

**Change Management in  
Indian Organizations  
Compared to Chinese and  
Estonian Organizations  
(2009-2011)  
Ülle Pihlak**

Doctoral Thesis in Management | No. 13 | Tallinn 2012





**Estonian Business School**

**CHANGE MANAGEMENT IN INDIAN  
ORGANIZATIONS COMPARED TO CHINESE  
AND ESTONIAN ORGANIZATIONS (2009-2011)**

Thesis of the Degree of Doctor of Philosophy  
by  
**Ülle Pihlak**

Tallinn 2012

The Institute of Management, Estonian Business School, Estonia

Dissertation is accepted for the defense of the degree of Doctor of Philosophy in Management by the Research Council of Estonian Business School on June 14, 2012.

Supervisor: Professor Ruth Alas,  
Ph. D., Chair of Management, Estonian Business School, Estonia

Opponents: Prof. K. Harigopal, PhD  
Institute of Advanced Management Education and  
Entrepreneurship, President  
Hyderabad, India

Vello Rääk, PhD  
Estonian Business School, Tallinn Technical University,  
visiting lecturer

Public Commencement on November 8th 2012, Estonian Business School, Lauteri 3.

Copyright: Ülle Pihlak 2012

ISBN 978-9949-9292-4-5 (trükis)

ISBN 978-9949-9292-5-2 (pdf)

EBS Print, 3 Lauteri Street, Tallinn

## CONTENTS

ABSTRACT	11
INTRODUCTION	13
I.    The Relevance of the Topic	13
II.   The aim and research task	14
III.  The methods used in the research	15
IV.  The originality of research and its practical merit	16
PART 1. THE THEORETICAL BASIS	19
I.    Institutional context of change	19
II.   Cultural component of institutional environment	20
III.  Organizational culture	24
IV.  Different models of change management	25
V.    The types of changes	27
VI.  Reasons behind change	28
VII.  The scope of the change	29
VIII. The roles of change leader	30
IX.  Employee involvement during change projects	32
X.    Resistance to change	33
XI.  Success factors of change projects	35
XII. Culture and history of India, China and Estonia – similarities and differences.	36
PART 2. THE EMPIRICAL STUDY IN INDIAN ORGANIZATTIONS	43
I.    Research design	43
II.   Research process	43
III.  The Propositions for Empirical Analysis	45
IV.  Methods used in the research	49
PART 3. PUBLICATIONS	51
I.    LEADERSHIP STYLE AND EMPLOYEE INVOLVEMENT DURING ORGANISATIONAL CHANGE	53
II.   INFLUENCE OF LEADER’S ORIGIN TO CHANGE MANAGEMENT IN INDIA, CHINA AND ESTONIA	85
III.  RESISTANCE TO CHANGE IN INDIAN, CHINESE AND ESTONIAN ORGANIZATIONS	115
PART 4. CONCLUSIONS	143
I.    The discussion of research tasks	143
II.   Discussion of research propositions	144
III.  Summary of findings	150
IV.  Theoretical development	152

V. Implications	156
VI. Limitations and proposals for further research	157
REFERENCES	159
APPENDICES	177
Appendix 1. Interview questions	177
Appendix 2. The characteristics of the organizations in the samples	179
MUUDATUSTE JUHTIMINE INDIA ORGANISATSIOONIDES VÕRRELDES HIINA JA EESTI ORGANISATSIOONIDEGA (2009-2011)	181
CURRICULUM VITAE	195

## ARTICLES IN INTERNATIONAL PUBLICATIONS

**Pihlak, Ü.**, Alas, R. 2012 “Leadership style and employee involvement during organisational change“, Journal of Management and Change, ISSN: 2228-2181, Estonia. 2012 No 1 (29).

**Pihlak, Ü.**, Alas, R. “The influence of a leader’s origin on change management in India, China and Estonia”, Journal of US-China Public Administration, ISSN 1548-6591, USA. August 2012, Vol. 9, No. 8, 851-869.

**Pihlak, Ü.**, Alas, R. „Resistance to change in Indian, Chinese and Estonian organizations“ Journal of Indian Business Research, 2012, Vol. 4, No. 4, 224-243.

## CONFERENCE PUBLICATIONS AND PRESENTATIONS

**Pihlak, Ü., Alas, R.** (2010); “Employee involvement and the level of concentration of authority during organizational change”, in The 27th EAMSA Annual Conference, New Delhi, India, 10-13 November 2010. (Memory stick)

**Pihlak, Ü., Alas, R.** (2011); „Influence of foreign participation in implementation of change projects in India, China and Estonia”, in The Eastern Academy of Management – International Conference on Managing in Global Economy XIV: Global Web on Knowledge, Bangalore, India, 26-30 June 2011. (CD)



## LIST OF TABLES

Table 1	The indexes of cultural aspects according to Hofstede (Hofstede, 2001)	21
Table 2	The connections with Kotter's model and author's research elements and interview questions.	26
Table 3	The classification of organizational elements.	30
Table 4	Comparison of recent history of India, China and Estonia.	41
Table 5	The connection between research tasks, research questions and propositions.	48

## LIST OF FIGURES

Figure 1	The indexes of cultural aspects according to Hofstede (2001)	23
Figure 2	The block “Process of change” in the model of R. Alas and the modified block of “Process of change”.	153
Figure 3	The block “Type of the change” in the model of R. Alas and the block “Change leader”.	154
Figure 4	The triangular model of Ruth Alas and the suggested model.	154
Figure 5	The suggested model of organizational change.	155

## **ABBREVIATIONS**

IDV – Individualism Index

LTO – Future Orientation Index

MAS – Masculinity Index

P – Proposition

PDI – Power Distance Index

RQ – Research Question

UAI – Uncertainty Avoidance Index



## ABSTRACT

The author's doctoral research aims to contribute to management theory by improving the understanding of cultural and historical influences on management practices. The research issue of this dissertation involves planned organizational change in Indian organizations and a comparison of the findings of studies in Indian, Chinese and Estonian organizations. These countries were selected because they all experienced a transition to a market economy in the early 1990s, which urged most organizations to adapt to new environmental changes. At the same time, these countries have varying levels of liberalization as well as different cultural and historical backgrounds. These factors make it interesting to compare different aspects of change management in these countries.

The author interviewed business consultants who have been part of organizational change projects in Indian organizations. Change management in Chinese and Estonian organizations has been studied by Andreeva, Alas and Sun (Andreeva et al., 2008, Alas and Sun, 2009, Sun, 2009, Sun and Alas, 2007). The data of their studies was made available to the author to carry out the comparison.

The dissertation focuses on leadership style, employee involvement and employee resistance during planned organizational change management projects. The study demonstrates that both leadership style and the level of employee involvement differ in these countries. Although the leadership style of the change leader is autocratic in China and India and participative in Estonia, employee involvement in decision making on change content and implementation is more frequent in China. Still, while the level of employee involvement has a positive correlation with the success of change in India and Estonia, the study did not show such a correlation in China. Moreover, the highest level of resistance was found in Chinese organizations. According to the findings, resistance to change could not be explained only by the national and organizational culture, but it also depends on the type of the change and on the elements that are changed at the same time. The differences in the level and causes of resistance indicate that the structural component of the institutional environment also influences resistance to change. In democratic countries, such as India and Estonia, the pattern of resistance was similar, but it was different in totalitarian China.

The findings of the study showed that the history of these countries also has a role in change management. The study demonstrates that involving foreigners in a change program makes resistance to change stronger in Estonia and in India, but not in China. Furthermore, the causes of resistance and the methods used to overcome resistance are dissimilar when the change manager has a different cultural background. The reason for these findings may lie in the history of these countries. While both India and Estonia had foreign influences (being a colony and occupied country), China has been closed to foreigners for a long time.

Based on these findings, the author modified the triangular model of change developed by Ruth Alas and created a new model where the influences of the cultural and historical backgrounds are also taken into account.

**Key words:** change management, leadership style, employee involvement, foreign leader, leader's origin, resistance to change, scope of the change, success of the change project, transition countries, national culture, history, India, Estonia, China.

## INTRODUCTION

### I. The Relevance of the Topic

Changes in the business environment are driven by developments in technology, changes in socio-political conditions and globalization. These changes have been increasingly rapid and accelerated since the 1990s. Coping with rapid changes in the business environment is especially difficult in countries that have experienced dramatic changes for more than 20 years due to the collapse of socialism. The organizations of these countries face more complex changes than organizations in stable countries. Subsequent to 1990, managers of transforming countries needed new knowledge to cope with these processes. However, the theories of change management have been elaborated in stable environmental conditions. Many authors have questioned the applicability of change management theories, which have been created in more stable countries, in transforming countries (Andreeva et al., 2008, Clark and Geppert, 2002, Liuhto, 1999).

Among the transforming countries, there are also cultural differences that affect the application of change management theories. These differences have urged many researchers to study the effect of culture on change management (Alas and Vadi, 2004, Chatterjee et al., 2006, Erez and Early, 1993, Gopalan and Stahl, 2006, Kennedy, 2001, Lynton, 2001, Jaques, 1989, Sinha, 2004), which is increasingly important due to rapid globalization. According to Hofstede (1993), in various countries not only do the management practices vary, but also the entire concepts of management may differ. The theories can also be interpreted differently in countries with a different national culture and history. Hofstede stresses the need to enrich management theories at the national level (Hofstede, 1993).

The three countries – India, China and Estonia – have all experienced strong changes in their business environments since the beginning of the 1990s. Two are located in Asia, still very different, and one, in northern part of Europe, but the collapse of Soviet Union influenced strongly all these three countries. The influence was strongest in Estonia, which had been part of Soviet Union, and perhaps it was weakest in China, which still has many elements inherited from that era. All of them welcomed the market economy for the first time in many years. This urged most organizations in these countries to adapt to new environmental challenges. The studies of inescapable change processes in transforming countries can help to develop the change management theories, which can be done only by examining the practices of organizations at the local micro levels of these economic systems (Lawrence and Edwards, 2000). A comparison of the change management practices in the three countries allows one to see the effect of cultural differences and the effect of historical memory on change management.

## II. The aim and research task

The doctoral research aims to contribute to management theory by improving the understanding of cultural and historical influences on management practices. The author aims to contribute to the management research as well as management practices in multinational companies. The research issue of this dissertation involves planned organizational change management projects in Indian organizations and a comparison of the findings of studies in Indian, Chinese and Estonian organizations.

There is a serious lack of literature on organizational changes in India. While there are many studies on human resource management in Indian organizations, the author could not find any studies concentrating on change management in Indian organizations. In 2006, Garg and Singh studied the literature dealing with change management in order to inform Indian enterprises. They also could not refer to any research on change management in Indian organizations. They stated that research on change management has been inadequate in the Indian context (Garg and Singh, 2006). The author's comprehensive knowledge of Indian history and culture, and the lack of studies on change management in Indian organizations were the main factors motivating her to fill this gap.

The author interviewed business consultants who have been part of organizational change projects in Indian organizations. Change management in Chinese and Estonian organizations has been studied by Andreeva, Alas and Sun (Andreeva et al., 2008, Alas and Sun, 2009, Sun, 2009, Sun and Alas, 2007). The data of their studies was made available to the author to carry out the comparison. India, China and Estonia have experienced the transition from a command economy to a market economy at different levels of liberalization. In addition, they have different cultural and historical backgrounds. These factors make it interesting to compare different aspects of change management in these countries.

However, due to the limited resources available for this doctoral thesis and the fact that organizational changes are very complex phenomena, it is not possible to explore all areas associated with changes in organizations during economic transformation in society. Hence, the aim of the study is to explore the elements that may influence the differences in change management practices in these countries – the culture and the historical memory.

The following research tasks were created:

**The first research task** is to identify the types of change management projects in Indian, Chinese and Estonian organizations (Study II).

**The second research task** is to find out how elements of organizational change depend on the cultural background of organizations' members (Study I).



**The third research task** is to discover how the elements of organizational change depend on the historical memory of the organizations' members (Study II).

**The fourth research task** is to determine the factors on which the resistance to change depends in different national cultures (Study III).

To accomplish the above research tasks, the following research questions were raised:

**RQ 1.** Are the reason behind the change and the scope of the change projects similar in different transition countries? (Study II)

**RQ 2.** Is the leadership style of the change leader and the level of employee involvement different in different cultures of India, China and Estonia? If yes, then how do these differences influence the success of the change projects? (Study I)

**RQ 3.** How does the origin of the change leader influences the change management process in different transition countries? (Study II)

**RQ 4.** Does the resistance to change depend on national culture? (Study III)

### **III. The methods used in the research**

The research methodology that includes the research design (research purpose, research questions and hypotheses, review of literature, research methods), and the research process (sample selection, data collection, data analysis, conclusions) (Matthews and Ross, 2010) was used by the author of this dissertation.

The author used the interview questionnaire devised by Tatiana Andreeva (Andreeva, 2006, Andreeva et al., 2008). This questionnaire was used because of two reasons:

1. The author of the questionnaire also used it when she interviewed management consultants as experts (Andreeva, 2006, 2008).
2. The same questionnaire was used in a similar survey in China and in Estonia (Andreeva *et al.*, 2008), which made it possible to compare the results. The data of these surveys were made available to the author of this dissertation.

The research approach in this study was mainly descriptive and explanatory (Yin, 1994). Both the qualitative and quantitative methods were used. The quantitative method was used to deepen the understanding of the detailed information on change management projects described by the interviewees. The qualitative method was used to understand and explain the situations described by the interviewees.

In order to conduct the interviews concerning change management in Indian organizations, the author contacted 390 Indian management consultants, of whom 59 finally accepted to be interviewed. Most Indian consultants refused because they had not been involved in change management projects. In 2009, structured interviews were conducted with these 59 management consultants. Most interviewees were involved in the development of a change program and in its implementation. The interviews were conducted via the Internet and over the telephone. The author also met some of the interviewees in India to discuss the basic issues. All data was recorded in the files. The characteristics of the interviewees are presented in Appendix 3.

The size of the samples in similar studies in Estonian organizations was 63 and in Chinese organizations 55.

All respondents were asked to recall one concrete situation of organizational change in a concrete company in India, in which they had participated. The characteristics of the Indian companies' relevant to the research tasks are given in Appendix 2.

The interview questions include six parts. The first part contains the information on the interviewee, and the second part contains information on the company where the changes were implemented. The third part describes the purpose and the content of change. The fourth part focuses on the change implementation process. It includes questions dealing with the duration of the process, the leadership, employee involvement, the level of concentration of authority, and the positive and negative factors that occurred during the change implementation. The fifth part focuses on the results of the change implementation and the sixth part treats the factors on which organizational change efficiency depends. The interview questions are presented in Appendix 1.

Following the interviews, a content analysis of the interview results was carried out with the help of NVivo software to analyze the process of change in Indian organizations. The analysis was based on a complete study of all interview results. The comparative analysis method was also used to compare the implementation of change in India, China and Estonia. To compare different groups of respondents, an ANOVA and a t-test were completed. Linear regression analyses, correlation analyses and cluster analyses were utilized to discover the structure of the connections.

#### **IV. The originality of research and its practical merit**

Many researchers have created different models to help managers to implement organizational change projects (Aldag and Stearns, 1991, Burke and Litwin, 1992, Elgin, 1977, Epperson, 2006, Kotter, 1996, Lewin, 1951, Lippitt et al., 1958,

Nadler and Tushman, 1989, Nicoll, 1980, Stace and Dunphy, 1994). Still, there are no commonly accepted theories on organizational change. Some authors conclude that the majority of theories devoted to change management are inadequate in concrete situations and in different contexts (Anderson and Ackerman-Anderson, 2001, Dawson, 2003, Desai and Sahu, 2008).

Following the collapse of Soviet Union, many countries welcomed the market economy following a long period of a centrally controlled economy. This urged the organizations in these countries to implement enormous changes to cope with the new environmental challenges. At the same time, most of the literature on change management had been developed in Western countries. The suitability of these theories for the countries in transition with a different national culture and historical background has not been clearly determined. On the one hand, only a few studies have been conducted in transition economies. On the other hand, the success of the change projects depends on several factors, but the author could not find many studies that take into consideration the national culture and the historical background.

In this dissertation, the author pays special attention to the impacts of national culture and to the historical memory of organizations' members. The author has applied concepts devised in Western countries as bases for the research and has combined these theories with empirical findings collected in India.

A triangular model has been created on the bases of Western theories for implementation in the analysis in Estonian (Alas, 2007), Russian (Andreeva, 2006) and Chinese (Alas and Sun, 2009) organizations. India, Estonia and China have one similarity: they all suffered a long period in a command economy. Still, the national cultures in these countries differ. Moreover, while both India and Estonia have been under foreign rulers recently, China has been closed to foreigners for a long time. That makes it possible to study the influence of the national culture and historical memory of the organizations' members. This study provides new ways of thinking about organizational change projects, especially in respect to how different institutional environments, including national culture and history, influence the change process.

The practical relevance of this research is as follows:

1. Information about different aspects of change management allows investors, managers of multinational companies and management consultants to achieve better results through an understanding of the problems in the organizations from different national cultures and with different historical background.
2. The author's study of organizational changes in India provides insights into the organizational change projects in India. The study covers a relatively

large sample, and the results are compared to the results of the samples of a similar size from China and Estonia.

3. The information about the problems associated with change management and the shortcomings occurring in the process of change implementation will help managers of multinational companies and management consultants to improve their knowledge and competency in implementing changes.
4. By using the information on the main causes of resistance among employees toward change, managers could take measures to avoid resistance and deal with resistance in order to achieve greater success in change projects.
5. The study could serve as a basis for other academic research projects in comparing India with other countries with different cultural and historical backgrounds.
6. The research fills a gap in the field of change management study by taking into account cultural and historical issues as factors influencing change implementation methods.
7. The research results gained from the comparison between Indian, Estonian and Chinese organizations provide useful information for managers who are doing cross-border business between these countries and for management consultants working with the organizations in these countries.

## **PART 1. THE THEORETICAL BASIS**

“Heraclius pointed out in about 500 BC that time is like river and you can never step into the same water twice. If that image is updated to take account of the increasing rate of change, we realize that we are now standing under a waterfall or sailing a very stormy sea!”(Hay, 1996).

The author commences the theoretical overview with different views of the institutional theory and later provides a detailed insight into different aspects of organizational change. These aspects include the different models of change management, the reasons behind change, the scope of the change, the role of the change leader, employee involvement during change projects, resistance to change and the success factors of change projects. A short overview of the institutional environment in India, China and Estonia is also included.

### **I. Institutional context of change**

According to the institutionalism perspective, organizations are socially embedded in a particular society (Geppert, 2003). The institutional theory defines the institutional environment by its culture and structure (Meyer et al., 1994). This means that institutions embody both normative principles and social values (Meyer et al., 1994). According to new institutionalism, institutions and practices are reflections of rules, laws, conventions and paradigms etc. built into their environment (Powell, 2007). According to Sahlins, besides the cultural and structural aspects of a particular institutional environment, historical events are also important in order to understand different social phenomena (Sahlins, 1985).

Schneider (1987) declared that the attributes of an institution depend on the attributes of its members, including their values. As these values differ in various cultures, the institutions must also differ across diverse cultures (Schneider, 1987). At the same time, new institutional theorists DiMaggio and Powell argue that organizations tend to accept similar ways of doing business because they want to appear legitimate to investors, customers, and others who influence their success. They believe that organizations are open systems and become harmonized with their environments through several exchanges and that over time these institutional influences create a significant degree of similarities in structures and cultures across organizations in different countries (DiMaggio and Powell, 1983).

From the institutional viewpoint, social transition is the period between the collapse of one institutional system and the establishment and acceptance of another institutional system. During such a period, acute social and psychological problems for the members of the particular society will emerge (Clark and Soulsby, 1999). Greenwood et al. (2002) proposed a model for institutional change, which moves the institution from one position to another. Stage 1 (Destabilization)

occurs when some events destabilize established practices. These events in transition countries involved changes in political, social and economic systems. In Stage 2 (De-institutionalization), new institutions replace old ones. In Stage 3 (Pre-institutionalization), institutions start to innovate and to respond to new challenges. In Stage 4 (Theorization), new theoretical ideas start the development. In Stage 5 (Diffusion), these new ideas are introduced in organizations. In Stage 6 (Re-institutionalization), the new ideas begin to be taken for granted (Greewood et al., 2002).

The author of this dissertation believes that the change management theory concerning change management in transition countries is at Stage 4 according to Greewood et al.. Furthermore, many studies will be needed before the researchers are in a position to conclude whether the culture-free theory of change management is possible or the theory must be changed according to new findings from organizations of transition countries. The author seriously doubts the possibility of the culture-free management theory, because in 2011 Kase, Slocum and Zhang, while comparing the thinking patterns of Western and Asian people concluded that there are cultural differences in the cognitive process of Asians and Westerners. They discovered that Asians follow an inductive approach and Westerners follow a deductive approach. They also found it possible that the world may soon be ready to accommodate different management theories, instead of converging on one type of theory (Kase et al., 2011).

## **II. Cultural component of institutional environment**

According to the institutional theory, the institutional environment can be defined by its culture and structure (Meyer et al., 1994). As the structural institutions in India, China and Estonia have fewer differences than the cultural institutions, the author focuses mainly on the influence of the cultural context on organizational change management projects in this dissertation. The influence of history is covered in the final chapter of the theoretical part of the dissertation.

There are more than 150 definitions of culture (Howard and Howars, 1998). Jaques saw culture as a customary and traditional way of thinking and of doing things, which is shared by most of its members (Jaques, 1989). Hofstede has defined culture as the collective programming of the mind, which distinguishes the members of one group of people from another (Hofstede, 1991). House defined culture as shared motives, values, beliefs, identities, and interpretations of significant events that result from the common experiences of members of collectives that are transmitted across generations (House et al., 2004). In addition, Pajupuu includes the influence of historical events on the definition of national culture and defines culture as a combination of religious, political and esthetical value criteria handed down by historical heritage (Pajupuu, 2000).

The definitions of culture clearly indicate that a national culture is common to the people having experienced similar historical events across generations. National culture is a multiple phenomenon. It contains layers in which, some aspects can be more visible, whereas others are emotional and subconscious (Hämmal and Vadi, 2006). The deepest layer of culture is represented by values. These are often unconscious and not discussible (Pucik et al., 1993). Values are the ideas and beliefs that influence and direct peoples' choices and actions (Gini, 2004).

According to Budhwar, the prominent aspects of national culture that directly influence the organization's culture are (Budhwar, 2009b):

- “1. the socialization process through which managers are “made”;
2. the basic assumptions which shape managers' behavior;
3. their common values, norms of behavior and customs;
4. the influence of pressure groups unique to the country;
5. unique ways of doing things and the management logic in a particular country which are reflective of broader national business system.”

The groups of researchers led by Geert Hofstede and by Robert House conducted the most prominent studies on national cultures. Since House did not include Estonia in his survey, the author uses only the study of Hofstede to compare the cultural differences of India, China and Estonia. The cultural differences of India, China and Estonia according to Hofstede's criteria can be found in the second edition of the book “Culture's Consequences. Comparing Values, Behaviors, Institutions and Organizations Across Nations,” because there the indexes for China and Estonia are also given (p. 502). The data is presented in Table 1

**Table 1.** The indexes of cultural aspects according to Hofstede (Hofstede, 2001).

Index	Meaning	India	China	Estonia
Power Distance (PDI)	The extent to which the less powerful members of institutions accept and expect that power is distributed unequally.	77	80	40
Uncertainty Avoidance (UAI)	The extent to which a culture programs its members to feel uncomfortable in unstructured situations.	40	30	60
Individualism (IDV)	The degree to which individuals are supposed to look after themselves versus remain integrated into groups.	48	20	60
Masculinity (MAS)	The degree to which a culture programs its members to accept gender inequality.	56	66	30

Index	Meaning	India	China	Estonia
Future Orientation (LTO)	The extent to which a culture programs its members to accept delayed gratifications of their material, social, and emotional needs.	61	118	40?

Hofstede looks at the power distance that is accepted by both managers and subordinates, supported by their social environment and determined by their national culture. In cultures with a high PDI, the hierarchy reflects existential inequality and employees expect to be told what to do (Hofstede, 2001). Both China and India have a high PDI. The major source of a high PDI in India is believed to be the existence of the caste system (Chhokar et al., 2008) while in China, it is assumed to be the Confucian traits (Noronha, 2002). In India, it is common that subordinates show reverence and respect toward superiors and in return, they expect protection and support (Sinha and Kanungo, 1997, Cappelli et al., 2010). Both in India and China the manager is seen as a parent of a big family who should take care of everything (Sun, 2009, Cappelli et al., 2010). The Estonian PDI is closer to German PDI than to the Finnish, but considerably lower than Indian and Chinese PDI. That allows the author to expect less employee involvement and an autocratic leadership style during change projects in India and China, while in Estonian organizations, employee involvement should be more frequent and the leadership style rather participative.

The uncertainty avoidance index shows that Estonians feel more uncomfortable in unstructured situations than Chinese and Indians. The Estonian index is almost the same as the Finnish. According to Hofstede, this means that Indians and Chinese do not resist changes as much as Estonians, and accept foreigners as managers while Estonians treat foreigners with suspicion (Hofstede 2001: 160). The Chinese UAI must be taken with caution because the study of GLOBE shows a very high uncertainty avoidance index for China (House et al., 2004).

According to the individualism index, China is very collectivistic, while Estonia is rather individualistic and India stands in between. According to Hofstede (2001) that means that in China, employee commitment to an organization is low and employees perform best in groups; they believe in collective decisions and like to be seen in a family and social context. In Estonia, employee commitment to an organization is higher and employees perform better as individuals; they believe in individual decisions and like to be seen as individuals. In India, however, there is individualism at the managerial level and collectivism at the shop floor level (Budhwar and Singh, 2009). That allows the author to explain the consequences of the influence of employee involvement on the success of the change project.

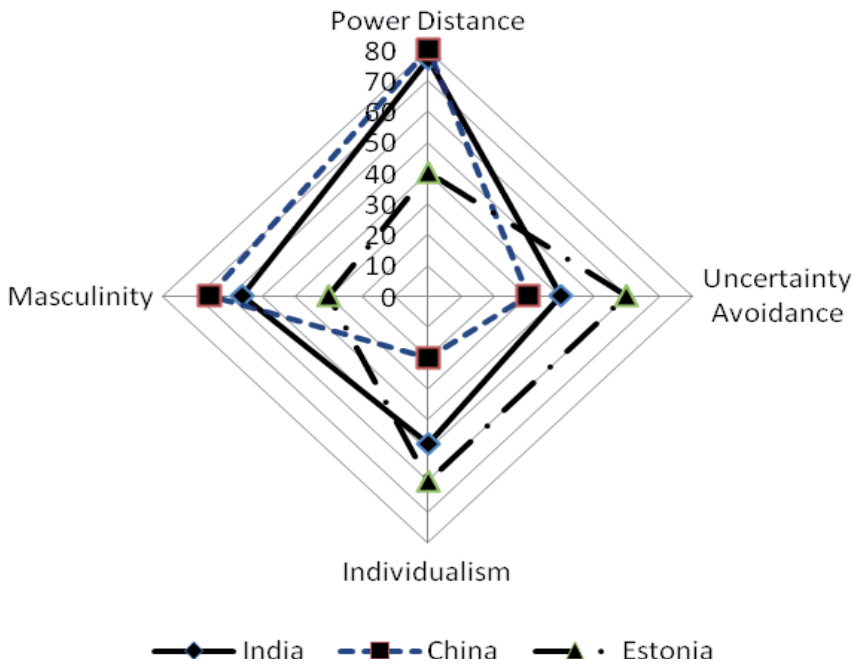
According to the masculinity index, India and China are both much more masculine societies than Estonia. That means that Indian and Chinese employees see managers



as culture heroes, expect them to be decisive and firm (Hofstede 2001). That also means that Indians and Chinese like to deal with conflicts through denying them or through fighting, while Estonians like to deal with conflicts through problem solving, compromise and negotiations (ibid.). These indexes also imply that the leadership style must be autocratic in China and India, and participative in Estonia.

The long-term orientation index (Future orientation) is extremely high (the highest) in China and much lower in India. Unfortunately, the author was not able to find the LTO index for Estonia, but as other indexes are relatively close to Finnish indexes (except the PDI), the author speculates that the Estonian LTO index might be close to 40. The high score of future orientation in India and China comes from traditions and philosophies of life and the LTO index is expected to be high. Still, in the institutional environment in transition, the managers' focus on short-term survival of companies could be expected and also witnessed at least in Indian companies (Budhwar and Singh, 2009). Therefore, the author excludes this dimension from further analysis.

The four cultural dimensions of India, China and Estonia will serve as the basis to analyze the impact of national culture on organizational change projects in these countries. Figure 1 is presented to illustrate the cultural differences of these countries.



**Figure 1.** The indexes of cultural aspects according to Hofstede (2001).

As seen in Figure 1, Indian culture is clearly more similar to Chinese than to Estonian culture in the case of power distance, masculinity and uncertainty avoidance. However, it is much more similar to Estonian culture than to Chinese culture in the case of individualism.

The national culture is one of the important contingencies that may influence the success of change management projects. The author suggests that certain dimensions of culture may affect several aspects of change management, including employee involvement, leadership, and resistance to changes.

### **III. Organizational culture**

The institutional environment can be divided into external and internal institutional environments. The external institutional environment includes national culture, and the internal institutional environment includes organizational culture (Parkhe, 1991). However, organizations exist within a cultural context. National cultural values are an essential element behind planning and organizing work within organizations (Head and Sorensen, 2005). Management assumptions, organizational structure and functions are influenced by national culture (Hofstede, 1980, Hofstede et al., 1990). Therefore, the organizational culture can be examined only in the context of the national culture (Baumane and Kumilo, 2006).

The members of an organization are expected to be culturally similar; they share understandings, beliefs, values, norms and symbols that make them differ to some extent from the members of other organizations (Alvesson, 1987). Organizational culture also influences the ability of an organization to deal with different challenges (Trompenaars and Woolliams, 2003). The shared basic assumptions in an organization are stable and difficult to change and even difficult to observe (Schein, 1992). According to Schein, the critical elements of organizational culture are stability, depth (includes unconscious parts), breadth (covers all functions), and patterning (ties together). Schein also identified three layers of organizational culture. The artificial layer is visible, audible and tangible to all but not everyone understands it the same way. The second layer comprises values and beliefs. The third layer comprises assumptions that act as a cognitive defense mechanism aiming at stability (Schein, 2004). The author of the dissertation believes that the resistance to any kind of change comes mainly from the third layer of organizational culture, and even if the second layer is changeable by a positive experience, changes in the third layer require much more time and a greater understanding of the elements of national culture by the change leader.

Sopow (2006) stated that one must see the difference between an organization's culture and climate. While an organization's culture is its deeply rooted traditions, values and beliefs, an organization's climate includes rules and regulations, communication models, employee incentives and other key functional factors.

Still, he concludes that up to 80% of the organizational climate is influenced by the organizational culture (Sopow, 2006), and is therefore difficult to change.

Some authors agree that it is impossible to explain what is happening in organizations without understanding the cultural background of the members of the organizations and assuming that the culture can be imported to the organization. Studies show that cultures continuously influence each other (Avgerou, 2001, Van Maanen and Laurent, 1993), and that organizational cultures are influenced, not only by the national culture, but also by the universally applicable management cultures (Sinha, 2004). Therefore, it is even more complicated to study the influence.

Many authors view organizational culture as the main source of resistance and source of defensive routines (Argyris, 1990, Schein, 2004, Sopow, 2006). Changing the organization's culture under time pressure and without continuous communication creates a sense of powerlessness and fear, and as Sopow defines it: "Trying to change the organization's culture means massing tried-and-tested traditions and ignoring many years of positive lessons learned" (Sopow, 2006).

#### **IV. Different models of change management**

In this dissertation, an organization has been defined as a complex system that produces outputs in the context of an environment, an available set of resources, and a history (Nadler and Tushman, 1989) and the term "change" will refer to planned responses to pressures and forces from the environment or inside an organization (Alas and Sun, 2009).

Many researchers have developed different models of change management starting with Kurt Lewin's three-stage model. The stages according to Lewin are 1) unfreezing the old behavior (making preparations for change), 2) moving to a new level of behavior (implementing change), and 3) refreezing (reestablishing stability) (Lewin, 1951). Understanding the complexity of change management process, researchers started to split Lewin's stages. An analysis of all the different models developed during the 60 years since Lewin's work is neither possible nor reasonable. Therefore, the author presents only a few examples.

In 1977, based on a field study, Elgin developed the seven-step organizational change model. These steps are: 1) growth and efficiency, 2) decline, 3) crises, 4) muddling through and procrastination, 5) chaos, 6) back to basics, 7) transformation and revitalization (Elgin, 1977). While Elgin's steps 3 and 4 can be seen as parts of Lewin's unfreezing stage, steps 4 and 5 as parts of the implementing stage, and steps 6 and 7 as parts of the refreezing stage, Elgin's steps 1 and 2 can be considered as establishing the readiness to change.

Aldag developed the six-step model in 1991. These steps include: 1) identifying a need for change, 2) selecting an intervention technique, 3) gaining top management support, 4) planning the change process, 5) overcoming resistance to change, and 6) evaluating the change process (Aldag and Stearns, 1991). In Aldag's model, the unfreezing stage consists of steps 1, 2, and 3; the implementing stage is limited to dealing with resistance, and the refreezing stage includes only the evaluation process.

In 1996, Kotter analyzed the reasons why transformation often fails, and based on this analysis, he identified eight steps to ensuring successful change. These are: 1) establishing a sense of urgency, 2) forming a powerful guiding coalition, 3) creating a vision, 4) communicating the vision, 5) empowering others to act on the vision, 6) planning and creating short-term wins, 7) consolidating change improvements, and 8) institutionalizing new approaches (Kotter, 1996).

The author used Kotter's model in her research while studying the process of change management in Indian organizations. The connections with Kotter's model and the author's research elements are summarized in Table 2.

**Table 2.** The connections with Kotter's model and the author's research elements and interview questions (Appendix 1). Drafted by the author.

<b>Kotter's steps</b>	<b>Author's research elements</b>	<b>Interview questions</b>
Establishing a sense of urgency	Reasons behind the change	B1
Forming a powerful guiding coalition	Change leader	A1, A2, A9, B5
Creating a vision	Scope of the change	B2, B3, B4
Communicating the vision	Employee involvement	B7
Empowering others to act on the vision	Employee involvement	B8, B9, B10
Planning and creating short-term wins	Positive factors	B11
Consolidating change improvements	Resistance to change, dealing with resistance	B12, B13, B14, B15
Institutionalizing new approaches	Success of the change	B16, E1, E2, F1, F2, F3

Many authors have criticized the current theories of change management models. They argue that there are no universal prescriptions on how best to manage change and accuse the researchers of over-simplifying the complex process (Dawson, 2003, Desai and Sahu, 2008, Anderson and Ackerman-Anderson, 2001). Dawson

(2003:179) states that, “We can learn from our experiences and the experience of others, but we cannot foretell how the process of change will unfold before the event.” Desai and Sahu (2008), following their study of CRM change management in India, concluded that the structural and cultural context of an emerging country affects change management activities and that change management theories do not work in any “given” context. The author of the dissertation wants to contribute to the development of the change management models that take into account the cultural context of the country also.

## **V. The types of changes**

In 1958 Lippitt, Watson, and Westley categorized the changes into the following types: spontaneous, evolutionary, fortuitous, accidental, and/or planned (Lippitt et al., 1958). Subsequently, many researchers have tried to categorize the changes according to the scope of the change. Changes were divided into first order and second order changes. The first order change manages stability. The second order change includes changes in many organization’s elements in order to change a large part of the organization (Pribram, 1983, Hurst, 1986, Bartunek, 1993). In 1995 Van den Ven and Poole developed that classification further and renamed the first order change to the prescribed mode of change and the second order change to the constructive mode of change (Van den Ven and Poole, 1995).

In 1989, Nadler and Tushman categorized changes according to their scope and divided changes into incremental changes and strategic changes. Incremental changes challenge the subsystems of the organization, while strategic changes cause change to the entire system. According to the key external events that trigger the change, they divided the changes into reactive changes and anticipatory changes. Combining these dimensions, Nadler and Tushman discovered four types of changes: 1. Tuning (incremental and anticipatory), 2. Adaptation (incremental and reactive), 3. Reorientation (strategic and anticipatory), 4. Recreation (strategic and reactive) (Nadler and Tushman, 1989).

In 1992, Burke and Litwin also categorized changes according to the scope of the change and divided changes into transformational changes and transactional changes. Transformational changes occur as a response to the external environment and affect transformational factors (factors that require new behavior of employees - mission, strategy, leadership and culture). Transactional changes deal with organizational variables that predict and control the work climate. These variables include management practices, structure, systems, task requirements and individual skills. The transformational changes deal with areas that require new employee behavior due to external and internal environmental pressures. Transactional change deals with psychological and organizational variables that predict and control the motivational and performance consequences of the work group climate. (Burke and Litwin, 1992). Prior to Burke and Litwin, in 1986, Ackerman had presented

the classification where he divided the changes into development, transitional and transformational (Ackerman, 1986).

In 1994, Stace and Dunphy categorized changes according to the scale of change. The types described were: 1. Fine-tuning (refining and clarification of existing procedures), 2. Incremental adjustment (adjustment of organizational structures), 3. Modular transformation (divisional restructuring), 4. Corporate transformation (revolutionary change throughout the whole organization) (Stace and Dunphy, 1994).

In 1996, Dirks, Cummings and Pierce pointed to evolutionary changes and revolutionary changes. Evolutionary changes involve incremental modification of the object, while revolutionary changes challenge the existing structure and rebuild a new one (Dirks et al., 1996).

The author excludes the division of changes according to anticipation and reaction and finds that Burke and Litwin's classification includes the other categorizations. Transactional changes can be seen as tuning, incremental adjustment and evolutionary, while transformational changes can be viewed as strategic, modular transformation, corporate transformation and revolutionary. Therefore, the author of this dissertation uses the theory of Burke and Litwin when analyzing the types of changes in Indian organizations.

## **VI. Reasons behind change**

The reasons for change, also called "triggers", can be external or internal. Some of the external triggers include the following: changes in government laws and regulators, globalization of markets, increased competition, major political and social events, advances in technology etc. Changes in the business environment (external triggers) trigger internal changes as responses to external changes. Internal triggers can be the development of a new strategy, changes in the organization's structure, changes in ownership or management etc. Developments in technology can be both internal and external triggers as it may involve the installation of one piece of equipment or the complete redesign of a process (Dawson, 2003, Leavitt, 1964, Paton and McCalman, 2000). Externally generated change produces the greatest degree of negative feedback and resistance (Paton and McCalman, 2000).

According to studies in many countries, researchers have found that the main triggers are the changes in the competitive environment and the rapidly developing technology (external triggers), a change in leadership and a decline in organizational performance (internal triggers) (Jick, 1995, Monga, 1997, Tushman and Romanelli, 1985). In this research, the triggers of change are divided into external and internal triggers as follows:

- External triggers: competitive pressure, changes in market situation, change in ownership.
- Internal triggers: introduction of new technology, entry to new markets, change in company management; low performance of the company.

## **VII. The scope of the change**

Garg and Singh stated in 2002 that managing change comprises various interconnected and independent areas that need to be recognized both individually and in terms of linkages with other areas. They prioritized the areas in the following way: 1. Organization's structure, 2. Organization's systems, 3. People, 4. Culture, 5. Technology. They declared, that the most challenging area is to change the culture because it includes behavior and attitudes (Garg and Singh, 2002).

Andreeva (2008) listed the key organizational elements based on the literature analysis (Greiner, 1975, Hannan and Freeman, 1984, Tushman et al., 1986, Burke and Litwin, 1992, Romanelli and Tushman, 1994). The list included the following 11 elements: corporate mission, ideology; business strategy; organizational structure; distribution of power and authority in the company; organizational culture, key values; management system as a whole; key personnel in the organization; qualitative structure of the staff (skills, knowledge, etc.); production technology; operational rules and procedures; functional systems (i.e. production, sales and marketing, finance, human resources management systems) (Andreeva et al., 2008).

Andreeva divided the elements listed above into "hard" and "soft" elements. Hard elements include procedures and rules, strategy, structure, the management system as a whole, technology, operational rules and procedures, and functional systems. The remaining elements make up a group of soft factors: key personnel and qualitative structure of the staff, values, norms and beliefs (corporate mission, ideology, distribution of power and authority, organizational culture, key values).

In 2009, Mathew also used the terms hard and soft factors. He explained that the soft factors of change refer to behavioral factors and the hard factors to the organizational and physical factors. He added that soft elements determine the nature of change management, but changes in these elements alone are not sufficient to implement the planned change. He believed that hard factors are stable and more controllable and assure a high rate of successful change management (Mathews, 2009).

The author of the dissertation uses the classification of Burke and Litwin and divides the organizational elements into transformational and transactional since that classification is better connected to the reasons for the change. The division of elements is shown in Table 3. A comparison with the classification based on hard and soft factors is also presented.

**Table 3.** The classification of organizational elements. Drafted by the author.

<b>The element</b>	<b>Andreeva</b>	<b>Burke and Litwin</b>
mission, corporate ideology	Soft	Transformational
business strategy	Hard	Transformational
organizational structure	Hard	Transactional
distribution of power, influence	Soft	Transformational
corporate culture, key values	Soft	Transformational
management system as a whole	Hard	Transactional
key people in the organization	Soft	Transactional
qualitative structure of the staff	Soft	Transactional
production technology employed	Hard	Transactional
rules and procedures of everyday work	Hard	Transactional
functional systems	Hard	Transactional

### **VIII. The roles of change leader**

Researchers have stated that without leadership commitment development change and transactional change can be successful, but transformational change is not likely to succeed (Griffith-Cooper and King, 2007). Various authors have listed different roles of change leaders, starting with developing a vision and strategy for dealing with resistance (Griffith-Cooper and King, 2007, Bass, 1990). Some authors are convinced that the only possible leader during change projects can be the top manager and that the leadership of the change project cannot be delegated (Nadler, 1997, Reynierse, 1994, Drucker, 1999). Other authors argue that top-managers are not open to change and may fight to maintain the status quo (Hambrick et al., 1993, Huber et al., 1993), or they devote their time to the completion of everyday tasks rather than envisioning and leading change (Quinn, 1996).

An increasing number of authors suggest hiring a consultant for the role of change leader. They believe that consultants can help educate managers in best practices (Beer et al., 1990, Starbuck et al., 1978), add necessary knowledge (Bennis, 1989, Saxton, 1995), provide unbiased judgment, new ideas and a fresh approach, possess the ability to diagnose problems and evaluate solutions and train people (Greiner and Metzger, 1983) and play the role of the scapegoat in the vastly unpopular management decisions (Naficy, 1997). Others argue that delegating responsibilities to consultants is one of the primary reasons for the failure of change initiatives (Kiely, 1995), and that consultants' only purpose is to secure further work (Rassam and Oates, 1991). In addition, some claim that consultants produce vague results, lack knowledge specific to the industry, are strong on formulating solutions but weak on implementing (Sturdy, 1997), and that they do not stay around long enough for mistakes or failures to become obvious (Trout, 1999).



As the author of the dissertation conducted interviews with consultants, it is necessary to take into account the above-mentioned standpoints in the limitations of the study.

Besides the fact that the leader can be an outsider or an insider, leadership style also plays a major role during the change project implementation. While the participative style is commonly suggested, some authors argue that different styles must be used in different situations. The cultural and managerial beliefs and practices are directly related and cultural values shape the meaning of various aspects in the work-place, including expectations of the leadership style (Mahler, 1997, Head and Sorensen, 2005, George, 2003, Early and Erez, 1997).

Researchers agree that problems multiply when the change leader is a foreigner regardless of whether he/she is a consultant or top-manager. This seems to be a serious problem in multinational companies in any country. A foreigner's leadership style could be inappropriate in a given culture and the core values in a multinational company can be misinterpreted (Blazejewski et al., 2006). Moreover, the imported methods may not match to local values and traditions and therefore evoke resistance among employees (Erez and Early, 1993).

Trompenaars and Hampden-Turner wrote in 1998 (pp 5-6):

“Culture is like gravity: you do not experience it until you jump six feet into the air. Local managers may not openly criticize a centrally developed appraisal system or reject the matrix organization, especially if confrontation or defiance is not culturally acceptable to them. In practice, though, beneath the surface, the silent forces of culture operate a destructive process, biting at the roots of centrally developed methods which do not “fit” locally. Culture comes in layers, like an onion. To understand it you have to unpeel it by *layer*.” (Trompenaars and Hampden-Turner, 1998)

Foreign managers are influenced by their own national culture and tend to develop their own values, beliefs, behaviors and practices that may not suit the local culture (Gopalan and Rivera, 1997, Hofstede, 2001). As Paton and McCalman write (p 4): “In change situations a little knowledge can be dangerous thing, and limited understanding, catastrophic” (Paton and McCalman, 2000).

