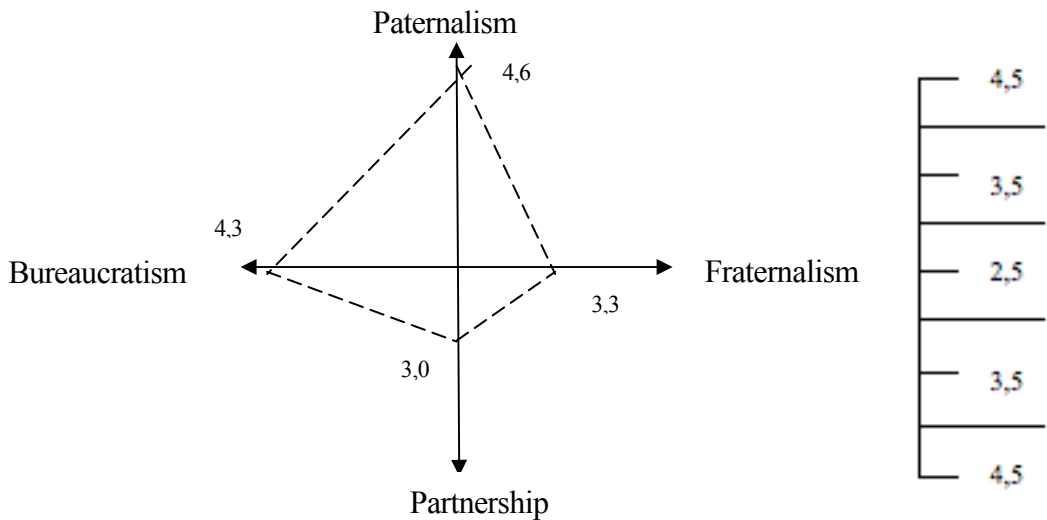
moderately so; and only 8% are weak with regard to this preference.

Table 3 Preferences of four managerial models (row %, n = 303)

Types of authority	Strong	Medium	Weak	Average (0...8)
Bureaucratism	27	56	17	4,32
Paternalism	32	60	8	4,64
Fraternalism	12	52	36	3,30
Partnership	4	57	39	2,99

Fraternalism is less popular in general than the previous two models. It has an average value of 3,30. Only 12% of managers demonstrate strong preferences for this type of attitude, while the respondents with medium and low levels of fraternalistic inclinations constitute 52% and 36%, respectively.

Figure 3 Four models of managerial behavior (average values; I = 0...8; n = 303)



However, Fraternalism is more widespread than the Partnership model with an average value of 2.99 on an 8-point scale. Only 4% of respondents express strong preferences for this type.

Among the respondents, 57% of them have a medium level of preference, while the remaining 39% demonstrate weak preferences only.

These data on the models of managerial behaviour are summarized in Table 3.

Different preferences with regard to the models of managerial behaviour are illustrated in Figure 3.

7.4. Dominant managerial strategies

Here we come to a slightly more complicated part of our analysis. We have to disclose the dominant managerial strategies defined as combinations of the four ideal models of behaviour. We have analysed all 81 variants of these combinations and discovered that the actual variety of combinations is rather limited. Only 21 combinations of all 81 potential variants are displayed at the empirical level, which means that 60% of potential combinations were not indicated by the respondents at all. This could be interpreted as meaning that the preferences of our respondents are rather consistent.

It turns out that almost all respondents may be clustered into a few groups. Almost half of the selected combinations (9 combinations) constitute less than 1% of all cases, individually, and 6.4% in total. Two-thirds (14 combinations) do not exceed 3% of cases individually. At the same time the sum of 6 major combinations constitute 79.2% of all cases. And the three top combinations constitute 60.6% of all cases (see Table 4).