As managers in many developing countries have come into increased contact with their international counterparts, they have learned to adapt by creating a management approach that blends the best elements of both their native and foreign cultures. Although some authors describe cases where foreign managers fail in India (Thakur and Srivastava, 2006), the multinational companies have begun to affect local culture and traditions. In India, the widespread usage of the English language, familiarity with Western education and the influence of

the Internet lead people with core beliefs and values of an ancient and complex society toward combining local and imported values (Chatterjee et al., 2006, Neelankavil et al., 2000, Gopalan and Stahl, 2006, Sinha, 1990). The process is still rather time consuming and the influence of foreign leaders on organizations is limited in India. As specified by Companies Act, foreign companies in India have to be incorporated outside India while conducting business in India. Indian companies may recruit foreign nationals for only a short-term assignment without prior regulatory approval. Business visas may be issued for up to 5 years with the provision for multiple entries. Foreign managers are allowed to stay in India for not more than 180 days during a financial year (Chatterjee and Pearson, 2006).

Besides knowledge and understanding of the local culture, history may also play a role in the acceptance of foreign leaders. The development of the modern Indian business system started under British colonial rule when expatriate British managers filled executive positions in the local enterprises. Local Indian managers became frustrated with the inequities of the colonial context. The foreign managers in India are still viewed with suspicion or distrust (Chatterjee and Pearson, 2006). In 2001, Lynton studied many cases dealing with joint ventures in China. He writes (p 395): “The most common complaints from foreign partners involved in joint ventures is that their Chinese staff take neither responsibility nor initiative and that they do not work efficiently but still expect their pay and bonus. This has become known among foreign investors as the state-owned enterprise mentality of “I breathe, therefore you pay me”.” (Lynton, 2001). In 1991-1996 Kennedy studied the attitude of “Westerners” toward “East Europeans” (the study included Estonia). The study showed that when a foreign manager did not study the local language it was taken as a sign of disrespect (p. 409) that local people felt that foreigners had little appreciation for the managerial skills of local managers and tended to assign socialist culture to the “typical” East European management practice (p. 424). The manner of foreign managers signaled a lack of sympathy for East European people (p. 430), and foreign managers believed that Eastern managers advice was flawed because of its contamination by socialism’s past (p. 435) (Kennedy, 2001).

Based on the above studies, the author of this dissertation concludes that in the case of a foreign change leader, there is greater resistance to change management projects than in the case of a local leader.

## **IX. Employee involvement during change projects**

Changes can be viewed as management driven or participatory. Management driven changes are planned and implemented by managers only, but in the case of participatory changes, the power and responsibilities are shared between employees and management (Bruce and Wyman, 1998). Many studies have shown that participative change gives better results. Researchers see participation as

a critical factor in mitigating resistance and successful change, and as the best method for achieving employee commitment to change (Judson, 1991, Cameron et al., 1993, Coch and French, 1948, Dean et al., 1998, Kirkpatrick, 1985, Pasmore and Fagans, 1992, Pendlebury et al., 1998, Porras and Hoffer, 1986).

Other authors argue that the participatory approach can be a double-edged sword (Kumar and Amburgey, 2007). Some declare that the greater the magnitude of change, the more leader-directed activities will be required (Hersey and Blanchard, 1997) or that employees should not be involved during the crises when quick changes are to be implemented (Kotter et al., 1986). One drawback of employee involvement seems to be the fact that it is enormously time consuming (Kotter and Schlesinger, 1979).

As there is no clear agreement among researchers about the benefits of employee involvement during the change project, the author of this dissertation assumes that the possibility to involve employees and the benefits of such involvement vary in different countries. It could be influenced by local culture and traditions.

It is well known that Indians traditionally hesitate to delegate and they accept authority. The traditional hierarchical social structure of India has always valued respect for superiors (Budhwar, 2009b). In India, subordinates rely heavily on their superiors for advice and direction. The strong influence of social relations and of the dynamics of caste and religion in the workplace is still observable in Indian organizations (Sparrow and Budhwar, 1997). Additionally, in China the change leaders are mainly top-manager who inform the employees of the necessity of change and do not motivate employees to participate (Sun, 2009), or they involve them as a form of manipulation and they just receive orders from top (Andreeva et al., 2008). The reason for that could be that Chinese employees are afraid of making mistakes that can reduce their status symbol (Alas and Vadi, 2004). Moreover, some studies in post – socialist countries have shown that employees decline invitations to participate in decision making, and may even interpret this as a sign of the management's loss of orientation (Piske, 2002).

## **X. Resistance to change**

Resistance has been defined in the following ways: as a phenomenon introducing unanticipated delays, costs and instability into the process of a strategic change (Ansoff, 1988), as the enemy of change (Schein, 1988), as a conduct that serves to maintain the status quo in the face of pressure to alter the status quo (Zaltman and Duncan, 1977), as any employee actions perceived as attempting to stop, delay, or alter change (Bemmels and Reshef, 1991), but also as an expression of reservation which normally arises in response or reaction to change (Block, 1989).

In 1999, Rosabeth Moss Kanter described the “predictable but potentially fatal roadblocks to change”. She calls these roadblocks 1. “Forecast Fall Short”, 2. “Road Curve” (indicating that change does not progress linearly), 3. “Momentum Slows” (when activities which were once viewed as exciting become less appealing), 4. “Critics Emerge” (emergence of resisters to change) (Kanter, 1999).

Sushil Kumar and Terry Amburgey (2007) grouped the factors for resistance into endogenous and exogenous factors. Endogenous factors can be divided into two groups: personality factors (traditionalism and fear) and organizational factors (length of service, mode of recruitment, skills, level of job satisfaction). They divided exogenous factors also into two groups: external environmental factors (pressure from media, from people) and socialization factors (level of education, economic situation of the family, size and place where a person grew up, parents’ level of education). The authors concluded that acceptance of change at the level of an individual member in an organization may be insufficient for its successful implementation at the organizational level. They discovered that traditionalism is a primary factor influencing resistance to the organizational level, and fear of losing one’s job, authority and control is a primary factor influencing resistance to individual level adoption (Kumar and Amburgey, 2007).

Many authors declare that no matter how welcoming an organization is to change, the culture of the organization protects itself, and it will always create a degree of employee resistance (Paton and McCalman, 2000, Leigh, 1988, Levy and Merry, 1986, Woodward, 1980) and that resistance manifests itself in fear, anger, denial, avoidance etc. Yukl adds that changes in one part of a system may elicit a reaction from other parts, which nullifies the effect of change (Yukl, 1998).

Researchers agree that most obstacles to organizational change come down to resistance from individuals at the working levels of an organization and that gender, education, seniority, self-esteem, optimism and other personality factors are correlated with the level of resistance (Kelman, 2005, Kumar and Kamalanabhan, 2005). The main triggers of resistance are fear of the unknown (Sun and Alas, 2009, Conner, 1998, Sun, 2009, Paton and McCalman, 2000, Eccles, 1994), uncertainty (Feldman and Spratt, 1999, Kanter, 1984, Waddell and Sohal, 1998, Nadler, 1997), fear of losing power (Schein, 1985, Noer, 1997, Eccles, 1994), internal conflicts (Clausen et al., 2000), fear of losing something of value (Daft, 1995, Harari, 1999, Eccles, 1994). Researchers believe that the source of resistance is also organizational culture and the fact that transformational changes throw the cultural context into chaos, opening the established values and ideals to question. As such, change may be perceived as a threat to the organization as a whole (Argyris, 1990, Nadler, 1997, Reger and Mullane, 1994).

The author of the dissertation believes that all these triggers create stress among employees and decrease the ability of workers to accept changes and cooperate with change leaders. Stress places excessive psychological and physical demands

on a person (Gregory and Griffin, 2000, Westen, 1999). Coping with stress needs time and the coping resources must be strong enough (Kumar and Kamalanabhan, 2005, Reina and Reina, 1999). Lazarus and Launier divide coping responses into three major dimensions: appraisal-focused coping (individuals try to redefine the meaning of new situation), problem-focused coping (individuals attempt to address a problem directly), and emotion-focused coping (individuals focus on managing emotions) (Lazarus and Launier, 1978).

Many authors stress the consequences of ignoring the impact of change on employees (Reina and Reina, 1999, Kumar and Kamalanabhan, 2005). Covin and Kilmann found that failing to sufficiently inform individuals of the change and providing a fair justification for change increases the resistance (Covin and Kilmann, 1990). Kotter and Schlesinger (1989) suggest upgrading education and communication, boosting participation and involvement of individuals at all levels, facilitating and supporting negotiations as a means of dealing with resistance (Kotter and Schlesinger, 1989). Kotter also stresses that employees must understand the rationale behind the change (Kotter, 1995). The reality, however, seems to be different. For example, in 1996 Maurer writes in “Journal for Quality and Participation” that the predominant way implementers of change respond to employees’ reactions is to resist their resistance (“meet force with force”). He experienced many cases where information “sharing” was implemented by slide shows, data analysis and reports and he concluded that these techniques may be categorized as participative in form being far from participative in nature (Maurer, 1996).

While most authors see resistance as the main obstacle to change initiatives, others hold different opinions. Some researchers argue that the resistance may draw attention to alternatives otherwise ignored in the pursuit of change initiatives (Dawson, 2003), or that the resistance may be a symptom of more basic problems, serving as a warning signal directing the timing of changes (Judson, 1966). Others contend that resistance plays a crucial role in drawing attention to aspects of change that may be inappropriate, not considered carefully and rationally, or perhaps plain wrong (Waddell and Sohal, 1998). Waddell and Sohal warn that attempting to eliminate resistance as soon as it arises is akin to “shooting the messenger who delivers bad news”. They also believe that the resistance can be a critical source of information in a change process as more possibilities are considered and evaluated.

## **XI. Success factors of change projects**

Several researchers have tried to evaluate the average success rate of change initiatives. The evaluations range from 40% (Porras and Robertson, 1983) to 10% (Atkinson, 2005). Most researchers have still reported a 25-30% success rate as average (Axelrod et al., 2006, Beer and Nohria, 2000, Miller, 2002, Maurer, 1996). Jorgensen, referring to IBM’s study (“The enterprise of the future: IBM

global CEO study 2008,” IBM Corporation, May 2008), reports that 41 percent of projects were considered successful in meeting project objectives within the planned time, budget and quality constraints. Conversely, nearly 60 percent of projects failed to fully meet their objectives (Jørgensen et al., 2009).

The main reason behind the failures seems to be wrong leadership (Kiely, 1995, Nadler, 1997, Reynierse, 1994, Jørgensen et al., 2009). The authors point out wrong delegation of responsibilities, developing strategies in isolation from the rest of the organizations, hasty decision making by leaders without weighing all the options, offering only limited lip service instead of making the change initiatives a top priority, discarding employee involvement, poor communications and inert corporate culture.

In 2007, Ruth Alas developed the triangular model of change. According to her model, success of the change projects depends on the process of change, the type of change and the readiness to change. The readiness factor is considered to be like a bridge between the objectives of change and the process of implementation of change. The building blocks of „Types of the change“ are the scope of the change, duration of change and the initiator of change. The sub-components of the „Change process“ are the trigger event, core processes and support processes. The sub-components of „Readiness to change“ are organizational learning, employee attitudes toward change and organizational culture (Alas, 2007).

## **XII. Culture and history of India, China and Estonia – similarities and differences.**

There are many similarities in the recent history of India, China and Estonia. The organizations of all these countries faced dramatic changes in their economic environments, and all of them have been successful in terms of economic growth. In order to provide socio-economic explanations, which are rooted in the historical and cultural background of these countries, a short description of the basic cultural beliefs and important historical stages in India, Chinese and Estonian history will be presented below.

### India

The author regrets that the limited scope of the dissertation does not allow her to uncover the depth of the Indian cultural background and agrees that any attempt at covering the Indian culture in a few pages is bound to be inadequate (Chhokar et al., 2008). She still tries her best to present a short overview of the basic ideas that could help readers to understand the differences between the three countries.

India has the longest history of unbroken continuity of its culture, traditions and ethos. India’s ethos, culture and traditions can be studied in the VEDAs, the Ramayana, Mahabharata, Bhagavad-Gita and Upanishads. The detailed rules of

management have already been stated in The Mahabharata (Shanti parva) and Kautilya's Arthashastra (Dave, 2003, Chakraborty, 1991). Arthashastra is an ancient Indian Hindu text on statecraft, economic policy and military strategy compiled by the prime minister of Maurya Empire Chanakya between 350 and 283 BC.

Approximately 80% of Indians follow Hinduism. The scale for beliefs in Hinduism can be summarized as belief in the law of karma, belief in the atma or soul, and belief in the mukti or liberation (Mulla and Krishnan, 2006). Management practices in India are mostly influenced by the belief in the law of karma, which includes the ideas of the world at peace, responsibility, obedience, obligation toward others, and the ability to follow one's duty, even though it may be personally uncomfortable (Mulla and Krishnan, 2007). The nature of Hinduism has always emphasized respect for the superior, evidenced by the caste and social system (Sahay and Walsham, 1997). Caste or varna is a system of groups within the class, which are normally endogamous, commercial, and craft-exclusive. Originally a feature of Hindu society, the influence of caste has transcended religion, and most non-Hindu religions in India have developed their own versions of something like a caste system (Chhokar et al., 2008). The different caste groups are linked together and are mutually supportive (ibid.). In 1990, Sinha identified five Indian common values: being embedded in one's group, harmony and tolerance, duty in contrast of hedonism, preference for personalized relationships and preference for arranging persons, objects, ideas and relationships hierarchically (Sinha, 1990). Although there have been varying degrees of influence from outside at different times, India has retained its Indianness. The legacy of the caste system, patronage, patriarchy, unconditional obedience to authority and familiar loyalty influences strongly the management practices (Virmani, 2007).

India might be inhabited since at least the Middle Pleistocene era, between 200 000 to 500 000 years ago. After having a very diverse history, Indians experienced the first Muslim invasion in 1175 AD and the establishment of the Mughal Empire. The Mughal Empire lasted until 1707 and then the British took over power. Meanwhile Persians, Afghans, French and others made their invasions into India. India was a British colony for 200 years. British colonizers tried to behave like Indian kings with centralized control. The racial basis in the selection of personnel and bribery, the system of rules, signatures, seals, the secrecy the British managers introduced, were all based on mistrust (Virmani, 2007).

After regaining its independence in 1947, India adopted a socialist socio-economic policy (Mellahi and Guermat, 2006). Inspired by the Soviet-style economic theory and practices, the Indian government nationalized the whole industry groups and the banks (Cappelli et al., 2010). This reduced both entrepreneurship and global competitiveness. The Indian economy reached its bottom in 1991 and witnessed a double digit rate of inflation, fiscal indiscipline, a very high ratio of borrowing to the gross national product and an extremely low level of foreign exchange reserves (Budhwar, 2009b). The Indian government was forced to pledge gold to the Bank of England to meet the country's foreign exchange requirements. The World Bank

agreed to bail out India on the condition that it changed its regulated economic regime to a free market economy (ibid.). In 1991, India announced the New Industrial Policy and the Indian government initiated a number of measures to deregulate the economy. This resulted in increased openness to international trade and capital inflows (Mellahi and Guermat, 2006). As a result, Indian firms came under tremendous pressure to change the technology and existing organizational culture, to remove surplus labor and to improve quality (Budhwar, 2009b). Today, India is considered one of the strongest emerging markets (only next to China). However, India still has a long way to go before it can compete fully in the world's market (Budhwar, 2009b).

## China

Like Indian culture, Chinese culture also has a history of some 5,000 years. The Chinese culture and ethos come mainly from the writings of Confucius, Lao Tzu and Sun Tzu. Confucius defined rules of relationships, all of which were strictly hierarchical. Lao Tzu gave to the Chinese Taoist a thinking model where the means are more important than ends, the process is more important than the goal. Still, Confucian philosophy prevails in Chinese culture (Graham and Lam, 2004). Apart from its focus on military strategies, Sun Tzu's Art of War also provides valuable lessons for managers and serves as the basis for negotiation techniques in China (Pheng, 2001). Chinese statecraft has always aimed for order, harmony, and hierarchy (Khanna, 2007).

In the early history of China, only short periods were under the influence of foreign rulers (for example Mongol's Kublai Kahn from 1271 to 1289). In the first half of 20<sup>th</sup> century the Japanese invasion, the Second World War and the Chinese Civil War caused a chaotic situation in China, which culminated in the country's military collapse (Foy and Maddison, 1999). Following a long period of dynasties, imperial China was in ruins: the social system was in collapse, central authority had evaporated, the most lucrative parts of the economy were in the hands of foreigners, and significant areas of territory had been lost (ibid.). Two years after India regained its independence, in 1949, the Chinese Communist Party proclaimed the People's Republic of China.

During the years between 1949 and 1978, China copied the Soviet practices just as India did. Employees saw their job as lifelong and jobs had a nickname "iron rice bowl". The reforms started in China a decade before they started in India and in Estonia. In 1978, the state and the Party launched an ambitious reform program (Sun and Alas, 2007) – the rural economy was de-collectivized; private and semi-private enterprises mushroomed, and the state sector steadily shrank (Zhang, 2004). The rigid monopoly of the government over foreign trade were abandoned (Foy and Maddison, 1999); individual achievement, materialism, economic efficiency, and entrepreneurship were encouraged (Tian, 1998). Unfortunately, disastrous economic experiments followed, such as the Great Leap Forward and the Cultural



Revolution (Johnson, 1988). In the 1980s, the reform aimed at converting the economy from an command economy to a market economy (Sun and Alas, 2007). In 2001, China became a member of WTO. It presented a new stage of reforms and the opening to the outside world (Chow, 2000). The reforms in state-owned enterprises and in the banking and financial sectors, and the globalization of the Chinese economy are proceeding, and these processes have also had an impact on the society and culture (Sun, 2009).

## Estonia

Estonians have lived along the Baltic Sea for over 5000 years. Prior to the German invasions in the 13<sup>th</sup> century, Estonians worshipped spirits and nature. They were known to the Scandinavians as experts in wind-magic (Prudence and Pennick, 1995).

Estonia has been a battleground for centuries where rulers from Germany, Denmark, Russia, Sweden and Poland held power over Estonians. All of these rulers have left their mark on Estonians' psyche and ethos. From 1919 to 1940, Estonia was an independent state with a democracy and a free market economy. During this period Western values in terms of work ethics and free enterprising were adopted in institutions in the field of the economy (Barnowe et al., 1992).

The Soviet occupation in 1940 was followed by a restructuring of institutions according to the principles of the occupant country (Taagepera, 1993). In a command economy, the institutional structure of the Estonian economy was highly centralized. Due to the fact that during the Soviet period the state was responsible for guaranteeing work for everyone (similarly to Chinese "iron rice bowl"), the enterprises were internally overstaffed and passive, and the attitudes to work were far from ideal (Liuhto, 1999). Radical reforms commenced in Estonia in 1987-88, when a group of theoreticians and practitioners debated the idea of economic autonomy for Estonia (Taaler, 1995). In 1990, the strategic aim of economic autonomy was replaced by the status of an independent state and the restoration of a market economy (ibid.). Independence was achieved in 1991. Subsequently, the Estonian economy was developed according to Freedman's concept of a liberal market economy (Laar, 2001). In 2004, Estonia became a full member of the European Union. In January 2011, Estonia joined the euro zone, becoming the first former republic of Soviet Union in that institution. Today, Estonia is the most successful country among the former members of the Soviet Union.

## Summary

All three countries – India, China and Estonia – are undergoing transitions in their social, legal, and economic institutions. Compared to countries with stable institutions, the organizational changes in these countries have been more dramatic. In the beginning, the managers in these countries were unfamiliar with such a

situation. They had to gain knowledge and skills in change management. Most theories dealing with change management were transferred from countries that had never experienced such enormous transitions. At least in India, in the process of transfer, the organizations faced many difficulties as Western management theories clashed with the Indian value system (Virmani, 2007).

Although all three countries face similar changes, there are also several differences.

**First**, the speed of changes in institutional environment varied. While in India and China economical changes were introduced gradually, Estonia experienced a “shock therapy” approach.

**Second**, the Indian economy between 1947 and 1991 was more liberal than in China and Estonia. The Indian economic policy was influenced both by British social democracy and by the planned economy of the Soviet Union. The Indian economic policy tended towards protectionism, with central planning, while trade and foreign investment policies were relatively liberal (Panagariya, 2008).

**Third**, the attitudes toward foreigners differed. India was a colony until 1947 and therefore is suspicious of foreign powers (Tayeb, 2006). The author suggests that the same applies to Estonia, that has also been under many foreign rulers for a long period in its history. China, however, has not experienced foreign domination to such a large extent.

**Fourth**, differences appeared in managerial performance. For example, the study of Neelankavil, Mathur and Zhang shows, that there are major differences in managerial performance between Eastern and Western countries, but there are also significant differences among Asian countries. For example, while Chinese and American managers represented two extremes in their beliefs about what determines managerial performance of middle-level managers, Indian managers were found to be more similar to American managers (Neelankavil et al., 2000).

**Fifth**, cultural differences influence the relationship between managers and employees. According to Hofstede’s cultural dimensions, Indian culture is clearly more similar to the Chinese than to the Estonian culture in the case of power distance, masculinity and uncertainty avoidance. Indian culture, however, is much more similar to Estonian culture than to Chinese culture in the case of individualism.

To conclude the historical overview of three countries, the author presents a comparison of the recent history of India, China and Estonia in Table 4.

**Table 4.** Comparison of recent history of India, China and Estonia. Drafted by the author.

	<b>India</b>	<b>China</b>	<b>Estonia</b>
20 <sup>th</sup> century before 1940s	<b>British colony.</b> British centralized control and bureaucracy on the one hand and patriarchal management in Indian family owned companies on the other hand.	<b>Imperial China.</b> Most companies were in the hands of foreigners, social system was in collapse. Chinese Civil War.	<b>20 years of independence.</b> Democracy and free-market economy.
1940s until 1991	<b>Freedom from British colonizers.</b> Patriarchal system continued with a high degree of patronage. Managing agency system. Heavy licensing and state control. Nationalizations.	<b>People's Republic of China.</b> Command economy with centralized planning. From 1978 de-collectivization of rural economy, private enterprises were allowed. Disastrous economic experiments like Great Leap Forward and Cultural Revolution.	<b>Soviet occupation.</b> Command economy with centralized planning. Private enterprises not allowed. Autocratic management. Work motivation very low.
Collapse of Soviet Union in 1991	Economic reforms started.		Regained independence.
1991 - 2001	Restrictions on import of most goods abolished. Western corporations rushed in. Still patriarchal system, most enterprises family owned. Attempts to implement Western management practices with no real success stories.	New phase of reforms: converting the economy from an administratively driven command economy to a price driven market economy. WTO membership in 2001.	Liberal market economy. Boost in entrepreneurship. Foreign corporations entered the market. Active implementation of Western management practices.

	<b>India</b>	<b>China</b>	<b>Estonia</b>
2001 until today	New economy companies, high economic growth.	Foreign companies entering China. High economic growth.	Member of the European Union since 2004, entry to the euro zone in 2011.

## **PART 2. THE EMPIRICAL STUDY IN INDIAN ORGANIZATIONS**

The author describes the methods used in her research. It gives the readers a guideline on the way that the empirical study was conducted, the propositions and the methodology used. The author used a research methodology which includes the research design (research purpose, research questions and hypotheses, review of literature, research methods), and the research process (sample selection, data collection, data analysis, conclusions) (Matthews and Ross, 2010).

### **I. Research design**

The research issue of this study is change management in Indian organizations and a comparison of the findings with change management in Chinese and Estonian organizations. The purpose of the research was to contribute to management theory by improving the understanding of cultural and historical influences on change management practices. The research questions that were developed were both descriptive and explanatory (Yin, 1994), but during the data analysis a hypothesis was also included.

The literature review started in 2008. Relevant literature was gathered ranging from books to academic journals. The records of the bibliographic information were kept with the help of software Endnote. Based on the research of literature, the empirical survey was designed. The criteria for validity, reliability and generalizability were taken into consideration. The survey can be called cross-sectional because it includes the experience of diverse people from different countries (Matthews and Ross, 2010). The cross-sectional research design includes more than one case, collects data at one particular time, and includes within its research participants groups that can be compared (ibid.). The cross-sectional research design can include gathering both qualitative and quantitative data and it enables one to look for possible causal associations between variables. Qualitative and quantitative approaches were used alongside using semi-structured interviews, each type of data contributing to answering the same or different research questions.

### **II. Research process**

The author decided to carry out the semi-structured interviews with management consultants who have participated in the change projects in Indian organizations because consultants are not emotionally related to the organization in question and see the events more objectively. Therefore, that sampling method can be called purposive (Matthews and Ross, 2010). The second reason was pragmatic – as the

author of the dissertations is a member of a consultants' association and has been a management consultant for more than twenty years, she has access to networks with links to suitable respondents. Because of that, the sample used can also be called a convenience sample (*ibid.*). The author believes that the choice of the sample was adequate because it is extremely difficult to find companies with experience of change management projects among the hundreds of thousands of companies in India.

The author used the semi-structured interview questionnaire designed by Tatiana Andreeva (Andreeva, 2006, Andreeva et al., 2008). The author chose that questionnaire for two reasons:

1. The author of the questionnaire also used it when she interviewed management consultants as experts (Andreeva, 2006, 2008)
2. The same questionnaire was used in a similar survey in China and in Estonia (Andreeva *et al.*, 2008), which made it possible to compare the results. The data of these surveys was made available to the author of this study.

The questionnaire and the interviews were in English as all respondents were fluent in the English language.

In order to conduct the interviews concerning change management in Indian organizations, the author had contacted 390 Indian management consultants, of whom 59 finally accepted to be interviewed. Most Indian consultants refused to be interviewed because they had not been involved in a change management process. In 2009, structured interviews were conducted with these 59 management consultants. Most interviewees were involved in the development of the change program and in its implementation. The interviews were conducted via the Internet and over the phone. The author also met some of the interviewees in India to discuss the basic issues. All data was recorded in the files. The characteristics of the interviewees are presented in Appendix 3.

The size of the samples in similar studies in Estonian organizations was 63 and in Chinese organizations 55.

All respondents were asked to recall one concrete situation of organizational change in a concrete company in India in which they had participated. The characteristics of the Indian companies relevant to the research tasks are presented in Appendix 2. The interview questions include six parts. The first part contains the information on the interviewee and the second part contains information on the company where the changes were implemented. The third part describes the purpose and the content of the change. The fourth part focuses on the change implementation process. It includes questions about the duration of the process, the leadership, employee involvement, the level of concentration of authority, the positive and

negative factors occurred during the change implementation. The fifth part focuses on the results of the change implementation and the sixth part deals with the factors on which organizational change efficiency depends. Most questions in parts four and six were open-ended, which allowed the interviewees to freely express their opinions and relate their experiences-

Following the interviews, the collected data was coded into two different sets – one for using for qualitative analysis and the other for using in quantitative analysis. Subsequently, a content analysis of the interview results was carried out with the help of NVivo software. This software also allowed one to see the relationships between different aspects of change management. The analysis was based on a complete study of all interview results. A further method used was the comparative analysis to compare the change implementation in India, China and Estonia. To compare different groups of respondents, an ANOVA and a T-test were completed. Linear regression analyses and correlation analyses were also used with the help of the SPSS software.

Based on the analyses, the findings were presented; the research questions were answered and the discussion and conclusion were presented.

### **III. The Propositions for Empirical Analysis**

This section presents the propositions for analysis and the basis for formulating them based on the reviewed literature.

Economic reforms in India have been implemented gradually and rather evolutionary (Cappelli et al., 2010, Chatterjee and Heuer, 2006). In China, the economic reforms have also been characterized as gradual, partial and incremental (Lin et al., 1996, Sun, 2009). In Estonia, however, the reforms were implemented quickly using a “shock therapy” approach (Hoag and Kasoff, 1999). The authors believe that at the time of this study the changes in Indian and Chinese organizations must still be transformational, while in Estonia, the major changes in the institutional environment are over and the planned changes in Estonian organizations must be mainly transactional.

#### **P1: In Indian and Chinese organizations the changes are mainly transformational, while in Estonia these are transactional. (Study II)**

According to Hofstede (2001), both China and India have high Power Distance Index (PDI). The Estonian PDI is considerably lower than that of the Indian and Chinese. This means that India and China are both much more masculine societies than Estonia. That allows the author to expect less employee involvement and an autocratic leadership style during change projects in India and China, while in

Estonian organizations, employee involvement should be more frequent and the leadership style rather participative.

**P2: In the process of change implementation in Indian and Chinese organizations the leadership style of the change leader is autocratic and the level of employee involvement is low. In Estonian organizations the leadership style is participative and the level of employee involvement is higher than in India and in China. (Study I)**

Many studies have shown that a participative leadership style provides better results. Other authors argue that the greater the magnitude of change, the more leader-directed activities will be required and less follower directed activities are permitted (Hersey and Blanchard, 1997). One drawback of employee involvement seems to be the fact that this is enormously time consuming (Kotter and Schlesinger, 1979). As there is no clear agreement among researchers about the benefits of employee involvement during a change project, the author of this dissertation assumes that the opportunity to involve employees and the benefits of such an involvement are influenced by the local culture and traditions. According to the individualism index, China is very collectivistic, Estonia is rather individualistic and India stands in between. That allows the author to explain the consequences of the influence of employee involvement on the success of the change project.

**P3: Change projects in Estonia are more successful when employees are involved in the decision-making, but employee involvement has a negative effect in China and India. (Study I)**

Leadership style plays a major role during the change project implementation. While the participative style is commonly suggested, some authors argue that different styles must be used in different situations. The culture and managerial beliefs and practices are directly related and cultural values shape the meaning of various aspects in the work-place, including expectations of the leadership style (Mahler, 1997, Head and Sorensen, 2005, George, 2003, Early and Erez, 1997). This allows the author to suggest that diverse leadership styles may produce varying results in different countries.

**P4: The participative leadership style gives different results in India, China and Estonia. (Study I)**

Most researchers agree that problems multiply when the change leader is a foreigner. The foreigner's leadership style could be inappropriate in a given culture (Blazejewski et al., 2006). Imported methods of foreign management may not match local values and traditions and therefore evoke resistance among employees (Erez and Early, 1993). Besides understanding the local culture, the history may also play a role in accepting foreign leaders. Indian managers remember the frustration



while working under British colonizers. The same applies to Estonia, which has been under many foreign rulers in its history; the most frustrating was the period of occupation by the Soviet Union. China, however, has not experienced foreign domination to such a great extent. That allows the author to develop proposition 5.

**P5: Resistance to foreign change leader is strong in India and in Estonia, but the level of resistance does not depend on the origin of the change leader in China. (Study II)**

According to the uncertainty avoidance index (Hofstede 2001: 160), Estonians feel more uncomfortable in unstructured situations than do Chinese and Indians. That may indicate that the resistance to change in Estonian organizations is stronger than in Indian and Chinese organizations. According to the masculinity index, India and China are both much more masculine societies than Estonia. That indicates that Indians and Chinese like to deal with conflicts through denying them or through fighting, while Estonians like to deal with conflicts through problem solving, compromise and negotiations (ibid.). That may mean that effective methods to overcome resistance must be different in Estonia and in Asian countries. These indexes lead us to propositions 6, 7 and 8.

**P6: The resistance to change in Estonian organizations is stronger than in Chinese and Indian organizations. (Study III)**

**P7: The triggers of resistance in Estonia are different from the triggers of resistance in India and China. (Study III)**

**P8: The methods used to overcome the resistance in Estonia are different from these methods in India and China, while in India and in China the methods are similar. (Study III)**

Change initiatives in any organization cause employees stress (Lazarus and Launier, 1978). Stress places excessive psychological and physical demands on the individual (Gregory and Griffin, 2000, Westen, 1999). The author believes that changes in organizations lead to stress among employees, which decreases even more the ability of workers to accept changes. Coping with stress needs time (Kumar and Kamalanabhan, 2005, Reina and Reina, 1999). Furthermore, if it is not dealt with appropriately, it may diminish the success of the change project. Based on that, proposition 9 was stated.

**P9: Stress is the factor that employees experience most often during change implementation in any culture. (Study III)**

Table 5 illustrates the connections between the research tasks, research questions and propositions.

**Table 5.** The connection between research tasks, research questions and propositions. Drafted by the author.

<b>Research task</b>	<b>Research questions</b>	<b>Proposition</b>
1. To identify the types of the change management projects in Indian, Chinese and Estonian organizations.	<b>RQ 1:</b> Are the reason behind the change and the scope of the change projects similar in different transition countries? (Study II)	<b>P1:</b> In Indian and Chinese organizations the changes are mainly transformational, while in Estonia these are transactional. (Study II)
2. To find out how elements of organizational change depend on the cultural background of organization's members.	<b>RQ 2:</b> Is the leadership style of the change leader and the level of employee involvement different in different cultures of India, China and Estonia? If yes, then how these differences influence the success of the change projects? (Study I)	<b>P2:</b> In the process of change implementation in Indian and Chinese organizations the leadership style of the change leader is autocratic and the level of employee involvement is low. In Estonian organizations the leadership style is participative and the level of employee involvement is higher than in India and in China. (Study I) <b>P3:</b> Change projects in Estonia are more successful when employees are involved in decision-making, but employee involvement has a negative effect in China and India. (Study I) <b>P4:</b> The participative leadership style gives different results in India, China and Estonia. (Study I)
3. To discover how the elements of organizational change depend on the historical memory of the organizations' members.	<b>RQ 3:</b> How does the origin of the change leader influences the change management process in different transition countries? (Study II)	<b>P5:</b> Resistance to foreign change leader is strong in India and in Estonia, but the level of resistance does not depend on the nationality of the change leader in China. (Study II)

Research task	Research questions	Proposition
4, To determine the factors on which the resistance to change depends in different national cultures.	<b>RQ 4:</b> Does the resistance to change depend on national culture? (Study III)	<p><b>P6:</b> The resistance to change in Estonian organizations is stronger than in Chinese and Indian organizations. (Study III)</p> <p><b>P7:</b> The triggers of resistance in Estonia are different from the triggers of resistance in India and in China. (Study III)</p> <p><b>P8:</b> The methods used to overcome the resistance in Estonia are different from those methods in India and China, while in India and in China the methods are similar. (Study III)</p> <p><b>P9:</b> Stress is the factor that employees experience most often during change implementation in any culture. (Study III)</p>

#### IV. Methods used in the research

In order to conduct the research concerning change management in Indian organizations, 59 management consultants were interviewed in 2009. The size of the samples in similar studies in Estonian organizations was 63 and in Chinese organizations 55. The author used the semi-structured interview questionnaire devised by Tatiana Andreeva (Andreeva, 2006, Andreeva et al., 2008). The interview questions include six parts. The first part contains information about the interviewee and the second part contains information on the company where the changes were implemented. The third part describes the purpose and the content of the change. The fourth part focuses on the change implementation process. It includes questions dealing with the duration of the process, the leadership, employee involvement, the level of concentration of authority, and the positive and negative factors that occurred during the change implementation. The fifth part focuses on the results of the change implementation and the sixth part treats the factors on which organizational change efficiency depends. Most questions in part four and six were open ended, which allowed the interviewees to express their experiences and opinions freely.

Following the interviews, the data that had been collected was coded into two different sets – one to be utilized in the qualitative analysis and the other to be utilized in quantitative analysis. The analysis was based on a complete study of all the interview results.

To determine how the elements of organizational change depend on the cultural background of an organization's members, the interview answers of the Indian, Chinese and Estonian respondents were compared using the ANOVA-test. To ascertain the dependencies of different variables (leadership style and the level of employee involvement), a correlation analysis was completed with the help of the SPSS software. To understand how the success of the change project depends on the different elements of change management, linear regression analyses were utilized.

To discern how the elements of organizational change depend on the historical memory of an organization's members, the interview results of each country were divided into two groups – in one group the change leader was a foreigner and in another group, a local person. To analyze the influence of the change leader's origin on different aspects of change management, the ANOVA tests and t-tests were used. Since the quantitative data could not explain the differences, the interviews were analyzed qualitatively with the help of NVivo software. The findings were analyzed in the context of the type of change and the scope of the change.

To discover the factors on which organizational change efficiency depends in Indian, Chinese and Estonian organizations, the ANOVA tests and t-tests were utilized. In addition, correlation coefficients were calculated between the level of resistance and other elements of change management. Subsequently, a content analysis of the interview results was carried out with the help of NVivo software.

## **PART 3. PUBLICATIONS**



# **I. LEADERSHIP STYLE AND EMPLOYEE INVOLVEMENT DURING ORGANISATIONAL CHANGE**

**Ülle Pihlak and Ruth Alas**

-

**Pihlak, Ü.**, Alas, R. 2012 “Leadership style and employee involvement during organisational change“, *Journal of Management and Change*, ISSN: 2228-2181, Estonia. 2012 No 1 (29).



## **ABSTRACT**

The aim of the research was to find out how the elements of organizational change depend on the cultural background of the organization's members. This paper focuses on employee involvement and leadership style during planned organizational change management projects in Indian, Chinese and Estonian organizations. The authors analysed 177 interviews about organizational change management containing both quantitative and qualitative data in Indian, Chinese and Estonian organizations. This study primarily uses quantitative methods, and shows that both leadership style and the level of employee involvement are different in these countries. Although the leadership style of the change leader is autocratic in China and India, and participative in Estonia, employee involvement in decision-making in regard to the content and implementation of the change is more frequent in China. Differences in leadership style did not significantly influence employee involvement. Even when the leadership style was participative, lower level employees were only involved in decision-making in very few cases. While the level of employee involvement is positively correlated with the success of change in India and Estonia, the study did not show the same correlation in China. The article provides guidelines for managers of multinational companies and management consultants working with organizations in India, China and Estonia. It also proposes further research. Studies of the effect of culture on change management are increasingly important due to rapid globalization.

Keywords: change management, employee involvement, leadership style

### **1. Introduction**

The three countries – India, China and Estonia – have all experienced the considerable changes in the business environment at the beginning of 1990s. Although two of the countries are in Asia, albeit in very different areas, and one in northern Europe, the collapse of the Soviet Union had a substantial influence on all three countries. The influence was strongest in Estonia which was part of the Soviet Union, and perhaps weakest in China, which still has many elements in common with the Soviet era. All of them have welcomed a market economy for the first time in many years. These radical changes in the institutional environment have urged most organizations to adapt to new challenges. The institutional environment can be defined by its culture and structure (Meyer et al., 1994). As the structural

institutions in India, China and Estonia differ less than the cultural institutions, the authors focus primarily on the influence of the cultural context for organizational change management projects in this article.

Researchers from Estonian Business School carried out a relatively large survey in India, China and Estonia between 2004 and 2011. The research task was to find out how elements of organizational change depend on the cultural background of organizational members. The data from Chinese and Estonian samples have been used in articles before (Alas and Sun, 2009, Andreeva et al., 2008), but this is the first time India has been added to the comparison, and the data has been analysed using qualitative methods.

This article concentrates on employee involvement and on leadership style during planned organizational change projects. The research question was stated as follows: Is the leadership style of the change leader and the level of employee involvement different in the cultures of India, China and Estonia? If yes, then how do these differences influence the success of the change projects?

We start with an overview of theoretical statements about change management relevant to the scope of the current article followed by an overview of recent changes in the business environment in India, China and Estonia. Then we present our research strategy, including characteristics of the sample. Following that we present our research findings and conclude the paper with discussions and suggestions for further research.

## **2. Theoretical background**

### *2.1. Institutional context of change*

According to the institutional perspective, organizations are socially embedded in a particular society (Geppert, 2003). Institutional theory defines the institutional environment on the basis of its culture and structure (Meyer et al., 1994). Schneider has declared that the attributes of an institution depend on the attributes of its members, including their values (Schneider, 1987). As these values differ in different cultures, then the attributes of institutions must also differ across different cultures. At the same time, new institutional theorists, DiMaggio and Powell, argue that organizations tend to accept similar ways of doing business because they want to appear legitimate to investors, customers, and others who influence their success. They believe that organizations are open systems and become harmonized with their environments through several exchanges, and that over time these institutional influences create a significant degree of similarities in structures and cultures across organizations in different countries (DiMaggio and Powell, 1983).

This article focuses primarily on the influence of the cultural environment of organizational change projects. There are more than 150 definitions of culture (Howard and Howars, 1998). Jaques has defined culture as the customary and traditional way of thinking and of doing things, which is shared by most of its members (Jaques, 1989). Hofstede saw culture as the collective programming of the mind which distinguishes the members of one group of people from another (Hofstede, 1991). House et al. defined culture as the shared motives, values, beliefs, identities and interpretations of significant events (House et al., 2004). All these definitions imply that the management practices in different cultures must be different.

National cultures are most prominently studied by groups of researchers led by Geert Hofstede and by Robert House. The authors use the study by Hofstede to compare the cultural differences of India, China and Estonia because the indices of different cultural dimensions for all these countries are found in the second edition of the book “Culture’s Consequences. Comparing Values, Behaviours, Institutions and Organizations Across Nations,” (p. 502) (Hofstede, 2001). Leadership style and employee involvement are mainly influenced by two indices: the power distance index (PDI) and masculinity index (MAS). The data is given in Table 1.

Hofstede looks at the power distance that is accepted by both managers and subordinates and is supported by their social environment and is determined by their national culture. In the cultures with high PDI, hierarchies reflect existential inequality and employees expect to be told what to do (Hofstede, 2001). Both China and India have high PDI. The major source of high PDI in India is believed to be the existence of the caste system (Chhokar et al., 2008) and in China, the Confucian traits (Noronha, 2002). In India, it is common that subordinates show reverence and respect toward superiors and in return, they expect protection and support (Sinha and Kanungo, 1997, Cappelli et al., 2010). Both in India and China, the manager is seen as a parent of a big family who should take care of everything (Sun, 2009, Cappelli et al., 2010). Estonian PDI is considerably lower than Indian and Chinese. That means we can expect less employee involvement and an autocratic leadership style during change projects in India and China, while in Estonian organizations employee involvement should be more frequent and the leadership style rather participative.

Index	Meaning	India	China	Estonia
Power Distance (PDI)	The extent to which the less powerful members of institutions accept and expect that power is distributed unequally.	77	80	40
Masculinity (MAS)	The degree to which a culture programs its members to accept gender inequality.	56	66	30

**Table 1.** The indexes of cultural aspects according to Hofstede (Hofstede, 2001).

According to the masculinity index, India and China are both much more masculine societies than Estonia. That means that Indian and Chinese employees see managers as cultural heroes, expect them to be decisive and firm while Estonians stress equality and believe that managers are employees like others (Hofstede, 2001). These indices also imply that the leadership style must be autocratic in China and India, and participative in Estonia.

Many authors agree that it is impossible to explain what is happening in organizations without understanding the cultural background of the members of organizations (Alas and Vadi, 2004, Chatterjee et al., 2006, Erez and Early, 1993, Gopalan and Stahl, 2006, Kennedy, 2001, Lynton, 2001, Jaques, 1989, Sinha, 2004). But as studies show, the cultures always also influence each other (Avgerou, 2001, Van Maanen and Laurent, 1993), and that organizational cultures are also influenced by universally applicable management cultures besides the national culture (Sinha, 2004).

## *2.2. Different models of change management*

In this article an organization has been defined as a complex system that produces outputs in the context of an environment, an available set of resources, and a history (Nadler and Tushman, 1989), and the term change will refer to planned responses to pressures and forces from the environment or inside the organization (Alas and Sun, 2009).

Many researchers have developed different models of change management starting with Kurt Lewin's three-stage model (Lewin, 1951). Understanding the complexity of the change management process, researchers have tried to split Lewin's stages to guide change leaders through difficult change management projects. Recently, some authors have criticized the theories of change management. They argue that there are no universal prescriptions on how best to manage change and accuse the researchers for over-simplifying the complex process (Dawson, 2003, Desai and Sahu, 2008, Anderson and Ackerman-Anderson, 2001). The authors of this article want to contribute to the development of change management models by taking into account the cultural context of the country.

## *2.3. The leadership style and employee involvement*

In this study, the change leader is defined as a person who is responsible for implementing changes in an organization. Respondents were asked about the dominant leadership style during the change management project. Kurt Lewin defined three major leadership styles – autocratic, participative and delegative (Lewin et al., 1939). In the autocratic style, the leader takes decisions without

consulting with the employees. In the participative style, the leader involves employees in the decision-making. In the delegative style, the employees are allowed to make decisions, although the leader may still be responsible for the outcome. Burns and Bass used the terms transformational and transactional leadership style (Bass, 1985, Burns, 1978). The transformational leader inspires followers to work towards a common goal while the followers of the transactional leader are motivated by rewards and punishment. Likert identified four leadership styles – exploitative authoritative, benevolent authoritative, consultative and participative (Likert, 1967). Leaders using the exploitative authoritative style use mainly fear-based methods and have no concern for people. Leaders using the benevolent authoritative style also use rewards but all major decisions are still made by the leader. In the consultative style, decisions are still made by the leader but the leader listens to the ideas of followers. In the participative style, followers are involved in the decision-making process.

In this study the scale of leadership style was divided as follows: 1 – participative, 3 – autocratic, 2 – in the middle of autocratic and participative. The authors believe that the autocratic style covers the transactional style as well as Likert's authoritative styles, and the participative style covers the transformational style. The style between these two may be seen like Likert's consultative style. The authors of this article excluded the delegative style from the questionnaire because leaders cannot delegate the leadership of change (Nadler, 1997).

The leadership style adopted by the change leader plays a big role during change implementation projects. The culture and managerial beliefs and practices of the leader are directly related, and the cultural values of organizations influence many aspects in organizations, including the expectations of leadership style (Mahler, 1997, Head and Sorensen, 2005, George, 2003, Early and Erez, 1997).

According to the leader's leadership style, changes can be viewed as management driven or participatory. Management driven changes are planned and implemented by managers alone; in participatory changes, the power and responsibilities are shared between the employees and the management (Bruce and Wyman, 1998). During participatory changes, employee involvement can be in the form of information sharing or involvement in decision-making. Information sharing increases management control (Teicher, 1992), while involvement in decision-making presupposes that managers trust their employees (Brown and Cregan, 2008).

Researchers see employee involvement in decision-making as a critical factor in mitigating resistance and successful change, and as the best method for achieving employee commitment to change (Judson, 1991, Cameron et al., 1993, Coch and French, 1948, Dean et al., 1998, Kirkpatrick, 1985, Pasmore and Fagans, 1992, Pendlebury et al., 1998, Porras and Hoffer, 1986).

As there is no clear agreement among researchers about the benefits of the participative style during change projects, but the authors of this article assume that the possibility of involving employees and the benefits of such involvement differ in different countries. Several researchers have found that the effectiveness of employee involvement in decision-making is influenced by the employee's attitude toward involvement and that employees differ in the amount of participatory effort they are prepared to expend (Knocke, 1991, Brown and Cregan, 2008, Savery and Soutar, 1991). The effectiveness of employee involvement may be influenced by local culture and traditions. It is well known that Indians traditionally accept authority and value respect for superiors (Budhwar, 2009b). Subordinates rely on their superiors for advice and direction. The strong influence of social relations, caste and religion is still observable in Indian organizations (Sparrow and Budhwar, 1997). In China the change leader is also mainly a top-manager who informs the employees of the necessity of change and does not motivate employees to participate (Sun, 2009), or is involved as a form of manipulation and just receive orders from the top (Sun and Alas, 2007). This is accepted by the employees because Chinese employees are afraid of making mistakes that can reduce their status (Alas and Vadi, 2004). Also some studies in post-socialist countries have shown that employees do not want to participate in decision-making, and may even interpret such invitations as a sign of the management's loss of orientation (Piske, 2002).

As there is no clear agreement among researchers about the benefits of the participative style during change projects, but the authors of this article assume that the possibility of involving employees and the benefits of such involvement differ in different countries. Several researchers have found that the effectiveness of employee involvement in decision-making is influenced by the employee's attitude toward involvement and that employees differ in the amount of participatory effort they are prepared to expend (Knocke, 1991, Brown and Cregan, 2008, Savery and Soutar, 1991). The effectiveness of employee involvement may be influenced by local culture and traditions. It is well known that Indians traditionally accept authority and value respect for superiors (Budhwar, 2009b). Subordinates rely on their superiors for advice and direction. The strong influence of social relations, caste and religion is still observable in Indian organizations (Sparrow and Budhwar, 1997). In China the change leader is also mainly a top-manager who informs the employees of the necessity of change and does not motivate employees to participate (Sun, 2009), or is involved as a form of manipulation and just receive orders from the top (Sun and Alas, 2007). This is accepted by the employees because Chinese employees are afraid of making mistakes that can reduce their status (Alas and Vadi, 2004). Also some studies in post-socialist countries have shown that employees do not want to participate in decision-making, and may even interpret such invitations as a sign of the management's loss of orientation (Piske, 2002).

As the triangular model of dealing with organizational change (Alas, 2007) shows, the success of change depends on the process of change, type of change and the

readiness for change. We suggest that the part of the process of change, among other factors, that determines the level of employee involvement is leadership style.

### **3. National culture and recent institutional changes in India, China and Estonia**

As institutional theory suggests that the success of change is influenced by the institutional environment of the organization, the cultural background and recent changes in the Indian, Chinese and Estonian institutional environment are briefly presented.

**India** has the longest history of the unbroken continuity of its culture, traditions and ethos. Seventy-five per cent (75%) of Indians follow Hinduism (Chhokar et al., 2008). The scale for beliefs in Hinduism can be summarized as belief in the law of karma, belief in the atma or soul, and belief in the mukti or liberation (Mulla and Krishnan, 2006). Management practices in India are mostly influenced by the belief in the law of karma, which includes the ideas of responsibility and obedience (Mulla and Krishnan, 2007). The nature of Hinduism has always emphasized respect for superiors, evidenced by the caste and social system (Sahay and Walsham, 1997). In 1990, Sinha identified five common values in India: belonging to some group, harmony and tolerance, duty in contrast to hedonism, a preference for personalized relationships and a preference for arranging persons, objects, ideas and relationships hierarchically (Sinha, 1990). The legacy of the caste system, patronage, patriarchy and unconditional obedience strongly influences management practices (Virmani, 2007) despite Western influences and Western management theories that are taught in Indian business schools. After regaining its independence in 1947, India adopted a socialist socio-economic policy (Mellahi and Guermat, 2006). Inspired by Soviet-style economic theory and practices, the Indian government nationalized entire industry groups and all banks (Cappelli et al., 2010). In 1991, India announced the New Industrial Policy and the Indian government initiated a number of measures to deregulate the economy. This resulted in increased openness to international trade and capital inflows (Mellahi and Guermat, 2006). As a result, Indian firms came under tremendous pressure to change the existing technology and organizational culture, to remove surplus labour and to improve quality (Budhwar, 2009b). Today India is considered one of the strongest emerging markets (next to China). However, India still has a long way to go before it can compete fully on the world's market (Budhwar, 2009b).

**Chinese** culture and ethos come mainly from the writings of Confucius, Lao Tzu and Sun Tzu. Confucius defined rules for relationships that were all strictly hierarchical. Confucian philosophy prevails in Chinese culture (Graham and Lam, 2004). Chinese statecraft has always aimed for order, harmony and hierarchy (Khanna, 2007). In the first half of the 20th century, the Japanese invasion, the Second World War and the Chinese Civil War caused a chaotic situation in China that

culminated in the collapse of the country's military, social and economic systems (Foy and Maddison, 1999). Two years after India regained its independence, in 1949, the Chinese Communist Party proclaimed the People's Republic of China. During the years between 1949 and 1978, China copied Soviet practices just like India did. The reforms started in China a decade before they started in India and in Estonia. In the 1980s, reforms began aimed at converting the economy from a command economy to a market economy (Sun and Alas, 2007). In 2001, China became a member of the WTO. This presented a new stage in the reforms and an opening up to the outside world (Chow, 2000). The reforms in state-owned enterprises and in the banking and financial sector, and the globalization of the Chinese economy are on-going (Sun, 2009).

**Estonians** have lived along the Baltic Sea for over 5000 years. Estonia has been a battleground for centuries where the Germans, Danish, Russians, Swedish and Polish ruled Estonia. All these rulers have left their inheritance in the Estonian psyche and ethos. From 1919 to 1940 Estonia was an independent state with democracy and a free market economy. The Soviet occupation in 1940 was followed by a restructuring of institutions according to the principles of the occupant country (Taagepera, 1993). Radical reforms commenced in Estonia in 1987/8, when a group of theoreticians and practitioners debated the idea of economic autonomy for Estonia (Taaler, 1995). In 1990, the strategic aim of economic autonomy was replaced by the status of an independent state and the restoration of a market economy (ibid.). Independence was achieved in 1991. After that the Estonian economy was developed according to Freedman's concept of liberal market economy (Laar, 2001). In 2004, Estonia became a full member of the European Union. Today, Estonia is the most successful country among former members of the Soviet Union. In January 2011, Estonia joined the euro zone, being the first former republic of the Soviet Union to join that institution.

Although all three countries face similar changes in the institutional environment, the speed of changes in each case has varied. Economic reforms in China and India have been implemented gradually (Cappelli et al., 2010, Chatterjee and Heuer, 2006, Lin et al., 1996, Sun and Alas, 2009), while in Estonia the reforms were implemented quickly (Hoag and Kasoff, 1999). But it is mainly the cultural element of the institutional environment that influences the relationship between managers and employees. According to Hofstede's cultural dimensions, Indian culture is clearly more similar to the Chinese than to the Estonian culture in the case of power distance and masculinity.

#### **4. Propositions**

The authors present the following propositions and the basis for formulating them, which are based on the literature review.



In light of the power distance index (PDI) the authors expect less employee involvement and an autocratic leadership style during change projects in India and China, while in Estonian organizations employee involvement should be more frequent and the leadership style more participative.

**P1: In the process of change implementation in Indian and Chinese organizations the leadership style of the change leader is autocratic and the level of employee involvement is low. In Estonian organizations the leadership style is participative and the level of employee involvement is higher than in India and China.**

Many studies have shown that a participative leadership style gives better results. There are other authors who argue that the greater the magnitude of change, the more leader-directed activities will be required and less follower directed activities are permitted (Hersey and Blanchard, 1997). As there is no clear agreement among researchers about the benefits of employee involvement during change projects, the authors of this article assume that the opportunity to involve employees and the benefits of such involvement is influenced by the local culture and traditions.

**P2: Change projects in Estonia are more successful when employees are involved in the decision-making, but employee involvement has a negative effect in China and India.**

Leadership style plays a big role during the implementation of change projects. While the participative style is commonly recommended, some authors argue that the suitability of the participative style may depend on the cultural values of the organizations members. In light of this, the authors formulate proposition 3.

**P3: The participative leadership style gives different results in India, China and Estonia.**

## **5. Methodology of the research**

The authors used the interview questionnaire worked out by Tatiana Andreeva (Andreeva, 2006, Andreeva et al., 2008). In order to conduct the research, 177 interviews were carried out in Estonia (n=63), China (n=55) and India (n=59). The respondents were chosen using the authors' professional networks. The respondents were top managers and management consultants who had been involved in the development and implementation of large change projects. In India the questionnaire and the interviews were conducted in English because all the respondents were fluent in English. In China the data was gathered using Mandarin and in Estonia, the Estonian language was used. All respondents were asked to reflect on one specific case of organizational change they had participated in in a specific company.

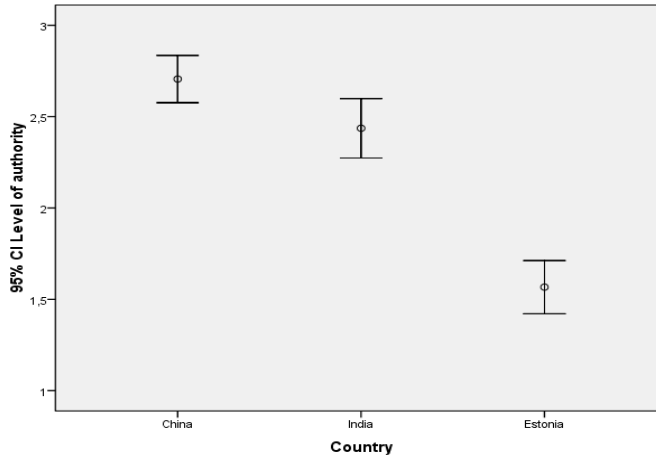
Cross-sectional research design can include gathering both qualitative and quantitative data. It also makes it possible to seek out possible causal associations between variables (Matthews and Ross, 2010). During the interviews both qualitative and quantitative data was collected. However, in this article, the results of the analysis of the quantitative data are presented. In the quantitative analysis an ANOVA and t-test were completed, linear regression analyses and correlation analyses were also used to discover the structure of the connections.

## **6. The results of the study**

In order to evaluate how elements of organizational change depend on the cultural background of organizational members, the leadership style and the level of employee involvement during change management projects in India, China and Estonia were studied. The correlation between leadership style and employee involvement was then analysed. The authors subsequently analysed how the success of the change management projects depended on the leadership style and the level of employee involvement.

### *6.1. Leadership style*

On a scale describing leadership style of 1 to 3, where 1 is participative and 3 is autocratic, change leaders in Chinese organizations mostly used the autocratic style (mean 2.710, standard deviation 0.460). Change leaders in Estonian organizations, by contrast, mostly used the participative style (mean 1.57, standard deviation 0.563). Change leaders in Indian organizations used a style that was closer to autocratic than participative (mean 2.440, standard deviation 0.601) based on the mean value. Nevertheless, the autocratic style was used more often in India (mode 3). The skewness of the results also indicated that the leadership style in India and China tend to be more autocratic and in Estonia more participative. While in China there were no cases and in India only one case where the participative style was used, in Estonia there was only one case where the autocratic style was used. Therefore, we cannot analyse the influence of the participative style on other elements of change management in China and India. In addition, we cannot analyse the influence of the autocratic style on other change management elements in Estonia. But the results correspond to the power distance and masculinity indices of Hofstede's study (Hofstede, 2001), and therefore, the authors believe that the selected samples satisfactorily represent the organizations in these three countries. According the t-test the leadership style in all three countries was different. The corresponding statistical coefficients are presented in Appendix 3. Figure 1 illustrates the differences in the leadership style of the change leader in India, China and Estonia.



**Figure 1.** The difference in the leadership style of the change leader in India, China and Estonia. Drafted by author.

## 6.2. *Employee involvement*

The respondents were asked whether the change leader involved any employees in decision-making about the content of the change or the implementation of the change (Table 2). There was a clear correlation between involving employees in decision-making about the content and the implementation of the change in all three countries with a significance level of 95%. The correlation coefficients are presented in Appendix 4. This means that if, for example, key specialists were involved in decision-making about the content of the change, often the same group was involved in decision-making about the implementation of the change.

In all three countries, in more than half of the cases the change leader did not involve anybody or only involved top managers in decision-making about the content and implementation of the change. But the involvement pattern was different in Estonia compared to the two Asian countries. In Estonia, lower level employees were more often involved in making decisions about the content of the change than about the implementation of the change (Table 2). In all three countries it was remarkable that even when culture and values were among the elements that were planned as part of the change, ordinary employees were not involved in the decision-making process.

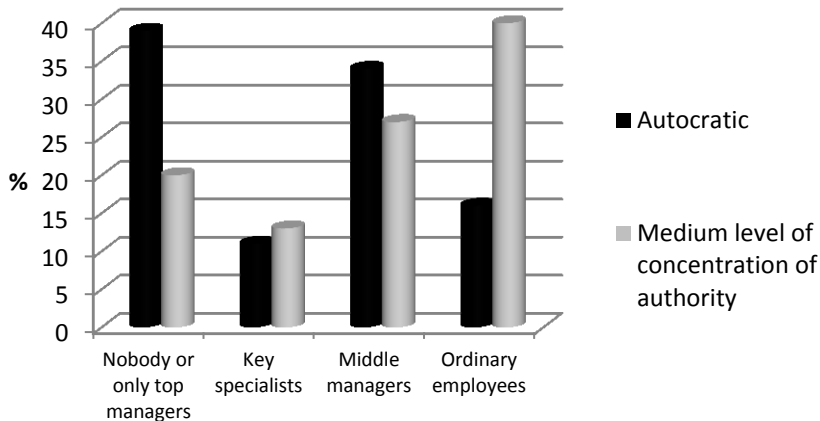
Involved in decision making about ...	India		China		Estonia	
	content of change	Implementation of change	content of change	Implementation of change	content of change	Implementation of change
Nobody or only top management team was involved	63%	64%	51%	52%	49%	64%
Key specialists	22%	13%	11%	11%	32%	20%
Middle managers	13%	18%	25%	24%	8%	11%
Ordinary employees	2%	5%	13%	13%	11%	5%

**Table 2.** Employee involvement in decision making about content of change and about change implementation (% of companies). Drafted by author.

### 6.3. *Influence of leadership style to employee involvement*

To evaluate the influence of leadership style on employee involvement, an ANOVA test was used (Appendix 5). The hypothesis H0 was – “There are no differences among the means of the level of employee involvement in the groups where the leadership style is different”. At a significance level of 95%, the null hypothesis was rejected only in the case of China.

In China, when the leadership style was autocratic, more often nobody or only top managers were involved in decision-making by the change leader. In the case of medium levels of authority, ordinary employees were more often involved. Middle managers and key specialists were involved almost equally in both cases. There were no cases in China where the leadership style was participative. The influence of leadership style and employee involvement on decision-making in China is shown in Figure 2.



**Figure 2.** The influence of leadership style to employee involvement in any decision making in China. Drafted by author.

In India and in Estonia, the differences in employee involvement in decision-making were not significant in the groups with different leadership styles. In the case of these countries, the most interesting finding was that even if the interviewee declared that the leadership style was participative, the change leader most often involved only top managers in the decision-making process. The authors therefore speculate that the participative style does not necessarily mean the involvement of employees in the decision-making process in these countries.

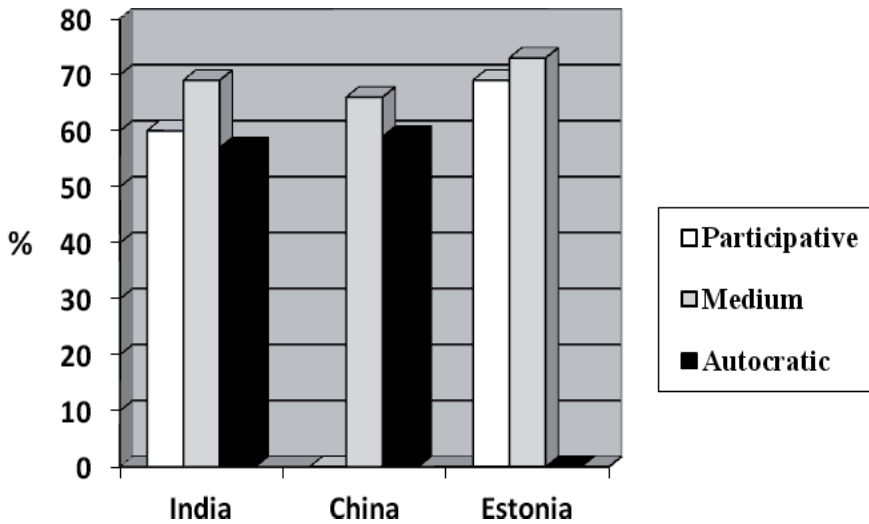
#### 6.4. Leadership style and the success of change management project

The respondents were asked to evaluate on a scale of 0% to 100% the results of organizational change from the point of view of the achievement of the goals set for the change program by the change leader (from here on referred to as “success rate”). It turned out that the described changes were most successful in Estonia and least successful in India, where the mean was  $75\pm 21\%$  and  $63\pm 17\%$  respectively. In China the mean of the success rate was  $67\pm 18\%$ .

In India, the ANOVA test showed the difference between the success rates under different leadership styles at a significance level of 90% (Appendix 6). The correlation coefficient was significant at the significance level of 95% and negative; this means that where a moderate concentration of authority was used by the change leader, the success rate was higher.

The ANOVA test in China and Estonia did not show the significant differences between the success rates under different leadership styles, and the correlation coefficients were also very weak between leadership style and success rate. Still, the directions of the correlation coefficients make it possible to draw some conclusions.

While the correlation coefficients were negative in India and China, the coefficient was positive in Estonia. Taking into consideration the dominant leadership styles in these countries, the correlation coefficients may indicate that in all three countries a moderate concentration of authority tends to give better results than both very autocratic and very participative. The same can be seen from Figure 3.



**Figure 3.** Success of the change (weighted average) according to the level of concentration of authority in India, China and Estonia. Drafted by author.

#### 6.5. *Employee involvement and success of the change projects*

To evaluate the influence of employee involvement on the success of change projects, the authors used the ANOVA test, correlation coefficients (Appendix 7) and regression analyses.

In India, the ANOVA test showed significant differences between success rates in groups where the level of employee involvement was different ( $F=2.768$ ,  $Sig.=0.039$ ); the correlation coefficients also indicated satisfactory correlation between employee involvement and success rate at a significance level of 95%. The regression analysis made it possible to provide a formula for change management projects in Indian organizations (for the formula  $F=3.789$ ,  $Sig.=0.016$ ):

$$\text{Success rate} = -0.143 \text{ LCA} - 0.215 \text{ R} + 0.281 \text{ EI},$$

where LCA is the level of the concentration of authority on a scale of 1 to 3, (1 is participative and 3 is autocratic), EI is the level of employee involvement on a

scale of 0 to 4, (0 means nobody and 4 ordinary employees), R means the level of resistance, which was also measured and analysed, but the results of that study is beyond the scope of this article.

In Estonia, the ANOVA test did not show significant differences between success rates in groups where the level of employee involvement was different ( $F=1.118$ ,  $Sig.=0.358$ ); the correlation coefficients were also lower than in the case of India. Still, the regression analysis allowed us to provide a formula for change management projects in Estonian organizations (for the formula  $F = 5.205$ ,  $Sig.=0.026$ ):

Success rate = 0.292 EI,

where EI is the level of employee involvement on a scale of 0 to 4 (0 means nobody and 4 ordinary employees). Including the level of the concentration of authority and other factors did not give a statistically significant formula in the case of Estonia.

In China, the ANOVA test did not show significant differences between success rate in groups where the level of employee involvement was different ( $F=1.500$ ,  $Sig.=0.218$ ); the correlation coefficients were also close to zero. The regression analysis did not give any formula for success rates.

All three methods showed that the success of change projects depends on leadership style and employee involvement in India, and only on employee involvement in Estonia. But that such a dependency was almost non-existent in China.

## 7. Conclusion and discussion

### 7.1. Discussion of the research propositions

This section will discuss the propositions presented at the beginning of the article.

**P1: In the process of change implementation in Indian and Chinese organizations the leadership style of the change leader is autocratic and the level of employee involvement is low. In Estonian organizations the leadership style is participative and the level of employee involvement is higher than in India and China.**

The proposition was partly supported. The study showed that the leadership style of change leaders in India and China was more autocratic and in Estonia more participative. The results correspond accurately with the power distance and masculinity indices of Hofstede's study (Hofstede, 2001).

In all three countries, in more than half of the cases the change leader did not involve anybody or only involved top managers in decision-making about the content and implementation of the change. Employee involvement was almost equally low in Estonia and India, and slightly higher in China.

The autocratic leadership style and low level of employee involvement in decision-making is well understood in the case of India, where respect for leaders is part of Hinduism (Budhwar, 2009a). In Indian organizations, managers are traditionally expected to look after employees and their families, and in return employees are expected to look after the company (Cappelli et al., 2010). In such a paternalistic management system employees act as sons in a big family and they prefer to leave the decision-making to the bosses who act as the fathers of that big family (Virmani, 2007). In many cases the respondents stressed that even if the change leader tried to involve employees, they actually did not participate. Respondent 55 said: *“It is very important (for a consultant) to get the pulse of the middle management and lower level employees. The top management is not in touch with shop-floor reality.”*

The participative style of Estonian change leaders was also expected because Estonian society has historically been less autocratic than Indian and Chinese societies. In addition, after losing the Soviet market, Estonian companies were forced very quickly to reorient to Western markets in order to survive. To be accepted there they had to introduce Western standards, including democratic and participative management styles. The low level of employee involvement in the decision-making process can be explained if we look at the findings of Ruth Alas (2004). While analysing change management projects in Estonia she found that Estonian change leaders focused on initiating the change projects, but paid less attention to assessing and modifying change implementation (Alas and Vadi, 2004). They empowered employees to participate in the change implementation process, not in decision-making processes.

In China, despite the very autocratic leadership style, lower level employees were involved in decision-making processes more often than in India and Estonia. But, as Wei Sun explains, employees were not motivated to participate and they could be involved as a form of manipulation and they just received orders from the top (Sun and Alas, 2007).

**P2: Change projects are more successful when the employees are involved in decision-making in Estonia, but employee involvement has a negative effect in China and India.**

This proposition was not supported. The success of the change projects depends significantly on employee involvement in India and weakly in Estonia. In both countries the success rate was higher when lower level employees were involved in the decision-making process about the content and implementation of the change.



There was no evidence that the level of employee involvement has any effect on the success of change projects in China.

In India, the findings may imply that even in organizations that function as big families, the involvement of lower level members in decision-making gives better results. In Estonia, employees probably did participate but not so often in decision-making. After the change leader had made decisions with the top management team, they empowered employees to participate providing them training and support (Alas et al., 2008).

According to this study the authors cannot reject the assumption that involving employees gives better results despite the cultural background of organizational members. But the willingness to participate may still be different and need further research.

### **P3: Participative leadership styles give different results in India, China and Estonia.**

This proposition was not supported. Only in India did the success rate depend on the leadership style. Although the statistical tests did not show a significant correlation between the leadership style and the success rate in China and Estonia, the direction of the correlation coefficient indicated that in all three countries a moderate concentration of authority may give better results. Therefore, the authors of this study did not find evidence that the participative leadership style gives better results.

## *7.2. Summary of findings*

The research task in this study was to find out how the leadership style of the change leader and employee involvement depends on the cultural background of the members of the organization. The research question was: “Is the leadership style of the change leader different in the cultures of India, China and Estonia? If yes, then how do these differences influence the success of change projects?”

Based on the interviews, the leadership style corresponded accurately with Hofstede’s power distance and masculinity indices, but the differences in leadership style did not significantly influence employee involvement in the decision-making process in India and Estonia. Even when the leadership style was participative, lower level employees were only involved in decision-making in very few cases. Furthermore, although the leadership style in China was mostly autocratic, employees were actually involved more often, but since this did not influence the success of the change projects, the authors agree with Wei Sun (Sun and Alas, 2007) that this involvement was mostly manipulative.

According to this study it can be concluded that the success of the change process does depend on the level of employee involvement to decision-making in two very different cultures such as India and Estonia. Therefore, employee involvement should be included as a critical factor in the triangular model by Ruth Alas (Alas, 2007).

### *7.3. Implications for managers and management consultants*

**First.** A moderate concentration of authority seems to give better results during change management projects.

**Second.** Despite the national culture of organizational members, employee involvement in decision-making about the content and implementation of change is recommended in order to achieve the goals set for change projects.

### *7.4. Limitations and further research proposal*

The size difference between the two Asian countries and Estonia is huge, and the representativeness of 50–60 companies per country is low. The authors believe that the respondents were chosen carefully and represent the experience of change management. Nevertheless, it would be easier to generalize on the basis of the results if a larger number of companies were included.

It would be interesting to compare the results of these three transition countries with results from a similar study in countries that have enjoyed a more stable economic and social environment. In addition, attitudes towards change among employees in these countries should also be studied. After studying changes from the employee point of view, better suggestions for managers and consultants involved in change management in these countries can be given.

## **APPENDICES**

### **Appendix 1. Interview questions relevant to this study.**

**B2** How would you describe this change programme according to its substance? It was meant to change: 0 – all parameters; 1 – mission, corporate ideology; 2 – business strategy; 3 – organizational structure; 4 – distribution of power, influence; 5 – corporate culture, key values; 6 – management system as a whole; 7 - key people in the organization; 8 - qualitative structure of the staff; 9 - production technology employed; 10 - rules and procedures of everyday work; 11 - functional systems; 12 - other

**B5** Who, in your opinion, was the leader of change (agent of change) in this particular situation? 1 – owner; 2 - top-management team; 3 - middle managers or ordinary employees; 4 - consultants

**B7** Did the company leader involve any of the company’s employees in the decision-making about the content of the change? 1 – no; 2 - yes, these were top managers; 3 - yes, these were key specialists; 4 - yes, these were middle managers; 5 - yes, these were ordinary people.

**B8** Did the company leader involve any of the company’s employees in the decision-making about the change implementation process? 1 – no; 2 - yes, these were top managers; 3 - yes, these were key specialists; 4 - yes, these were middle managers; 5 - yes, these were ordinary people.

**B10** How would you describe the level of concentration of authority in the change program development and its implementation? 1 - high (autocratic - all decisions are concentrated on top management level); 2 – medium (some decisions are delegated to middle managers, heads of departments, etc.); 3 - low (participative - wide range of employees is involved in preparation of decisions and decision-making)

**E1** How could you evaluate the results of the implemented organizational change from the point of view of the achievement of the goals set for the change program by the company leader? 0% - goals are not achieved at all, 100% - goals are fully achieved.

## Appendix 2

Number of employees	India	China	Estonia
Less than 30	3%	19%	46%
30 – 100	9%	21%	30%
101 – 500	17%	21%	14%
501 - 1000	14%	13%	0%
1001 – 5000	36%	21%	10%
Over 5000	22%	6%	0%

**Table 3.** Size of Indian organizations in the sample

Industry	India	China	Estonia
Production of goods for end users	25%	10%	12%
Production of goods for business	31%	8%	8%
Providing services for end consumers	20%	31%	36%
Providing services for end consumers	46%	17%	22%
Trade for end consumers	3%	14%	16%
Trade for businesses	7%	20%	6%

**Table 4.** Categories of industry of the sample

Age	India	China	Estonia
0 - 2 years	7%	11%	5%
3 – 5 years	7%	24%	14%
6 – 10 years	12%	36%	25%
11 – 15 years	14%	11%	32%
16 – 20 years	18%	7%	16%
Over 20 years	42%	11%	8%

**Table 5.** The age of organizations in sample

### Appendix 3

Country	Mean	Median	Mode	Std. Dev.	Skewness	Kurtosis	Min.	Max.
India	2.44	2.00	3	0,601	-0.542± 0.422	-0.578± 0.634	1	3
China	2.71	3.00	3	0.460	-0.931± 0.333	-1.181± 0.656	2	3
Estonia	1.57	2.00	2	0.563	0.317± 0.309	-0.853± 0.608	1	3

**Table 6.** The statistical coefficients for leadership style in the scale of 1 to 3, where 1 is participative and 3 is autocratic style.

	t	df	Sig. (2-tailed)	Mean differences	Std.Error differences
India and China	2.002	100.467	0.011	0.270	0.104
India and Estonia	7.984	110.431	0.000	0.870	0.109
China and Estonia	11.723	108.841	0.000	1.139	0.097

**Table 7.** The difference in leadership style in India, China and Estonia. t-test of Hypothesis 0: “The leadership style of change leader is similar in India and China, India and Estonia, and/or in China and Estonia.”

#### Appendix 4

	Pearson's r	Sig. (2-tailed)	Kendall's tau	Sig. (2-tailed)	Spearman's rho	Sig. (2-tailed)
India	0.305	0.023	0.595	0.000	0.652	0.006
China	0.342	0.010	0.340	0.002	0.380	0.004
Estonia	0.256	0.043	0.289	0.006	0.312	0.013

**Table 8.** Correlation coefficients between employee involvement to decision making about change content and about change implementation.

#### Appendix 5

Country		Sum of squares	df	Mean Square	F	Sig
India	Between groups	2.048	2	1.024	1.229	0.301
	Within groups	43.333	52	0.833		
	Total	45.382	54			
China	Between groups	7.255	1	7.255	4.132	0.048
	Within groups	86.039	49	1.756		
	Total	93.294	50			
Estonia	Between groups	1.419	2	0.710	0.533	0.590
	Within groups	75.914	57	1.332		
	Total	77.333	59			

**Table 9.** ANOVA test for hypothesis H0: “There are no differences among the means of employee involvement in the groups where the leadership style is different”. (Homogeneity of Variances: India Sig. = 0.258; China Sig.=0.413; Estonia Sig.=0.045)

## Appendix 6

Country		Sum of squares	df	Mean Square	F	Sig
India	Between groups	3.204	4	0.801	2.436	0.061
	Within groups	14.796	45	0.329		
	Total	18.000	49			
China	Between groups	0.533	4	0.133	0.586	0.675
	Within groups	9.779	43	0.227		
	Total	10.313	47			
Estonia	Between groups	0.506	4	0.126	0.382	0.821
	Within groups	17.563	53	0.331		
	Total	18.069	57			

**Table 10.** ANOVA test for hypothesis H0: “There are no differences among the means of success rate in the groups where the leadership style is different”. (Homogeneity of Variances: India Sig. = 0.009; China Sig.=0.832; Estonia Sig.=0.223)

	Pearson’s r	Sig. (2-tailed)	Kendall’s tau	Sig. (2-tailed)	Spearman’s rho	Sig. (2-tailed)
India	-0.241	0.093	-0.268	0.040	-0.293	0.039
China	-0.171	0.245	-0.146	0.281	-0.157	0.286
Estonia	0.029	0.827	0.033	0.782	0.036	0.787

**Table 11.** Correlation coefficients between leadership style and success rate.

## Appendix 7

Country		Sum of squares	df	Mean Square	F	Sig
India	Between groups	7.566	4	1.892	2.768	0.039
	Within groups	30.754	45	0.683		
	Total	38.320	49			
China	Between groups	10.741	4	2.685	1.500	0.218
	Within groups	80.539	45	1.790		
	Total	91.280	49			

Estonia	Between groups	5.868	4	1.467	1.118	0.358
	Within groups	70.844	54	1.312		
	Total	76.712	58			

**Table 12.** ANOVA test for hypothesis H0: “There are no differences among the means of success rate in the groups where the Level of employee involvement to decision making during change management projects”. (Homogeneity of Variances: India Sig. = 0.103; China Sig.=0.082; Estonia Sig.=0.129)

	Pearson's r	Sig. (2-tailed)	Kendall's tau	Sig. (2-tailed)	Spearman's rho	Sig. (2-tailed)
India	0.359	0.010	0.299	0.017	0.339	0.016
China	0.135	0.533	0.075	0.533	0.097	0.502
Estonia	0.256	0.051	0.201	0.070	0.225	0.086

**Table 13.** Correlation between employee involvement and success rate.

## REFERENCES

Alas, R. 2007. The Triangular Model for Dealing with Organizational Change. *Journal of Change Management*, 7(3/4), 255-271.

Alas, R., Sharifi, S. and Sun, W., 2008. China and Estonia in Flux: Is This a Valid Basis for Comparison of Their Approaches to Change Management?'. *Academy of Management Meeting, Questions We Ask*. Anaheim, California: Academy of Management.

Alas, R. and Sun, W., 2009. Organizational Changes in Chinese Companies. In: Alas, R. ed. *Implementation of Changes in Chinese Organizations: Groping a way through the darkness*. Oxford: Chandos Publishing, 1-80.

Alas, R. and Vadi, M. 2004. The Impact of Organizational Culture on Attitudes Concerning Change in Post-Soviet Organizations. *Journal for East European Management Studies*, 9(1), 20-39.

Anderson, D. and Ackerman-Anderson, L., 2001. *Beyond change management: Advanced strategies for today's transformational leaders*. San Francisco: Jossey-Bass/Pfeiffer.

Andreeva, T., 2006. Organisational change in Russian companies: findings from research project. Graduate School of Management, St. Petersburg State University

Andreeva, T., et al., 2008. How Applicable are Western Theories about Change in

Russia, Estonia and China? *Academy of Management Meeting, Questions We Ask*. Anaheim, California.

Avgerou, C. 2001. The Significance of Context in Information Systems and Organizational Change. *Information System Journal*, 11, 43-63.

Bass, B. M., 1985. *Leadership and Performance*. New York: Free Press.

Brown, M. and Cregan, C. 2008. Organizational change cynicism: the role of employee involvement. *Human Resource Management*, 47(4), 667-686.

Bruce, R. and Wyman, S., 1998. *Changing Organizations. Practicing Action Training and Research*. London: Sage Publications.

Budhwar, P. S., 2009a. Challenges facing Indian HRM and the way forward. In: Budhwar, P. S. and Bhatnagar, J. eds. *The Changing Face of People Management in India*. New York: Routledge, 287-301.

Budhwar, P. S., 2009b. Introduction: Human resource management in the Indian context. In: Budhwar, P. S. and Bhatnagar, J. eds. *The changing face of people management in India*. London: Routledge, 1-22.

Burns, J. M., 1978. *Leadership*. New York: Harper and Row.

Cameron, K. S., Freeman, S. J. and Mishra, A. K., 1993. Downsizing and redesigning organizations. In: Huber, G. P. and Glick, W. H. eds. *Organizational change and redesign*. New York: Oxford University Press, 19-63.

Cappelli, P., et al., 2010. *The India Way: How India's Top Leaders are Revolutionizing Management*. Boston: Harvard Business Press.

Chatterjee, S. R., Davis, H. J. and Heuer, M., 2006. Managing in a Changing Environment: Implications and Suggestions for Expatriate Managers in India. In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. *Management in India. Trends and Transition*. New Delhi: Sage Publications, 401-417.

Chatterjee, S. R. and Heuer, M., 2006. Understanding Indian Management in a Time of Transition. In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. *Management in India. Trends and Transition*. New Delhi: Sage Publications, 11-27.

Chhokar, J. S., Brodbeck, F. C. and House, R. J., 2008. India. Diversity and Complexity in Action. In: House, R. J. ed. *Culture and leadership across the world: The GLOBE Book of In-Depth Studies of 25 Societies*. New York: Lawrence Erlbaum Associates, 971-1020.



Chow, G., 2000. China's Economic Reform and Policies at the Beginning of the 21st Century. *Perspectives*, 2 (1). [online]. Available from: [http://www.oycf.org/perspectives/7\\_083100/china.htm](http://www.oycf.org/perspectives/7_083100/china.htm) [Accessed 11.12.2006].

Coch, L. and French, J. P. 1948. Overcoming Resistance to Change. *Human Relation*, 1, 512-523.

Dawson, P., 2003. *Understanding Organizational Change. The Contemporary Experience of People at Work*. London: Sage Publications.

Dean, J., Brandes, P. and Dharwadkar, R. 1998. Organizational Cynicism. *Academy of Management Review*, 23, 341-352.

Desai, D. and Sahu, S. 2008. CRM Change Management in an Emerging Country Context: An Exploratory Study in India. *Global Journal of Flexible Systems Management*, 9(2 and 3), 41-54.

DiMaggio, P. J. and Powell, W. W. 1983. The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48, 147-160.

Early, P. C. and Erez, M., 1997. *The Transplanted Executive*. New York: Oxford University Press.

Erez, M. and Early, P. C., 1993. *Culture, self-identity and work*. New York: Oxford University Press.

Foy, C. and Maddison, A. 1999. China: A World Economic Leader, Organisation for Economic Cooperation and Development. *The OECD Observer*, 215, 39-43.

George, B., 2003. *Authentic Leadership: Rediscovering the secrets to creating lasting value*. . San Francisco: Jossey-Bass Publishers.

Geppert, M., 2003. Critical revision of some core ideas within the discourse about the learning organization: Experiences from field research in East German companies. *In: Woodman, R. W. and Pasmore, W. A. eds. Research in Organizational Change and Development*. Oxford: Elsevier Science, 257-282.

Gopalan, S. and Stahl, A., 2006. Application of American management Theories and Practices to the Indian Business Environment: Understanding the Impact of National Culture. *In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. Management in India. Trends and Transition*. New Delhi: Sage Publications, 376-400.

Graham, J. L. and Lam, N. M., 2004. *The Chinese negotiation*. . Boston: Harvard Business School Press.

Head, T. C. and Sorensen, P. F., Jr 2005. Attracting Foreign Direct Investment: The Potential Role of National Culture. *Journal of American Academy of Business*, 6(1), 305-308.

Hersey, P. and Blanchard, K., 1997. *Management of organizational behavior: Utilizing human resources*. 3 ed. Englewood Cliffs, New York: Prentice Hall.

Hoag, J. and Kasoff, M. 1999. Estonia in Transition. *Journal of Economic Issues*, 33(4).

Hofstede, G., 1991. *Cultures and Organizations: Software of the Mind*.: McGrawHill.

Hofstede, G., 2001. *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*. 2 ed. Thousand Oaks, Ca.: Sage Publications.

House, R. J., *et al.*, 2004. *Culture, leadership, and organizations: the GLOBE study of 62 societies*. New Delhi: Sage Publications.

Howard, L. W. and Howars, L. W. 1998. Validating the Competing Values Model as a Representation of Organizational Cultures. . *International Journal of Organizational Analysis*, 6(3), 231-251.

Jaques, E., 1989. Culture. *In*: McLennan, R. ed. *Managing Organizational Change*. Prentice Hall, 76.

Judson, A., 1991. *Changing Behavior in Organizations: Minimizing Resistance to Change*. Cambridge, MA: Basil Blackwell.

Kennedy, M. D., 2001. A Cultural Analysis Homosocial Reproduction and Contesting Claims to Competence in Transitional Firms. *In*: Denison, D. R. ed. *Managing Organizational Change in Transition Economies*. London: Lawrence Erlbaum Associates, 407-443.

Khanna, T., 2007. *Billions entrepreneurs. How China and India Are Reshaping Their Futures and Yours*. Boston: Harvard Business School Press.

Kirkpatrick, D., 1985. *How to Manage Change Effectively*. At: San Francisco: Jossey-Bass.

Knocke, W. 1991. Women immigrants: What is the problem? *Economic and Industrial Democracy*, 12, 469-486.

Kotter, J. P. and Schlesinger, L. A. 1979. Choosing Strategies for Change. . *Harvard Business Review*.

Kotter, J. P., Schlesinger, L. A. and Sathé, V., 1986. *Organization: Text, Cases and Readings on the Management of Organizational Design and Change*. 2 ed.: Irwin.

Kumar, S. and Amburgey, T. L. 2007. Public Agencies and Collaborative Management Approaches. Examining Resistance Among Administrative Professionals. *Administration & Society*, 39(5), 569-613.

Laar, M., 2001. Back to the Future. *Centre Right Conference: 10 Years of Freedom in Central Europe*. Tallinn, Estonia.

Lewin, K., 1951. *Field theory in social science*. New York: Harper and Row.

Lewin, K., Lippitt, R. and White, R. K. 1939. Patterns of aggressive behaviour in experimentally created social climates. *Journal of Social Psychology*, 10, 271-301.

Likert, R., 1967. *The human organization: Its management and value*. New York: McGraw-Hill.

Lin, J. Y. F., Cai, F. and Li, Z. 1996. The lessons of China's Transition to a Market Economy. *Cato Journal*, 16(2), 201-231.

Lynton, N., 2001. Human Resource Management in the Restructuring of Chinese Joint Ventures. In: Denison, D. R. ed. *Managing Organizational Change in Transition Economies*. London: Lawrence Erlbaum Associates, 383-406.

Mahler, J. 1997. Influences of Organizational Culture on Learning in Public Agencies. *Journal of Public Administration Research & Theory*, 7(4), 519-541.

Matthews, B. and Ross, L., 2010. *Research methods. A practical guide for the social sciences*. Harlow: Pearson Education Ltd.

Mellahi, K. and Guermat, C., 2006. Does Age Matter? An Empirical Examination of the Effect of Age on Managerial Values and Practices in India. In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. *Management in India. Trends and Transition*. New Delhi: Sage Publications, 134-168.

Meyer, J. W., Boli, J. and Thomas, G. M., 1994. Ontology and rationalization in the Western Cultural Account. In: Scott, W. R. and Meyer, J. W. eds. *Institutional*

*Environments and Organizations: Structural Complexity and Individualism.* Thousand Oaks: Sage Publications, 9-27.

Mulla, Z. R. and Krishnan, V. R. 2006. Karma-Yoga: A Conceptualization and Validation of the Indian Philosophy of Work. *Journal of Indian Philosophy*, 24, 26-43.

Mulla, Z. R. and Krishnan, V. R. 2007. Karma-Yoga: Construct validation Using Value Systems and Emotional Intelligence. *South Asian Journal of Management.*, 14(4), 116-138.

Nadler, D. A., 1997. *Champions of change: How CEOs and their companies are mastering the skills of radical change.* San Francisco: Jossey-Bass.

Nadler, D. A. and Tushman, M. L. 1989. Organizational Frame Bending: Principles for Managing Reorientation. *The Academy of Management, Executive Magazine*, 3(3), 194-204.

Noronha, C. 2002. Chinese cultural values and total quality climate. *Managing Service Quality*, 12(4), 210-223.

Pasmore, W. A. and Fagans, M. 1992. Participation, Individual Development, and Organizational Change: A Review and Synthesis. . *Journal of Management*, 18(2), 357-397.

Pendlebury, J., Grouard, B. and Meston, F., 1998. *The ten keys to successful change management.* New York: John Wiley and Sons, Ltd.

Piske, R. 2002. German Acquisitions in Poland: An Empirical Study on Integration Management and Integration Success. *Human Resource Development International*, 5(3), 295-312.

Porras, J. I. and Hoffer, S. J. 1986. Common Behaviour Changes in Successful Organization Development Efforts. *The Journal of Applied Behavioral Science*, 22(4), 477-494.

Sahay, S. and Walsham, G. 1997. Social Structure and Managerial Agency in India. *Organization Studies*, 18, 415-444.

Savery, L. K. and Soutar, G. N. 1991. Desired work-place decision making: Some community views. . *Australian Bulletin of Labour*, 17(3), 227-239.

Schneider, B. 1987. The people make the place. *Personnel Psychology*, 40, 437-453.

Sinha, J. B. P. 1990. The salient Indian values and their socioecological roots. *Indian Journal of Social Sciences*, 3(3), 478-488.

Sinha, J. B. P., 2004. *Multinationals in India: Managing the Interface of Cultures*. New Delhi: Sage Publications.

Sinha, J. B. P. and Kanungo, R. N. 1997. Context Sensitivity and Balancing in Indian Organization behaviour. *International Journal of Psychology*, 32(2), 93-105.

Sparrow, P. R. and Budhwar, P. S. 1997. Competition and Change: Mapping the Indian HRM Recipe against World Wide Pattern. *Journal of World Business*, 32(3), 224-242.

Sun, W., 2009. *Organisational Changes in Chinese Companies: Content, Readiness and Process (2001-2007)*. (Doctor of Philosophy). Estonian Business School.