Table 4 Concentration of combinations of managerial types

Number of combinations	% of cases
60 combinations	0,0
21 combinations	100,0
12 major combinations	93,6
6 major combinations	79,2
3 major combinations	60,4

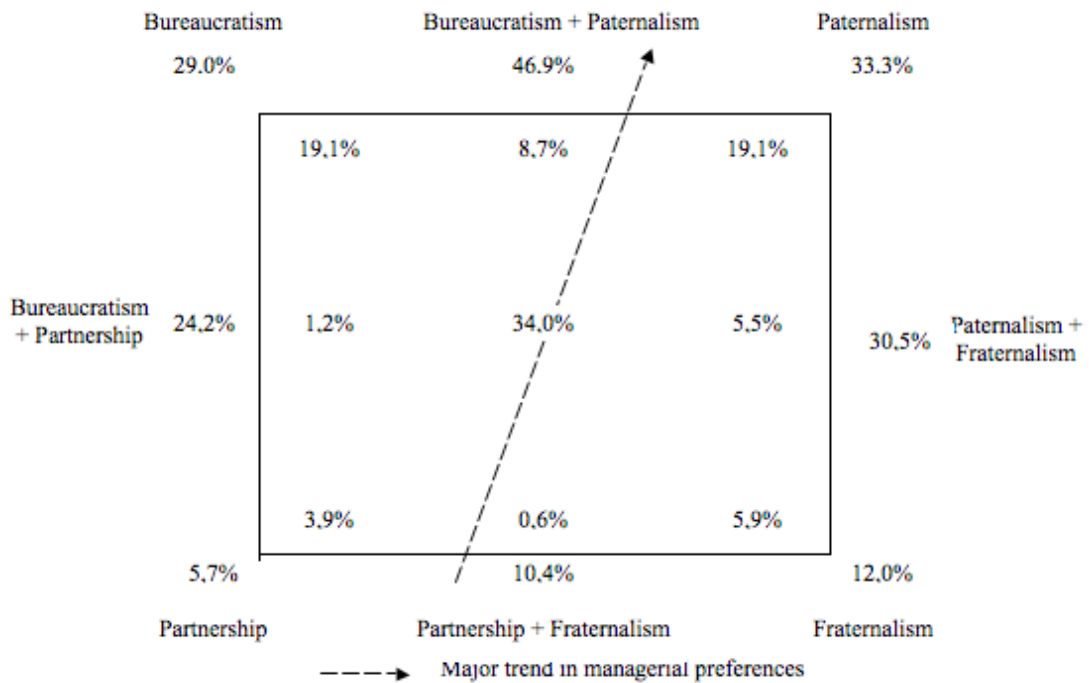
We do not reduce managerial strategies to statistical combinations of the ideal types. Thus, as our next step, we take clusters of those combinations which are close to each other. Doing so, we pay special attention to the types of authority that prevail in these combinations. The results are presented in Figure 4.

We see that three strategies are the most popular among top Russian managers. They make up 72.2% of all cases and include:

- Balanced strategy in which all four types of managerial authority are represented on an equal level (34.0%),
- Bureaucratic strategy in which Bureaucratism dominates over the other types (19.1%),
- Paternalistic strategy in which Paternalism dominates over the other types (19.1%).

We can also conclude that a major trend in managerial preferences is to favour the managerial strategy combination of ‘Bureaucratism + Paternalism’ over the opposite strategy of ‘Partnership + Fraternalism’.

Figure 4 Prevailing models of behavior in managerial strategies (n = 303)



On the Figure 4, number in the middle of the rectangle means the percentage of managers who follow the Balanced strategy, meaning that they do not demonstrate preferences for any model of behaviour.

Numbers within the rectangle mean the percentage of managers who prefer a given model of behaviour or a mix of two neighbour models.

Numbers out of the rectangle mean the percentages of managers who prefer a given model of behaviour summed up with the percentage of those in two neighbour models. They reflect the percentage of managers who prefer strategies that are close to one another by their composition.

8. Research findings (explanatory variables)

In this section of the paper we will test our alternative hypotheses with regard to the parameters of the firm, market position of the firm, and personal features of the managers. We will use the Spearman coefficient to measure correlations between major variables.

8.1. Parameters of the firm

First of all, we have to underline that some of the factors do not have an explanatory value. More specifically, industrial sectors and the division between privatized and newly established firms are not important for differentiation of the managerial models and strategies.

As for market experience, size of the firm, and existence of trade unions, these all have an influence. It is important to mention here that these three parameters are related to one another at a high level of significance ($p < .01$, two-tailed test). It means that older firms are normally of a larger size at the same time. They more often also have trade union representatives at the enterprise level than do younger and smaller firms.