Sun, W. and Alas, R. 2007. Changes in Chinese Organizations from Institutional Perspective. *EBS Review*, 23, 36-48.

Sun, W. and Alas, R., 2009. Implication for Managers. In: Alas, R. ed. *Implementation of Changes in Chinese Organizations: Groping a way through darkness*. Oxford: Chandos Publishing.

Taagepera, R., 1993. *Estonia – Return to Independence*. . Colorado: Westview Press.

Taaler, J., 1995. Economic Reforms: The Main Stages, Programmes and Evaluations. In: Lugas, O. and Hachey, G. A. eds. *Tallinn: Transforming the Estonian Economy* 1-15.

Teicher, J., 1992. Theories of employee participation and industrial democracy: Towards and analytical framework. In: Dabsceck, B., Griffin, G. and Teicher, J. eds. *Contemporary Australian industrial relations*. Melbourne, Australia: Longman Cheshire, 476-494.

Van Maanen, J. and Laurent, A., 1993. The flow of culture: some notes on globalization and the multinational corporation. In: Ghoshal, S. and Westney, D. E. eds. *Organization Theory and the Multinational Corporation*. New York: St. Martin's, 275-312.

Virmani, B. R. 2007. The Challenges of Indian Management. 379.



## **II. THE INFLUENCE OF LEADER'S ORIGIN ON CHANGE MANAGEMENT IN INDIA, CHINA AND ESTONIA<sup>1</sup>**

**Ülle Pihlak, Ruth Alas**

---

<sup>1</sup> Research was supported by ETF grant 7537.

**Pihlak, Ü.**, Alas, R. “The Influence of Leader’s Origin on Change Management in India, China and Estonia”, *Journal of US-China Public Administration*, ISSN 1548-6591, USA. August 2012. Vol.9. No 8, 851-869.



## ABSTRACT

This paper focuses on the influence of a foreign change leader during planned organizational change projects in Indian, Chinese and Estonian organizations. While both India and Estonia had foreign influences (the former as a colony and the latter as an occupied country), China has been closed to foreigners for a long time. The study shows that while starting similar reforms almost at the same time, the organizations in these countries are at different stages of development. It also demonstrates that involving foreigners in a change program makes resistance to change stronger in Estonia and in India, but not in China. Furthermore, the causes of resistance and the methods used to overcome the resistance are different.

**Key words:** change management, change leader, India, Estonia, China.

Following the collapse of the Soviet Union, many countries gained the opportunity to enter into the market economy, among them like Estonia. At the same time similar changes in the economic environment took place in two huge Asian countries—India and China. All these three countries faced an increased influence of foreign companies as well as foreign managers in merged companies. Being in a similar situation of economic transition, the experience of working with and under foreigners has been different in these countries. While both India and Estonia were under foreign rulers until recently, China has been closed to foreigners for a long time. This begs the question: If the economic changes are similar in different countries, do the historical memory and the national culture affect the success of foreign leaders during the change projects?

Several researchers have studied the effect of culture on change management (Alas and Vadi, 2004, Chatterjee et al., 2006, Erez and Early, 1993, Gopalan and Stahl, 2006, Kennedy, 2001, Lynton, 2001, Jaques, 1989, Sinha, 2004), which is increasingly important due to rapid globalization. Studies are also available that refer to difficulties with intercultural communication, mainly because of language barriers (Stage, 1999, Peltokorpi, 2007, Peltokorpi and Clausen, 2011). At the same time there is a serious lack of literature on organizational changes in India. In 2006 Garg and Singh studied the literature about change management and could not refer to any research on change management in Indian organizations (Garg and Singh, 2006). In 2007, Garg and Jain wrote one case study on the subject (Garg and Jain, 2007). Few, if any, efforts have been presented in which the influence of historical memory of organizations' members on change management has been studied.

Bardhan and Patwardhan, studying the problems in two Indian multinational companies discovered that fears of neocolonialism and postcolonial anxieties are very real phenomena in many parts of the world (Bardhan and Patwardhan, 2004). This article seeks to offer a contribution to fill this gap.

The purpose of the paper is twofold: (1) to explain the reason behind the changes in these countries in order to provide a background to better understand the situation in which the referred change projects took place, (2) to contribute to management theory by improving the understanding of historical influences on change management.

The following research questions were raised:

- (1) Are the reason behind the change and the scope of the change projects similar in different transition countries?
- (2) How does the origin of the change leader influence the change management process in different transition countries?

This paper starts with a theoretical overview of change management followed by the recent changes in the business environment in India, China and Estonia. Subsequently, propositions and the research strategy are presented. Finally, the authors present their research findings, discussions and the implementations for further research.

## **Theoretical Background**

### *The Institutional Environment of Indian, Chinese and Estonian Organizations.*

Changes in the business environment are mainly driven by the development of technology, changes in socio-political conditions and globalization. These changes became increasingly rapid and accelerated after 1990s. Coping with environmental changes has been especially difficult in post-socialist countries. Change management theories, however, have been elaborated in much more stable conditions. When these theories were implemented, besides the totally new kind of environmental challenges, cultural differences also started to play an essential role. As a result, many researchers have been urged to study the effect of culture on change management (Alas and Vadi, 2004, Chatterjee et al., 2006, Erez and Early, 1993, Gopalan and Stahl, 2006, Kennedy, 2001, Lynton, 2001, Jaques, 1989, Sinha, 2004). The theories can be implemented and also interpreted differently in countries with different national cultures and history (Hofstede, 1993).

From the perspective of institutionalism, organizations are socially embedded in a particular institutional environment (Geppert, 2003) that can be defined by its culture and structure (Meyer et al., 1994). Management assumptions, organizational

structure and functions are influenced by the national culture (Hofstede, 1980, Hofstede et al., 1990). Therefore the organizational culture can be examined only in the context of the national culture (Baumane and Ćumilo, 2006). According to Sahlins, besides the cultural and structural aspects of a particular institutional environment, historical events are also important in order to understand different social phenomena (Sahlins, 1985).

From the institutional view, social transition is the period between the collapse of one institutional system and the point at which another institutional system has been established and accepted. During such a period, acute social and psychological problems for the members of the particular society will emerge (Clark and Soulsby, 1999). Greenwood et al. (2002) proposed a model for institutional change that moves the institution from one position to another. Stage 1 (Destabilization), occurs when some events destabilize established practices. These events in transition countries involved changes in political, social and economic systems. In Stage 2 (Deinstitutionalization), new institutions replace the old ones. In Stage 3 (Pre-institutionalization), institutions start to innovate in response to new challenges. In Stage 4 (Theorization), new theoretical ideas start to develop and this is followed by Stage 5 (Diffusion), when these new ideas are introduced into organizations, and in Stage 6 (Re-institutionalization), the new ideas are taken for granted (Greenwood et al., 2002). Different countries may need different time periods to move from one stage to another. Authors speculate that, besides the political decisions, the national culture may influence the speed of that movement.

Although many definitions of culture exist (Howard and Howars, 1998), all those definitions imply that certain similarities among people in one group distinguish them from those in another group. These groups can be nations or organizations. The definitions of national culture clearly indicate that the national culture is common to the people having experienced similar historical events across generations (House et al., 2004). Also, Pajupuu includes the influence of historical events on the definition of national culture and defines culture as a combination of religious, political and esthetical value criteria handed down by historical heritage (Pajupuu, 2000).

Countries can be divided into groups with similarities in their national culture. Although Hofstede's well-known study did not include China and Estonia, the indexes for these countries can be found in the second edition of the book „Culture's Consequences. Comparing Values, Behaviors, Institutions and Organizations across Nations“ (p. 502). Among the five cultural dimensions of Hofstede's research, uncertainty avoidance is the most relevant to this study. The uncertainty avoidance index is rather high in Estonia (60), and low both in India (40) and China (30). That may indicate that Indians and Chinese accept foreigners as managers, while Estonians treat foreigners with suspicion (Hofstede, 2001).

### *Types of Changes*

In 1958, Lippitt, Watson, and Westley categorized the changes into the following types: spontaneous, evolutionary, fortuitous, accidental, and/or planned (Lippitt et al., 1958). In this research, authors studied only planned changes that are proactive and deliberate responses to changes in the environment. In the planned changes, the objectives are clearly set out and the implementation steps are planned. Therefore, the authors call such changes “change projects”. In 1992 Burke and Litwin categorized changes according to the scope of the change and divided changes into transformational changes and transactional changes. Transformational changes occur as a response to the external environment and affect transformational factors (factors that require new behavior of employees - mission, strategy, leadership and culture). Transactional changes deal with organizational variables that predict and control the work climate. These variables include management practices, structure, systems, task requirements and individual skills. The transformational changes deal with areas that require new employee behavior as a consequence of external and internal environmental pressures, while transactional changes deal with psychological and organizational variables that predict and control the motivational and performance consequences of the work group climate. (Burke and Litwin, 1992). The authors of that article use the theory of Burke and Litwin while analyzing the types of changes in Indian, Chinese and Estonian organizations.

### *Reasons Behind Change*

The reasons behind the change, also called “triggers”, can be external or internal. Some of the external triggers are: changes in government laws and regulators, globalization of markets, increased competition, major political and social events, advances in technology etc. Internal triggers can be the development of a new strategy, changes in an organization’s structure, changes in ownership or management etc. Changes in the business environment (external triggers) trigger internal changes as well as responses to external changes. Developments in technology can be both internal and external triggers as they may involve the installation of one piece of equipment or the complete redesign of a process (Dawson, 2003, Leavitt, 1964, Paton and McCalman, 2000). Externally generated change produces the greatest degree of negative feedback and resistance (Paton and McCalman, 2000).

In this research the triggers of change are divided into external and internal triggers as follows:

- (1) External triggers: competitive pressure, changes in the market situation, change in ownership.
- (2) Internal triggers: introduction of new technology, entry to new markets, change in company management and low performance of the company.

### *The Scope of the Change*

In 2008 Andreeva, Alas, Vanhala and Sun listed the key organizational elements based on the literature analysis (Greiner, 1975, Hannan and Freeman, 1984, Tushman et al., 1986, Burke and Litwin, 1992, Romanelli and Tushman, 1994). The list included the following 11 elements: corporate mission, ideology; business strategy; organizational structure; distribution of power and authority in the company; organizational culture, key values; management system as a whole; key personnel in the organization; qualitative structure of the staff (skills, knowledge, etc.); production technology; operational rules and procedures; functional systems (i.e. production, sales and marketing, finance, human resources management systems) (Andreeva et al., 2008).

Andreeva divided the elements listed above into “hard” and “soft” elements. The authors of this article use the classification of Burke and Litwin and divide the organizational elements into transformational and transactional because such a classification is better connected with the reasons behind the change. The division of elements is shown in table 1.

Table 1  
*The Classification of Organizational Elements.*

<b>The element</b>	<b>Andreeva</b>	<b>Burke and Litwin</b>
mission, corporate ideology	Soft	Transformational
business strategy	Hard	Transformational
distribution of power, influence	Soft	Transformational
corporate culture, key values	Soft	Transformational
organizational structure	Hard	Transactional
management system as a whole	Hard	Transactional
key people in the organization	Soft	Transactional
qualitative structure of the staff	Soft	Transactional
production technology employed	Hard	Transactional
rules and procedures of everyday work	Hard	Transactional
functional systems	Hard	Transactional

### *Resistance and the Change Leader*

Resistance has been defined as the enemy of change (Schein, 1988), as any employee actions perceived as attempting to stop, delay, or alter change (Bemmel and Reshef, 1991). Sushil Kumar and Terry Amburgey (2007) discovered that traditionalism is a primary factor influencing resistance at an organizational level, and the fear of losing one’s job, one’s authority and control is a primary factor influencing resistance to adoption of change at an individual level (Kumar and Amburgey, 2007). The main triggers of resistance are fear of the unknown (Sun

and Alas, 2009, Conner, 1998, Sun, 2009, Paton and McCalman, 2000, Eccles, 1994), uncertainty (Feldman and Spratt, 1999, Kanter, 1984, Waddell and Sohal, 1998, Nadler, 1997), fear of losing power (Schein, 1985, Noer, 1997, Eccles, 1994), internal conflicts (Clausen et al., 2000), fear of losing something of value (Daft, 1995, Harari, 1999, Eccles, 1994). The authors used this classification while analyzing the causes of resistance in Indian and Estonian organizations.

The main source of resistance is an organization's culture that influences the ability of an organization to deal with different challenges (Argyris, 1990, Trompenaars and Woolliams, 2003, Sinha, 2004, Sopow, 2006). An organization's culture includes shared beliefs, identities, and meanings attributed to significant events or information (Alvesson, 1987, House and Javidan, 2004, Mahler, 1997, Sopow, 2006). Culture also includes behaviors and attitudes (Garg and Singh, 2002). Culture is handed down by historical heritage (Pajupuu, 2000, Sahlins, 1985) - it results from the common experience of an organization's members and is transmitted across generations (House and Javidan, 2004).

A change leader is a person who has authority and responsibility to manage (plan and implement) the changes in an organization. Most researchers agree that problems multiply when the change leader is a foreigner. Foreign change leaders are influenced by their own national culture and tend to develop their own values, beliefs, behaviors and practices that may not fit into the local culture (Gopalan and Rivera, 1997, Hofstede, 2001). This seems to be a big problem in multinational companies in any country. A foreign leader's leadership style could be inappropriate in a given culture and the core values in the multinational company can be misinterpreted (Blazejewski et al., 2006). Also the imported methods may not match local values and traditions and therefore evoke resistance among employees (Erez and Early, 1993).

Besides knowledge of the local culture, history may also play a role in accepting foreign leaders. The development of the modern Indian business system started under British colonial rule when expatriate British managers filled executive positions in local enterprises. Local Indian managers became frustrated with the inequities of the colonial context. The foreign managers in India are still viewed with suspicion or distrust (Chatterjee and Pearson, 2006). In 2001, Lynton studied many cases on joint ventures in China. He wrote:

The most common complaints from foreign partners involved in joint ventures is that their Chinese staff take neither responsibility nor initiative and that they do not work efficiently but still expect their pay and bonus. This has become known among foreign investors as the state-owned enterprise mentality of "I breathe, therefore you pay me". (Lynton, 2001, p. 395)

In 1991-1996 Kennedy studied „Westerners“ attitude towards „East Europeans“ (study included Estonia). The study showed that if a foreign manager did not

study the local language it was taken as disrespect (p. 409); local people felt that foreigners have little appreciation for the managerial skills of local managers and tend to assign socialist culture to “typical” East European management practice (p. 424); the manners of foreign managers signaled a lack of sympathy to East European people (p. 430); and foreign managers believed that Eastern managers advice was flawed because of their socialist past (p. 435) (Kennedy, 2001). Based on the above studies, the authors of this article conclude that there is more resistance to change management projects under a foreign change leader than under a local change leader.

### *Foreign Influence on the History of India, China and Estonia*

Following a very diverse history, Indians experienced the first Muslim invasion in 1175 AD and the establishment of Mughal Empire. The Mughal Empire lasted until 1707, after which the British seized power. Meanwhile, Persians, Afghans, French and others invaded India, which eventually became a British colony for 200 years. Racial bias in the selection of personnel, bribery, the system of rules, signatures, seals and the secrecy the British managers introduced were based on mistrust (Virmani, 2007). India regained its independence in 1947. Thereafter a socialist socio-economic policy was adopted (Mellahi and Guermat, 2006). The Indian government nationalized the whole industry groups and the banks (Cappelli et al., 2010) that reduced both entrepreneurship and global competitiveness. Indian economy reached its bottom in 1991 and witnessed a double digit rate of inflation, fiscal indiscipline, a very high ratio of borrowing to the gross national product, and an extremely low level of foreign exchange reserves (Budhwar, 2009b). The Indian government was forced to pledge gold to the Bank of England to meet the country’s foreign exchange requirements. The World Bank agreed to bail out India on the condition that it changed its regulated economic regime to a free market economy (ibid.). In 1991, reforms started to deregulate the economy. International trade increased and foreign capital flowed in (Mellahi and Guermat, 2006). Changes in the market situation and increasing competitive pressure forced Indian companies to change technology, organizational culture and to improve quality (Budhwar, 2009b). Today India is one of the fastest growing economies. Indian companies have managed to overcome a thousand years of dependence and have even caught up with some of their Western competitors (Cappelli et al., 2010).

Estonia was under rulers from Germany, Denmark, Russia, Sweden and Poland for centuries. From 1919 to 1940 Estonia existed as an independent state with a democracy and free market economy. In 1940, Estonia was occupied by the Soviet Union and the institutions were restructured according to the rules of an occupant country (Taagepera, 1993). Radical reforms started in 1987 and culminated in 1991 when independence was achieved. Subsequently, Estonian economy was developed using radical reforms that have been characterized by the term “shock therapy” (Hoag and Kasoff, 1999). This guaranteed a high speed of development.

In 2004, Estonia became a full member of the European Union and in 2011 joined the euro zone. Today Estonia is the most successful among countries of the former Soviet Union.

Foreign dynasties ruled China for over 200 years (Yuan Dynasty and Qing Dynasty), which is much less than such periods in Indian and Estonian history. Historians see the period of the Manchurian Qing Dynasty (1644-1911 AD) as a time of peace and prosperity despite the Opium War in the late 19<sup>th</sup> century (Wilkinson, 2000). In the first half of the 20<sup>th</sup> century China experienced Japanese invasion which, in the context of Second World War and Chinese Civil War, caused a chaotic situation in China (Foy and Maddison, 1999). The most lucrative parts of the economy were in the hands of foreigners, and significant areas of territory had been lost (ibid.). In 1949 the Chinese Communist Party proclaimed the People's Republic of China. Subsequently, China copied Soviet practices, which guaranteed lifelong jobs for everybody (Sun and Alas, 2007), but with similar disastrous economic consequences to other socialist countries. The reforms in China started already in 1978 – ten years earlier than in India and Estonia. The monopoly of the government over foreign trade was abandoned (Foy and Maddison, 1999), individual achievement, materialism, economic efficiency, and entrepreneurship were encouraged (Tian, 1998). In 2001, China became a member of WTO, which started a new stage in the reform process that opened it to the outside world (Chow, 2000).

Although all three countries face similar changes, some differences exist also.

**First**, the speed of changes in institutional environment differs. While in India and China changes in the economy were introduced gradually, Estonia used a much more radical approach.

**Second**, the attitudes towards foreigners differ. India was a colony until 1947, and therefore it is suspicious of foreign powers (Tayeb, 2006). The authors believe that the same applies to Estonia, which has also been under many foreign rulers for long periods in its history. China, however, has not experienced foreign domination to such a large extent.

### **Research Task and Propositions**

The research tasks of that study involved identifying the types of change management projects in Indian, Chinese and Estonian organizations and to discover how the elements of organizational change depend on the historical memory of the organization's members. Based on the reviewed literature the propositions for analysis and the basis for formulating them are presented below.

Economic reforms in India have been implemented gradually and rather evolutionary (Cappelli et al., 2010, Chatterjee and Heuer, 2006). Also, in China the economic



reforms have been characterized as gradual, partial and incremental (Lin et al., 1996, Sun, 2009). In Estonia, however, the reforms were implemented quickly using the “shock therapy” approach (Hoag and Kasoff, 1999). The authors believe that by the time of this study, the changes in Indian and Chinese organizations must still be transformational while in Estonia the major changes in institutional environment are complete and the planned changes in Estonian organizations must be mainly transactional.

**P1:** In Indian and Chinese organizations the changes are mainly transformational, while in Estonia these are transactional.

Most researchers agree that problems multiply when the change leader is foreigner. A foreign leader’s leadership style could be inappropriate in a given culture (Blazejewski et al., 2006) and imported methods of foreign management may not match local values and traditions and therefore evoke resistance among employees (Erez and Early, 1993). Besides the local culture, the history may also play role in accepting the foreign leaders. That allows the author to develop the proposition 2.

**P2:** Resistance to a foreign change leader is strong in India and in Estonia, but the level of resistance does not depend on the origin of the change leader in China.

## **Research Design**

In order to conduct the research, 177 interviews were carried out in Estonia ( $n=63$ ), in China ( $n=55$ ) and in India ( $n=59$ ). The interviewees were top-managers and management consultants who had been involved in the development and the implementation of large change projects. The authors used the semi-structured interview questionnaire, which was devised by Tatiana Andreeva (Andreeva, 2006, Andreeva et al., 2008). The same questionnaire was used in a similar survey in Russia and in Estonia (Andreeva *et al.*, 2008) and in China (Alas and Sun, 2009). In India the questionnaire and the interviews were conducted in English because all respondents were fluent in English. In China the data was gathered using Mandarin and in Estonia, the Estonian language was used. All respondents were asked to reflect on one concrete situation of organizational change in a concrete company they had participated in. Among the companies studied, foreign change leaders were involved in 25 Indian, 17 Estonian and 6 Chinese organizations.

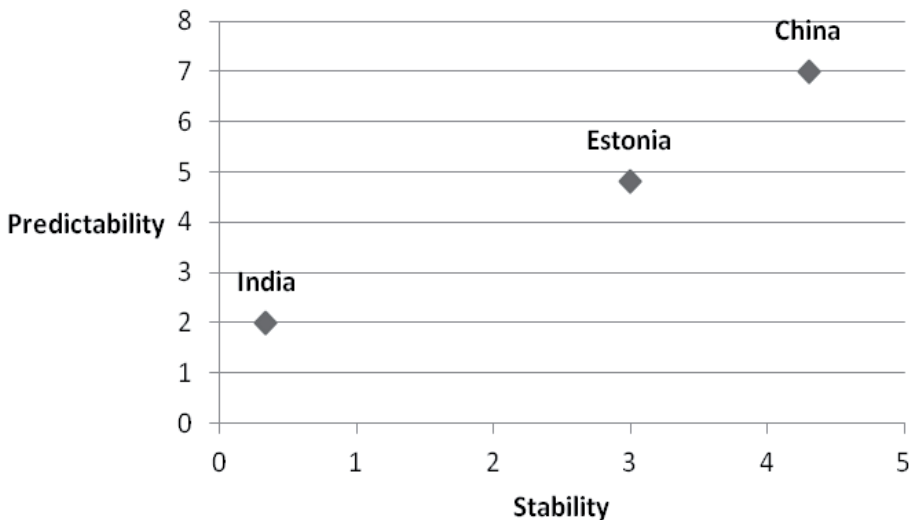
The cross-sectional research design can include gathering both qualitative and quantitative data. It also enables one to seek out possible causal associations between variables (Matthews and Ross, 2010). Following the interviews, the collected data was divided into two different sets – one to be used in qualitative analysis and the other to be used in quantitative analysis. To understand how the elements of an organizational change depend on the historical memory of an organization’s members the interview results of each country were divided into

two groups – one where the change leader was a foreigner and the other where the change leader was a local person. To analyze the influence of the change leader’s origin on different aspects of change management, the ANOVA test and t-test were used. Since the quantitative data could not explain the differences, the interviews were analyzed qualitatively with the help of NVivo software. The findings were analyzed in the context of the type of change and the scope of change.

## The Results of the Study

### *The Competitive Environment*

In order to better understand the reasons behind the change management projects, the interviewees were asked to evaluate the economic situation of the organizations’ environment. The authors used two scales (1 to 10): “stable and predictable” to “constantly changing and unpredictable”, and “difficult, full of obstacles to company’s growth” to “favourable to company’s growth”. It emerged that the Chinese interviewees were the most optimistic when evaluating their economic environment, while the Indian interviewees were the most pessimistic. The evaluation of the economic environment is illustrated in figure 1.



**Figure 1.** The evaluation of the economic environment of the companies in the samples.

On the scale of 1 to 7 (1- low competition, 7 – high competition) the interviewees evaluated the level of competition in the branch of the industry the company was working in. The lowest score was given by the Chinese interviewees (mean 4.0 ± 1.8) and the highest by the Estonian interviewees (mean 5.4 ± 1.6). The Indian interviewees evaluated the competitive situation closer to the Estonians than to the Chinese (mean 5.1 ± 1.6).

### *The Reason Behind the Change and the Scope of the Change*

The authors see the reason behind the change as the trigger event, which gives an impulse to start the process of change. In India and China the triggers were external while in Estonia they were mostly internal (only 16% of respondents mentioned the external triggers, mostly change in the market situation). In Indian organizations, as expected from the evaluation of business environment, in most cases the triggers for change projects were competitive pressure (in 64% of the organizations). In Estonian organizations, being in a more stable environment, the main trigger was the introduction of new technology. Despite the optimistic evaluation of their economic environment and competitive situation, the main reasons behind the change in Chinese organizations were changes in the market situation (in 73% of the organizations) or competitive pressure (in 56% of the organizations) or both.

The list of organizational elements composed by Andreeva (2006, 2008) was divided into transformational and transactional according to the classification of Burke and Litwin (1992) as that classification is better connected with the reasons behind the change (Table 2).

Table 2

*List of Key Organizational Elements and the Percentage of Organizations in the Samples That Changed These Elements.*

<b>The element</b>	<b>India</b>	<b>China</b>	<b>Estonia</b>
Average number of elements changed	5.5	3.1	2.9
<b>Transformational elements</b>			
Mission, corporate ideology	38	22	29
Business strategy	56	40	51
Distribution of power, influence	36	45	29
Corporate culture, key values	53	16	29
<b>Transactional elements</b>			
Organizational structure	51	49	52
Management system as a whole	51	38	38
Key people in the organization	45	27	29
Qualitative structure of the staff	38	29	44
Production technology employed	27	20	24
Rules and procedures of everyday work	56	42	37
Functional systems	56	36	33

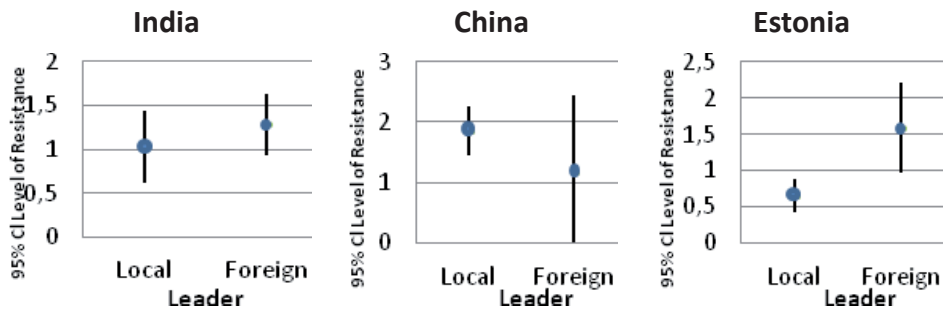
As seen in table 2, the corporate culture and values were changed in more than half of the Indian organizations but only in a few Chinese and Estonian organizations. In addition, the scope of the change was the largest in India and the majority of change projects were transformational.

There were some significant differences in the content of change projects depending on the manager's nationality in India. In India, while the majority of the local managers changed functional systems, the foreign managers in most cases changed the corporate culture also. It was obvious that the Indian organizational culture was not acceptable to foreigners. The difficulties of foreign managers were especially obvious when the company was also owned by foreigners. A total of 86% of foreign owned companies changed the corporate culture and 71% changed key people, distribution of power and the mission of the organization. In those few cases where the organizational culture was changed in Chinese organizations and in Estonian organizations, the change leader was local.

#### *The Influence of the Leader's Origin on Different Aspects of Change Management.*

To analyse the influence of a change leader's origin on different aspects of change management, the ANOVA tests and t-tests were used. The authors speculated that the level of authority, the level of employee involvement and the level of resistance may depend on the leader's origin. The test with the null hypothesis that "there are no differences among the means of leadership style or the level of employee involvement in the groups where the leader's origin was different" was not rejected because of the small p-value in any of these three countries. But the null hypothesis that "there are no differences among the means of the level of resistance in the groups where the change leader's origin was different" was rejected in the case of Estonia at the significant level of 0.001. That means that Estonian organizations resist changes much more when the change leader is a foreigner, but the differences are not statistically different in Indian and Chinese organizations. Although the hypothesis about the level of resistance could not be rejected at a level of satisfactory significance in China and India, Figure 2 show some tendencies that were worth investigating. The results of the tests are presented in Tables 3-4.

To discover the psychological factors behind the resistance, the interviewees were asked about the negative factors they observed during the change implementation. For that, the interview results of each country were divided into two groups. In one group the change leader was local and in the other group, foreign. Using the NVivo software the interviews were analyzed in order to find out the frequencies of the respondents' opinion about the causes of the resistance and the methods used to overcome the resistance.



**Figure 2.** The level of resistance.

**Table 3**  
*ANOVA Tests for the Hypothesis*

Country		Leadership style	Level of employee involvement	Level of resistance
India	F	0.735	0.561	0.916
	Sig.	0.395	0.457	0.343
China	F	0.289	0.046	0.049
	Sig.	0.593	0.831	0.511
Estonia	F	0.231	0.004	<b>12.624</b>
	Sig.	0.633	0.949	<b>0.001</b>

**Table 4**  
*T-Tests for the Hypothesis*

Country		Leadership style	Level of employee involvement	Level of resistance
India	t	0.858	-0.749	-0.954
	Sig.	0.395	0.457	0.343
China	t	0.841	-0.254	-0.662
	Sig.	0.403	0.800	0.511
Estonia	t	-0.480	-0.640	<b>-3.553</b>
	Sig.	0.633	0.949	<b>0.001</b>

In India, stress was mentioned most frequently in both groups as the negative factor noticed during the change implementation. In addition, an increasing number of conflicts was mentioned almost equally in both groups. However, 37% of the organizations where the change leader was local did not notice any negative factors during change implementation, while only 20% of the organizations with foreign change leader reported such good results.

In China also stress and conflicts were mentioned most often, but no differences appeared between the local and foreign change leader according to the frequencies of the negative factors mentioned by the interviewees. However, no negative factors were noticed in only 6% of organizations with a local change leader, whereas 33% noticed no negative factors in organizations where the change leader was foreign.

Estonia was different. Although stress was mentioned by both groups almost equally, a foreign leader also caused a decrease in work motivation (in 18% of the organizations where the change leader was foreigner) and the conflicts among employees became more frequent during change implementation in 47% of the organizations where the change leader was foreign. The decreased work motivation was mentioned only in 4% and the increase in conflicts only in 11% of the organizations where the change leader was local. Furthermore, while 50% of the organizations where the change leader was local did not notice any negative factors during change implementation, this occurred only in 24% of the organizations with a foreign change leader.

To discern the reasons for the negative factors, the interviewees' answers to the question "In your opinion, what was the reason that caused the negative factors to appear?" were coded under the following nodes: fear of losing power, fear of losing something valuable (job, salary, and promotion), inappropriate culture, lack of communication, lethargy, uncertainty.

In India, where the change leader was a foreigner, the main causes of negative factors were lethargy and fear of losing power. In organizations where the change leader was a local person, the lack of communication was mentioned most often. Inappropriate culture was mentioned only once in both groups. On asking about the main hindrance to success, in more than half the organizations where the change leader was a foreigner, leadership problems were mentioned. In many cases, top managers left due to changes in power or being replaced. New managers employed by the foreigner were welcomed with strong resistance from middle managers. Ordinary employees just followed the orders and were afraid of losing their jobs.

In Estonian organizations, where the change leader was a foreigner, the fear of losing something valuable (mainly job) was mentioned most often, but also the fear of losing power, lack of communications and lethargy were mentioned. In organizations where the change leader was a local person, fear and lack of communication were not mentioned at all. Instead, the interviewees found that often the reason behind the stress was an increase in the workload. The leadership problems were mentioned as a source of resistance mostly in these cases where the change leader was a local person. Most often the problems with employee involvement were mentioned. While "Employees were involved but managers did not listen to the opinions of employees" was mostly noticed in the organizations with a local leader, the lack of involvement ("Everybody was not involved") was the problem that was mentioned most often in organizations with a foreign leader.

The most important finding in the interviews was that the word “fear” was the most frequent word found in the reasons behind the resistance both in Estonia and India, and that this word was found only in the groups where the change leader was a foreigner.

The interviewees were asked if anything had been undertaken to “smoothen” these negative consequences. After studying the interviewees of the Indian sample, the answers were coded under the following nodes: communication, involvement, training/workshops, nothing and other.

In Indian organizations communication was increased in both groups. Still, in organizations with a local change leader there were a few cases where nothing was done and once even punishment was used. On comparing the statements coded under “communication”, it turned out that the communication for foreign change leaders mainly meant “explaining”, “convincing”, “inviting people to participate”, and as one respondent said: “Explain, explain, explain day in and day out, at every opportunity why change, who to decide and decisions to be made without fear of being wrong or right”. For the local leaders this was mainly the “reporting” and “explaining that the change is good and necessary”.

In Estonian organizations there was a clear difference how foreigners and local leaders dealt with resistance. Local leaders mainly increased the level of communication and employee involvement, but did not provide training (except once when psychology training was offered to the workers of a transportation company). It was vice versa in cases where the change leader was a foreigner – communication and the level of employee involvement was not increased; instead they either provided training or did nothing.

The authors were not able to analyze the reasons behind the negative factors in Chinese organizations because in China there were only a few organizations where the change leader was a foreigner and their answers to open-ended questions were less informative. Therefore, the authors excluded Chinese organizations from the analysis of these factors.

**Table 5**  
*The Summary of the Findings*

	<b>India</b>	<b>Estonia</b>	<b>China</b>
Business environment	Very difficult and turbulent	Rather stable and predictable	Very stable and predictable
Competitive environment (scale: 0-weak competition, 7-very strong competition)	5.1 ± 1.6	5.4 ± 1.6	4.0 ± 1.8

	<b>India</b>	<b>Estonia</b>	<b>China</b>
Main reason behind the organizational change (% of the organizations in the sample)	Competitive pressure (64%)	Implementation of new technology (33%)	Changes in market situation (75%)
Scope of the change – transformational factor that was changed most often.	Strategy, corporate culture	Strategy	Distribution of power
Resistance to foreign change leader vs local change leader	Higher, but not statistically significant	Higher, statistically significant	Lower, but not statistically significant

<b>Change leader</b>	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>	<b>Local</b>	<b>Foreign</b>
No resistance	37%	20%	50%	24%	12%	33%
Main negative factors behind resistance	Stress, conflicts	Stress, conflicts	Stress	Stress, conflicts	Stress, conflicts	Stress, conflicts
Causes of negative factors	Lack of communication	Fear of losing power, lethargy	Increased workload	Fear of losing job		
Dealing with resistance	Reporting and explaining	Inviting to participate	Communication and inviting to participate	Training or nothing		

## Conclusion and Discussion

It emerged from the study that Estonian and Indian organizations react to foreigners more negatively than do Chinese organizations, and in different way. In this part, the findings will be summarised and the propositions presented at the beginning of this article will be discussed.

Proposition 1 stated that in Indian and Chinese organizations changes are mainly transformational, while in Estonia these are transactional.

The proposition was partly supported.

The main scope of the planned organizational change depends on the external or internal trigger and on different organizational factors (what and how much need to be changed in order to adapt the organization). India, Estonia and China are all transition countries, but the speed of the changes in institutional structure has been different. In India and China the changes in the institutional environment were introduced gradually, but Estonia experienced very rapid reforms, and by the time of that study most institutional changes had been implemented. According to the stages of Greenwood et al. (2002) Estonia is in stage 3 (pre-institutionalization) while India and China are in stage 2 (de-institutionalizations).



The trigger events for organizational changes in India stemmed from competitive pressure and in Estonia from technological development. The time when the market situation was rapidly changing had already passed in Estonia, and as the country is very small, the only way to compete with global competitors is not to be bigger or even better, but to be more innovative and technologically advanced. Therefore, the authors suggest that competitive pressure is behind the need to implement new technology in the case of Estonia as well.

It was different in China, however. The evaluations of the stability and predictability of the institutional environment and the level of competition did not correspond to the trigger for organizational changes. The reason can be found in the structural elements of the institutional environment and also behind the cultural elements of the interviewees. However, in a situation where the reason behind the organizational changes was reported to be changes in the market environment, Chinese organizations mainly adapted themselves by changing the distribution of power, the organization's structure, and the rules and procedures of everyday work.

The change projects were clearly transformational in Indian organizations and transactional in Estonian organizations and the proposition was supported in the case of these countries. The authors tend to place changes in Chinese organizations in the middle of these two and decide that the proposition was not entirely supported in the case of China.

Proposition 2 stated that resistance to a foreign change leader is strong in India and in Estonia, but the level of resistance does not depend on the nationality of the change leader in China.

According to the findings of the interviews proposition 2 was supported.

The larger the scope of the change and the more transformational elements are included in the change projects, the more resistance it creates. In Estonia, the scope of the change projects was small and mostly transactional elements were included. Therefore, the resistance was almost non-existent in half of the organizations where the change leader was a local person. Resistance was much stronger, however, in the organizations where the change leader was a foreigner and it did not depend on the scope of the change. Furthermore, although the difference was not statistically significant in Indian organizations, foreign leaders created more resistance.

In China, the difference was also not statistically significant but the correlation between the level of resistance and the origin of the change leader went in the opposite direction when compared to India and Estonia.

The reason behind these findings may originate in the national culture. According to uncertainty avoidance indexes of Hofstede's study (2001) Indians and Chinese accept foreign leaders while Estonians treat foreigners with suspicion. That

can explain the findings of Chinese and Estonian organizations but not Indian organizations. Indian and Estonian employees resisted the foreign leader more similarly than can be expected in view of their cultural background. Both in India and in Estonia employees felt that they can lose something valuable (power or job) under a foreign leader. “Fear” was the word used most frequently and only in the groups where the change leader was a foreigner both in India and Estonia. That implies that the findings can be influenced by the history of these nations. Indian managers know of the frustration their fathers experienced while working under British colonizers, and Estonians remember the same frustration while living and working under Soviet rulers. China, however, has not experienced foreign domination to such a large extent. The fact that in India the resistance to foreign leaders was not strong enough to be statistically significant while in Estonia it was statistically significant can be explained by the time span. India regained its independence 65 years ago, while Estonians achieved the same only 20 years ago.

The methods used to overcome the resistance also depended on the origin of the change leader. In India, foreign leaders invited employees to participate and forced employee involvement without taking into consideration that Indian employees prefer a paternalistic approach and they hesitate to accept authority, and are fearful of taking independent decisions (Virmani, 2007, Budhwar, 2009b). Respondent I16 said: “People did not like to take orders from a foreigner”.

In Estonia, foreign leaders did not invite employees to participate even though Estonians are much more willing to do so. Respondent E40 said: “The leader should see managers and employees as equals and show respect towards all employees”. But instead of involving people, foreign managers offered training, which probably reflects their bias towards Eastern European people.

Based on the findings, the authors agree with these researchers who have found that the foreign leader’s leadership style and imported methods could be inappropriate in a given culture and therefore evoke resistance among employees (Blazejewski et al., 2006, Erez and Early, 1993).

### **Applications to Managers and Management Consultants**

The research fills a gap in the field of change management research by taking into account cultural and historical issues as factors influencing change implementation methods.

Information about different aspects of change management allows investors, managers of multinational companies and management consultants to achieve better results through an understanding of the problems in the organizations from different national cultures and with different historical background.

By using the information about the main causes of resistance among employees toward change, managers could take measures to avoid the resistance by dealing with the causes in order to achieve greater success of change projects.

The research results gained from the comparison between Indian, Estonian and Chinese organizations provide useful information to managers who are doing cross-border business between these countries and to management consultants working with the organizations in these countries.

The managers of multinational companies and management consultants undertaking international projects should understand that the historical memory of employees influences their attitudes towards the changes implemented by the foreigner. A foreign change leader can expect much stronger resistance in countries that have recently experienced occupation. In the former colonies resistance to a foreign leader may also be stronger.

### **Limitations and Further Research Proposal**

The size difference between the two Asian countries and Estonia is huge, and the representativeness of 50-60 companies is low. The author believes that in the case of India, the respondents were experts and represent the experience of change management in many Indian companies. Still, the research results could be more generalized if a larger number of companies were included. In addition, the authors have no direct evidence of what actually happened, only the judgment of the interviewees who responded.

India, China and Estonia are not entirely in the same institutional situation. Estonia is under the umbrella of the European Union, while China is still far from being a democratic country. These differences may influence the findings of this study. Furthermore, the scope of the change projects in the samples was different. While changes were mainly transformational in Indian and Chinese organizations, these were mostly transactional in Estonian organizations. The interviewees had also different relations to the organizations they described. Indian interviewees were management consultants while Estonian and Chinese interviewees were the managers of the organizations.

It would be interesting to compare the findings of this study to similar research in countries that have not experienced occupation or colonization and socialism recently. As a follow up it could be possible to generalize the findings of the study. Moreover, the attitudes towards change among employees in India should be studied. Following a study of the changes from the employees' point of view, better suggestions for managers and consultants who are involved in change management in these countries can be provided.

## References

- Alas, R. and Sun, W., 2009. Organizational Changes in Chinese Companies. In: Alas, R. ed. *Implementation of Changes in Chinese Organizations: Groping a way through the darkness*. Oxford: Chandos Publishing, 1-80.
- Alas, R. and Vadi, M. 2004. The Impact of Organizational Culture on Attitudes Concerning Change in Post-Soviet Organizations. *Journal for East European Management Studies*, 9(1), 20-39.
- Alvesson, M. 1987. Organizations, culture, and ideology. *International Studies of Management and Organizations*, 17, 4-18.
- Andreeva, T., 2006. Organisational change in Russian companies: findings from research project. Graduate School of Management, St. Petersburg State University
- Andreeva, T., Alas, R., Vanhala, S., Sun, W., 2008. How Applicable are Western Theories about Change in Russia, Estonia and China? *Academy of Management Meeting, Questions We Ask*. Anaheim, California.
- Argyris, C., 1990. *Overcoming Organizational Defences: Facilitating Organizational Learning*. Upper Saddle River, New York: Prentice-Hall.
- Bardhan, N. and Patwardhan, P. 2004. Multinational corporations and public relation in a historically resistant host culture. *Journal of Communication Management*, 8(3), 246-263.
- Baumane, I. and Ķumilo, E., 2006. Concepts of Cross-cultural Orientation: A comparison of Latvian and German Business Cultures. In: Vadi, M., Reino, A. and Hämmal, G. eds. *National and International Aspects of Organizational Culture*. Tartu: Tartu University Press.
- Bemmels, B. and Reshef, Y. 1991. Manufacturing employees and technological change. *Journal of Labour Research*, 12(3), 231-246.
- Blazejewski, S., Dorow, W. and Sopinka-Bujak, R., 2006. "What does "integrity" actually mean?": Handling ambiguity in MNCs' global core value initiatives. In: Vadi, M., Reino, A. and Hämmal, G. eds. *National and International Aspects of Organizational Culture*. Tartu: Tartu University Press, 275-302.
- Budhwar, P. S., 2009. Introduction: Human resource management in the Indian context. In: Budhwar, P. S. and Bhatnagar, J. eds. *The changing face of people management in India*. London: Routledge, 1-22.

Burke, W. and Litwin, G. 1992. A casual model of organizational performance and change. *Journal of Management*, 18, 523-545.

Cappelli, P., Singh, H., Singh, J., Useem, M., 2010. *The India Way: How India's Top Leaders are Revolutionizing Management*. Boston: Harvard Business Press.

Chatterjee, S. R., Davis, H. J. and Heuer, M., 2006. Managing in a Changing Environment: Implications and Suggestions for Expatriate Managers in India. In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. *Management in India. Trends and Transition*. New Delhi: Sage Publications, 401-417.

Chatterjee, S. R. and Heuer, M., 2006. Understanding Indian Management in a Time of Transition. In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. *Management in India. Trends and Transition*. New Delhi: Sage Publications, 11-27.

Chatterjee, S. R. and Pearson, C. A. L., 2006. Indian Managers in Transition: Orientations, Work Goals, Values and Ethics. In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. *Management in India. Trends and Transition*. New Delhi: Sage Publications, 239-260.

Chow, G., 2000. China's Economic Reform and Policies at the Beginning of the 21st Century. *Perspectives*, 2 (1). [online]. Available from: [http://www.oycf.org/perspectives/7\\_083100/china.htm](http://www.oycf.org/perspectives/7_083100/china.htm) [Accessed 11.12.2006].

Clark, E. and Soulsby, A., 1999. *Organizational Change in Post-Communist Europe: Management and transformation in the Czech Republic*. Routledge.

Clausen, C., Dawson, P. and Nielsen, K. T. 2000. Political process in management, organization and the social shaping of technology. *Technology Analysis and Strategic Management*, 12(1), 1-143.

Conner, D. R., 1998. *Leading at the edge of chaos: How to create the nimble organization*. New York: John Wiley and Sons Inc.

Daft, R. L., 1995. *Understanding management*. Orlando: Dryden.

Dawson, P., 2003. *Understanding Organizational Change. The Contemporary Experience of People at Work*. London: Sage Publications.

Eccles, T., 1994. *Succeeding with Change: Implementing Action-Driven Strategies*. London: McGraw-Hill.

Erez, M. and Early, P. C., 1993. *Culture, self-identity and work*. New York: Oxford University Press.

Feldman, M. L. and Spratt, M. F., 1999. *Five frogs on a log*. New York: HarperBusiness.

Foy, C. and Maddison, A. 1999. China: A World Economic Leader, Organisation for Economic Cooperation and Development. *The OECD Observer*, 215, 39-43.

Garg, R. K. and Jain, S. 2007. Managing Change: A Case of Indian Engineering Industry. *Global Journal of Flexible Systems Management*, 8(1 and 2), 66-79.

Garg, R. K. and Singh, T. P. 2002. Managing change for competitiveness. *Global Journal of Flexible Systems Management*, 3(3), 13-22.

Garg, R. K. and Singh, T. P. 2006. Management of Change - A Comprehensive Review. *Global Journal of Flexible Systems Management*, 7(1/2), 45-60.

Geppert, M., 2003. Critical revision of some core ideas within the discourse about the learning organization: Experiences from field research in East German companies. In: Woodman, R. W. and Pasmore, W. A. eds. *Research in Organizational Change and Development*. Oxford: Elsevier Science, 257-282.

Gopalan, S. and Rivera, J. B. 1997. Gaining a Perspective on Indian Value Orientation: Implications for Expatriate Managers. *International Journal of Organizational Analysis*, 5(2), 156-179.

Gopalan, S. and Stahl, A., 2006. Application of American management Theories and Practices to the Indian Business Environment: Understanding the Impact of National Culture. In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. *Management in India. Trends and Transition*. New Delhi: Sage Publications, 376-400.

Greewood, R., Suddaby, R. and Hinings, C. R. 2002. Theorizing change: the role of professional associations in the transformation of institutional fields. *Academy of Management Journal*, 45, 58-80.

Greiner, L. E., 1975. *Evolution and Revolution as Organizations Grow*. Boston.

Hannan, M. T. and Freeman, J. 1984. Structural inertia and organizational change. *American Sociological Review*, 49(2), 149-164.

Harari, O. 1999. Why do leaders avoid change? *Management Review*, 88, 35-38.

Hoag, J. and Kasoff, M. 1999. Estonia in Transition. *Journal of Economic Issues*, 33(4).

Hofstede, G., 1980. *Culture's Consequences*. Beverly Hills: Sage Publications.

Hofstede, G. 1993. Cultural constraints in management theories. *Academy of Management Executive*, 7(1), 81.

Hofstede, G., 2001. *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*. 2 ed. Thousand Oaks, Ca.: Sage Publications.

Hofstede, G., *et al.* 1990. Measuring Organizational Cultures: A Qualitative and Quantitative Study across Twenty Cases. *Administrative Science Quarterly*, 35, 286-316.

House, R. J., Hanges, P.J., Javidan, M., Dorfman, P.W., Gupta, V. 2004. *Culture, leadership, and organizations: the GLOBE study of 62 societies*. New Delhi: Sage Publications.

House, R. J. and Javidan, M., 2004. Overview of Globe. *In: House, R. J., et al.* eds. *Culture, Leadership, and Organizations. The Globe Study of 62 Societies*. Thousand Oaks, CA: Sage Publications, 9-48.

Howard, L. W. and Howars, L. W. 1998. Validating the Competing Values Model as a Representation of Organizational Cultures. *. International Journal of Organizational Analysis*, 6(3), 231-251.

Jaques, E., 1989. Culture. *In: McLennan, R. ed. Managing Organizational Change*. Prentice Hall, 76.

Kanter, R. M., 1984. *Managing change - the human dimension*. Boston: Goodmeasure.

Kennedy, M. D., 2001. A Cultural Analysis Homosocial Reproduction and Contesting Claims to Competence in Transitional Firms. *In: Denison, D. R. ed. Managing Organizational Change in Transition Economies*. London: Lawrence Erlbaum Associates, 407-443.

Kumar, S. and Amburgey, T. L. 2007. Public Agencies and Collaborative Management Approaches. Examining Resistance Among Administrative Professionals. *Administration & Society*, 39(5), 569-613.

Leavitt, H. J., 1964. Applied organizational change in industry: structural, technical and human approaches-. *In: Cooper, W. W., Leavitt, H. J. and Shelly, M. W. eds. New Perspectives in Organizational Research*. New York: Wiley.

Lin, J. Y. F., Cai, F. and Li, Z. 1996. The lessons of China's Transition to a Market Economy. *Cato Journal*, 16(2), 201-231.

Lippitt, R., Watson, J. and Westley, B., 1958. *Planned change: A comparative study of principles and techniques*. New York: Harcourt, Brace, and World.

Lynton, N., 2001. Human Resource Management in the Restructuring of Chinese Joint Ventures. In: Denison, D. R. ed. *Managing Organizational Change in Transition Economies*. London: Lawrence Erlbaum Associates, 383-406.

Mahler, J. 1997. Influences of Organizational Culture on Learning in Public Agencies. *Journal of Public Administration Research & Theory*, 7(4), 519-541.

Matthews, B. and Ross, L., 2010. *Research methods. A practical guide for the social sciences*. Harlow: Pearson Education Ltd.

Mellahi, K. and Guermat, C., 2006. Does Age Matter? An Empirical Examination of the Effect of Age on Managerial Values and Practices in India. In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. *Management in India. Trends and Transition*. New Delhi: Sage Publications, 134-168.

Meyer, J. W., Boli, J. and Thomas, G. M., 1994. Ontology and rationalization in the Western Cultural Account. In: Scott, W. R. and Meyer, J. W. eds. *Institutional Environments and Organizations: Structural Complexity and Individualism*. Thousand Oaks: Sage Publications, 9-27.

Nadler, D. A., 1997. *Champions of change: How CEOs and their companies are mastering the skills of radical change*. San Francisco: Jossey-Bass.

Noer, D. M., 1997. *Breaking free: A prescription for personal and organizational change*. San Francisco: Jossey-Bass Inc.

Pajupuu, H., 2000. *Kuidas kohaneda võõras kultuuris?* Tallinn: TEA Kirjastus.

Paton, R. A. and McCalman, J., 2000. *Change management. A Guide to effective implementation*. London: Sage Publications.

Peltokorpi, V. 2007. Intercultural communication patterns and tactics: Nordic expatriates in Japan. *International Business Review*, 16(1), 68-82.

Peltokorpi, V. and Clausen, L. 2011. Linguistic and cultural barriers to intercultural communication in foreign subsidiaries. *Asian Business & Management*, 10(4), 509-528.

Romanelli, E. and Tushman, M. L. 1994. Organizational transformation as punctuated equilibrium: An empirical test. *Academy of Management Journal*, 37, 1141-1166.



- Sahlins, M., 1985. *Islands of History*. . Chicago: University of Chicago Press.
- Schein, E. H., 1988. *Organisational Psychology*. 3 ed. Englewood Cliffs, NY: Prentice Hall.
- Schein, V. E. 1985. Organizational realities: The politics of change. *Training and Development Journal*, 39(2), 37-41.
- Sinha, J. B. P., 2004. *Multinationals in India: Managing the Interface of Cultures*. New Delhi: Sage Publications.
- Sopow, E. 2006. The impact of culture and climate on change programs. Distinguishing between culture and climate to change the organization. *Strategic Communication Management*, 10(6), 14.
- Stage, C. W. 1999. Negotiating organizational communication cultures in American subsidiaries doing business in Thailand. *Management Communication Quarterly*, 13(2), 245-280.
- Sun, W., 2009. *Organisational Changes in Chinese Companies: Content, Readiness and Process (2001-2007)*. (Doctor of Philosophy). Estonian Business School.
- Sun, W. and Alas, R. 2007. Changes in Chinese Organizations from Institutional Perspective. *EBS Review*, 23, 36-48.
- Sun, W. and Alas, R., 2009. Implication for Managers. In: Alas, R. ed. *Implementation of Changes in Chinese Organizations: Groping a way through darkness*. Oxford: Chandos Publishing.
- Taagepera, R., 1993. *Estonia – Return to Independence*. . Colorado: Westview Press.
- Tayeb, M., 2006. India: A Non-Tiger of Asia. In: Davis, H. J., Chatterjee, S. R. and Heuer, M. eds. *Management in India. Trends and Transition*. New Delhi: Sage Publications, 74-104.
- Tian, X., 1998. *Dynamics of Development in an Opening Economy: China since 1978*. New York: Nova Science Publisher.
- Trompenaars, F. and Woolliams, P. 2003. A new framework for managing change across culture. *Journal of Change Management*, 3(4), 361-375.
- Tushman, M., Newman, W. and Romanelli, E. 1986. Convergence and Upheaval: Managing the Unsteady Pace of Organizational Evolution. *California Management Review*, 29(1), 29-44.

Waddell, D. and Sohal, A. S. 1998. Resistance: a constructive tool for change management. *Management Decision*, 36(8), 543.

Wilkinson, E., 2000. *Chinese History: A Manual (Harvard-Yenching Institute Monograph)*. 2nd Revised edition ed. Harvard: Harvard University Press.

Virmani, B. R. 2007. *The Challenges of Indian Management*. 379.

## APPENDIX

Table A1

*Interview Questions Relevant to This Study.*

**A1** What was the “nationality” of company’s management where you was participating as a consultant of change implementation: 1- the company is managed by local specialists only; 2 - foreign specialists participate in managing the company or the company is managed mostly by foreign specialists.

**A7** How would you describe the environment of the company: in the scale of 1 to 10:  
1. 1 - stable and predictable; 10 - turbulent, unpredictable, constantly changing;  
2. 1 - favourable for company’s growth and development; 10 - difficult, hostile, full of obstacles to company’s growth and development.

**A8** How would you describe the level of competition in the branch of industry the company is working in (number of competitors and their power)?

low competition, the company is monopolist	1	2	3	4	5	6	7	high competition, numerous competitors
---	---	---	---	---	---	---	---	---

**B1** In your opinion, what prompted the company leaders to think about need for change? 1 - change in ownership; 2 - introduction of new technology; 3 - competitive pressure; 4 - entry to new markets; 5 - change in company’s top management; 6 - low performance of the company; 7 - change in market situation; 8 – other.

**B2** How would you describe this change program by its substance. It was meant to change: 0 – all parameters; 1 – mission, corporate ideology; 2 – business strategy; 3 – organizational structure; 4 – distribution of power, influence; 5 – corporate culture, key values; 6 – management system as a whole; 7 - key people in the organization; 8 - qualitative structure of the staff; 9 - production technology employed; 10 - rules and procedures of everyday work; 11 - functional systems; 12 - other

**B5** Who, in your opinion, was the leader of change (agent of change) in this particular situation? 1 – owner; 2 - top-management team; 3 - middle managers or ordinary employees; 4 - consultants

**B12** Were the following negative factors noticed during the period of change implementation? 1 - decrease in work motivation; 2 - increased level of stress among employees; 3 - increased level of conflicts in the company; 4 - decrease in productivity; 5 - increase in absenteeism; 6 - decrease in profits, sales volume, etc.

**B13** If you have mentioned any negative factors in the previous question, please, indicate in your opinion, what was the reason that caused these negative factors to appear?

**B14** If you have mentioned any negative factors in the previous question, please, indicate if anything was undertaken to “smoothen” these negative consequences?

**B16** What was the main hindrance to successful change?

**E1** How could you evaluate the results of implemented organizational change from the point of view of achievement of goals, set for the change program by company leader? 0% - goals are not achieved at all, 100% - goals are fully achieved.



### **III. RESISTANCE TO CHANGE IN INDIAN, CHINESE AND ESTONIAN ORGANIZATIONS<sup>2</sup>**

**Ülle Pihlak, Ruth Alas**

---

<sup>2</sup> Research was supported by ETF grant 7537.

Pihlak, Ü., Alas, R. „Resistance to change in Indian, Chinese and Estonian organisations“, Journal of Indian Business Research. 2012, Vol. 4, No. 4, 224-243.

## **ABSTRACT**

The purpose of this study was to examine how the cultural differences influence change management in Indian, Chinese and Estonian organizations. This paper focuses mainly on the resistance to change. The article aims to contribute both to management research and management practices in multinational companies by improving the understanding of cultural influences on organisational change management.

Methodology - Author interviewed 177 business consultants and managers in India, China and Estonia who had participated in change management projects. Both quantitative and qualitative methods were used to analyze the impact of national culture to change management.

Finding - The cause of resistance was mainly fear in Indian and Estonian organizations, but in Chinese organizations it was the inertia. Increased stress was the most often experienced negative factor during change management projects in all three countries. Stress was caused mainly by leadership problems in India and by increased workload in Estonia. To overcome the resistance, communication was used in India and education together with communication both in Estonia and in China most often. Still, the content of these activities was different.

Limitations - The interviewees had different relations to the organizations they described and the size of organizations was different.

Practical implications - The findings help the managers of multinational companies to understand the causes of resistance to change in different countries and plan the methods to overcome such resistance.

Originality/value - The studies about the effect of culture on the change management are increasingly important due to rapid globalization.

Key words: change management, resistance to change, India, Estonia, China.

## **1. Introduction**

Subsequent to the collapse of Soviet Union, many countries welcomed a market economy after a long period of a centrally controlled economy. This urged the organisations in these countries to implement enormous changes to cope with the new environmental challenges. In this new situation, knowledge of change management was necessary. However, most of the literature on change management was developed in stable Western countries. The suitability of these theories for the countries in transition has not been clearly determined. Among the transition countries, cultural differences also exist. Such differences affect the application of change management theories, making the usage of Western theories even more questionable. This situation has urged many researchers to study the effect of culture on change management (Alas and Vadi, 2004, Chatterjee et al., 2006, Erez and Early, 1993, Gopalan and Stahl, 2006, Kennedy, 2001, Lynton, 2001, Jaques, 1989, Sinha, 2004), which has become increasingly important due to rapid globalisation. The article aims to contribute both to management research and management practices in multinational companies by improving the understanding of cultural influences on change management. The research issue of this study is a comparison of resistance during the planned organisational change management projects in Indian, Chinese and Estonian organisations.

The three countries – India, China and Estonia – have all experienced strong changes in the business environment since the beginning of the 1990s when the collapse of Soviet Union influenced strongly all three countries. The influence was strongest in Estonia, which had been part of the Soviet Union and perhaps weakest in China, which still has many elements inherited from that era. While these countries experienced similar changes in their institutional environments, their national cultures vary greatly. A comparison of change management practices in the three countries in question allows us to observe the effect of cultural differences on change management in transition countries. The research task of the study is to determine the factors on which the resistance to change depends in Indian, Chinese and Estonian organisations.

## **2. Review of literature**

Many researchers have created different models to help managers to implement organisational change projects (Aldag and Stearns, 1991, Burke and Litwin, 1992, Elgin, 1977, Epperson, 2006, Kotter, 1996, Lewin, 1951, Lippitt et al., 1958, Nadler and Tushman, 1989, Nicoll, 1980, Stace and Dunphy, 1994). Despite that, there are no commonly accepted theories of change. Some authors conclude that the majority of theories devoted to change management are inadequate in concrete situations and in different contexts (Anderson and Ackerman-Anderson, 2001, Dawson, 2003, Desai and Sahu, 2008). The authors of the paper also doubt the



feasibility of the culture-free management theories based on the work of Kase, Slocum and Zhang (2011), who, while comparing the thinking patterns of Western and Asian people, concluded that cultural differences emerge in the cognitive process of Asians and Westerners. They discovered that Asians follow an inductive approach, while Westerners follow a deductive approach (Kase et al., 2011). This study explores the degree to which resistance to change can be predicted by national culture.

## *2.1. Institutional environment of India, China and Estonia*

According to the institutional theory, the institutional environment can be defined by its culture and structure (Meyer et al., 1994). The structural components of the institutional environment in India, Estonia and China have many similarities: they all suffered a long period under socialist regimes; the organisations of all these countries faced dramatic changes in the economic environment at the beginning of the 90s, and all of them have been successful in terms of economic growth.

### *2.1.1. Structural component of institutional environment*

From 1919 to 1940 Estonia was an independent state with democracy and a free market economy (Barnowe et al., 1992). The Soviet occupation in 1940 was followed by a restructuring of institutions according to the principles of the occupant country (Taagepera, 1993). Seven years later, India regained its independence, and adopted a socialist socio-economic policy (Mellahi and Guermat, 2006). Two years later in 1949, the Chinese Communist Party proclaimed the People's Republic of China and started to copy Soviet practices (Sun and Alas, 2007). In the 80's and 90's socialism started to collapse, which in turn brought about radical changes in many countries.

In the 1980s, the Chinese reforms aimed at converting the economy from a command economy to a market economy (Sun and Alas, 2007). In 1987, radical reforms commenced in Estonia, when a group of theoreticians and practitioners debated the idea of economic autonomy (Taaler, 1995). In 1990, the strategic aim of economic autonomy was replaced by the status of an independent state and the restoration of a market economy (ibid.). Independence was achieved in 1991. In the same year, the Indian economy reached its bottom (Budhwar, 2009b) and the Indian government initiated a number of measures to deregulate the economy. This resulted in an increased openness to international trade and capital inflows (Mellahi and Guermat, 2006). These changes in the structure of the institutional environment forced the organisations of these countries to implement radical changes.

Today, Indian companies have managed to overcome a thousand years of dependence and have even caught up with some of their Western competitors

(Cappelli et al., 2010). In 2001, China became a member of WTO, which started a new stage in the reform process, opening it to the outside world (Chow, 2000). In 2004, Estonia became a full member of the European Union and in 2011 joined the euro zone. Today, Estonia is the most successful among countries of the former Soviet Union.

### *2.1.2. Cultural component of institutional environment.*

There are more than one hundred definitions of culture (Howard and Howars, 1998). Hofstede defined culture as the collective programming of the mind which distinguishes the members of one group of people from another (Hofstede, 1991). House defined culture as shared motives, values, beliefs, identities, and interpretations of significant events transmitted across generations (House et al., 2004). According to Pajupuu, national culture is a combination of religious, political and esthetical value criteria handed down by historical heritage (Pajupuu, 2000). In order to provide socio-economic explanations, which are rooted in the historical and cultural background of these countries, a short description of basic cultural beliefs in India, China and Estonia will be presented.

In India, about 80% of the population follow Hinduism (Chhokar et al., 2008). Management practices in India are mostly influenced by the belief in the law of karma, which includes the concepts of responsibility, obedience, obligation towards others, and the ability to follow one's duty even though it may be personally uncomfortable (Mulla and Krishnan, 2007). Hinduism has always emphasised respect for superiors (Sahay and Walsham, 1997). Chinese culture and ethos mainly stem from the writings of Confucius. Confucius defined rules of relationships, all of which were strictly hierarchical (Graham and Lam, 2004). Prior to the German invasions in the 13<sup>th</sup> century, Estonians worshipped the spirits and nature. They were known to the Scandinavians as experts in wind-magic (Prudence and Pennick, 1995) and they remained one of the last corners of medieval Europe to be Christianised. Estonia has been a battleground for centuries where German, Danish, Russian, Swedish and Polish sovereigns reigned over Estonians. The afore-mentioned foreign rulers have left their mark on Estonians' psyche and ethos. Therefore, Estonian culture can be viewed as a mix of many European cultures.

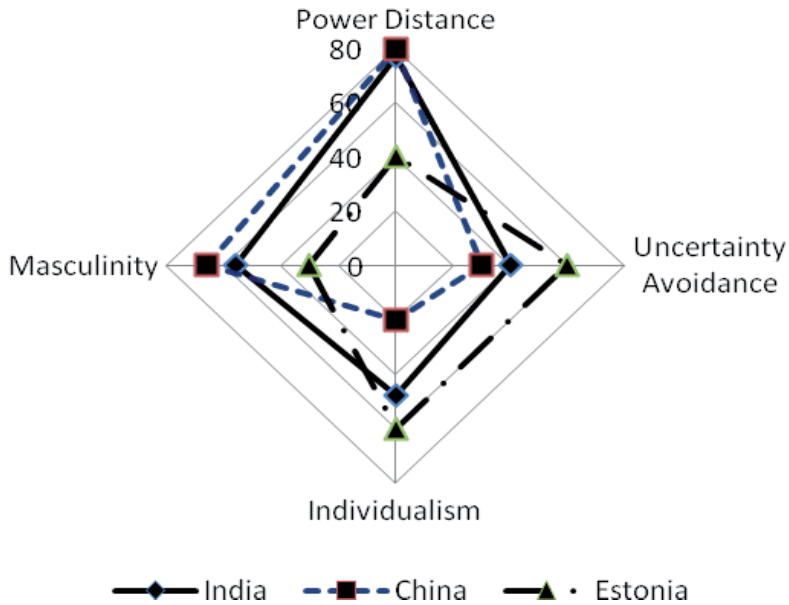
The cultural differences of India, China and Estonia, according to Hofstede's criteria, can be found in the second edition of the book "Culture's Consequences. Comparing Values, Behaviours, Institutions and Organizations across Nations," (Hofstede, 2001: 502). Hofstede defined Power Distance as the extent to which the less powerful members of organisations accept and expect that power will be distributed unequally. Uncertainty Avoidance is defined as the extent to which a culture programmes its members to feel either uncomfortable or comfortable in unstructured situations. Individualism is determined by the degree to which

individuals are supposed to look after themselves or remain integrated into groups. Masculinity refers to the distribution of emotional roles between the genders. A high masculinity index refers to higher job stress, belief in individual decisions, and ego orientation, among others. In countries with high masculinity index, managers are expected to be decisive, firm, assertive, aggressive and competitive (Hofstede, 2001). The authors found that two dimensions are most relevant to the current research task: uncertainty avoidance and masculinity. The data is presented in table 1.

Index	Meaning	India	China	Estonia
Uncertainty Avoidance (UAI)	The extent to which a culture programs its members to feel uncomfortable in unstructured situations.	40	30	60
Masculinity (MAS)	The degree to which a culture programs its members to accept gender inequality.	56	66	30

**Table 1.** The indexes of cultural aspects according to Hofstede (Hofstede, 2001). The Uncertainty avoidance index shows that Estonians feel more uncomfortable in unstructured situations than Chinese and Indians. According to Hofstede, this means that Indians and Chinese do not resist changes as much as Estonians do (2001: 160).

According to the masculinity index, India and China are both much more masculine societies than Estonia, which means that Indian and Chinese employees view managers as culture heroes, and expect them to be decisive and firm (Hofstede, 2001). That also means that Indians and Chinese prefer to deal with conflicts through denying them or through fighting, while Estonians would rather deal with conflicts through problem solving, compromise and negotiations (ibid.). Hofstede's masculinity index for China and India correlates well with the nature of Hinduism and Confucianism and the Estonian index is close to the indexes of other Northern European countries. These indexes also imply that effective methods to overcome the resistance must be different in Estonia and in Asian countries. The similarities and differences of the more or less relevant dimensions of Indian, Chinese and Estonian national cultures are presented in Figure 1.



**Figure 1.** The indexes of cultural aspects according to Hofstede (2001).

As can be seen from figure 1, Indian culture is clearly more similar to Chinese than to Estonian culture in the case of power distance, masculinity and uncertainty avoidance. However, Indian culture shows greater similarity to Estonian culture than to Chinese culture in the case of individualism. According to this, we could expect that the members of Indian and Chinese organisations react similarly to changes, and differently from the members of Estonian organisations.

## 2.2. Organisational culture

The institutional environment can be divided into external and internal institutional environments. The external institutional environment includes national culture, while the internal institutional environment includes organisational culture (Parkhe, 1991). Organisations exist within the context of national culture. Therefore, national cultural values are an essential element in the organisational culture (Head and Sorensen, 2005).

According to Schein (2004), the critical elements of organisational culture are stability, depth (includes unconscious parts), breadth (covers all functions), and patterning (ties together). Schein also identified three layers of organisational culture. The artificial layer is visible, audible and tangible to all, but not everyone understands it the same way. The second layer comprises values and beliefs. The third layer comprises assumptions that act as a cognitive defence mechanism,

which aims at stability (Schein, 2004). The authors of the article believe that the resistance to any kind of change comes mainly from the third layer of organisational culture. However, even if the first layer is changeable by positive experiences, the changes in second and third layer take much more time and need the understanding of the elements of national culture by the change leader. Many authors view organisational culture as the main source of resistance and source of defensive routines (Argyris, 1990, Schein, 2004, Sopow, 2006).

### 2.3. *Resistance*

Resistance has been defined as: a phenomenon that introduces unanticipated delays, costs and instability into the process of strategic change (Ansoff, 1988); the enemy of change (Schein, 1988); conduct that serves to maintain the status quo in the face of pressure to alter the status quo (Zaltman and Duncan, 1977); any employee actions perceived as attempting to stop, delay, or alter change (Bemmel and Reshef, 1991); and an expression of reservation, which normally arises as a response or reaction to change (Block, 1989).

Many authors declare that no matter how welcoming an organisation is to change, the culture of the organisation protects itself, and it will always create a degree of employee resistance (Paton and McCalman, 2000, Leigh, 1988, Levy and Merry, 1986, Woodward, 1980), and that resistance manifests itself in fear, anger, denial, avoidance etc.

Researchers agree that most obstacles to organisational change come down to resistance from individuals at the working levels of an organisation (Kelman, 2005, Kumar and Kamalanabhan, 2005). The main triggers of resistance are fear of the unknown (Sun and Alas, 2009, Conner, 1998, Sun, 2009, Paton and McCalman, 2000, Eccles, 1994), uncertainty (Feldman and Spratt, 1999, Kanter, 1984, Waddell and Sohal, 1998, Nadler, 1997), fear of losing power (Schein, 1985, Noer, 1997, Eccles, 1994), internal conflicts (Clausen et al., 2000), fear of losing something of value (Daft, 1995, Harari, 1999, Eccles, 1994).

Researchers believe that different triggers create stress among employees and decrease the ability of workers to accept changes and cooperate with change leaders. Stress places excessive psychological and physical demands on a person (Gregory and Griffin, 2000, Westen, 1999). Coping with stress needs time and the resources for coping must be strong enough (Kumar and Kamalanabhan, 2005, Reina and Reina, 1999).

Many authors stress the consequences of ignoring the impact of change on employees (Reina and Reina, 1999, Kumar and Kamalanabhan, 2005). Failing to inform individuals adequately about the change and only providing justification

increases resistance (Covin and Kilmann, 1990). Kotter and Schlesinger (1989) suggest upgrading education and communication, boosting participation and involvement of individuals at all levels, facilitating and supporting negotiations as the means of dealing with resistance (Kotter and Schlesinger, 1989). Kotter also stresses that employees must understand the rationale for the change (Kotter, 1995). Yet the reality seems to be different. For example, in 1996 Maurer states in “Journal for Quality and Participation” that the predominant way implementers of change respond to employees’ reactions is to resist their resistance (“*meet force with force*”) (Maurer, 1996).

While most authors see resistance as the main obstacle to change initiatives, there are other opinions as well. Some researchers argue that resistance may draw attention to alternatives otherwise ignored (Dawson, 2003), that resistance may be a symptom of more basic problems and serve as a warning signal (Judson, 1966), and that resistance plays a crucial role in drawing attention to aspects of change that may be inappropriate, not carefully considered, or perhaps wrong (Waddell and Sohal, 1998). Waddell and Sohal warn that attempting to eliminate resistance as soon as it arises is akin to “*shooting the messenger who delivers bad news*”.

### **3. Research task and propositions**

The research tasks of that study were to determine the factors on which the resistance to change depends in different national cultures. Based on the research task, the research question was formulated as follows: Does the resistance to change depend on national culture?

Based on the reviewed literature the propositions for the analysis and the basis for formulating them are presented below.

According to the uncertainty avoidance index (Hofstede 2001: 160), the resistance to change in Estonian organisations is stronger than in Indian and Chinese organisations. According to the masculinity index, effective methods to overcome the resistance must be different in “feminine” Estonia from that in “masculine” Asian countries. These indexes lead us to the propositions 1, 2 and 3.

1. The resistance to change in Estonian organisations is stronger than in Chinese and Indian organisations.
2. The triggers of resistance in Estonia are different from the triggers of resistance in India and China.
3. The methods used to overcome the resistance in Estonia are different from those methods in India and China, while in India and in China the methods are similar.

Change initiatives in any organisation trigger stress in employees (Lazarus and Launier, 1978). The author believes that changes in organisations create stress among employees, which in turn decrease even more the ability of workers to accept changes. Additionally, if this is not dealt with appropriately, it may decrease the success of the change project. Based on this evidence, proposition 4 was stated.

4. Stress is the factor that employees experience most often during change implementation in any culture.

#### **4. Research design**

The purpose of the research was to contribute to management theory and to management practices in multinational companies by improving the understanding of the influence of national culture on change management practices.

Qualitative and quantitative approaches were used alongside semi-structured interviews; each type of data contributed to answering the same or different research questions. The author used the interview questionnaire that has been created by Tatiana Andreeva (Andreeva, 2006, Andreeva et al., 2008).

The interview questions include six parts. The first part contains the information on the interviewee, and the second part contains information on the company where the changes were implemented. The third part describes the purpose and the content of change. The fourth part focuses on the change implementation process. It includes questions on the duration of the process, the leadership, employee involvement, the level of concentration of authority and the positive and negative factors that occurred during the change implementation. The fifth part focuses on the results of change implementation and the sixth part focuses on the factors on which organisational change efficiency depends. Most questions in part four and six are open ended, which allowed the interviewees to express their experiences and opinions freely. The interview questions relevant to this paper are presented in Appendix 4.

The size of the samples was 177. Concerning the interviews, 59 were conducted in India, 63 in Estonia and 55 in China. Most interviewees were involved in both a development of change program and in change implementation. All respondents were asked to recall one concrete situation of organisational changes in a concrete company they had participated in.

The sampling method can be called purposive and pragmatic (Matthews and Ross, 2010). The interviews in China were carried out in the Mandarin language by Chinese students studying in Estonia, and the interviews in Estonia, in the Estonian language by Estonian students. The majority of respondents in China and in Estonia

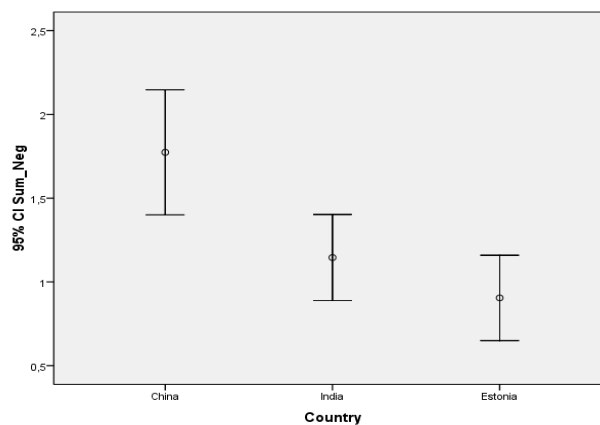
were managers, while a few were management consultants. Data from India was collected by one of the authors who had access to networks with a suitable pool of respondents. The respondents were mainly management consultants, but many managers participated also. In India, the English language was used.

Following the interviews, the collected data was coded into two different sets – one to be used in qualitative analysis and the other to be used in quantitative analysis. The analyses were based on a complete study of all interview results. In order to compare different groups of respondents, ANOVA, t-test and correlation analyses were completed with the help of software SPSS. Subsequently, a content analysis of the interview results was carried out with the help of NVivo software. This analysis allowed authors to observe relationships between different aspects of change management.

## 5. The results of the study

### 5.1. *The level of resistance*

The level of resistance was defined by the number of negative factors appearing simultaneously during the change management projects. The average number was highest in China and lowest in Estonia. India was closer to Estonia than to China (figure 2). Furthermore, t-tests confirmed the differences between Chinese organisations and organisations in the other two countries. The hypothesis that the means of the level of resistance are similar between China and Estonia, and between China and India was rejected, but not between India and Estonia (see Appendix 2).



**Figure 2.** The average number of negative factors appeared during the change implementation projects in China, India and Estonia. Drafted by author.



The resistance to change was the smallest in Estonia where 43% of organisations experienced no resistance at all. In India, this percentage was 29, while in China only 15.

To establish reasons for these differences, the correlation coefficients between the level of resistance and the size of the organisations, the scope of the change and the level of employee involvement were calculated.

Although the size of the companies in the samples was very different, the reason for the different levels of resistance cannot be explained by the size of the companies. The average size of the companies in the Indian sample was more than 1000 employees, in China 500 to 1000 and in Estonia only 30 to 100 employees. The small size of organisations can be the reason for the relatively lower level of resistance in Estonia, but not in India where most companies were quite large. There was a weak correlation between the size of a company and the level of resistance in India (Pearson's  $r=0.277$ ,  $p=0.041$ ), but not in China and in Estonia.

Moreover, the scope of the change cannot satisfactorily explain these differences. In Estonia, the change projects were mainly transactional, and the reason for the change was often internal - implementation of new technology. That can explain the low level of resistance in Estonia. In both India and China, the reason for the change projects was external – competitive pressure and changes in the market situation, and the changes were transformational. Therefore, the scope of the change projects cannot explain the different level of resistance in China and India. Nevertheless, there was one important difference between the scope of the change projects in India and China. In India, often the organisational culture was one of the elements that was changed along with other transformational elements. In Chinese organisations, transformational elements were changed without changing the organisational culture. Instead, distribution of power, organisational structure, and rules of everyday work were changed in conjunction with the strategy. The list of key elements and the percentage of organisations in the samples that changed these elements are presented in appendix 1.

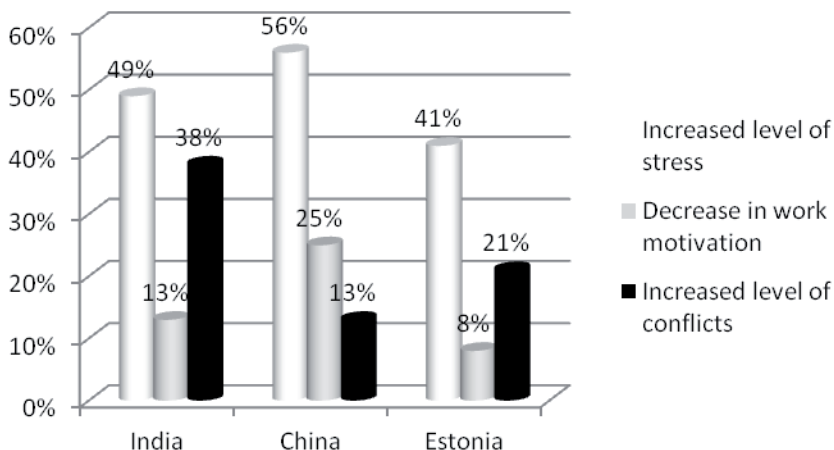
No correlation was found between the level of resistance and the level of employee involvement.

The authors concluded that the size of the organisation, the scope of the change projects and the level of employee involvement could not explain satisfactorily the differences in the level of resistance. The high level of resistance in Chinese organisations may still be influenced by the fact that organisational culture was not changed among other transformational elements.

## 5.2. Individual factors of the resistance.

To ascertain the individual factors of the resistance, the three most frequently mentioned negative factors were analysed separately. These factors included decreased work motivation, an increased level of stress and an increased level of conflicts among employees.

Among these negative factors, the increased level of stress was mentioned most often. The level of stress increased by 56% in Chinese organisations, by 49% in Indian organisations and by 41% in Estonian organisations in the sample. While the increase in the level of stress was high in each country, other negative factors appeared differently. In India and in Estonia, the level of conflicts among employees was placed second, but in China, the decrease in work motivation was placed second. The percentage of organisations where an increase in the level of stress, a decrease in work motivation or an increase in the level of conflicts was experienced is given in figure 3.



**Figure 3.** Organizations where increased level of stress, decrease in work motivation and/or increased level of conflicts were experienced during planned change implementation projects. Drafted by author.

In addition, the one-way ANOVA test allows us to reject the hypothesis that the mean values for increased levels of conflicts ( $F(2;168)=4,92$ ,  $p=0.008$ ) and decreased work motivation ( $F(2;168)=4.13$ ,  $p=0.018$ ) are the same in India, China and Estonia. On the other hand, the hypothesis for the similarity of increased stress ( $F(2;168)=1.71$ ,  $p=0.184$ ) cannot be rejected (Appendix 3).

It was clear from the study that the larger the organisation, the more stress the changes caused both in India and in Estonia. The Pearson's  $r$  was 0.262 ( $p=0.038$ ) in Estonia, and 0.322 ( $p=0.016$ ) in India. In China, there was no significant

correlation between the size of the company and in the level of stress ( $r=0.083$ ,  $p=0.563$ ). The level of conflicts corresponded to the scope of the change in Estonia and India ( $r=0.257$ ,  $p=0.042$  and  $r=0.278$ ,  $p=0.040$  correspondingly), but not in China. The decrease in work motivation did not correspond to any other element in any country.

From the findings above based on the negative factors during change implementation, we can conclude that Indian and Estonian organisations behaved rather similarly while Chinese organisations behaved differently. The larger the organisations and the larger the scope of the change projects, the more stress and conflicts were experienced in Indian and Estonian organisations. In China, the size of the organisation and the scope of the change did not correlate with any factors of resistance.

As the quantitative data could not explain these results, the interviews were analysed qualitatively with the help of NVivo software.

### 5.3. *The reasons for the resistance*

To discover the reasons for the negative factors, the interview answers to the open question “In your opinion, what was the reason that caused the negative factors to appear?” was coded under the following nodes: fear of losing power, fear of losing something valuable (job, salary, promotion), inappropriate culture, inertia (an attempt to continue the usual way of working), uncertainty.

The word “fear” was the most frequent word found in the reasons for the resistance in India and in Estonia, but in China, the word “inertia” was mentioned most frequently. While in India “fear” meant “fear of losing power”, in Estonia “fear” mainly meant “fear of losing one’s job”. Inertia and uncertainty were also mentioned both in India and Estonia, but to a lesser extent than “fear”. Both in India and in Estonia the word “fear” was used the most often in the organisations where the change leader was a foreigner. The reason for that may be the history of these countries. India was a colony for 200 years and Estonia regained its independence only 20 years ago.

While in India the cause of the problems was mainly seen as leadership problems (in 57% of organisations) and problems with employee involvement took second place, in Estonia the origin of the problems was equally distributed between the increased workload and leadership problems. In India, leadership problems were mainly related to top-managers’ inability to relinquish power (for example: “*top managers was not able to give up control*”; “*there was not enough delegation of power*”; “*inadequate delegation of power*”; “*insufficient delegation of authority*”); a lack of commitment (for example: “*commitment from the top managers was low*”; “*managers did nothing but lip service*”; “*top management knew all the*

*right words but little action”), personal gains (for example: “focusing on personal gain rather than company’s goals”; “self-interest of top managers rather than the company’s interest”), struggles between managers (for example: “it was difficult to bring managers to the same page”; “unclear definition of responsibilities”) and problems with human resource management (for example: “the exit of some of the top management as well as most of the staff was handled ruthlessly; displaying a “use and throw” attitude of the management“).*

The relationship between the main causes of resistance and negative factors experienced during the change implementation was studied with the help of the software NVivo. It was clear that in India the strongest word “fear” was connected to leadership problems, and the word “conflicts” was connected to the problems with employee involvement. In India, however, the level of conflicts did not increase when the employees were not involved; instead, it increased when the change leader tried to involve employees. The most common complaint was that there was a “*habit of receiving decisions instead of taking decisions*”, “*habit of following rather than leading*”.

In Estonia, the leadership problems reflected mainly the conflicts between the owner and managers and a lack of experience and knowledge of change management, but struggle for power was also mentioned. The increased workload was connected only to the increased level of stress; all other negative factors were caused by the leadership problems. The main leadership problem in Estonia was the lack of employee involvement in the decision making process, which was interpreted as a lack of trust and respect. Estonians stressed that leaders are employees like other staff members and they should ask the opinion of other employees.

Inertia in Chinese organisations came from the autocratic management style – changes were implemented as a command from the top management. Employees were not involved in decision making or were involved as a form of manipulation (Alas et al., 2008). People were just informed what to do without being told why (Alas and Sun, 2007). Inertia, which came from the fact that employees did not know why the changes were necessary, created stress and caused a decrease in the work motivation. The autocratic leadership style was accepted by employees (Alas et al., 2008). Therefore, the Chinese interviewees did not mention wrong leadership as a problem.

#### 5.4. *Overcoming the resistance*

The interviewees were also asked if anything was undertaken to “smoothen” these negative consequences. After studying the interviews, the answers were coded under following nodes: communication, involvement, training/workshops, nothing and other.

In India, increased communication was the main tool (more than in 50% of cases) and other methods were used only in a few organisations. The leader increased employee involvement to overcome the resistance only once and provided training to employees twice. Punishment was also used once. Increased communication mainly meant explaining and convincing. In 23% of organisations where negative factors appeared, no steps were taken to overcome these negative consequences.

In Estonia, training and workshops were the main instruments, but an increase in communication also occurred rather frequently. The level of employee involvement was increased only once.

In China, communication and training were the most frequent tools implemented for overcoming resistance. This communication, however, mainly meant informing the employees about the change. In almost 20% of Chinese organisations, manipulation was used and accepted (Alas and Sun, 2007). Employees accepted the autocratic style during change implementation perhaps because of the long tradition of following commands in a socialist country. The voluntary subjection to strict orders, which is inherited from the command economy regime, was seen as appropriate. Some managers even saw coercion as the easiest approach to control the implementation of changes in China (Alas et al., 2008).

Based on the suggestions of Kotter and Schlesinger (1989), the study demonstrated that education and communication were the main tools, while involvement of individuals at all levels was rare. Facilitating methods, support and negotiations were never used.

## **6. Conclusion and discussion**

The most surprising finding was that based on resistance to change, Indian organisations were more similar to Estonian organisations than to Chinese. The findings can be summarised as follows:

The size of the organisation, the scope of the change projects and the level of employee involvement cannot explain satisfactorily the differences behind the level of resistance, but it was evident that the bigger the organisation and the larger the scope of the change, the more stress and conflicts were experienced in India and in Estonia. This dependence was not established in Chinese organisations. To overcome the resistance, communication and training were mainly used. In a relatively large number of organisations, the change leader did not deal with the resistance at all.

During the transformational changes, the organisational culture should also be changed. One of the reasons why the members of Indian organisations did not

resist the changes as much as the members of Chinese organisations may be the fact that in Chinese organisations transformational changes were implemented without changing the organisational culture.

Fear is the main source of resistance in Indian and Estonian organisations. While in India “fear” means the fear of losing power, in Estonia, “fear” means the fear of losing one’s job. A foreign change leader creates fear both in India and in Estonia, but not in China. The similarity between Indian and Estonian employees in their resistance to foreign leaders was greater than expected in view of their cultural background. This implies that the findings may be influenced by the history of these nations. In China, the main source of resistance was inertia. Behind inertia, was the autocratic leadership style in China.

Stress was caused mainly by leadership problems in India and by an increased workload in Estonia. Attempts to involve employees caused conflicts in Indian organisations.

According to Hofstede’s cultural dimensions, the highest level of resistance was expected to emerge in Estonian organisations, it actually appeared in Chinese organisations. The differences in the level and causes of resistance indicate that the structural component of the institutional environment also influences the resistance to change. In democratic countries, such as India and Estonia, the pattern of resistance was similar, but it was different from the pattern of resistance in totalitarian China.

The propositions presented at the beginning will be discussed below.

**The first** proposition stated that the resistance to change in Estonian organisations is stronger than in Chinese and Indian organisations.

The proposition was not supported. According to Hofstede’s uncertainty avoidance index, Estonians should resist changes more than Indians and Chinese. Based on the survey results, the level of resistance to change was the highest in Chinese organisations and the lowest in Estonian organisations. The main reason for that may be the fact that the changes in the Estonian sample were mainly transactional. The high level of resistance in Chinese organisations may be the result of the fact that while changes in Chinese organisations were mostly transformational, the organisational culture was not among the elements to be changed.

**The second** proposition stated that the triggers of resistance in Estonia differ from the triggers in India and in China.

The proposition was partly supported. The triggers of resistance in Estonia (the “feminine” country according to Hofstede) were similar to those in India (the

“masculine” country according to Hofstede), but different from the triggers in China (“masculine”). The findings of this study corresponded to the findings of Sushil Kumar and Terry Amburgey (2007) who discovered that fear of losing one’s job, authority and control are the primary factors influencing resistance to individual level adoption. In Indian and in Estonian organisations fear of losing something in value was the main trigger of resistance.

**The third** proposition stated that the methods used to overcome the resistance in Estonia are different from these methods in India and China, while in India and in China the methods are similar.

The proposition was partly supported. Kotter and Schlesinger (1989) suggest upgrading education and communication, boosting the participation and involvement of individuals at all levels as the means of dealing with resistance. Communication was used in India, and education together with communication was used both in Estonia and in China most often. There were no significant differences in the methods used to overcome the resistance in these three countries. Still, the content of these activities was different.

**The fourth** proposition stated that stress is the factor that employees experience most often during change implementation in any culture.

The proposition was supported. Stress was the main factor that employees experienced in all three countries.

## 7. Applications

The practical relevance of this research is as follows:

1. The information on the problems associated with change management and the shortcomings occurring in the process of change implementation will help managers of multinational companies and management consultants to improve their knowledge and competency in implementing changes.
2. By using this information explaining the main causes of resistance among employees towards change, managers could take measures to avoid the resistance and deal with these in order to achieve greater success in change projects.
3. The increase in the level of stress during the change project seems to be inevitable. Since stress is frequently accompanied by conflicts and by a decrease in work motivation, appropriate communication is required to implement changes successfully.
4. The managers of multinational companies and management consultants undertaking international projects should be aware of the history of employees’ resistance to changes when implemented by a foreigner.