Considering the linkages between these parameters and managerial preferences, we start with the *years of market experience of the firm*. Managers of the new firms that were established within the period of reforms tend to follow an authoritarian line more often than those of the older firms established under the socialist regime. Managers of these relatively new establishments insist on a hierarchical order in labour relations, they are more bureaucratic in their choice of behaviour models and prefer a strategy that favours Paternalism, while managers of pre-reform enterprises tend to prefer the Balanced strategy ($p < .01$).

Our results concerning the relations of managerial models and strategies to the *size of the firm* look a bit counterintuitive. Contrary to our expectations, managers of the larger firms tend to conceal hierarchical order more than managers of smaller firms. But at the same time, managers of the larger firms are inclined to be more formal in their relations with workers ($p < .01$). Thus, they more often favour the Partnership model of managerial behaviour and reject the paternalistic model and Paternalism-dominated strategy ($p < .05$).

This evidence is also supported by the *unionization factor*. We agree with the statement that trade unions in general were marginalized in post-Soviet Russia [Borisov, Clarke 2006]. However, our data show that their existence at the enterprise level persuades the managers to play more non-hierarchical games. They pretend to be more democratic and ready to resolve all disputed issues on a collegial basis whatever the size of the firm. At the same time, existence of the trade unions does not lead to a formalization of labour relations as one might expect. Confronting the existence of trade unions, the top managers express their preferences for the Balanced strategy which treats all four models of behaviour on a more or less equal basis.

All in all, it rejects our *Hypothesis 3* and confirms *Hypothesis 4*. The latter demonstrates that

less authoritarian and more informal models are used to compensate for the rigidity of older and large-scale administrative structures.

8.2. Market position of the firm

Again, let us start with a note that all major parameters describing the situation of economic success or failure are inter-related at a high level of significance ($p < .01$). It means that a bad economic position of the firm in general is associated with a high labour turnover and a shortage of skilled labour. In turn, a high level of resignations from the job and workers' explicit dissatisfaction could be a result of lower wages and salaries due to the deteriorating economic position of the firm.

It is remarkable that the *worse the economic situation* observed at the enterprise, the more managers try to be informal in relations with their subordinates ($p < .01$). They prefer to avoid bureaucratic models ($p < .01$) and partnership models ($p < .05$). At the same time they favour Fraternalism ($p < .01$) and Paternalism ($p < .05$).

Quite consistently with this logic, when *dissatisfaction* is expressed by the workers, the managers gain incentive to be nice and not confine their obligations to formal office routines ($p < .01$). As for *labour turnover*, a high level of dismissals and resignations prevents managers being too authoritarian and bureaucratic. When facing this problem, the managers show more explicit preferences for Fraternalism ($p < .05$). They also choose the Balanced strategy more frequently and tend to reject strategies based on bureaucratic and paternalistic intentions ($p < .05$). We should also mention that labour shortages incite preferences for the relations of Partnership ($p < .05$).

Concerning the remaining parameters under investigation, it is interesting to note that whether the firm innovates or not does not influence managerial preferences. Average wage level and severity of the labour shortage also do not have any significant correlation to the preferred managerial types and strategies (with the minor exception cited above). However, they are related to the rest of the parameters of the market position, and therefore, affect the choices of managers indirectly.

Summing up, we have even more clear evidence in favour of a compensatory function. Therefore, we believe that *Hypothesis 5* should be rejected and leave room for *Hypothesis 6*. Flexibility and informality of labour relations are not a manifestation of economic success but rather a partial compensation for the lack of such success.

8.3. Personal features of the manager

Looking at the demographic data, we have to admit that *gender division* does not work at all (which was as expected). What was not anticipated was that the *status* of the (co)owner or manager would have no explicit impact on the managerial choices. The only exception is that

hired managers tend to be more bureaucratic while (co-)owners try to avoid the bureaucratic model of behaviour. However, owner-status influences managerial preferences due to other personal characteristics of the manager including age and years of managerial experience at a given enterprise. All these three parameters are positively related ($p < .01$).