5. The results of the study showed that the change leader needs a deep understanding of local culture and history in order to initiate changes in organisations. Therefore, local managers or local consultants should be involved in such a process

6. The change management theories and practices should not be transferred to transition countries without taking into consideration the different cultural and structural institutional environment in addition to the history of these countries.

7. The study could serve as a basis for other academic researchers when comparing countries with different cultural and historical backgrounds.

## 8. Limitations and further research proposal

India, China and Estonia are not entirely in the same institutional situation. Estonia is under the umbrella of the European Union, while China is still far from being a democratic country. These differences may influence the findings of this study. Moreover, the scope of the change projects in the samples was different. While in Indian and Chinese organisations the changes were mainly transformational, in Estonian organisations these were mostly transactional. The interviewees had also different relations to the organisations they described. A large number of Indian interviewees worked as management consultants who participated in the change implementation. The Estonian and Chinese interviewees were mainly the managers of the organisations. However, the interviewees described the concrete situation they had experienced in all three groups.

The authors believe that national culture may still be one of the factors influencing the change management and several further studies would be required to understand that phenomenon thoroughly.

## APPENDICES

**Appendix 1.** List of key organizational elements and the percentage on organizations in the samples that changed these elements.

The element	India	China	Estonia
Average number of elements changed	5.5	3.1	2.9
<b>Transformational elements</b>			
mission, corporate ideology	38	22	29
business strategy	56	40	51
distribution of power, influence	36	45	29
corporate culture, key values	53	16	29



Transactional elements	India	China	Estonia
organizational structure	51	49	52
management system as a whole	51	38	38
key people in the organization	45	27	29
qualitative structure of the staff	38	29	44
production technology employed	27	20	24
rules and procedures of everyday work	56	42	37
functional systems	56	36	33

**Appendix 2.** t-tests for Hypothesis  $H_0$ : There are no differences among the means of the level of resistance in India, China and Estonia.

Country		Level of resistance
India and Estonia	t	1.331
	Sig.	0.186
Estonia and China	t	3.854
	Sig.	0.000
India and China	t	2.781
	Sig.	0.007

**Appendix 3.** ANOVA test to hypothesis  $H_0$ : “The mean values of increased level of conflicts, decrease of the work motivation, and increase of stress are the same in India, China and Estonia”.

		Sum of Squares	df	Mean Square	F	Sig.
Motivation	Between Groups	1.033	2	0.516	4.128	0.018
	Within Groups	21.014	168	0.125		
	Total	22.047	170			
Stress	Between Groups	0.854	2	0.427	1.712	0.184
	Within Groups	41.883	168	0.249		
	Total	42.737	170			
Conflicts	Between Groups	2.136	2	1.068	4.916	0.008
	Within Groups	36.507	168	0.217		
	Total	38.643	170			

(95% Confidence Interval, Levene Statistic of motivation 16.337, Sig.=0.000; for stress 0.807, Sig.=0.448; for conflicts 19.515, Sig.=0.000)

#### **Appendix 4.** Interview questions relevant to this study.

**B2** How would you describe this change program by its substance. It was meant to change: 0 – all parameters; 1 – mission, corporate ideology; 2 – business strategy; 3 – organizational structure; 4 – distribution of power, influence; 5 – corporate culture, key values; 6 – management system as a whole; 7 - key people in the organization; 8 - qualitative structure of the staff; 9 - production technology employed; 10 - rules and procedures of everyday work; 11 - functional systems; 12 - other

**B12** Were the following negative factors noticed during the period of change implementation? 1 - decrease in work motivation; 2 - increased level of stress among employees; 3 - increased level of conflicts in the company; 4 - decrease in productivity; 5 - increase in absenteeism; 6 - decrease in profits, sales volume, etc.

**B13** If you have mentioned any negative factors in the previous question, please, indicate in your opinion, what was the reason that caused these negative factors to appear?

**B14** If you have mentioned any negative factors in the previous question, please, indicate if anything was undertaken to “smoothen” these negative consequences?

**B16** What was the main hindrance to successful change?

**E1** How could you evaluate the results of implemented organizational change from the point of view of achievement of goals, set for the change program by company leader? 0% - goals are not achieved at all, 100% - goals are fully achieved.

#### **REFERENCES**

Alas, R. and Vadi, M. (2004), ‘The Impact of Organizational Culture on Attitudes Concerning Change in Post-Soviet Organizations’, *Journal for East European Management Studies*, 9 (1), 20-39.

Alas, R. and Sun, W. (2007), ‘Organizational changes in Chinese companies: a resource-based view’, *Chinese Management Studies*, 1 (4), 225-42.

Alas, R., Sharifi, S., and Sun, W. (2008), ‘China and Estonia in Flux: Is This a Valid Basis for Comparison of Their Approaches to Change Management?’, *Academy of Management Meeting, Questions We Ask* (Anaheim, California: Academy of Management).

Aldag, R. and Stearns, T. (1991), *Management* (Cincinnati: South-Western).

Anderson, D. and Ackerman-Anderson, L. (2001), *Beyond change management: Advanced strategies for today's transformational leaders*. (San Francisco: Jossey-Bass/Pfeiffer).

Andreeva, T. (2006), 'Organisational change in Russian companies: findings from research project', (Graduate School of Management, St. Petersburg State University ).

Andreeva, T., Alas, R., Vanhala, S., Sun, W. (2008), 'How Applicable are Western Theories about Change in Russia, Estonia and China?', *Academy of Management Meeting, Questions We Ask*. (Anaheim, California).

Ansoff, I. (1988), *The New Corporate Strategy* (New York: John Wiley & Sons).

Argyris, C. (1990), *Overcoming Organizational Defences: Facilitating Organizational Learning* (Upper Saddle River, New York: Prentice-Hall).

Barnowe, J. T., King, G., and Berniker, E. (1992), 'Personal Values and Economic Transition in the Baltic States.', *Journal of Baltic Studies*, 23 (2), 179-90.

Bemmels, B. and Reshef, Y (1991), 'Manufacturing employees and technological change', *Journal of Labour Research*, 12 (3), 231-46.

Block, P. (1989), 'Flawless consulting', in R. McLennan (ed.), *Managing Organizational Change* (Englewood Cliffs, NY: Prentice Hall).

Budhwar, P. S. (2009), 'Introduction: Human resource management in the Indian context', in P. S. Budhwar and J. Bhatnagar (eds.), *The changing face of people management in India*. (London: Routledge), 1-22.

Burke, W. and Litwin, G. (1992), 'A casual model of organizational performance and change.', *Journal of Management*, 18, 523-45.

Cappelli, Peter, Singh, H., Singh, J., Useem, M. (2010), *The India Way: How India's Top Leaders are Revolutionizing Management*. (Boston: Harvard Business Press).

Chatterjee, Samir R., Davis, Herbert J., and Heuer, Mark (2006), 'Managing in a Changing Environment: Implications and Suggestions for Expatriate Managers in India', in Herbert J. Davis, Samir R. Chatterjee, and Mark Heuer (eds.), *Management in India. Trends and Transition*. (New Delhi: Sage Publications), 401-17.

Chhokar, Jagdeep S., Brodbeck, Felix C., and House, Robert J. (2008), 'India. Diversity and Complexity in Action.', in Robert J. House (ed.), *Culture and leadership across the world: The GLOBE Book of In-Depth Studies of 25 Societies* (New York: Lawrence Erlbaum Associates), 971-1020.

Chow, G. (2000), 'China's Economic Reform and Policies at the Beginning of the 21st Century. Perspectives, 2 (1). <[http://www.oycf.org/perspectives/7\\_083100/china.htm](http://www.oycf.org/perspectives/7_083100/china.htm)>, accessed 11.12.2006.

Clausen, C., Dawson, Patrick, and Nielsen, K. T. (2000), 'Political process in management, organization and the social shaping of technology', *Technology Analysis and Strategic Management*, 12 (1), 1-143.

Conner, D. R. (1998), *Leading at the edge of chaos: How to create the nimble organization*. (New York: John Wiley and Sons Inc.).

Covin, T. J. and Kilmann, R. H. (1990), 'Participant perceptions of positive and negative influences on large-scale change.', *Group and Organizational Studies*, 15, 233-48.

Daft, R. L. (1995), *Understanding management* (Orlando: Dryden).

Dawson, Patrick (2003), *Understanding Organizational Change. The Contemporary Experience of People at Work*. (London: Sage Publications) 208.

Desai, Darshan and Sahu, Subrat (2008), 'CRM Change Management in an Emerging Country Context: An Exploratory Study in India.', *Global Journal of Flexible Systems Management*, 9 (2 and 3), 41-54.

Eccles, T. (1994), *Succeeding with Change: Implementing Action-Driven Strategies*. (London: McGraw-Hill).

Elgin, D. (1977), *Limits to the management of large, complex systems. Assessment of future national and international problem areas*. (Part IV, volume 2; Menlo Park, California: Center for the Study of Social Policy, Stanford Research International).

Epperson, Brian R. (2006), 'The Brain Trust Model: a Proposed change to modern change management.', (The University of Oklahoma Graduate College).

Erez, M. and Early, P. C. (1993), *Culture, self-identity and work*. (New York: Oxford University Press).

Feldman, M. L. and Spratt, M. F. (1999), *Five frogs on a log*. (New York: HarperBusiness).

Gopalan, Suresh and Stahl, Angie (2006), 'Application of American management Theories and Practices to the Indian Business Environment: Understanding the Impact of National Culture.', in Herbert J. Davis, Samir R. Chatterjee, and Mark Heuer (eds.), *Management in India. Trends and Transition*. (New Delhi: Sage Publications), 376-400.

Graham, J. L. and Lam, N. M. (2004), *The Chinese negotiation*. (Harvard Business review on Doing Business in China. ; Boston: Harvard Business School Press).

Gregory, M. and Griffin, R. W. (2000), *Organizational behaviour, managing people and organizations* (Mumbai: Jaico Publishing).

Harari, O. (1999), 'Why do leaders avoid change?', *Management Review*, 88, 35-38.

Head, T. C. and Sorensen, P. F., Jr (2005), 'Attracting Foreign Direct Investment: The Potential Role of National Culture.', *Journal of American Academy of Business*, 6 (1), 305-08.

Hofstede, G. (1991), *Cultures and Organizations: Software of the Mind*. (McGrawHill).

Hofstede, Geert (2001), *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations* (2 edn.; Thousand Oaks, Ca.: Sage Publications) 595.

House, Robert J., Hanges, P.J., Javidan, M., Dorfman, P.W., Gupta, V. (2004), *Culture, leadership, and organizations: the GLOBE study of 62 societies*. (New Delhi: Sage Publications) 818.

Howard, L. W. and Howars, L. W. (1998), 'Validating the Competing Values Model as a Representation of Organizational Cultures.', *International Journal of Organizational Analysis*, 6 (3), 231-51.

Jaques, E. (1989), 'Culture', in R. McLennan (ed.), *Managing Organizational Change* (Prentice Hall), 76.

Judson, A. (1966), *A Managers Guide to Making Changes* (London: John Wiley & Sons).

Kanter, R. M. (1984), *Managing change - the human dimension*. (Boston: Goodmeasure).

Kase, Kimio, Slocum, Alesia, and Zhang, Ying Ying (2011), *Asian versus Westerm Management Thinking. Its Culture-Bound Nature*. (London: Palgrave Macmillan).

Kelman, S. (2005), *Unleashing change: A study of organizational renewal in government* (Washington, DC: Brookings Institution).

Kennedy, Michael D. (2001), 'A Cultural Analysis Homosocial Reproduction and Contesting Claims to Competence in Transitional Firms.', in Daniel R. Denison (ed.), *Managing Organizational Change in Transition Economies* (London: Lawrence Erlbaum Associates), 407-43.

Kotter, J. P. (1995), 'Leading change: Why transformation efforts fail.', *Harvard Business Review*, 73 (2), 59-67.

Kotter, J. P. (1996), *Leading change*. (Boston: Harvard Business School Press).

Kotter, J. P. and Schlesinger, L. A. (1989), 'Choosing strategies for change.', *Harvard Business Review*, 57 (2), 106-14.

Kumar, Ravi R. and Kamalanabhan, T. J. (2005), 'The Role of Personality Factors in Coping with Organizational Change', *The International Journal of Organisational Analysis*, 13 (2), 175-92.

Lazarus, R. S. and Launier, R. (1978), 'Stress-related transactions between person and environment', in L. A. Pervin and M. Lewis (eds.), *Perspectives in international psychology* (New York: Plenum), 189-217.

Leigh, A. (1988), 'Effective Change', (London: Institute of Personnel Management).

Lewin, K. (1951), *Field theory in social science*. (New York: Harper and Row).

Levy, A. and Merry, U. (1986), *Organizational transformation* (New York: Praeger).

Lippitt, R., Watson, J., and Westley, B. (1958), *Planned change: A comparative study of principles and techniques*. (New York: Harcourt, Brace, and World).

Lynton, Nandani (2001), 'Human Resource Management in the Restructuring of Chinese Joint Ventures.', in Daniel R. Denison (ed.), *Managing Organizational Change in Transition Economies* (London: Lawrence Erlbaum Associates), 383-406.

Matthews, Bob and Ross, Liz (2010), *Research methods. A practical guide for the social sciences* (Harlow: Pearson Education Ltd.) 490.

Maurer, R. (1996), 'Using resistance to build support for change.', *Journal for Quality and Participation*, 19, 56-64.

Mellahi, Kamel and Guermat, Cherif (2006), 'Does Age Matter? An Empirical Examination of the Effect of Age on Managerial Values and Practices in India',

in Herbert J. Davis, Samir R. Chatterjee, and Mark Heuer (eds.), *Management in India. Trends and Transition*. (New Delhi: Sage Publications), 134-68.

Meyer, J. W., Boli, J., and Thomas, G. M. (1994), 'Ontology and rationalization in the Western Cultural Account', in W. R. Scott and J. W. Meyer (eds.), *Institutional Environments and Organizations: Structural Complexity and Individualism*. (Thousand Oaks: Sage Publications), 9-27.

Mulla, Zubin R. and Krishnan, Venkat R. (2007), 'Karma-Yoga: Construct validation Using Value Systems and Emotional Intelligence', *South Asian Journal of Management.*, 14 (4), 116-38.

Nadler, D. A. (1997), *Champions of change: How CEOs and their companies are mastering the skills of radical change*. (San Francisco: Jossey-Bass).

Nadler, D. A. and Tushman, M. L. (1989), 'Organizational Frame Bending: Principles for Managing Reorientation.', *The Academy of Management, Executive Magazine*, 3 (3), 194-204.

Nicoll, D. (1980), *Paradigm reframing*. (San Francisco: OD Network).

Noer, D. M. (1997), *Breaking free: A prescription for personal and organizational change*. (San Francisco: Jossey-Bass Inc).

Pajupuu, H. (2000), *Kuidas kohaneda võõras kultuuris?* (Tallinn: TEA Kirjastus).  
Parkhe, A. (1991), 'Interfirm diversity, organizational learning, and longevity in global strategic alliances', *Journal of International Business Studies*, 22, 579-601.

Paton, Robert A. and McCalman, James (2000), *Change management. A Guide to effective implementation*. (London: Sage Publications) 280.

Prudence, J. and Pennick, N. A. (1995), *History of Pagan Europe*. (London: Routledge).

Reina, D. S. and Reina, M. L. (1999), *Trust & betrayal in the workplace: Building effective relationships in your organization*. (San Francisco: Berrett-Koehler Publishers).

Sahay, S. and Walsham, G. (1997), 'Social Structure and Managerial Agency in India', *Organization Studies*, 18, 415-44.

Schein, E. H. (1988), *Organisational Psychology* (3 edn.; Englewood Cliffs, NY: Prentice Hall).

Schein, E. H. (2004), *Organizational culture and leadership.*, ed. Jossey-Bass (3 edn., The Jossey-Bass business and management series: John Wiley and Sons) 437.

Schein, V. E. (1985), 'Organizational realities: The politics of change.', *Training and Development Journal*, 39 (2), 37-41.

Sinha, J. B. P. (2004), *Multinationals in India: Managing the Interface of Cultures* (New Delhi: Sage Publications).

Sopow, Eli (2006), 'The impact of culture and climate on change programs. Distinguishing between culture and climate to change the organization.', *Strategic Communication Management*, 10 (6), 14.

Stace, D. and Dunphy, D. (1994), *Beyond the Boundaries: Leading and Re-Creating the Successful Enterprise.* (Sidney: McGraw-Hill).

Sun, W. (2009), 'Organisational Changes in Chinese Companies: Content, Readiness and Process (2001-2007).', (Estonian Business School).

Sun, W. and Alas, R. (2007), 'Changes in Chinese Organizations from Institutional Perspective.', *EBS Review*, 23, 36-48.

Sun, W. and Alas, R. (2009), 'Implication for Managers', in R. Alas (ed.), *Implementation of Changes in Chinese Organizations: Groping a way through darkness* (Oxford: Chandos Publishing).

Zaltman, G. and Duncan, R. (1977), *Strategies for Planned Change* (Toronto: Wiley).

Taagepera, R. (1993), *Estonia – Return to Independence.* (Colorado: Westview Press).

Taaler, J. (1995), 'Economic Reforms: The Main Stages, Programmes and Evaluations.', in O. Lugas and G. A. Hachey (eds.), *Tallinn: Transforming the Estonian Economy* 1-15.

Waddell, Dianne and Sohal, Amrik S. (1998), 'Resistance: a constructive tool for change management', *Management Decision*, 36 (8), 543.

Westen, D. (1999), *Psychology: Mind, brain, and culture* (New York: Wiley).

Woodward, J. (1980), *Industrial Organizations: Theory and Practice* (2 edn.: Oxford University Press).



## **PART 4. CONCLUSIONS**

### **I. The discussion of research tasks**

The four research tasks set for this research were completed.

*The first research task* was achieved mainly through Study II, but the results were used as one of the bases of analysis in other studies as well. The various types of organizational change projects were identified. The reason for the change projects lay in competitive pressure and changes in the market situation in the organizations of two Asian countries, but in Estonian organizations, the reason was the implementation of new technology. The reason for the differences may be the speed of reforms in these countries. While in India and China, the economic reforms have been implemented gradually and are still in process, Estonia implemented changes quickly and most reforms have already been completed. The reason for the organizational change corresponded to the scope of the change in Indian and Estonian organizations. It turned out that the change projects in Indian organizations were mostly transformational, while in Estonian organizations they were transactional. In Chinese organizations, however, some transformational elements were changed without changing the organizational culture. Chinese organizations mainly adapted themselves by changing the distribution of power, the organization's structure, rules and procedures of everyday work.

*The second research task* was achieved mainly through Study I, but the relationship between the elements of organizational change and the cultural background of organizations' members were evaluated in all three studies. The leadership style in Indian and Chinese organizations was autocratic, while in Estonia it was participative. It appeared that the medium level of concentration of authority produced the best results in all these countries although there were no great differences in the level of employee involvement in decision-making. The employee involvement was almost equally low in Estonia and India, and slightly higher in China. The success of the change projects was higher when lower level employees were involved in India and Estonia, but there was no evidence that the level of employee involvement had any effect on the success of change projects in China. The findings of Study II indicated that the willingness to participate was different in Estonia and India. While employees in Indian organizations resisted the change leader's attempt to involve them, Estonian employees wanted to be involved.

*The third research task* was achieved through Study II. The elements of organizational change management were analyzed in two groups where, in one group the change leader was foreign and in the other group was local. The author suggested that the resistance to the foreign leader was stronger than to the local leader in India and

Estonia where people have experienced colonization or occupation recently. The differences between the groups were the strongest in the case of Estonia. While resistance to change was almost non-existent in the group with a local leader, it was strong in the group with a foreign leader. Furthermore, regarding Indian organizations, although the difference was not statistically significant, foreign leaders created more resistance. In China, the difference was also not statistically significant, but the correlation between the level of resistance and the origin of the change leader took the opposite direction compared to India and Estonia. Indian and Estonian employees resisted the foreign leader more closely than can be expected based on their cultural background. Among the reasons for resistance, the word “fear” was used most frequently both in Indian and Estonian organizations. It was evident that the foreigner’s leadership style and imported methods evoked much more resistance in countries that have experienced colonization or occupation than in countries that have enjoyed independence most of their history.

*The fourth research task* was achieved through study III, but Study II also provided some input to that task. Besides the origin of the change leader, other factors on which resistance to change depends in Indian, Chinese and Estonian organizations include the scope of the change, national culture, and the structure of the institutional environment. In Indian and Estonian organizations, the main trigger for resistance was fear of losing something in value (power in India and job in Estonia); while in China, it was lethargy or inertia. The reason for the different trigger in Chinese organizations may be the legacy of a command economy, which is still evident in China. In addition, the methods used to overcome resistance varied, and increasing employee involvement provided diverse results in different cultures. Participation should be used more widely in Estonia, but in India, it caused conflicts among employees.

## **II. Discussion of research propositions**

In this part, the propositions presented at the beginning of this dissertation will be discussed.

**Proposition 1 stated that in Indian and Chinese organizations the changes are mainly transformational, while in Estonia these are transactional.**

The proposition was partly supported.

In the transition countries, the scope of the planned organizational change depends mainly on the external trigger and on different organizational factors (what and how much needs to be changed in order to adapt the organization). India, Estonia and China are all transition countries, but the speed of changes in the institutional structure has been different. In India and China, the changes in the institutional

environment have been introduced gradually, but Estonia experienced a “shock therapy” approach and at the time of that study, most institutional changes had been implemented. According to the stages of Greenwood et al. (2002), Estonia is in stage 3 (pre-institutionalization) while India and China are in stage 2 (de-institutionalization).

The trigger events for organizational changes in India stemmed from competitive pressure, and in Estonia, from technological development. The time when the market situation was rapidly changing had already passed in Estonia, and as the country is very small, the only way to compete with global competitors is not to be bigger or even better, but to be more innovative and technologically advanced. Therefore, the author suggests that competitive pressure is behind the need to implement new technology in the case of Estonia as well.

It was different in China, however. The evaluations of the stability and predictability of the institutional environment and the level of competition did not correspond to the trigger for organizational changes. The reason can be found in the structural elements of the institutional environment and additionally, in the cultural elements of the interviewees. While the reason for the organizational changes was reported to be changes in the market environment, Chinese organizations more often changed the organization’s structure and distribution of power than the strategy. That may explain the high success rate of change projects in the Chinese sample, as in this study, the success rate was not defined as the success of the company, but as the level of achievement of goals set for the change project by the initiator of the change.

The change projects were clearly transformational in Indian organizations and transactional in Estonian organizations, and the proposition was supported in the case of these countries. The author has tended to place changes in Chinese organizations in the middle of these two and has decided that the proposition was not entirely supported in the case of China.

**P2: In the process of change implementation in Indian and Chinese organizations the leadership style of the change leader is autocratic and the level of employee involvement is low. In Estonian organizations the leadership style is participative and the level of employee involvement is higher than in India and in China.**

The proposition was partly supported.

The study demonstrated that the leadership style of the change leader in India and China was more autocratic, but in Estonia, more participative. The results correspond well to the power distance and masculinity indexes of Hofstede’s study (Hofstede, 2001).

In all three countries in more than half of the cases, the change leader involved anybody or only top managers in decision making concerning change content and implementation. Employee involvement was almost equally low in Estonia and India, and slightly higher in China.

The autocratic leadership style and low level of employee involvement in decision making is well understood in the case of India, where respect for leaders lies in the nature of Hinduism (Budhwar, 2009a). In Indian organizations, traditionally managers are expected to look after employees and their families, and in return employees are expected to look after the company (Cappelli et al., 2010). In such a paternalistic management system, employees act as sons in a big family and they prefer to leave the decision making to the bosses who act as fathers of that big family (Virmani, 2007). In many cases, the respondents stressed that even if the change leader tried to involve employees, they actually did not participate. Respondent 55 said, *“It is very important (for the consultant) to get the pulse of the middle management and lower level employees. The top management is not in touch with the shop-floor reality.”*

The participative style of Estonian change leaders was expected because Estonian society has historically been less autocratic than Indian and Chinese societies. Moreover, after losing the Soviet market, Estonian companies were forced very quickly to reorient to Western markets in order to survive. To be accepted there, they had to introduce Western standards, including democratic and participative management style. The low level of employee involvement in the decision-making process can be explained by the findings of Ruth Alas and Maaja Vadi (2004). While analyzing change management projects in Estonia, they discovered that Estonian change leaders were focused on initiating the change projects, but paid less attention to assessing and modifying the change implementation (Alas and Vadi, 2004). They empowered employees to participate in the change implementation process, not in the decision-making processes. It is worth mentioning that in 22% of Estonian companies in the sample, the change leader was a consultant, while the percentage of the same was only 12% in the Indian sample and 2% in the Chinese sample.

In China, despite the very autocratic leadership style, lower level employees were involved in the decision-making processes more frequently than in India and Estonia. Nevertheless, as Wei Sun explained, employees were not motivated to participate, so they could be involved as a form of manipulation and they just received orders from the top (Andreeva et al., 2008).

**P3: Change projects in Estonia are more successful when employees are involved in the decision-making, but employee involvement has a negative effect in China and India.**

This proposition was not supported. The success of the change projects depends significantly on employee involvement in India and weakly in Estonia. In both countries, the success rate was higher when lower level employees were involved in the decision-making process about the content and implementation of the change. There was no evidence that the level of employee involvement had any effect on the success of change projects in China.

In India, the findings may imply that even in organizations, which function as big families, the involvement of lower level members in decision making gives better results. In Estonia, employees probably did participate in decision making, though infrequently. After the change leaders had made decisions with the top management team, they empowered employees to participate, providing them training and support (Alas et al., 2008).

According to this study, the authors cannot reject the assumption that involving employees gives better results regardless of the cultural background of organizational members. Yet, the willingness to participate may still be different and may require further research. As Study III indicated, the attempt to involve lower level employees may create resistance in some cultures.

**P4: The participative leadership style gives different results in India, China and Estonia.**

This proposition was not supported. Only in India did the success rate depend on the leadership style. Although the statistical tests did not show a significant correlation between the leadership style and the success rate in China and Estonia, the direction of the correlation coefficient indicated that in all three countries a moderate concentration of authority might give better results. Therefore, the authors of this study did not find evidence that the participative leadership style provides better results.

**P5: Resistance to foreign change leader is strong in India and in Estonia, but the level of resistance does not depend on the origin of change leader in China.**

Based on the findings in the interviews proposition 5 was supported.

The larger the scope of the change and the more transformational elements are included in the change projects, the more resistance it creates. In Estonia, the scope of the change projects was small and mostly transactional elements were included. Therefore, resistance was almost non-existent in half of the organizations where the change leader was a local person. Resistance was much stronger, however, in the organizations where the change leader was a foreigner and it did not depend on the scope of the change. Furthermore, although the difference was not statistically significant in Indian organizations, foreign leaders created more resistance.

In China, the difference was also not statistically significant but the correlation between the level of resistance and the origin of the change leader went in the opposite direction when compared to India and Estonia.

The reason for these findings may originate in the national culture. According to the uncertainty avoidance indexes of Hofstede's study (2001), Indians and Chinese accept foreign leaders, while Estonians treat foreigners with suspicion. That can explain the findings of Chinese and Estonian organizations, but not Indian organizations. Indian and Estonian employees resisted the foreign leader in a more similar manner than can be expected in view of their cultural background. Both in India and in Estonia, employees felt that they can lose something valuable (power or job) under a foreign leader. "Fear" was the word used most frequently, and this was only in the groups where the change leader was a foreigner in both India and Estonia. That implies that the findings can be influenced by the history of these nations. Indian managers know of the frustration their fathers experienced while working under British colonizers, and Estonians remember the same frustration while living and working under Soviet rulers. China, however, has not experienced foreign domination to such a large extent. The fact that in India the resistance to foreign leaders was not strong enough to be statistically significant while in Estonia it was statistically significant can be explained by the time span. India regained its independence 65 years ago, while Estonians achieved the same only 20 years ago. The methods used to overcome resistance also depended on the origin of the change leader. In India, foreign leaders invited employees to participate and forced employee involvement without taking into consideration that Indian employees prefer a paternalistic approach and they hesitate to accept authority, and are fearful of taking independent decisions (Virmani, 2007, Budhwar, 2009b). Respondent I16 said, "*People did not like to take orders from a foreigner*".

In Estonia, foreign leaders did not invite employees to participate even though Estonians are much more willing to do so. Respondent E40 said, "*The leader should see managers and employees as equals and show respect towards all employees*". Instead of involving people, however, foreign managers offered training, which probably reflects their bias toward Eastern European people.

Based on the findings, the authors agree with these researchers who have found that the foreign leader's leadership style and imported methods could be inappropriate in a given culture and therefore evoke resistance among employees (Blazejewski et al., 2006, Erez and Early, 1993).

**P6: The resistance to change in Estonian organizations is stronger than in Chinese and Indian organizations.**

The proposition was not supported. According to Hofstede's uncertainty avoidance index, Estonians should resist change more than Indians and Chinese. Based on

the survey results, the level of resistance to change was the highest in Chinese organizations and the lowest in Estonian organizations. The main reason for that may be the fact that the changes in the Estonian sample were mainly transactional. The high level of resistance in Chinese organizations may be the result of the fact that while changes in Chinese organizations were mostly transformational, the organizational culture was not among the elements to be changed.

**P7: The triggers of resistance in Estonia are different from the triggers of resistance in India and in China.**

The proposition was partly supported. The findings of this study corresponded to the findings of Sushil Kumar and Terry Amburgey (2007) who discovered that the fear of losing one's job, authority and control is a primary factor influencing resistance to individual level adoption. In Indian and in Estonian organizations, fear of losing something of value was the main trigger for resistance, but in India it was "fear of losing power", while in Estonia it was "fear of losing one's job". In China, however, the main factor influencing resistance was lethargy or inertia, which can be explained by the legacy of a command economy, which is still evident in China, but not any more in Estonia and India. Estonians and Indians have been living under democracy for many years, but in a totalitarian country, like China, individuals are trained to fulfill the managers' directions without questioning (Alas et al., 2008). In China, power can never be doubted, and the clear line of authority reduces the uncertainty (ibid.), but increases the inertia.

The triggers for resistance in Estonia (the "feminine" country according to Hofstede) were similar to those in India (the "masculine" country according to Hofstede), but different from the triggers in China ("masculine").

**P8: The methods used to overcome the resistance in Estonia are different from those methods in India and China, while in India and in China the methods are similar.**

The proposition was partly supported. Kotter and Schlesinger (1989) suggest upgrading education and communication, boosting participation and involvement of individuals at all levels as a means of dealing with resistance. Communication was used in India, while education and communication were used both in Estonia and in China most often. Still, the content of these activities was different. Boosting participation was used only once in Estonia, once in India and never in China. As the interviewees stressed, participation should be used more widely in Estonia, but in India, it caused conflicts among employees. In China, it was used as manipulation and was accepted by employees as such (Alas and Sun, 2007).

**P9: Stress is the factor that employees experience most often during change implementation in any culture.**

The proposition was supported. Stress was the main factor that employees experienced in all three countries.

### **III. Summary of findings**

The author presents the main findings of the three studies included in this thesis.

The aim of the study was to explore the elements that may influence the differences in change management practices in various transition countries – the culture and the historical memory. The influence of culture was already studied in Estonian (Alas, 2007) and Chinese (Alas and Sun, 2009) organizations. India has one similarity with these countries - they all suffered a long period of a command economy. Still, the national culture in these countries differs. Moreover, while both India and Estonia were under foreign rulers until recently, China has been closed to foreigners for a long time. The influence of historical memory on change management practices had not been studied in any of these countries.

The leadership style corresponded well with the power distance and masculinity indexes of Hofstede's study, and it clearly depends on the national culture. The differences in leadership style, however, did not influence significantly the employee involvement in the decision-making process in India and Estonia. Even when the leadership style was participative, lower level employees were involved in decision making only in very few cases. Although in China the leadership style was mostly autocratic, employees were involved more often, but because it did not influence the success of the change projects, the involvement was mostly manipulative. The author concludes that at least in these three countries, the employee involvement in decision making is very rare regardless of the cultural background of organizations' members. Therefore, the results did not indicate that the level of employee involvement in decision making depends on the national culture.

The success of the change project, however, did depend on the level of employee involvement in decision making in two very different cultures like India and Estonia. The dependence was especially strong in the case of India. There might be two conflicting attitudes in Indian organizations. On the one hand, Indians are used to accepting authority with unconditional obedience (Sinha, 1990, Virmani, 2007), while on the other hand the Indian executives use a paternalistic approach by taking care of employees and their families and asking employees to look after the company's interests in turn (Cappelli et al., 2010). That may explain the increased level of stress and conflicts among employees because of the leader's attempt to involve them in decision making. Nevertheless, they obeyed and participated, which produced better results. In Chinese organizations, the success of the change projects did not depend on the level of employee involvement. The reason for



that may be the manipulative involvement that caused inertia and lethargy among employees. The other reason may be the fact that among other transformational factors the organizational culture was not changed in Chinese organizations. That increased the level of resistance and even if the employees were involved, it did not enhance the success of the change project.

These findings indicate that while the level of employee involvement did not depend on the national culture, the reaction to the leader's attempt to involve them and the methods of involvement varied in different countries. That caused a different level and a different type of resistance. Although according to Hofstede's cultural dimensions the highest level of resistance was expected to be found in Estonian organizations, it actually appeared in Chinese organizations. The results of the studies indicate that resistance to change cannot be explained only by the national and organizational culture, but it depends also on the type of change and on the elements that are changed at the same time. In Estonian organizations, the changes were mainly transactional and the level of resistance to these changes was low. In Indian organizations, the changes were transformational, but the level of resistance was also much lower than in Chinese organizations. In Chinese organizations, transformational elements were changed without changing the organizational culture. Moreover, manipulation was used in Chinese organizations, which decreased work motivation and caused stress. In democratic countries like India and Estonia, the patterns of resistance were similar, but different from the pattern of resistance in totalitarian China. Therefore, the author suggests that the structural component of the institutional environment may also influence resistance to change.

Stress was the main factor that employees experienced during the change projects in all three countries. However, the level of resistance and increased level of stress did not influence significantly the success of the change projects. Many interviewees saw an increased level of stress as normal and unavoidable phenomenon during the change implementation.

It became apparent in the study that the employees of Estonian and Indian organizations react to foreigners more negatively than employees of Chinese organizations did. Indian and Estonian employees resisted foreign leaders more in a more similar manner than can be expected based on their cultural background. When under a foreign leader both in India and in Estonia, employees felt that they could lose something valuable. "Fear" was the word used most frequently and it only occurred in the groups where the change leader was a foreigner both in India and in Estonia. That implies that the findings can be influenced by the history of these nations. The fact that in India resistance to foreign leaders was not strong enough to be statistically significant while in Estonia it was statistically significant can be explained by the time span. India regained its independence 65 years ago while Estonians achieved the same only 20 years ago.

The findings also indicate that foreign leaders did not consider the cultural background of organizations' members. In India, foreign leaders invited employees to participate while they preferred the paternalistic approach. At the same time, local leaders used the leadership style that corresponded to the local culture and history. In Estonia, foreign leaders did not invite employees to participate, while Estonians are much more willing to do that. Instead of involving people, foreign managers offered them training, which may reflect their bias toward Eastern European people.

#### **IV. Theoretical development**

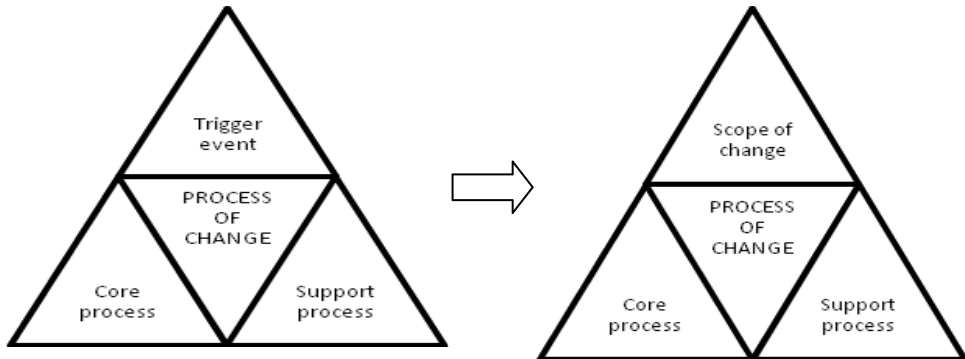
In 2007, Ruth Alas developed the triangular model of change as an attempt to combine different types of change research in transforming economies. According to her model, success of the change projects depends on the process of change, type of change and readiness to change. The building blocks of "Types of change" are the scope of the change, duration of change and the initiator of change. The sub-components of the "Change process" are the trigger event, core processes and support processes. The sub-components of "Readiness to change" are organizational learning, employee attitudes toward change and organizational culture (Alas, 2007).

The author of this dissertation used the triangular model as the basis for planning her research. The main elements of the building blocks were included in the study with some limitations. The readiness to change was studied, taking into account only the resistance to change. The author believes that resistance is the consequence of employee attitude and organizational learning, which in turn are connected to the organizational culture. Although the duration of change and the initiator of change were studied, the findings of these elements did not allow one to draw any conclusions, and therefore have been excluded from the analysis. The core processes were not studied, and among the support processes, only those dealing with resistance were taken into account.

The author of the dissertation also found the interdependences between three main building blocks of the triangular model suggested by Ruth Alas. Based on the findings, she would like to suggest some modifications of the model. The author believes that these modifications will allow one to connect the building blocks to the success of the change project more effectively.

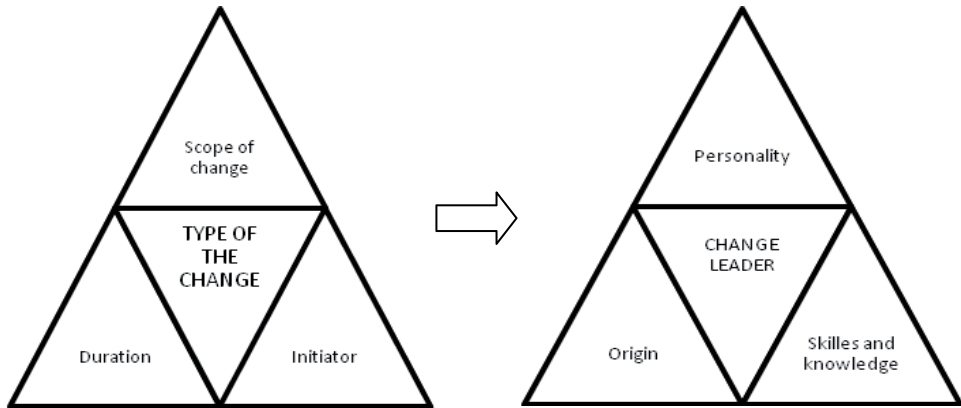
**First**, the author of the dissertation would like to point out that the trigger event that gives an impulse to start the process of organizational change in transforming economies comes from the institutional environment (Alas 2007). Therefore, the trigger event is not a part of the change projects, but it defines, along with organizational characteristics, the scope of the change (Study II). The scope in turn

determines the processes that need to be changed. The author suggested placing the “Trigger event” in the institutional environment and replacing “The trigger event” in the block “Process of change” to “Scope of the change” (Figure 2).



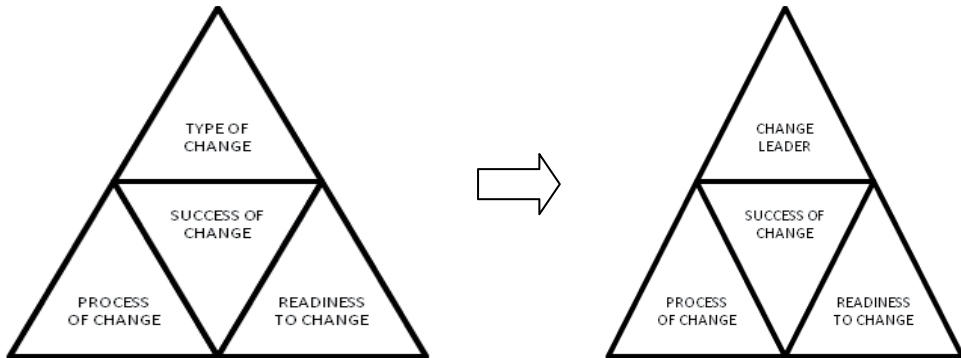
**Figure 2.** The block “Process of change” in the model of R. Alas (in left) and the modified block “Process of change” (in right). Drafted by the author.

**Second**, the type of change is determined by the scope. The duration of change did not depend on the scope or type of change. It may depend on the combination of several elements and it did not correlate with the success of the change projects. Although it may be important whether the initiator of change comes from the lower level employees or from the top, the initiator is less important than the change leader. The leadership style and even his/her origin influence the resistance to change, and through that the support processes needed to overcome the resistance (Studies II and III). Therefore, the author of the dissertation suggests replacing the block “Type of change” with “Change leader”, and excluding the duration of change and the initiator of change from the model. The change leader influences the success of the change through his/her leadership style and personality, origin and knowledge about change management (Figure 3). The interviewees were also asked to rank the elements influencing the success of the change project. Among other elements, “the leader’s personality” was mentioned most often. Among the interviewees, 31% of the Chinese, 45% of the Indians and 59% of the Estonians ranked the leader’s personality first, which was followed by the organization’s culture (22% of Chinese, 21% of Indian and 9% of Estonian interviewees) and employee involvement (18% of Chinese and Estonian, and 35% of Indian interviewees).



**Figure 3.** The block “Type of the change” in the model of R. Alas (in left) and the block “Change leader” (in right). Drafted by the author.

These suggestions modify the triangular model of Ruth Alas (Figure 4). The titles of the blocks “Process of change” and “Readiness to change” remained the same but the content of the “Process of change” is different from that presented in Figure 2.

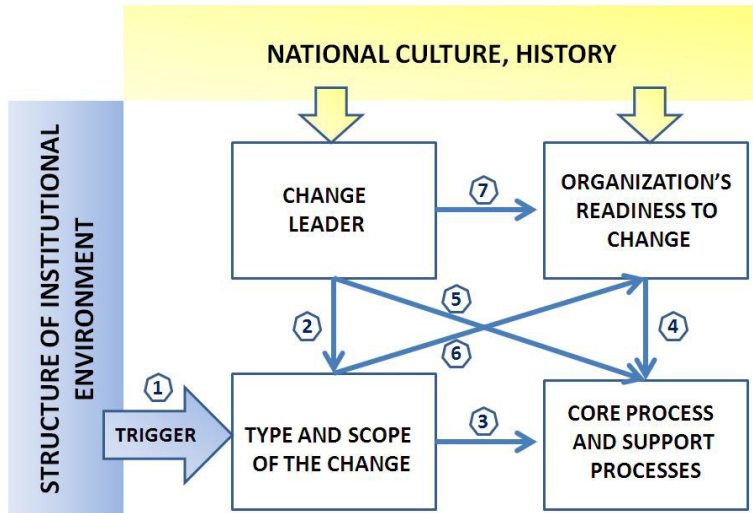


Institutional environment  
**Model presented by Ruth Alas**  
**2007**

Institutional environment  
**Model suggested by author.**

**Figure 4.** The triangular model of R. Alas and the suggested model. Drafted by the author.

To include section on the influence of institutional environment, the author suggests a different model of change, which is presented in Figure 5.



**Figure 5.** The suggested model for organizational change. Drafted by the author.

The change projects are influenced by the institutional environment. The structural component of the institutional environment gives the trigger to start the change projects in organizations. Especially in transforming economies, the triggers are external - changes in the market situation and increasing competitive pressure (Study II). The structural component of the institutional environment also defines the types of change (line 1 in Figure 5). In India and China, where the institutional reforms are still in progress, the organizational changes were transformational. As the study of Ruth Alas indicated, in 2001 organizational changes were transformational also in Estonia, but as the institutional reforms were carried out more quickly, the changes in 2005 were already mostly transactional (Alas 2007). Based on the scope of the change, the process of change is determined (line 3 in Figure 5).

The cultural component of the institutional environment influences both the leader of change and the organization's members (Studies I, II and III). The problems multiply when the change leader's cultural background differs from the cultural background of the organization's members (Study II).

Beside the structural component of the institutional environment, the scope of the change depends on the change leader who plans the change project and organizes its implementation (lines 2 and 5 in Figure 5). His or her knowledge and skills determine how well the project is planned and whether the interdependence of different elements are taken into account or not. The change leader also decides on the core processes and support processes to implement the changes (Studies II and III), and whether the employees are involved or not (line 5 in Figure 5).

Whether and what kind of support processes are needed, depend on the scope of the change (line 3 in Figure 5), the organization's readiness to change (line 4 in Figure 5) and on the will of change leader (line 5 in Figure 5). During small-scale changes in the organization where employees are used to changes and prepared to learn, less emphasis could be placed on support processes. On the other hand, where the scope of the change project is large and the organization's culture needs to be changed, the support processes are much more important. One of the objectives of support processes is to identify resistance and to overcome it. However, as the findings of the research indicate, the resistance may be related to the change leader (line 7 in Figure 5), more specifically – to the differences between his or her cultural background and the cultural background of organization's members (Study II).

Readiness to change also depends on the scope of the change (line 6 in Figure 5) because resistance is weaker when fewer elements or only transactional elements are changed. When the transformational elements, especially the organization's culture are among the elements to be changed, the more stressful it is to the organization's members and the more resistance it creates (Study III).

Consequently, the success of change depends on both the structural and cultural components of the institutional environment, and on the recent history of the organizations' members. Both the national culture and the recent historical events influence the design of the change management projects. The author of the dissertation suggests that these factors should be taken into account when planning and implementing changes in organizations in transformation countries.

## **V. Implications**

Based on the findings of the dissertation, the author presents the following implications to managers of multinational companies and to management consultants.

1. In all transition countries in the study, a medium level of concentration of authority during the change management gives the best results. The study did not confirm the results of the studies carried out in stable Western countries showing the advantages of participative style (Study I).
2. The study results showed that when planning the transformational changes in organizations in transition countries the organizational culture should be one of the elements to be changed. The change leader needs a deep understanding of local culture and history in order to start the process of changing organizational culture. Therefore, local managers or local consultants should be involved in such a process (Study II).
3. The managers of multinational companies and management consultants undertaking international projects should understand that national culture

does influence the willingness of employees to be involved in the decision-making process. An appropriate management style should be used to empower employees and to overcome resistance (Studies I, II and III).

4. An increase in the level of stress during the change project seems to be inevitable. Since stress is frequently accompanied by conflicts and a decrease in work motivation, appropriate communication is needed to implement changes successfully (Study III).
5. The managers of multinational companies and management consultants undertaking international projects should understand that the historical memory of employees influences their attitudes toward the changes implemented by a foreigner. A foreign change leader can expect much stronger resistance in countries that had recently experienced occupation. In former colonies, the resistance to foreign leader may also be stronger (Study II).
6. The change management theories and practices should not be transferred to transition countries without taking into consideration the different cultural and structural institutional environments and also the historical memory of the people of these countries (Studies I, II, III).

## **VI. Limitations and proposals for further research**

Change management is a complex process and it is not possible to study all its aspects in one dissertation. Therefore, the scope of this research involved only the influence of national culture and historical memory of organizations' members on the different elements of organizational change. The relatively narrow scope of the research allows for the exploration of many factors (for example organizational learning, employee attitudes toward change) for future research studies.

The size difference between two Asian countries and Estonia is huge, and representativeness of 50-60 companies is low. The author believes that in the case of India, respondents were experts and represent the experienced members of change management in many Indian companies. Still, the research results could be more generalized if more companies were included.

India, China and Estonia are not entirely in the same institutional situation. Estonia is under the umbrella of the European Union, while China is still far from being democratic country. These differences may influence the findings of this study. Moreover, the scope of the change projects in the samples was different. While in Indian and Chinese organizations, the changes were mainly transformational, in Estonian organizations these were mostly transactional. The interviewees also had different relations to the organizations they described. Indian interviewees were mostly management consultants, while interviewees in the Estonian and Chinese samples were mostly managers with only a few being consultants (Appendix 3).

It would be interesting to compare the findings of this study to similar research in countries that have not experienced occupation or colonization and a command economy recently. As a follow up, it could be possible to generalize the findings of the study.

Furthermore, the attitudes toward change among employees in India should be studied. Following a study of changes from the employees' point of view, it could be possible to offer better suggestions to managers and consultants who are involved in change management in these countries.



## REFERENCES

- ACKERMAN, L. S. 1986. Development, Transition or Transformation: The Question of Change in Organizations. *Organizational Development Practitioner*, December, 1-8.
- ALAS, R. 2007. The Triangular Model for Dealing with Organizational Change. *Journal of Change Management*, 7, 255-271.
- ALAS, R., SHARIFI, S. & SUN, W. 2008. China and Estonia in Flux: Is This a Valid Basis for Comparison of Their Approaches to Change Management?'. *Academy of Management Meeting, Questions We Ask*. Anaheim, California: Academy of Management.
- ALAS, R. & SUN, W. 2007. Organizational changes in Chinese companies: a resource-based view. *Chinese Management Studies*, 1, 225-242.
- ALAS, R. & SUN, W. 2009. Organizational Changes in Chinese Companies. In: ALAS, R. (ed.) *Implementation of Changes in Chinese Organizations: Groping a way through the darkness*. Oxford: Chandos Publishing.
- ALAS, R. & VADI, M. 2004. The Impact of Organizational Culture on Attitudes Concerning Change in Post-Soviet Organizations. *Journal for East European Management Studies*, 9, 20-39.
- ALDAG, R. & STEARNS, T. 1991. *Management*, Cincinnati, South-Western.
- ALVESSON, M. 1987. Organizations, culture, and ideology. *International Studies of Management and Organizations*, 17, 4-18.
- ANDERSON, D. & ACKERMAN-ANDERSON, L. 2001. *Beyond change management: Advanced strategies for today's transformational leaders.*, San Francisco, Jossey-Bass/Pfeiffer.
- ANDREEVA, T. 2006. Organisational change in Russian companies: findings from research project. Graduate School of Management, St. Petersburg State University
- ANDREEVA, T., ALAS, R., VANHALA, S. & SUN, W. 2008. How Applicable are Western Theories about Change in Russia, Estonia and China? *Academy of Management Meeting, Questions We Ask*. Anaheim, California.
- ANSOFF, I. 1988. *The New Corporate Strategy*, New York, John Wiley & Sons.

ARGYRIS, C. 1990. *Overcoming Organizational Defences: Facilitating Organizational Learning*, Upper Saddle River, New York, Prentice-Hall.

ATKINSON, P. 2005. Managing resistance to change. *Management Services*, 49, 14-19.

AVGEROU, C. 2001. The Significance of Context in Information Systems and Organizational Change. *Information System Journal*, 11, 43-63.

AXELROD, R. H., AXELROD, E., JACOBS, R. W. & BEEDON, J. 2006. Beat the Odds and Succeed in Organizational Change. *Consulting to Management*, 17, 6-9.

BARDHAN, N. & PATWARDHAN, P. 2004. Multinational corporations and public relation in a historically resistant host culture. *Journal of Communication Management*, 8, 246-263.

BARNOWE, J. T., KING, G. & BERNIKER, E. 1992. Personal Values and Economic Transition in the Baltic States. *Journal of Baltic Studies*, 23, 179-190.

BARTUNEK, J. M. 1993. The Multiple Cognitions and Conflicts Associated with Second Order Organizational Change. In: MURNIGHAN, J. K. (ed.) *Social Psychology in Organizations: Advances in Theory and Research*. Englewood Cliffs, New York: Prentice Hall.

BASS, B. M. 1985. *Leadership and Performance*, New York, Free Press.

BASS, B. M. 1990. From transactional to transformational leadership: Learning to share the vision. *Organizational Dynamics*, 18, 19-31.

BAUMANE, I. & UMILO, E. 2006. Concepts of Cross-cultural Orientation: A comparison of Latvian and German Business Cultures. In: VADI, M., REINO, A. & HÄMMAL, G. (eds.) *National and International Aspects of Organizational Culture*. Tartu: Tartu University Press.

BEER, M., EISENSTAT, R. A. & SPECTOR, B. 1990. Why change programs don't produce change. *Harvard Business Review*, 68, 158-166.

BEER, M. & NOHRIA, N. 2000. Cracking the Code of Change. *Harvard Business Review*, 3, 133-141.

BEMMELS, B. & RESHEF, Y. 1991. Manufacturing employees and technological change. *Journal of Labour Research*, 12, 231-246.

BENNIS, W. 1989. *Why leaders can't lead.*, San Francisco, Jossey-Bass Publishers.

BLAZEJEWSKI, S., DOROW, W. & SOPINKA-BUJAK, R. 2006. "What does "integrity" actually mean?": Handling ambiguity in MNCs' global core value initiatives. In: VADI, M., REINO, A. & HÄMMAL, G. (eds.) *National and International Aspects of Organizational Culture*. Tartu: Tartu University Press.

BLOCK, P. 1989. Flawless consulting. In: MCLENNAN, R. (ed.) *Managing Organizational Change*. Englewood Cliffs, NY: Prentice Hall.

BROWN, M. & CREGAN, C. 2008. Organizational change cynicism: the role of employee involvement. *Human Resource Management*, 47, 667-686.

BRUCE, R. & WYMAN, S. 1998. *Changing Organizations. Practicing Action Training and Research.*, London, Sage Publications.

BUDHWAR, P. S. 2009a. Challenges facing Indian HRM and the way forward. In: BUDHWAR, P. S. & BHATNAGAR, J. (eds.) *The Changing Face of People Management in India*. New York: Routledge.

BUDHWAR, P. S. 2009b. Introduction: Human resource management in the Indian context. In: BUDHWAR, P. S. & BHATNAGAR, J. (eds.) *The changing face of people management in India.* . London: Routledge.

BUDHWAR, P. S. & SINGH, V. 2009. Factors influencing Indian HRM policies and practices. In: BUDHWAR, P. S. & BHATNAGAR, J. (eds.) *The Changing Face of People Management in India*. New York: Routledge.

BURKE, W. & LITWIN, G. 1992. A casual model of organizational performance and change. *Journal of Management*, 18, 523-545.

BURNS, J. M. 1978. *Leadership*. New York: Harper and Row.

CAMERON, K. S., FREEMAN, S. J. & MISHRA, A. K. 1993. Downsizing and redesigning organizations. In: HUBER, G. P. & GLICK, W. H. (eds.) *Organizational change and redesign*. New York: Oxford University Press.

CAPPELLI, P., SINGH, H., SINGH, J. & USEEM, M. 2010. *The India Way: How India's Top Leaders are Revolutionizing Management.*, Boston, Harvard Business Press.

CHAKRABORTY, S. K. 1991. *Management by values: Towards cultural congruence*, New Delhi, Oxford University Press.

CHATTERJEE, S. R., DAVIS, H. J. & HEUER, M. 2006. Managing in a Changing Environment: Implications and Suggestions for Expatriate Managers in India. *In: DAVIS, H. J., CHATTERJEE, S. R. & HEUER, M. (eds.) Management in India. Trends and Transition.* New Delhi: Sage Publications.

CHATTERJEE, S. R. & HEUER, M. 2006. Understanding Indian Management in a Time of Transition. *In: DAVIS, H. J., CHATTERJEE, S. R. & HEUER, M. (eds.) Management in India. Trends and Transition.* New Delhi: Sage Publications.

CHATTERJEE, S. R. & PEARSON, C. A. L. 2006. Indian Managers in Transition: Orientations, Work Goals, Values and Ethics. *In: DAVIS, H. J., CHATTERJEE, S. R. & HEUER, M. (eds.) Management in India. Trends and Transition.* New Delhi: Sage Publications.

CHHOKAR, J. S., BRODBECK, F. C. & HOUSE, R. J. 2008. India. Diversity and Complexity in Action. *In: HOUSE, R. J. (ed.) Culture and leadership across the world: The GLOBE Book of In-Depth Studies of 25 Societies.* New York: Lawrence Erlbaum Associates.

CHOW, G. 2000. China's Economic Reform and Policies at the Beginning of the 21st Century. Perspectives, 2 (1). Available: [http://www.oycf.org/perspectives/7\\_083100/china.htm](http://www.oycf.org/perspectives/7_083100/china.htm) [Accessed 11.12.2006].

CLARK, E. & GEPPERT, M. 2002. Management Learning and Knowledge Transfer in Transforming Societies: Approaches, Issues and Future Directions. *Human Resource Development International*, 5, 263-277.

CLARK, E. & SOULSBY, A. 1999. *Organizational Change in Post-Communist Europe: Management and transformation in the Czech Republic*, Routledge.

CLAUSEN, C., DAWSON, P. & NIELSEN, K. T. 2000. Political process in management, organization and the social shaping of technology. *Technology Analysis and Strategic Management*, 12, 1-143.

COCH, L. & FRENCH, J. P. 1948. Overcoming Resistance to Change. *Human Relation*, 1, 512-523.

CONNER, D. R. 1998. *Leading at the edge of chaos: How to create the nimble organization.*, New York, John Wiley and Sons Inc.

COVIN, T. J. & KILMANN, R. H. 1990. Participant perceptions of positive and negative influences on large-scale change. *Group and Organizational Studies*, 15, 233-248.

- DAFT, R. L. 1995. *Understanding management*, Orlando, Dryden.
- DAVE, N. V. 2003. *Vedanta and Management. Relevance of Vedantic Concepts in Modern Management Practices.*, New Delhi, Deep and Deep Publications.
- DAWSON, P. 2003. *Understanding Organizational Change. The Contemporary Experience of People at Work.*, London, Sage Publications.
- DEAN, J., BRANDES, P. & DHARWADKAR, R. 1998. Organizational Cynicism. *Academy of Management Review*, 23, 341-352.
- DESAI, D. & SAHU, S. 2008. CRM Change Management in an Emerging Country Context: An Exploratory Study in India. *Global Journal of Flexible Systems Management*, 9, 41-54.
- DIMAGGIO, P. J. & POWELL, W. W. 1983. The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48, 147-160.
- DIRKS, K. T., CUMMINGS, L. L. & PIERCE, J. L. 1996. Psychological Ownership in Organizations: Conditions under which individuals promote or resist change. In: WOODMAN, R. W. & PASMORE, W. A. (eds.) *Research in Organizational Change and Development*. Oxford: Elsevier Science.
- DRUCKER, P. 1999. *Management challenges for the 21st century.*, New York, HarperBusiness.
- EARLY, P. C. & EREZ, M. 1997. *The Transplanted Executive*, New York, Oxford University Press.
- ECCLES, T. 1994. *Succeeding with Change: Implementing Action-Driven Strategies.*, London, McGraw-Hill.
- ELGIN, D. 1977. *Limits to the management of large, complex systems. Assessment of future national and international problem areas.*, Menlo Park, California, Center for the Study of Social Policy, Stanford Research International.
- EPPERSON, B. R. 2006. *The Brain Trust Model: a Proposed change to modern change management*. Doctor of Philosophy, The University of Oklahoma Graduate College.
- EREZ, M. & EARLY, P. C. 1993. *Culture, self-identity and work.*, New York, Oxford University Press.

FELDMAN, M. L. & SPRATT, M. F. 1999. *Five frogs on a log.*, New York, HarperBusiness.

FOY, C. & MADDISON, A. 1999. China: A World Economic Leader, Organisation for Economic Cooperation and Development. *The OECD Observer*, 215, 39-43.

GARG, R. K. & JAIN, S. 2007. Managing Change: A Case of Indian Engineering Industry. *Global Journal of Flexible Systems Management*, 8, 66-79.

GARG, R. K. & SINGH, T. P. 2002. Managing change for competitiveness. *Global Journal of Flexible Systems Management*, 3, 13-22.

GARG, R. K. & SINGH, T. P. 2006. Management of Change - A Comprehensive Review. *Global Journal of Flexible Systems Management*, 7, 45-60.

GEORGE, B. 2003. *Authentic Leadership: Rediscovering the secrets to creating lasting value.* , San Francisco, Jossey-Bass Publishers.

GEPPERT, M. 2003. Critical revision of some core ideas within the discourse about the learning organization: Experiences from field research in East German companies. In: WOODMAN, R. W. & PASMORE, W. A. (eds.) *Research in Organizational Change and Development*. Oxford: Elsevier Science.

GINI, A. 2004. Moral Leadership and Business Ethics. In: CIULLA, J. B. (ed.) *Ethics, the heart of leadership*. Westport: Praeger.

GOPALAN, S. & RIVERA, J. B. 1997. Gaining a Perspective on Indian Value Orientation: Implications for Expatriate Managers. *International Journal of Organizational Analysis*, 5, 156-79.

GOPALAN, S. & STAHL, A. 2006. Application of American management Theories and Practices to the Indian Business Environment: Understanding the Impact of National Culture. In: DAVIS, H. J., CHATTERJEE, S. R. & HEUER, M. (eds.) *Management in India. Trends and Transition*. New Delhi: Sage Publications.

GRAHAM, J. L. & LAM, N. M. 2004. *The Chinese negotiation.* , Boston, Harvard Business School Press.

GREWOOD, R., SUDDABY, R. & HININGS, C. R. 2002. Theorizing change: the role of professional associations in the transformation of institutional fields. *Academy of Management Journal*, 45, 58-80.

GREGORY, M. & GRIFFIN, R. W. 2000. *Organizational behaviour, managing people and organizations*, Mumbai, Jaico Publishing.

- GREINER, L. E. 1975. *Evolution and Revolution as Organizations Grow*, Boston.
- GREINER, L. E. & METZGER, R. O. 1983. *Consulting to management.*, New York, Prentice-Hall, Englewood Cliffs.
- GRIFFITH-COOPER, B. & KING, K. 2007. The Partnership between Project Management and Organizational Change: Integrating Change Management with Change Leader. *Performance Improvement*, 46, 14-20.
- HAMBRICK, D. C., GELETKANYCZ, M. A. & FREDRICKSON, J. W. 1993. Top executive commitment to the status quo: Some tests of its determinants. *Strategic Management Journal*, 14, 401-418.
- HANNAN, M. T. & FREEMAN, J. 1984. Structural inertia and organizational change. . *American Sociological Review*, 49, 149-164.
- HARARI, O. 1999. Why do leaders avoid change? *Management Review*, 88, 35-38.
- HAY, J. 1996. Indian lessons in organizational issues. *Management Development Review*, 9, 35.
- HEAD, T. C. & SORENSEN, P. F., JR 2005. Attracting Foreign Direct Investment: The Potential Role of National Culture. *Journal of American Academy of Business*, 6, 305-308.
- HERSEY, P. & BLANCHARD, K. 1997. *Management of organizational behavior: Utilizing human resources.*, Englewood Cliffs, Ney York, Prentice Hall.
- HOAG, J. & KASOFF, M. 1999. Estonia in Transition. *Journal of Economic Issues*, 33, 919-931.
- HOFSTEDE, G. 1980. *Culture's Consequences*, Beverly Hills, Sage Publications.
- HOFSTEDE, G. 1991. *Cultures and Organizations: Software of the Mind.*, McGrawHill.
- HOFSTEDE, G. 1993. Cultural constraints in management theories. *Academy of Management Executive*, 7, 81.
- HOFSTEDE, G. 2001. *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations*, Thousand Oaks, Ca., Sage Publications.

HOFSTEDE, G., NEUIJEN, B., OHAVY, D. D. & SANDERS, G. 1990. Measuring Organizational Cultures: A Qualitative and Quantitative Study across Twenty Cases. *Administrative Science Quarterly*, 35, 286-316.

HOUSE, R. J., HANGES, P. J., JAVIDAN, M., DORFMAN, P. W. & GUPTA, V. 2004. *Culture, leadership, and organizations: the GLOBE study of 62 societies.*, New Delhi, Sage Publications.

HOUSE, R. J. & JAVIDAN, M. 2004. Overview of Globe. In: HOUSE, R. J., HANGES, P. J., JAVIDAN, M., DORFMAN, P. W. & GUPTA, V. (eds.) *Culture, Leadership, and Organizations. The Globe Study of 62 Societies.* Thousand Oaks, CA: Sage Publications.

HOWARD, L. W. & HOWARS, L. W. 1998. Validating the Competing Values Model as a Representation of Organizational Cultures. . *International Journal of Organizational Analysis*, 6, 231-251.

HUBER, G. P., SUTCLIFFE, K. M., MILLER, C. C. & GLICK, W. H. 1993. Understanding and predicting organizational change. In: HUBER, G. P. & GLICK, W. H. (eds.) *Organizational change and redesign.* New York: Oxford University Press.

HURST, D. K. 1986. Why Strategic Management is Bankrupt. *Organizational Dynamics*, 14, 5-27.

HÄMMAL, G. & VADI, M. 2006. Organizational culture through the connections between metaphors and orientations. In: VADI, M., REINO, A. & HÄMMAL, G. (eds.) *National and International Aspects of Organizational Culture.* Tartu: Tartu University Press.

JAQUES, E. 1989. Culture. In: MCLENNAN, R. (ed.) *Managing Organizational Change.* Prentice Hall.

JICK, T. 1995. Accelerating change for competitive advantage. *Organizational Dynamics*, 14, 77-82.

JOHNSON, D. G. 1988. Economic Reforms in the People's Republic of China. . *Economic Development and Cultural Change*, 36.

JÜRGENSEN, H. H., OWEN, L. & NEUS, A. 2009. Stop improvising change management! *Strategy & Leadership*, 37, 38-44.

JUDSON, A. 1966. *A Managers Guide to Making Changes*, London, John Wiley & Sons.



JUDSON, A. 1991. *Changing Behavior in Organizations: Minimizing Resistance to Change*, Cambridge, MA, Basil Blackwell.

KANTER, R. M. 1984. *Managing change - the human dimension.*, Boston, Goodmeasure.

KANTER, R. M. 1999. The enduring skills of change leaders. *Leader to Leader*, 13, 15-22.

KASE, K., SLOCUM, A. & ZHANG, Y. Y. 2011. *Asian versus Western Management Thinking. Its Culture-Bound Nature.*, London, Palgrave Macmillan.

KELMAN, S. 2005. *Unleashing change: A study of organizational renewal in government*, Washington, DC, Brookings Institution.

KENNEDY, M. D. 2001. A Cultural Analysis Homosocial Reproduction and Contesting Claims to Competence in Transitional Firms. *In*: DENISON, D. R. (ed.) *Managing Organizational Change in Transition Economies*. London: Lawrence Erlbaum Associates.

KHANNA, T. 2007. *Billions entrepreneurs. How China and India Are Reshaping Their Futures and Yours*, Boston, Harvard Business School Press.

KIELY, T. J. 1995. Why reengineering projects fail. *Harvard Business Review*, 73, 15.

KIRKPATRICK, D. 1985. *How to Manage Change Effectively*. San Francisco: Jossey-Bass.

KNOCKE, W. 1991. Women immigrants: What is the problem? *Economic and Industrial Democracy*, 12, 469-486.

KOTTER, J. P. 1995. Leading change: Why transformation efforts fail. *Harvard Business Review*, 73, 59-67.

KOTTER, J. P. 1996. *Leading change.*, Boston, Harvard Business School Press.

KOTTER, J. P. & SCHLESINGER, L. A. 1979. Choosing Strategies for Change. . *Harvard Business Review*.

KOTTER, J. P. & SCHLESINGER, L. A. 1989. Choosing strategies for change. *Harvard Business Review*, 57, 106-114.

- KOTTER, J. P., SCHLESINGER, L. A. & SATHE, V. 1986. *Organization: Text, Cases and Readings on the Management of Organizational Design and Change.*, Irwin.
- KUMAR, R. R. & KAMALANABHAN, T. J. 2005. The Role of Personality Factors in Coping with Organizational Change. *The International Journal of Organisational Analysis*, 13, 175-192.
- KUMAR, S. & AMBURGEY, T. L. 2007. Public Agencies and Collaborative Management Approaches. Examining Resistance Among Administrative Professionals. *Administration & Society*, 39, 569-613.
- LAAR, M. 2001. Back to the Future. *Centre Right Conference: 10 Years of Freedom in Central Europe*. Tallinn, Estonia.
- LAZARUS, R. S. & LAUNIER, R. 1978. Stress-related transactions between person and environment. In: PERVIN, L. A. & LEWIS, M. (eds.) *Perspectives in international psychology*. New York: Plenum.
- LAWRENCE, P. & EDWARDS, V. 2000. *Management in Western Europe.*, Palgrave MacMillain.
- LEAVITT, H. J. 1964. Applied organizational change in industry: structural, technical and human approaches-. In: COOPER, W. W., LEAVITT, H. J. & SHELLY, M. W. (eds.) *New Perspectives in Organizational Research*. New York: Wiley.
- LEIGH, A. 1988. *Effective Change*. London: Institute of Personnel Management.
- LEWIN, K. 1951. *Field theory in social science.*, New York, Harper and Row.
- LEWIN, K., LIPPITT, R. & WHITE, R. K. 1939. Patterns of aggressive behaviour in experimentally created social climates. *Journal of Social Psychology*, 10, 271-301.
- LEVY, A. & MERRY, U. 1986. *Organizational transformation*, New York, Praeger.
- LIKERT, R. 1967. *The human organization: Its management and value*, New York, McGraw-Hill.
- LIN, J. Y. F., CAI, F. & LI, Z. 1996. The lessons of China's Transition to a Market Economy. *Cato Journal*, 16, 201-231.

LIPPITT, R., WATSON, J. & WESTLEY, B. 1958. *Planned change: A comparative study of principles and techniques.*, New York, Harcourt, Brace, and World.

LIUHTO, K. 1999. The Organisational and Managerial Transformation in Turbulent Business Environments – Managers' views on the transition of their enterprise in some of the European former Soviet Republics in the 1990's. *Publications of the Turku School of Economics and Business Administration*, A-9.

LYNTON, N. 2001. Human Resource Management in the Restructuring of Chinese Joint Ventures. In: DENISON, D. R. (ed.) *Managing Organizational Change in Transition Economies*. London: Lawrence Erlbaum Associates.

MAHLER, J. 1997. Influences of Organizational Culture on Learning in Public Agencies. *Journal of Public Administration Research & Theory*, 7, 519-541.

MATHEWS, J. 2009. Models of Change management: A Reanalysis. *IUP Journal of Business Strategy*, 6, 7-18.

MATTHEWS, B. & ROSS, L. 2010. *Research methods. A practical guide for the social sciences*, Harlow, Pearson Education Ltd.

MAURER, R. 1996. Using resistance to build support for change. *Journal for Quality and Participation*, 19, 56-64.

MELLAHI, K. & GUERMAT, C. 2006. Does Age Matter? An Empirical Examination of the Effect of Age on Managerial Values and Practices in India. In: DAVIS, H. J., CHATTERJEE, S. R. & HEUER, M. (eds.) *Management in India. Trends and Transition*. New Delhi: Sage Publications.

MEYER, J. W., BOLI, J. & THOMAS, G. M. 1994. Ontology and rationalization in the Western Cultural Account. In: SCOTT, W. R. & MEYER, J. W. (eds.) *Institutional Environments and Organizations: Structural Complexity and Individualism*. Thousand Oaks: Sage Publications.

MILLER, D. 2002. Successful change leaders: what makes them? What do they do that is different? *Journal of Change Management*, 2, 359-368.

MONGA, M. L. 1997. Corporate restructuring: The search for a fit by Indian organisations. *South Asian Journal of Management* 4, 27-32.

MULLA, Z. R. & KRISHNAN, V. R. 2006. Karma-Yoga: A Conceptualization and Validation of the Indian Philosophy of Work. *Journal of Indian Philosophy*, 24, 26-43.

MULLA, Z. R. & KRISHNAN, V. R. 2007. Karma-Yoga: Construct validation Using Value Systems and Emotional Intelligence. *South Asian Journal of Management.*, 14, 116-138.

NADLER, D. A. 1997. *Champions of change: How CEOs and their companies are mastering the skills of radical change.*, San Francisco, Jossey-Bass.

NADLER, D. A. & TUSHMAN, M. L. 1989. Organizational Frame Bending: Principles for Managing Reorientation. *The Academy of Management, Executive Magazine*, 3, 194-204.

NAFICY, M. 1997. *The fast track.*, New York, Doubleday Broadway Books.

NEELANKAVIL, J. P., MATHUR, A. & ZHANG, Y. 2000. Determinants of Managerial Performance: A Cross-Cultural Comparison of the Perceptions of Middle-level Managers in Four Countries. *Journal of International Business Studies*, 31, 121-41.

NICOLL, D. 1980. *Paradigm reframing.*, San Francisco, OD Network.

NOER, D. M. 1997. *Breaking free: A prescription for personal and organizational change.*, San Francisco, Jossey-Bass Inc.

NORONHA, C. 2002. Chinese cultural values and total quality climate. *Managing Service Quality*, 12, 210-223.

PAJUPUU, H. 2000. *Kuidas kohaneda vöõras kultuuris?*, Tallinn, TEA Kirjastus.

PANAGARIYA, A. 2008. *India: The Emerging Giant*, Oxford University Press.

PARKHE, A. 1991. Interfirm diversity, organizational learning, and longevity in global strategic alliances. *Journal of International Business Studies*, 22, 579-601.

PASMORE, W. A. & FAGANS, M. 1992. Participation, Individual Development, and Organizational Change: A Review and Synthesis. . *Journal of Management*, 18, 357-397.

PATON, R. A. & MCCALMAN, J. 2000. *Change management. A Guide to effective implementation.*, London, Sage Publications.

PELTOKORPI, V. 2007. Intercultural communication patterns and tactics: Nordic expatriates in Japan. *International Business Review*, 16, 68-82.

PELTOKORPI, V. & CLAUSEN, L. 2011. Linguistic and cultural barriers to intercultural communication in foreign subsidiaries. *Asian Business & Management*, 10, 509-528.

PENDLEBURY, J., GROUARD, B. & MESTON, F. 1998. *The ten keys to successful change management.*, New York, John Wiley and Sons, Ltd.

PHENG, L. S. 2001. *Asian Wisdom for Effective Management: From Lao Tzu to Miyamoto Musashi.* , Malaysia, Pelanduk Publication.

PISKE, R. 2002. German Acquisitions in Poland: An Empirical Study on Integration Management and Integration Success. *Human Resource Development International*, 5, 295-312.

PORRAS, J. I. & HOFFER, S. J. 1986. Common Behaviour Changes in Successful Organization Development Efforts. *The Journal of Applied Behavioral Science*, 22, 477-494.

PORRAS, J. I. & ROBERTSON, P. J. 1983. Organisational Development: Theory. Practice, and Research. In: DUNNETTE, M. D. & HOUGH, L. M. (eds.) *The Handbook of Industrial and Organizational Psychology*. Consulting Psychologists Press.

POWELL, W. W. 2007. The New Institutionalism. *The International Encyclopedia of Organization Studies* Thousand Oaks, Ca.: Sage Publishers.

PRIBRAM, K. I. 1983. The Brain, Cognitive Commodities, and the Enfolded Order. In: BOULDING, K. E. & SENESCH, L. (eds.) *The Optimum Utilization of Knowledge*. Boulder: Prentice Hall.

PRUDENCE, J. & PENNICK, N. A. 1995. *History of Pagan Europe.* , London, Routledge.

PUCIK, V., TICHY, N. & BARNETT, C. 1993. *Globalizing Management, Creating and Leading the Competitive Organisation.*, New York, Wiley.

QUINN, R. E. 1996. *Deep change.*, San Francisco, Jossey-Bass.

RASSAM, C. & OATES, D. 1991. *Management consultancy—The inside story.*, London, Mercury.

REGER, R. K. & MULLANE, J. V. 1994. Creating earthquakes to change organizational mindsets. *Academy of Management Executive*, 8, 31-46.

REINA, D. S. & REINA, M. L. 1999. *Trust & betrayal in the workplace: Building effective relationships in your organization.*, San Francisco, Berrett-Koehler Publishers.

REYNIERSE, J. H. 1994. Ten commandments for CEOs seeking organizational change. *Business Horizons*, 37, 40-45.

ROMANELLI, E. & TUSHMAN, M. L. 1994. Organizational transformation as punctuated equilibrium: An empirical test. *Academy of Management Journal*, 37, 1141-1166.

SAHAY, S. & WALSHAM, G. 1997. Social Structure and Managerial Agency in India. *Organization Studies*, 18, 415-444.

SAHLINS, M. 1985. *Islands of History.* , Chicago, University of Chicago Press.

SAVERY, L. K. & SOUTAR, G. N. 1991. Desired work-place decision making: Some community views. . *Australian Bulletin of Labour*, 17, 227-239.

SAXTON, T. 1995. The impact of third parties on strategic decision making: Roles, timing, and organizational outcomes. *Journal of Organizational Change Management*, 8, 47-62.

SCHEIN, E. H. 1988. *Organisational Psychology*, Englewood Cliffs, NY, Prentice Hall.

SCHEIN, E. H. 1992. *Organizational Culture and Leadership*, San Francisco, Jossey Bass Publishers.

SCHEIN, E. H. 2004. *Organizational culture and leadership.*, John Wiley and Sons.

SCHEIN, V. E. 1985. Organizational realities: The politics of change. *Training and Development Journal*, 39, 37-41.

SCHNEIDER, B. 1987. The people make the place. *Personnel Psychology*, 40, 437-453.

SINHA, J. B. P. 1990. The salient Indian values and their socioecological roots. *Indian Journal of Social Sciences*, 3, 478-488.

SINHA, J. B. P. 2004. *Multinationals in India: Managing the Interface of Cultures*, New Delhi, Sage Publications.

SINHA, J. B. P. & KANUNGO, R. N. 1997. Context Sensitivity and Balancing in Indian Organization behaviour. *International Journal of Psychology*, 32, 93-105.

SOPOW, E. 2006. The impact of culture and climate on change programs. Distinguishing between culture and climate to change the organization. *Strategic Communication Management*, 10, 14.

SPARROW, P. R. & BUDHWAR, P. S. 1997. Competition and Change: Mapping the Indian HRM Recipe against World Wide Pattern. *Journal of World Business*, 32, 224-242.

STACE, D. & DUNPHY, D. 1994. *Beyond the Boundaries: Leading and Re-Creating the Successful Enterprise.*, Sidney, McGraw-Hill.

STAGE, C. W. 1999. Negotiating organizational communication cultures in American subsidiaries doing business in Thailand. *Management Communication Quarterly*, 13, 245-280.

STARBUCK, W. H., GREVE, A. & HEDBERG, B. L. T. 1978. Responding to Crises. In: SMART, C. F. & STANBURY, W. T. (eds.) *Studies in Crisis Management*. Montreal: Butterworth and Co.

STURDY, A. 1997. The consultancy process – An insecure business. *Journal of Management Studies*, 34, 389-413.

SUN, W. 2009. *Organisational Changes in Chinese Companies: Content, Readiness and Process (2001-2007)*. Doctor of Philosophy, Estonian Business School.

SUN, W. & ALAS, R. 2007. Changes in Chinese Organizations from Institutional Perspective. *EBS Review*, 23, 36-48.

SUN, W. & ALAS, R. 2009. Implication for Managers. In: ALAS, R. (ed.) *Implementation of Changes in Chinese Organizations: Groping a way through darkness*. Oxford: Chandos Publishing.

ZALTMAN, G. & DUNCAN, R. 1977. *Strategies for Planned Change*, Toronto, Wiley.

ZHANG, W. W. 2004. The implications of the rise of China. *Foresight*, 6, 223-226.

TAAGEPERA, R. 1993. *Estonia – Return to Independence.* , Colorado, Westview Press.

TAAKER, J. 1995. Economic Reforms: The Main Stages, Programmes and Evaluations. In: LUGUS, O. & HACHEY, G. A. (eds.) *Tallinn: Transforming the Estonian Economy*

TAYEB, M. 2006. India: A Non-Tiger of Asia. In: DAVIS, H. J., CHATTERJEE, S. R. & HEUER, M. (eds.) *Management in India. Trends and Transition*. New Delhi: Sage Publications.

TEICHER, J. 1992. Theories of employee participation and industrial democracy: Towards an analytical framework. In: DABSCECK, B., GRIFFIN, G. & TEICHER, J. (eds.) *Contemporary Australian industrial relations*. Melbourne, Australia: Longman Cheshire.

THAKUR, M. & SRIVASTAVA, B. N. 2006. Managing Alliance Intricacies: An Exploratory Study of U.S. and Indian Alliance Partners. In: DAVIS, H. J., CHATTERJEE, S. R. & HEUER, M. (eds.) *Management in India. Trends and Transitions*. New Delhi: Sage Publications.

TIAN, X. 1998. *Dynamics of Development in an Opening Economy: China since 1978.*, New York, Nova Science Publisher.

TROMPENAARS, F. & HAMPDEN-TURNER, C. M. 1998. *Riding the waves of culture. Understanding the cultural diversity in business.*, London, Nicholas Brealey Publishing.

TROMPENAARS, F. & WOOLLIAMS, P. 2003. A new framework for managing change across culture. *Journal of Change Management*, 3, 361-375.

TROUT, J. 1999. *The power of simplicity: A management guide to cutting through the nonsense and doing things right.*, New York, McGraw Hill Professional Book Group.

TUSHMAN, M., NEWMAN, W. & ROMANELLI, E. 1986. Convergence and Upheaval: Managing the Unsteady Pace of Organizational Evolution. *California Management Review*, 29, 29-44.

TUSHMAN, M. L. & ROMANELLI, E. 1985. Organizational evolution: A metamorphosis model of convergence and reorientation. In: CUMMINGS, L. L. & STAW, M. M. (eds.) *Research in organization behavior*. New York: Oxford University Press.

WADDELL, D. & SOHAL, A. S. 1998. Resistance: a constructive tool for change management. *Management Decision*, 36, 543.



VAN DEN VEN, A. H. & POOLE, M. S. 1995. Explaining development and Change in Organizations. *Academy of Management Journal Review*, 20, 510-540.

VAN MAANEN, J. & LAURENT, A. 1993. The flow of culture: some notes on globalization and the multinational corporation. In: GHOSHAL, S. & WESTNEY, D. E. (eds.) *Organization Theory and the Multinational Corporation*. New York: St. Martin's.

WESTEN, D. 1999. *Psychology: Mind, brain, and culture*, New York, Wiley.

WILKINSON, E. 2000. *Chinese History: A Manual (Harvard-Yenching Institute Monograph)*, Harvard, Harvard University Press.

VIRMANI, B. R. 2007. The Challenges of Indian Management. 379.

WOODWARD, J. 1980. *Industrial Organizations: Theory and Practice*, Oxford University Press.

YIN, R. K. 1994. *Case Study Research: Design and Methods.*, Sage Publications.

YUKL, G. 1998. *Leadership in organizations.*, Saddle River, New York, Prentice Hall.



## APPENDICES

### Appendix 1. Interview questions

A1 What is the “nationality” of company’s management where you was participating as a consultant of change implementation: 1- the company is managed by local specialists only; 2 - foreign specialists participate in managing the company; 3 - the company is managed mostly by foreign specialists.

A2 What was the “nationality” of company’s capital?

A3 The number of employees in the company equals to: 1 – less than 30; 2 – 30 to 100; 3 – 100 to 500; 4 – 500 to 1000; 5 – 1000 to 5000; 6 – over 5000.

A4 How old is the company? 1 – 0 to 2 years; 2 – 3 to 5 years; 3 – 6 to 10 years; 4 – 11 to 15 years; 5 – 16 to 20 years; 6 – over 20 years.

A5 In your opinion, at which stage of its life cycle the company is? 1 – childhood; 2 – youth; 3 – maturity; 4 – decline.

A6 Please, describe the branch of industry the company is working in: 1 - Production of goods (for end consumers); 2 - Providing services (for end consumers); 3 - Trade (for end consumers); 4 - Production of goods (for business); 5 - Providing services (for business); Trade (for business).

A7 How would you describe the environment of the company: in the scale of 1 to 10:

- 1) 1 - stable and predictable; 10 - turbulent, unpredictable, constantly changing;
- 2) 1 - favourable for company’s growth and development; 10 - difficult, hostile, full of obstacles to company’s growth and development.

A8 How would you describe the level of competition in the branch of industry the company is working in (number of competitors and their power)?

low competition, the company is monopolist                      1   2   3   4   5   6   7   high competition, numerous competitors

A9 Please, describe the relations between ownership and management of the company: 1 - top-manager is major owner of the company; 2 - top-manager is minor owner of the company; 3 - top-manager is hired employee; 4 - and major owners do not interfere in managing the company; 5 - and major owners interfere in managing the company.

B1 In your opinion, what prompted the company leaders to think about need for change? 1 - change in ownership; 2 - introduction of new technology; 3 - competitive pressure; 4 - entry to new markets; 5 - change in company's top management; 6 - low performance of the company; 7 - change in market situation; 8 - other.

B2 How would you describe this change program by its substance. It was meant to change: 0 - all parameters; 1 - mission, corporate ideology; 2 - business strategy; 3 - organizational structure; 4 - distribution of power, influence; 5 - corporate culture, key values; 6 - management system as a whole; 7 - key people in the organization; 8 - qualitative structure of the staff; 9 - production technology employed; 10 - rules and procedures of everyday work; 11 - functional systems; 12 - other

B3 During what period of time the changes you indicated were in implementation (meaning all changes that you indicated altogether)? 1 - less than 1 month; 2 - 1 to 3 months; 3 - 4 to 6 months; 4 - 7-9 months; 5 - 10-12 months; 6 - 1-1,5 years; 7 - 1,5-2 years; 8 - more than 2 years.

B4 In your opinion, the implementation process was carried out: in general quite fast or quite slowly?

B5 Who, in your opinion, was the leader of change (agent of change) in this particular situation? 1 - owner; 2 - company's leader; 3 - top-management team; 4 - middle managers; 5 - consultants

B6 In your opinion, did key political groups in the company support the idea of particular change program?

B7 Did the company leader involve any of the company's employees in the decision making about the content of change? 1 - no; 2 - yes, these were top-managers; 3 - yes, these were key specialists; 4 - yes, these were middle managers; 5 - yes, these were ordinary people.

B8 Did the company leader involve any of the company's employees in the decision making about the change implementation process? 1 - no; 2 - yes, these were top-managers; 3 - yes, these were key specialists; 4 - yes, these were middle managers; 5 - yes, these were ordinary people.

B9 Did the internal working groups exist, that carried out detailed elaboration of change program and its implementation? 1 - no; 2 - yes, and this group consisted of top-managers; 3 - yes, and this group consisted of key specialists; 4 - yes, and this group consisted of middle managers; 5 - yes, and this group consisted of ordinary employees.

B10 How would you describe the level of concentration of authority on change program development and its implementation? 1 - high (autocratic - all decisions are concentrated on top-management level); 2 – medium (some decisions are delegated to middle managers, heads of departments, etc.); 3 - low (participative - wide range of employees is involved in preparation of decisions and decision making)

B11 Were the following positive factors noticed during the period of change implementation? 1 - increase in enthusiasm, interested, work motivation; 2 - increase in employees' loyalty; 3 - increase in productivity; 4 - decrease in absenteeism; 5 - team development; 6 - increase in profits, sales volume, etc.

B12 Were the following negative factors noticed during the period of change implementation? 1 - decrease in work motivation; 2 - increased level of stress among employees; 3 - increased level of conflicts in the company; 4 - decrease in productivity; 5 - increase in absenteeism; 6 - decrease in profits, sales volume, etc.

B13 If you have mentioned any negative factors in the previous question, please, indicate in your opinion, what was the reason that caused these negative factors to appear?

B14 If you have mentioned any negative factors in the previous question, please, indicate if anything was undertaken to “smoothen” these negative consequences?

B15 If you have not mentioned any negative factors in the question B12, please, indicate, in your opinion, what factors have ensured such negative situation?

B16 What was the hindrance to successful change?

E1 How could you evaluate the results of implemented organizational change from the point of view of achievement of goals set for the change program by company leader? 0% - goals are not achieved at all, 100% - goals are fully achieved.

## **Appendix 2. The characteristics of the organizations in the samples**

### **Size of Indian organizations in the sample**

<b>Number of employees</b>	<b>India</b>	<b>China</b>	<b>Estonia</b>
Less than 30	3%	19%	46%
30 – 100	9%	21%	30%
101 – 500	17%	21%	14%
501 - 1000	14%	13%	0%

1001 – 5000	36%	21%	10%
Over 5000	22%	6%	0%

#### Categories of industry of the sample

Industry	India	China	Estonia
Production of goods for end users	25%	10%	12%
Production of goods for business	31%	8%	8%
Providing services for end consumers	20%	31%	36%
Providing services for end consumers	46%	17%	22%
Trade for end consumers	3%	14%	16%
Trade for businesses	7%	20%	6%

#### The age of organizations in sample

Age	India	China	Estonia
0 - 2 years	7%	11%	5%
3 – 5 years	7%	24%	14%
6 – 10 years	12%	36%	25%
11 – 15 years	14%	11%	32%
16 – 20 years	18%	7%	16%
Over 20 years	42%	11%	8%

### Appendix 3. The location of the interviewees in the Indian samples

State (Cities)	% in the sample
Maharashtra (Mumbai, Pune)	23%
Karnataka (Bangalore, Mysore)	21%
Delhi	14%
Tamil Nadu (Chennai, Coimbatore)	12%
Andhra Pradesh (Hyderabad)	7%
Haryana (Gurgaon)	5%
Kerala (Trichur)	2%
West Bengal (Kolkata)	2%
Outside India (USA, England, South Africa)	14%

## **MUUDATUSTE JUHTIMINE INDIA ORGANISATSIOONIDES VÕRRELDES HIINA JA EESTI ORGANISATSIOONIDEGA (2009-2011)**

### **Töö aktuaalsus ja uurimuse eesmärk**

Nõukogude Liidu lagunemine 20. sajandi lõpus andis paljudele riikidele võimaluse asendada sotsialistlik plaanimajandus kapitalistliku turumajandusega. Koos sellega kadunud ideoloogiline vastasseis pani aluse majanduse laialdasele globaliseerumisele. Endiste sotsialismimaades alanud reformid tõid kaasa ettevõtete erastamise ja uute ettevõtete sünni. Ärikeskkonna kiired muutused sundisid ettevõtete juhte ettevõtete tegevust kiiresti reorganiseerima, et uue olukorraga kohaneda. Ettevõtete omanikel ja juhtidel tuli need muudatused ellu viia olukorras, kus teadmisi nappis nii kapitalistlikust majandamisest kui muudatuste juhtimisest. Tuli kasutusele võtta vanades kapitalistlikes riikides väljatöötatud teooriad ja meetodid, mille rakendamine üleminekuriikides osutus mitmete uuringute põhjal küsitavaks eelkõige kultuuriliste erinevuste tõttu (Andreeva et al., 2008, Clark and Geppert, 2002, Liuhto, 1999, Alas and Vadi, 2004, Chatterjee et al., 2006, Erez and Early, 1993, Gopalan and Stahl, 2006, Jaques, 1989, Kennedy, 2001, Lynton, 2001, Sinha, 2004). Kultuuri definitsioonides leidub viiteid sellele, et rahvuslik kultuur tuleneb selle rahva ühiselt läbielatud kogemustest, mis antakse edasi põlvest põlve (House et al., 2004, Pajupuu, 2000). Seega mängivad ka ühiselt kogetud ajaloosündmused oma osa väärtuste ja uskumuste kujunemisel, mis omakorda mõjutab organisatsioonide käitumist kiirete muudatuste perioodil.