Age of the respondents is positively related to their unwillingness to stress a hierarchical order. Older managers tend to reject the bureaucratic model and accept the fraternalistic type of managerial authority whereas one might have expected quite the opposite. However, it is also true with regard to the choice of the most important composite strategies. Older managers would rather avoid strategies dominated by Bureaucratism and Paternalism ($p < .01$).

The *length of managerial experience* as a general director (or deputy director) of the enterprise produces a different impact on managerial preferences. The point is that more experienced managers leave more room for informality ($p < .01$). They tend to avoid bureaucratic and partnership models of behaviour and Bureaucratism-dominated strategy.

In sum, older and more experienced top managers who have had a lot of time to establish their authority feel more relaxed and flexible in relations with their subordinates. On the contrary, the younger and less experienced top managers still lack sufficient personal authority and need to establish their positions vis-à-vis their subordinates by being more authoritarian and formal. This runs counter to our *Hypothesis 8* and supports *Hypothesis 7*. An immediate explanation is that our compensation argument does not work in this case because it is highly probable that the older and more experienced managers should have more authority in relations with their subordinates. However, a closer examination shows that there is an important intervening variable here, i.e. economic position of the firm. It means that older and more experienced managers, when running less successful enterprises, have to be more flexible and less formal with their workers.

9. Conclusions

On a conceptual level, we have introduced four ideal models of managerial behaviour, namely, Bureaucratism, Paternalism, Fraternalism and Partnership. They are based on the intersection of two oppositions: rigidity vs. flexibility of the administrative hierarchy and formality vs. informality of relations with the workers. In turn, four ideal models of behaviour have become a basis for managerial strategies in divergent combinations of these models.

Considering two main oppositions in labour relations empirically, we have to conclude that an authoritarian style explicitly prevails when compared with the collegial style of management. The choice of infusing informality into labour relations is not a dominant one. However, a combination of formal and informal approaches is more widespread among managers than confining relations to formal office routines.

All four ideal models of behaviour are accepted by the managers but to a different extent. Paternalism is the most popular model among the managers. It is followed by Bureaucratism. There is less preference for Fraternalism, and even less for the Partnership model.

Three composite strategies out of 81 possible variants are the most popular among the top managers, namely, Balanced strategy in which all four types of managerial authority are equally represented, and Bureaucratic and Paternalistic strategies in which these two types of managerial authority dominate over the other types. A major trend in managerial preferences is in favour of the combination managerial strategy of 'Bureaucratism + Paternalism' as opposed to the 'Partnership + Fraternalism' strategy.

All in all, it means that managerial strategies demonstrate more sustainability in the transition period that one might expect.

Our analysis of the explanatory variables has brought some unexpected results. Managers of the new non-state firms established in the course of economic reform have not become more democratic and open. On the contrary, they tend to express themselves in even more bureaucratic terms than do the general directors of the privatized Soviet enterprises. These 'old men' prefer to demonstrate more flexible policies in relation to their subordinates as a partial compensation for the rigid administrative structure. Similarly, the managers of larger enterprises are eager to present themselves as less authoritarian than those of smaller firms and less bureaucratic than most probably they actually are.

Among the other results, we would mention that the existence of trade unions at the enterprise level does not lead to a formalization of labour relations but rather these relations become more democratic and collegial. Economic difficulties faced by the firm also persuade the top managers to soften their approach and be more informal and congenial in relations with workers who may express their dissatisfaction with low wages and employment instability.

Finally, more flexible and informal approaches should be interpreted as an attempt to compensate for the lack of structural flexibility of the larger firm and the lack of economic success. It is these 'lacks' that motivate the managers, especially older and more experienced ones, to be more open, democratic and friendly.

Notes

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² This typology was elaborated by the author at the beginning of the 1990s for studying the group of newly emerged Russian entrepreneurs [Radaev 1994]. However, this general typology

could be used for comparative studies.

³ Extended overview of the most important concepts of bureaucratism can be found in Albrow (1970) pp. 84-105.

⁴ From this standpoint, it would be reasonable to expect more active development of informal relationships at small firms [Stanworth and Curran 1989: 161], while managers of large corporations would be expected to apply instruments of formal bureaucratic control [Ram 1991: 617].

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