Sügavad reformid toimusid pärast Nõukogude Liidu lagunemist nii Indias, Hiinas kui Eestis. Muudatuste sügavus oli suurim Eestis, kus lisaks majanduse reformimisele taastati ka iseseisvat riiki. Samas oli Hiina alustanud majanduse reformimist juba varem tehes seda etapiviisil, mistõttu on selles riigis veel tänagi säilinud mitmed sotsialismile omased elemendid. Indias tõi reformide vajaduse kaasa Nõukogude Liidu toetuse kadumine ja sügav finantskriis. Reforme alustati peamiselt Maailmapanga survele. Lisaks erinevale reformide tempole erinevad need kolm riiki ka kultuuriliselt, kusjuures oma osa on siin ka ajalool. Nii India kui Eesti on olnud võõrvalitsejate mõju all pikka aega, Hiina aga enamuse ajast iseseisev riik. Ühine on nendele riikidele asjaolu, et kõikides neis algasid 20. sajandi lõpus reformid üleminekuks käsumajanduselt turumajandusele, mis võimaldabki uurida nii kultuuri kui ajaloosündmuste mõju muudatustele nende riikide organisatsioonides.

Doktoritööaineksonplaneeritud muudatused India, Hiina ja Eesti organisatsioonides. Peamiseks eesmärgiks on välja selgitada kultuuri ja ajaloo mõju muudatuste juurutamisele. Autor soovib anda oma panuse muudatuste juhtimise teoreetilistesse uuringutesse, aga ka rahvusvaheliste ettevõtete juhtimispraktikatele.

Doktoritöö piiratud maht ei võimalda organisatsioonilisi muutusi uurida kogu nende kompleksuses, seetõttu on keskendutud peamiselt töötajate kaasamist, juhtimisstiili ja töötajate vastuseisu puudutavatele küsimustele. Sellise valiku tingis autori veendumus, et just need aspektid on kõige enam mõjutatud organisatsioonide kultuurilisest ja ajaloolisest taustast.

Eesmärgi saavutamiseks püstitas autor järgmised uurimisülesanded:

- Selgitada välja India organisatsioonides läbiviidud muutuste liigid ja võrrelda neid muutuste liikidega Hiina ja Eesti organisatsioonides.
- Selgitada välja, kuidas organisatsiooniliste muutuste elemendid sõltuvad organisatsiooni liikmete kultuurilisest taustast.
- Selgitada välja, kuidas organisatsiooniliste muutuste elemendid sõltuvad organisatsiooni liikmete ajaloolisest mälust.
- Selgitada välja, millest sõltub töötajate vastuseis muutustele India, Hiina ja Eesti organisatsioonides.

### **Töö uudsus ja meetodid**

Muudatuste juhtimist on põhjalikult uuritud lääneriikides, kus pole kunagi kogetud radikaalseid üleminekuid sotsialismilt kapitalismile. Nendes uuringutes pole olnud vajadust arvestada organisatsiooniliste muutustega kaasnevaid samaaegselt toimuvaid muutusi inimeste hoiakutes ja teadvuses. Sellise vajaduse tingisid aga sügavad muutused endiste sotsialismimaade institutsionaalses keskkonnas. Üleminekuriikides läbiviidud uuringud (Clark and Soulsby, 1999) on näidanud, et väljatöötatud teooriad ei aita seletada spetsiifilisi probleeme, mille juured on käsumajanduslikus minevikus. Autor viis uuringu läbi India organisatsioonides. Muudatuste juhtimist Hiinas ja Eestis on põhjalikult uurinud Andreeva, Alas ja Sun (Alas and Sun, 2009, Andreeva et al., 2008, Sun and Alas, 2007, Sun and Alas, 2009). Nende uuringute andmed olid autorile kättesaadavad võrdlusanalüüsi läbiviimiseks. Indias on läbi viidud küll mitmeid juhtimise alaseid uuringuid, kuid muutuste juhtimist on uuritud äärmiselt vähe. Autor ei suutnud leida ühtegi selleteemalist uuringut, mis oleks läbi viidud India organisatsioonides. Analoogse otsingu teostasid 2006.aastal ka Garg ja Singh, kes samuti tõdesid, et taolisi uuringuid ei ole läbi viidud. Samuti ei leidnud autor ühtegi uuringut, mis oleks keskendunud organisatsiooniliikmete ajaloolise mälu mõju uurimisele muutuste juhtimisele.

Käesolev doktoritöö täidab seda lünka uurides empiirilisel muutuste juhtimise protsessi India organisatsioonides ning samaaegselt uurides rahvuskultuuri ja ajaloolise mälu mõju organisatsioonilistele muutustele.

Autori peamiseks panuseks teoriasse on organisatsiooni liikmete kultuurilise tausta ja ajaloolise mälu mõju väljatoomine töötajate kaasamisele ja töötajate vastuseisule muutustele organisatsiooniliste muutuste protsessis üleminekuriikides.



## Töö praktiline tähtsus

Töö praktiline tähtsus seisneb alljärgnevas:

- Töötajate kultuurilise ja ajaloolise tausta mõju arvestamine võimaldab juhtidel ja juhtimiskonsultantidele paremini planeerida ja ellu viia ulatuslikke muudatusi üleminekuriikide organisatsioonides.
- Töötajate vastuseisu võimalike allikate teadmine erineva kultuurilise ja ajaloolise taustaga organisatsioonides võimaldab võtta tarvitusele vastuseisu vähendavaid meetmeid juba muudatuste planeerimise etapil ja sellega tugevat vastuseisu ennetada.
- Uuring näitas, et erinevalt soovitud kasutada muudatuste juhtimise protsessis demokraatlikku juhtimisstiili, osutus üleminekuriikide organisatsioonides kõige tõhusamaks mõõdukas võimu kontsentratsioon. See teadmine võimaldab valida muudatusi elluviivatel juhtidel sobivamat juhtimisstiili.
- Organisatsiooni kultuuri muutmise vajadus suuremahuliste muudatuste juurutamise käigus näitab vajadust kaasata rahvusvahelistes organisatsioonides muudatuste agendiks kohalik ekspert, kes tunneb kohalikku kultuuri.
- Teave selle kohta, et okupatsiooni või kolonialismi kogenud riikides saavad välismaised juhid suurema vastuseisu osaliseks, võimaldab rahvusvahelistes ettevõtetes paremini komplekteerida juhtimismeeskonda nende riikide organisatsioonides.
- Juhtimisteoreetikud saavad uuringu tulemusi kasutada muudatuste juhtimise teooriate täiustamisel võttes senisest enam arvesse lisaks institutsionaalse keskkonna struktuurilistele muutustele ka selle keskkonna kultuurilist ja ajaloolist tausta.

## Doktoritöö teoreetiline taust

Autor vaatles organisatsioone nende institutsionaalses keskkonnas jagades selle struktuuriliseks ja kultuuriliseks komponendiks (Meyer et al., 1994) ning võttes arvesse ka nendes keskkondades toimunud ajaloolisi sündmusi (Sahlins, 1985). Samas on väidetud, et organisatsioon kui avatud süsteem ei sõltu mitte ainult organisatsiooni liikmete rahvuskultuurist, vaid et seda mõjutavad ka investorite, klientide ja teiste huvigruppide ootused, mistõttu aja jooksul erinevates kultuurikeskkondades paiknevate organisatsioonide kultuurid muutuvad sarnasteks (DiMaggio and Powell, 1983, Avgerou, 2001, Van Maanen and Laurent, 1993, Sinha, 2004). Samas on periood ühe ühiskonnakorra hävimise ja uue korra täieliku aktsepteerimise vahel suhteliselt pikk (Clark and Soulsby, 1999). Autorit huvitas, mil määral kultuuriline ja ajalooline taust üleminekuriikides siiski organisatsiooni käitumist muudatuste juurutamise protsessis mõjutab ja kuivõrd võimalik on kultuuriga mitteamestav muudatuste juhtimise teooria. Erinevad autorid on rahvuskultuuri seostanud ajalooliste sündmustega (House et al., 2004, Pajupuu, 2000), mistõttu autor uuris ka organisatsiooniliikmete ajaloolise mälu mõju muudatuste juhtimise protsessile. Kultuurilise erinevuse mõõdikutena

kasutas autor Geert Hofstede'i kultuuriliste aspektide indekseid (Hofstede, 2001), mille alusel on India kultuur mitmes aspektis sarnasem Hiina kultuurile kui Eesti kultuurile. Samas erinevalt India elanikest ei ole Hiina elanikud kogenud nii suurel määral võõrriigi valitsuse all elamist, mis võimaldaski uurida selle erinevuse mõju muudatuste juhtimise erinevatele elementidele.

Oma uuringus vaatles autor organisatsioonides läbi viidud muudatuste juhtimise planeeritud protsesse, mis olid esile kutsutud kas muutustest institutsionaalses keskkonnas või organisatsiooni sees. Mitmed uurijad alustades Kurt Lewinist (Lewin 1951) on arendanud välja selliste muudatuste juhtimise mudeleid. Autor lähtus Kotteri mudelist (1996), mis jagas muudatuste juhtimise kaheksaks etapist. Uuringu elementide seos Kotteri mudeliga on esitatud osa 1 peatükis IV (Tabel 2). Autor liigitas muudatused vastavalt Burke ja Litwini (1989) käsitlusele. Erinevaid liigitamise võimalusi on põhjalikumalt käsitletud osa 1 peatükis V. Et analüüsida institutsionaalse keskkonna mõju organisatsiooniliste muudatuste ulatusele jagas autor organisatsiooniliste muudatuste põhjused organisatsiooni sisesteks ja välisteks vastavalt erinevate autorite poolt esitatud jaotusele (Jick, 1995, Monga, 1997, Tushman and Romanelli, 1985).

Erinevad autorid on muudatuste juhi rollist erineval arvamusel, samuti erinevad nende soovitud juhtimisstiili osas. Autor lähtus seisukohast, et juhi kultuuriline taust mõjutab tema otsuseid ning et organisatsiooni liikmete kultuuriline taust mõjutab omakorda nende ootusi juhi juhtimisstiilile (Mahler, 1997, Head and Sorensen, 2005, George, 2003, Early and Erez, 1997). Probleemid süvenevad, kui juht ja organisatsiooni liikmed on erineva kultuurilise taustaga (Gopalan and Rivera, 1997, Hofstede, 2001, Paton and McCalman, 2000, Thakur and Srivastava, 2006, Chatterjee and Pearson, 2006, Lynton, 2001, Kennedy, 2001). Autorit huvitas, millistele muudatuste juhtimise aspektidele see mõju avaldub.

Töötajate kaasamist on mitmed uurijad pidanud muudatuste juurutamise õnnestumise kriitiliseks teguriks (Judson, 1991, Cameron et al., 1993, Coch and French, 1948, Dean et al., 1998, Kirkpatrick, 1985, Pasmore and Fagans, 1992, Pendlebury et al., 1998, Porras and Hoffer, 1986). Samas on ka neid, kes viitavad töötajate kaasamise puudustele (Kumar and Amburgey, 2007, Hersey and Blanchard, 1997, Kotter et al., 1986). Autori arvates on erimeelsuste põhjuseks asjaolu, et töötajate kaasamise võimalikkus ja sellest saadav kasu võib sõltuda töötajate kultuurilisest taustast, millele viitavad ka mitmed uuringud (Sun, 2009, Andreeva et al., 2008, Alas and Vadi, 2004, Piske, 2002). Autoritaarsetes kultuurides võivad juhi püüdlused töötajaid otsustamise protsessi kaasata tuua kaasa töötajatepoolse vastuseisu muudatustele.

Vastuseisu muudatustele on käsitletud peamiselt kui muudatuste vaenlast, mille eesmärgiks on pidurdada muudatuste elluviimist (Ansoff, 1988, Schein, 1988, Zaltman and Duncan, 1977, Bemmels and Reshef, 1991), aga ka kui vajalikku

fenomeni, mis juhib tähelepanu sügavamatele probleemidele organisatsioonis ja ebakorrektselt muudatuste juhtimisele (Dawson, 2003, Judson, 1966, Waddell and Sohal, 1998). Erinevad uurijad on toonud välja vastuseisu psühholoogilised faktorid, milleks enamasti on hirm kaotada töökoht või võim (Daft, 1995, Harari, 1999, Eccles, 1994, Noer, 1997, Schein, 1985), inertsus, ebakindlus (Feldman and Spratt, 1999, Kanter, 1984, Waddell and Sohal, 1998, Nadler, 1997) ja omavahelised konfliktid (Clausen et al., 2000). Nende psühholoogiliste faktorite tagajärjeks on stress, mis omakorda vähendab töötajate motivatsiooni ja töö efektiivsust. Autor uuris erinevate vastuseisu põhjustanud psühholoogiliste faktorite seost muudatuste juhtimise teiste elementidega. Samuti uuris autor erinevates kultuurides erinevate juhtide poolt kasutatud meetmeid vastuseisu nõrgendamiseks klassifitseerides need vastavalt kirjanduses toodud soovitudele (Kotter and Schlesinger, 1989, Kotter, 1995).

Autor kasutas Ruth Alase (2007) poolt väljatöötatud mudelit, et analüüsida erinevate uuritud elementide seost muudatuste juurutamise edukusega, lisades mudelisse institutsionaalse keskkonna kultuurilise ja ajaloolise aspekti.

## **Empiiriline uuring**

Uurimistöö algas 2008.aastal muudatuste alase teaduskirjanduse läbitöötamisega, millele järgnesid intervjuud juhtimiskonsultantidega, kes olid osalenud muudatuste juhtimise protsessis India organisatsioonides. Autor omas juba eelnevalt häid teadmisi India ajaloost, kultuurist ja juhtimise eripäradest Indias.

Esimeseks uurimisülesandeks oli selgitada välja India organisatsioonides läbiviidud muudatuste liigid ja võrrelda neid muudatuste liikidega Hiina ja Eesti organisatsioonides. Vaadeldi ka nende seost ärikeskkonnas toimuvate muutustega. Andmeid analüüsiti peamiselt kvantitatiivselt. Tulemusi käsitleti kõige põhjalikumalt artiklis II, kuid taustainformatsioonina ka artiklites I ja III.

Teiseks uurimisülesandeks oli selgitada välja, kuidas organisatsiooniliste muudatuste elemendid sõltuvad organisatsiooni liikmete kultuurilisest taustast. Selleks võrreldi muudatuste juhi juhtimisstiili Hiina, India ja Eesti organisatsioonides. Samuti analüüsiti erinevate juhtimisstiilide mõju muudatuste juurutamise protsessi edukusele ning töötajate kaasamist otsustamise protsessi muudatuste planeerimise ja juurutamise käigus. Leiti juhtimisstiili ja töötajate kaasamise seos muudatuste juurutamise edukusega. Analüüsi teostati peamiselt kvantitatiivseid meetodeid kasutades. Tulemusi käsitleti artiklis I.

Kolmas uurimisülesanne oli selgitada välja, kuidas organisatsiooniliste muudatuste elemendid sõltuvad organisatsiooni liikmete ajaloolisest mälust. Selleks jagati uuritud organisatsioonid kahte gruppi, kusjuures ühes grupis olid organisatsioonid,

kus muudatuste juhiks oli kohaliku kultuuri esindaja ja teises organisatsioonid, kus muudatuste juhiks oli organisatsiooni liikmetele võõra kultuuri esindaja. Andmeid analüüsiti nii kvantitatiivselt kui kvalitatiivselt. Tulemusi käsitleti artiklis II.

Neljas uurimisülesanne oli selgitada välja, millest sõltub töötajate vastuseis muudatustele India, Hiina ja Eesti organisatsioonides. Selleks analüüsiti intervjuueeritavate ütlusi kvalitatiivselt. Lisaks vastuseisu tugevusele ja sisule vaadeldi ka vastuseisu vähendamiseks rakendatud meetmeid erinevates kultuurides. Tulemusi käsitleti artiklis III.

## **Töös püstitatud uurimiseväited ja nende analüüsi tulemused**

Läbitöötatud kirjanduse põhjal püstitas autor 9 uurimiseväidet.

Väide 1: India ja Hiina organisatsioonides on 21. sajandi algul toimuvad muudatused peamiselt ümberkujundavad, Eestis aga kohaldavad.

Esimene väide leidis kinnitust vaid India ja Eesti puhul. Muutused institutsionaalses keskkonnas toimusid kolmes vaadeldud riigis erinevas tempos, olles kiireimad Eestis ja aeglaseimad Hiinas. Ka Indias toimusid reformid järk-järgult. Nn „šoki-teraapiat“ rakendati nendest riikidest vaid Eestis. Seetõttu oli oodata, et uuringu toimumise ajaks on Eesti organisatsioonid jõudnud juba faasi, kus ümberkorraldavad muudatused on lõpule viidud. Uuringu tulemused kinnitasid seda. Samuti leidis kinnitust, et India organisatsioonides toimuvad veel ümberkorraldavad muudatused. Samas Hiina puhul väide täit kinnitust ei leidnud, kuna kõige sagedamini muudeti Hiina organisatsioonides organisatsiooni struktuuri ja võimu jaotust, harvem strateegiat ja veelgi harvem organisatsiooni kultuuri. Seetõttu ei saa kinnitada, et muudatused Hiina organisatsioonides olid ümberkujundavad.

Väide 2: Muudatuste juhi juhtimisstiil on autokraatlik India ja Hiina organisatsioonides ja demokraatlik Eesti organisatsioonides, mistõttu Indias ja Hiinas kaasatakse töötajaid otsuste langetamisse harvem kui Eestis.

Väide leidis osaliselt kinnitust. Muudatuste juhi juhtimisstiil oli Hiinas ja Indias peamiselt autokraatlik ja Eestis demokraatlik, kuid töötajaid kaasati otsustamise protsessi kõigis kolmes riigis väga harva. Veidi kõrgem oli madalama astme töötajate kaasamise tase Hiinas vaatamata eriti autokraatlikule juhtimisstiilile.

Väide 3: Eestis on muudatuste juurutamine edukam, kui otsuste langetamisse kaasatakse töötajaid, kuid Hiinas ja Indias on töötajate kaasamisel muudatuste juurutamise edukusele negatiivne mõju.

Väide ei leidnud kinnitust. Muudatuste juurutamise edukus sõltub töötajate kaasamisest oluliselt Indias ja vähesel määral Eestis. Hiinas aga puudus seos

töötajate kaasamise ja muudatuste juurutamise edukuse vahel, mis paneb kahtluse alla töötajate sisulise kaasamise Hiina organisatsioonides.

Uuringu tulemused ei lükka ümber väidet, et töötajate kaasamise korral on organisatsiooniliste muudatuste juurutamine edukam. Kuid nagu näitas uuring III, on töötajate valmisolek osalemiseks erinevates kultuurides erinev. Mõnes kultuuris võib töötajate kaasamine suurendada vastuseisu muudatustele.

Väide 4: Demokraatlik juhtimisstiil muudatuste juurutamise protsessis annab Indias, Hiinas ja Eestis erinevaid tulemusi.

Väide ei leidnud kinnitust. Kuigi India organisatsioonides muudatuste juurutamise edukus korreleerus juhi juhtimisstiili autokraatsuse tasemega, puudus selline korrelatsioon Hiina ja Eesti organisatsioonides. Siiski võimaldasid uurimisandmed järeldada, et kõigis kolmes riigis annab muudatuste juurutamise protsessis parimaid tulemusi mitte demokraatlik, vaid keskmise autokraatsuse tasemega juhtimisstiil.

Väide 5: Vastuseis muudatustele on Indias ja Eestis tugevam, kui muudatuste juhi rahvus erineb organisatsiooni liikmete rahvusest. Samas ei sõltu vastuseisu tugevus juhi rahvusest Hiina organisatsioonides.

Väide leidis kinnitust. Eesti organisatsioonides oli vastuseis muudatustele välismaise juhi korral märgatavalt tugevam kui kohaliku juhi korral. Sama tendents oli täheldatav ka India organisatsioonides, kuigi nõrgemal kujul, mis võis olla tingitud asjaolust, et India saavutas iseseisvuse 60 aastat tagasi, Eesti aga vaid 20 aastat tagasi. Kuigi Hiina organisatsioonide andmete põhjal olulist seost juhi päritolu ja vastuseisu vahel ei olnud, näitas korrelatsioonikordaja märk vastupidist suunda võrreldes Eesti ja India andmetega. Seega võib oletada, et Hiina organisatsioonides suudab välismaine juht vastuseisu mõnel määral hoopis vähendada.

Erinev oli ka organisatsiooni liikmete reaktsioon meetoditele, mida välismaine juht vastupanu vähendamiseks kasutas. Indias püüdsid välismaised juhid töötajaid otsustamise protsessi kaasata, mis aga kutsus esile konflikte organisatsioonis. Eestis organisatsioonides aga ootasid töötajad, et neid kaasataks, kuid selle asemel pakkusid välismaised juhid töötajatele koolitust.

Väide 6: Vastuseis muudatustele on Eesti organisatsioonides tugevam kui Hiinas ja Indias.

Väide ei leidnud kinnitust. Vastuseisu tase oli suurim Hiina organisatsioonides ja madalaim Eesti organisatsioonides, mille põhjuseks võib olla ka muudatuste ulatuse erinevus.

Väide 7: Vastuseisu põhjused Eestis erinevad vastuseisu põhjustest India ja Hiina organisatsioonides.

Väide leidis osaliselt kinnitust. India ja Eesti organisatsioonides oli peamiseks vastuseisu põhjuseks hirm, kusjuures India organisatsioonides kardeti kaotada positsiooni ja Eesti organisatsioonides töökohta. Hiina organisatsioonides oli peamiseks vastuseisu põhjuseks inertsus.

Väide 8: Meetodid, mida juhid kasutavad vastuseisu vähendamiseks Eestis on erinevad võrreldes Hiina ja Indiaga, kusjuures Hiina ja India organisatsioonides kasutatakse sarnaseid meetodeid.

Väide leidis osaliselt kinnitust. Indias kasutasid juhid vastuseisu vähendamiseks peamiselt kommunikatsiooni parandamist, Eestis ja Hiinas nii kommunikatsiooni parandamist kui töötajate koolitamist. Töötajate kaasamist rakendati vastuseisu vähendamiseks Indias ja Eestis vaid ühel juhul, Hiinas mitte kordagi.

Väide 9: Töötajad kogevad muudatuste juurutamise protsessis stressi sõltumata nende kultuurilisest taustast.

Väide leidis kinnitust. Stressi kogeti võrdselt sageli kõigis kolmes riigis.

## **Tulemuste analüüs**

Uuringu eesmärgiks oli uurida, kuidas organisatsiooni liikmete kultuuriline taust ja ajalooline mälu mõjutavad muudatuste juhtimise erinevaid elemente. Kultuuri mõju muudatuste juhtimisele Hiina ja Eesti organisatsioonides oli juba varem Ruth Alase (2007) ja Wei Sun'i (2009) poolt uuritud. India sarnaneb Hiinale ja Eestile, kuna ka selles riigis rakendati kuni 1991.aastani plaanimajanduse põhimõtteid. Kultuuriliselt on aga tegemist väga erinevate riikidega. India sarnaneb Hiinaga võimudistsantsi, maskuliinsuse ja ebamäärasuse vältimise poolest, kuid individualismi näitaja alusel sarnaneb India hoopis Eestiga. Nii Eesti kui India on oma ajaloos kogenud võõrriigi ülemvõimu – India vabanes Briti koloonia seisusest 60 aastat tagasi, Eesti Nõukogude Liidu koosseisust 20 aastat tagasi. Hiina ei ole olnud sellisel määral ei okupeeritud ega koloniseeritud. Siiani ei olnud keegi uurinud nende ajaloosündmuste mõju muudatuste juhtimisele.

Uuringu tulemused juhtimisstiili osas olid kooskõlas Geert Hofstede uuringu tulemustega. Juhtimisstiili valik aga ei mõjutanud töötajate kaasamise taset mitte üheski vaadeldud riigis. Isegi väga demokraatliku juhtimisstiili korral töötajaid otsuste langetamise enamasti ei kaasatud. Seega ei saa väita, et töötajate kaasamine oleks üleminekuriikides seotud muudatuste juhi juhtimisstiiliga. Küll aga sõltus muudatuste juurutamise edukus töötajate kaasamisest nii Indias kui

Eestis, kusjuures Indias oli korrelatsioon edukuse ja kaasamise vahel tugev. Samas tõi töötajate kaasamine India organisatsioonides kaasa konflikte organisatsioonis. Põhjuseks võib olla India organisatsioonidele omane paternalistliku juhtimisstiili eelistamine nii juhtide kui töötajate poolt. Hiina organisatsioonides seost töötajate kaasamise ja muudatuste juurutamise edukuse vahel ei olnud, mille põhjuseks võib olla asjaolu, et töötajaid kaasati formaalselt, mis uuringu põhjal tõi kaasa inertsuse ja töömotivatsiooni languse.

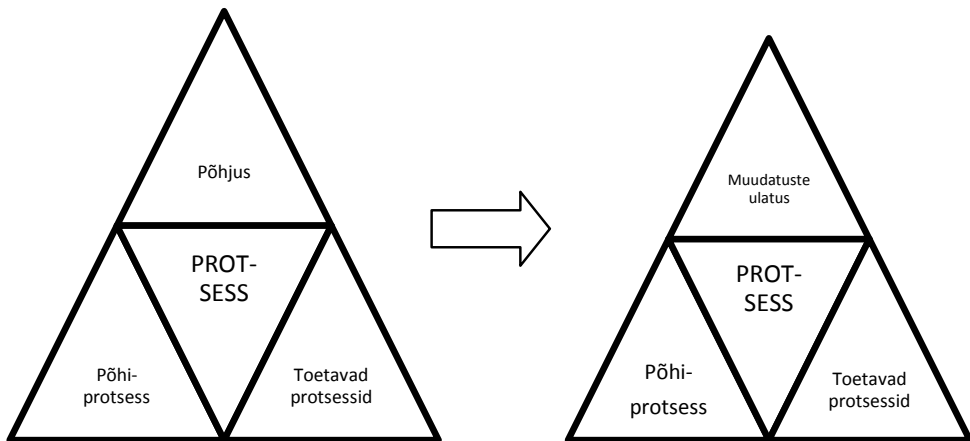
Hofstede'i kultuuri-indeksite põhjal võis suurimat vastuseisu muudatustele oodata Eesti organisatsioonides, tegelikult oli aga vastuseis tugevaim Hiina organisatsioonides. Uuringust selgus, et demokraatlikes riikides oli vastuseis muudatustele oluliselt väiksem kui totalitaarses Hiinas. Üks tugeva vastuseisu põhjusi võib peituda ka asjaolus, et sõltumata muudatuste ulatusest, muudeti organisatsiooni kultuuri Hiina organisatsioonides väga harva. Samas India organisatsioonides kaasnes ulatuslike muudatustega alati ka organisatsiooni kultuuri muutmine.

Uuringu tulemuste põhjal reageerisid Eesti ja India organisatsioonide liikmed teisest kultuurist pärit juhile negatiivsemalt kui Hiina organisatsioonide liikmed. Nii India kui Eesti organisatsioonides oli vastuseis muudatustele tunduvalt tugevam, kui muudatuste juht oli pärit välisriigist. Mõlemas riigis tundsid töötajad välismaise muudatuste juhi all hirmu kaotada midagi väärtuslikku, milleks India organisatsioonides oli võim ja Eesti organisatsioonides töökoht. „Hirm“ oli kõige sagedamini kasutatav sõna, kui intervjueritavad iseloomustasid töötajate vastuseisu põhjusi välismaise muudatuste juhi korral. Hiina organisatsioonides vastuseisu tugevus ja selle põhjused muudatuste juhi päritolust ei sõltunud. Tulemused viitavad sellele, et vastuseis muudatustele võib olla seotud töötajate ajaloolise mälega. Asjaolu, et Eestis avaldus vastuseis teisest kultuurist pärit juhile tugevamini kui India organisatsioonides, võib olla seotud ajalise distantsiga. India taastas oma iseseisvuse 60 aastat tagasi, Eesti aga vaid 20 aastat tagasi.

Tulemused viitavad ka asjaolule, et teisest kultuurist pärit muudatuste juht ei arvestanud kohaliku kultuuri eripäradega. Indias püüdsid teisest kultuurist pärit juhid töötajaid kaasata otsustamise protsessi, kuigi India töötajad eelistasid paternalistlikku juhtimisstiili. Samas kohalikud juhid kasutasid meetodeid, mis olid kooskõlas India kultuuriga. Eestis ei kaasanud teisest kultuurist pärit juhid töötajaid, kuigi Eesti töötajad oleksid seda eelistanud. Kaasamise asemel pakkusid välismaised juhid töötajatele koolitust, mis võib olla seotud nende eelarvamustega eestlaste kui ida-eurooplaste suhtes.

Ülaltoodud tulemused võimaldavad täpsustada Ruth Alase (2007) muudatuste juhtimise kolmnurkset mudelit, mida käesoleva doktoritöö autor kasutas oma uuringu planeerimisel.

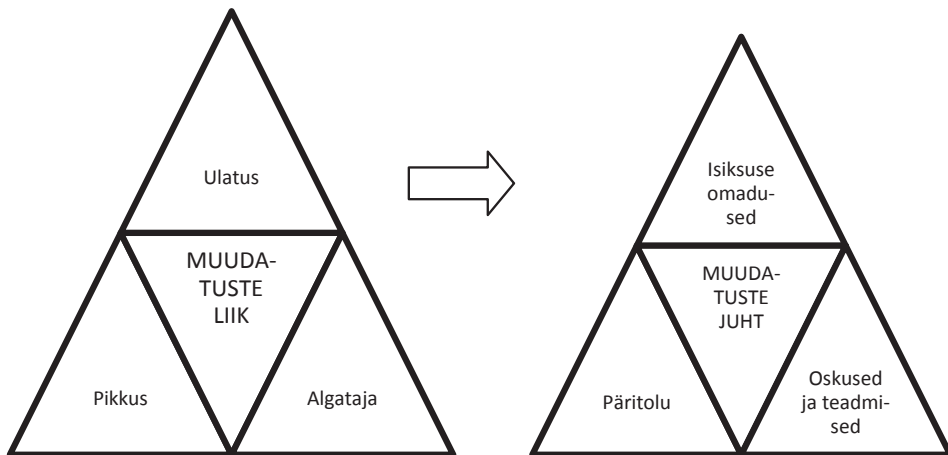
Esiteks soovib autor asetada muudatuste põhjuse organisatsiooni institutsionaalsesse keskkonda, kuna üleminekuriikides on organisatsiooniliste muudatuste põhjus enamasti organisatsiooni väline ja sellest sõltub organisatsiooniliste muudatuste ulatus (II artikkel). Muudatuste ulatustest omakorda sõltuvad muutmist vajavad protsessid. Seetõttu soovib autor asendada kolmnurgas „muudatuste protsess“ nurga „muudatuste põhjus“ elemendiga „muudatuste ulatus“ (joonis 1).



**Joonis 1.** Kolmnurk „muudatuste protsess“ täpsustatud kujul. Autori joonis.

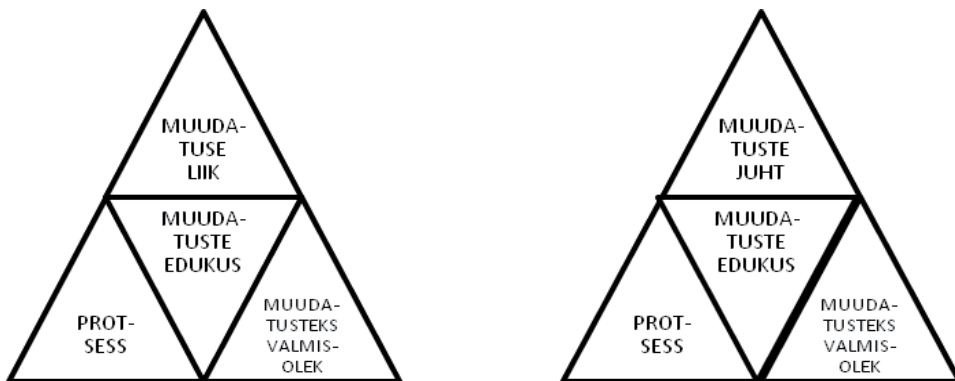
Teiseks soovib autor täpsustada, et muudatuste liigi määrab muudatuste ulatus. Muudatuste juurutamise edukus ei sõltu käesoleva uuringu tulemuste põhjal muudatuste juurutamise ajalisest pikkusest, kuna muudatuste protsessi pikkus ei korreleerunud mitte ühegi teise näitajaga. Kuigi võib olla oluline, kelle poolt muudatused on algatatud, on algataja mõju muudatuste juurutamise edukusele väiksem kui muudatuste juhi mõju. Nii juhi juhtimisstiil kui ka tema päritolu mõjutavad vastuseisu tugevust muudatustele (II ja III artikkel). Seetõttu soovib autor asendada kolmnurga „muudatuste liik“ kolmnurgaga „muudatuste juht“ ning jätta välja nii muudatuste ajaline pikkus kui ka algataja. Muudatuste juhi mõju muudatuste juurutamise edukusele sõltub tema juhtimisstiilist, isiksuse omadustest, päritolust ja muudatuste juhtimise oskustest (Joonis 2). Intervjueeritavatel paluti muuhulgas ka järjestada olulisus järjekorras faktorid, mis nende arvates kõige rohkem mõjutavad muudatuste juurutamise edukust. Kõige sagedamini nimetasid intervjueeritavad just muudatuste juhi isiksuse omadusi (31% Hiina, 45% India ja 59% Eesti intervjueeritavatest), millele järgnes organisatsiooni kultuur ja töötajate kaasamine, kuid viimaseid kahte märgiti tunduvalt harvem kui juhi isiksuse omadusi.





**Joonis 2.** Kolmnurk “muudatuste juht”. Autori joonis.

Need ettepanekud muudavad Ruth Alase muudatuste juhtimise edukuse kolmnurka nagu näidatud joonisel 3. Kolmnurk “muudatusteks valmisolek” jääb samaks, muutub kolmnurga “muudatuste protsess” sisu ning kolmnurk “muudatuste liik” asendub kolmnurgaga “muudatuste juht”.

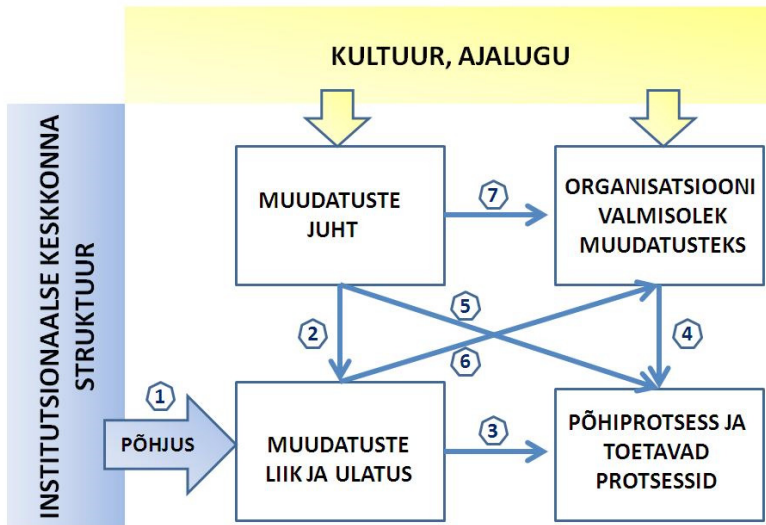


Institutsionaalne keskkond  
Ruth Alase mudel (2007).

Institutsionaalne keskkond  
Autori soovitatud mudel.

**Joonis 3.** Ruth Alase muudatuste edukuse kolmnurkne mudel ja autori poolt soovitatud mudel. Autori joonis.

Et täpsustada institutsionaalse keskkonna mõju muudatuste juhtimise edukusele, soovitab autor muudatuste planeerimiseks ja juurutamiseks kasutada mudelit, mis on esitatud joonisel 4.



**Joonis 4.** Muudatuste juhtimise mudel. Autori joonis.

Organisatsioonilised muudatused sõltuvad institutsionaalsest keskkonnast. Institutsionaalse keskkonna struktuuri komponendi muutus üleminekuriikides põhjustab muudatuste vajadust organisatsioonides (II artikkel). Sellest omakorda tuleneb muudatuste ulatus (joon 1 Joonisel 4). Laiaulatuslikud reformid, sealhulgas üleminek sotsialismilt kapitalismile, tingivad vajaduse ümberkujundavate organisatsiooniliste muudatuste järele. Indias ja Hiinas, kus institutsionaalse keskkonna struktuursed reformid alles toimuvad, on organisatsioonilised muudatused suurema ulatusega kui Eestis, kus suuremad reformid on juba lõpule viidud. Nagu näitab Ruth Alase uuring (2007), toimusid ka Eesti organisatsioonides 2001.aastal ümberkujundavad muudatused, mis 2005.aastaks olid asendunud märksa väiksema ulatusega muudatuste vastu. Muudatuste ulatusest sõltub, millistes protsessides tuleb muudatused sisse viia ja milliseid toetavaid protsesse seejuures vajatakse (joon 3 Joonisel 4).

Institutsionaalse keskkonna kultuuriline komponent mõjutab nii muudatuste juhti kui ka muudetava organisatsiooni liikmeid (I, II ja III artikkel). Probleemid on suuremad, kui muudatuste juht ja organisatsiooni liikmed on pärit erinevast kultuurikeskkonnast (II artikkel). Lisaks institutsionaalse keskkonna struktuurile mõjutab muudatuste ulatust ka muudatuste juht, kes planeerib muudatused ja juhib nende juurutamist (jooned 2 ja 5 Joonisel 4). Tema oskustest ja teadmistest sõltub, kui hästi muudatuste juurutamine on planeeritud ja kas muudetavate elementide omavahelised seosed on võetud arvesse. Samuti sõltub muudatuste juhust, kas töötajaid kaasatakse otsustamise protsessi või mitte ja milliseid toetavaid protsesse kasutatakse vastuseisuga toimetulemiseks (II ja III artikkel).

Toetavate protsesside vajadus sõltub muudatuste ulatustest (joon 3 Joonisel 4), organisatsiooni valmisolekust muudatusteks (joon 4 Joonisel 4) ja ka muudatuste juhist (joon 5 Joonisel 4). Väikese ulatusega muudatuste korral, nagu näiteks ühe seadme asendamine teisega, organisatsioonis, kus töötajad on muudatuseks ettevalmistatud, on toetavate protsesside vajadus väiksem. Teiselt poolt, ümberkujundavate muudatuste korral, mille käigus muudetakse ka organisatsiooni kultuuri, on toetavate protsesside osatähtsus märgatavalt suurem. Üks toetavate protsesside ülesanne on vastuseisu tuvastamine ja selle vähendamine. Uuringu tulemused näitavad aga, et vastuseis on sageli sõltuvuses muudatuste juhi isiksusest (joon 6 Joonisel 4), eriti juhi ja töötajate kultuurilistest erinevustest (II artikkel).

Organisatsiooni valmisolek muudatusteks sõltub ka muudatuste ulatusest (joon 7 Joonisel 5). Vastuseis on väiksem, kui muudatused hõlmavad väikest arvu elemente või on oma loomult pigem kohandavad kui ümberkorraldavad. Kui muudatuste juurutamise käigus muudetakse ka organisatsiooni kultuuri, põhjustab see stressi ja tugevat vastuseisu (III artikkel) ning sellisele muudatusele ei pruugi organisatsioon valmis olla.

Kokkuvõtteks, muudatuste juurutamise edukus sõltub institutsionaalse keskkonna nii struktuurisest kui kultuurilisest komponendist, aga ka organisatsiooni liikmete ajaloolisest mälust. Nii vaadeldava organisatsiooni liikmete kultuuriline taust kui ka kogatud ajaloolised sündmused mõjutavad muudatuste juhtimise protsessi. Autor soovib seda üleminekuriikides organisatsiooniliste muudatuste planeerimisel arvesse võtta.

### **Piirangud ja ettepanekud jätku-uuringuteks**

Muudatuste juhtimine on kompleksne protsess ja antud doktoritöö raames ei olnud võimalik uurida kõiki sellega seotud aspekte. Uuringu fookuseks oli vaid kultuuri ja ajaloo mõju organisatsiooniliste muudatuste juhtimise erinevatele elementidele. Selline suhteliselt kitsas fookus jätab võimaluse mitmeteks jätku-uuringuteks.

Uuritud Aasia riigid ja Eesti on väga erineva suurusega, samuti on valim suhteliselt tagasihoidlik (50-60 organisatsiooni igas riigis). Autor usub, et kuna India intervjuueeritavad olid eksperdid, kellel oli muudatuste juhtimise kogemus mitmest India organisatsioonist, siis on vähemalt India puhul valim piisav. Sellegipoolest võimaldaks suurem valim tulemusi paremini üldistada.

Uuringus eeldati, et institutsionaalse keskkonna struktuuriline komponent on kõigis kolmes riigis sarnane. Siiski on ka siin erinevused – Eesti on Euroopa Liidu liige, Hiinat aga ei saa isegi demokraatlikuks riigiks pidada. Need erinevused võivad mõjutada järeldusi, mistõttu neid on võimaluse korral ka arvesse võetud. Ka muudatuste ulatus oli erinevate riikide organisatsioonides erinev. Muudatused

Eesti organisatsioonides olid mõnevõrra väiksema ulatusega kui Indias ja Hiinas. Erinev oli ka intervjueeritavate seotus kirjeldatud organisatsiooniga. India intervjueeritavad olid juhtimiskonsultandid, Eesti ja Hiina intervjueeritavad aga suuremas osas organisatsioonide erineva tasandi juhid.

Piirangutele vaatamata usub autor, et kultuuri ja ajaloolise mälu mõju organisatsiooniliste muudatuste juhtimisele on uuringus piisavalt väljendunud ning annab tõuke teisteks sellelaadseteks uuringuteks. Seni on selles uuringus kasutatud meetodi alusel uuritud vaid üleminekuriikide organisatsioone. Vajalik oleks ka analoogse uuringu läbiviimine mõnes riigis, kus käsumajandust, okupatsiooni ega kolonisatsiooni ei ole kogetud. Seejärel saaks võimalikuks järeldada, kas uuringu järeldused on omased vaid üleminekuriikidele või on neid võimalik üldistada. Uurida tuleks ka madalama taseme töötajate suhtumist muudatustesse India organisatsioonides, mis võimaldaks täpsustada soovitusi muudatuse juhtidele ja muudatuste juhtimisse kaasatud konsultantidele.

## CURRICULUM VITAE

**First name and family name:** Ülle Pihlak  
**Place and date of birth:** Tallinn, May 19, 1957  
**Nationality:** Estonian  
**Civil status:** divorced, son Kevin Christopher Pihlak (1994)  
**Present position:** Manager of Entrepreneur Center, lecturer,  
management consultant  
Estonian Business School  
**Address:** Lauteri 3, Tallinn 10114, Estonia  
**Phone:** +372 5021357  
**e-mail:** ylle.pihlak@ebs.ee

### Education:

1998-now                      Estonian Business School  
*PhD in Social Science, in studying*  
1992-1994                     Estonian Business School  
*International Business Administration,*  
*MBA degree*  
1976-1981                    Tallinn University  
Mathematics and Physics, M.A. degree

### Professional employment:

1979-1989                    Tallinn Secondary School No 47.  
Teacher of physics, astronomy and mathematics  
1989-1999                    AS Mainor (consulting company)  
*Senior consultant,*  
*Manager of Consulting Department*  
1999-2000                    KPMG Estonia  
*Manager*  
1994-2000                    Estonian Business School  
*Lecturer (part time)*  
2000-now                     Estonian Business School  
*Manager of Entrepreneur Center, lecturer*

### Other professional activities:

- Certified business adviser according to SFEDI standards from 1st sept. 2007.
- Member of editor's board for special issue of Äripäev "You own company" 2001 - 2003.

- Organizer of the conference “Business opportunities in Asia” 2004.
- Organizer of the conference „How to manage your wealth“2007.
- Head of EBS curriculum council bachelor program “Entrepreneurship and business administration”.

**Membership of professional bodies:**

- Estonian Consultants’ Association.

