POWER DISTANCE AND MODERN RUSSIAN BUSINESS

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Summary

Globalization and the internationalization of business emphasize the requirement to consider cultural background of business practices. Power distance is supposed to be one of the most significant structural characteristics of the culture that influences different aspects of public and business spheres. A clear understanding of power distance factors and their origin, as well as awareness about current situation can help prepare for successful communication with Russian partners, colleagues, and employees.

Key words
cultural dimensions, power distance,

Összefoglalás

A globalizáció és az üzleti élet nemzetköziesedése miatt egyre inkább szükség van az üzleti gyakorlatok kulturális hátterének figyelembe vételére. A hatalmi távolság a kultúra egyik legfontosabb strukturális jellemzője, amely a nyilvános és üzleti szféra több aspektusát is befolyásolja. A hatalmi távolság tényezői és gyökerei, valamint az aktuális szituáció ismerete segíthet abban, hogy sikeresen kommunikáljunk orosz üzleti partnerekkel, kollégákkal és alkalmazottakkal.

Kulcsszavak
kulturális dimenziók**,** hatalmi távolság

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Introduction
Globalization processes and interdependence of the world economies make most companies operate in an international business environment and interact with professionals belonging to different cultures. Most misunderstandings and challenges occur when members of the organizations act on the basis of cultural stereotypes and the assumption that their own unconscious beliefs and values are appropriate in other countries (see, for example Ablonczy 2014; Tompos and Ablonczy 2014). Examination of cultural biases in relation to historical and modern challenges, awareness about their origin and peculiarities of perception can become the basis for cultural understanding and fruitful international business relations.

The cultural dimension of power distance (PD) is widely used by many researches for cross cultural and comparative studies as it is an important structural characteristic of the culture that defines national and cultural peculiarities of communication styles and behavior in public and business spheres.

This paper summarizes findings from different cross cultural research programs conducted by Russian and foreign scientists, analyzes and discusses factors of PD rooted in the country's historical and sociocultural practices, and investigates current trends in modern Russian business.

Cultural dimension of power distance
The term "power distance" (PD) was first proposed by Mulder (1977) as "the degree of inequality in power between a less power Individual (I) and a more powerful Other (O), in which I and O belong to the same social system" (Mulder 1977, 90). Hofstede defined power distance as the extent to which a unit accepts the fact that the power is distributed unequally (Hofstede 1980, 45).

In Hofstede's Value Survey Modules (VSMs), the power distance dimension is associated with practice, perception and preference for equality or inequality between bosses and subordinates in organizations:

1. Practice: subordinates' degree of fear in expressing disagreement with the leader / manager.
2. Perception: subordinates' recognition of the boss's real decision-making style (from autocratic to paternalistic).
3. Preference: Subordinates' preference for the way their boss makes a decision: style going from an autocratic to a more paternalistic or, on the contrary, a style based on majority vote, but not a consultative style (Carl et al. 2004, 56).

Thus, PD is one of the key cultural factors that impacts on the relations, performance, and effectiveness within and outside the organization. High PD background determines dependence relationship between superiors and subordinates (Goodman, 1995, 39); the superiors are being trusted mostly on the basis of their position and not on their professionalism or ability to solve problems (Victor 1992, 178). Superiors control their subordinates' task-related activities and do not encourage their autonomy in performing duties. Moreover, the boss of the organization is the primary source of the ethical norm of the organization; the subordinates try not to debate with their bosses and do not criticize their actions. Thus, subordinates' behaviors mostly display the moral view of the boss, no matter if they share or do not share their beliefs.

PD influences the negotiation process (e.g. Szőke 2015; Tompos 2014) and it is revealed both in the way the negotiation team is formed, and decisions are made. Companies from high PD countries tend to send representatives with titles equivalent to or higher than those of their bargaining partners (Adler 1991). In high PD countries a delegation usually cannot make decisions itself so it asks for permission from company management. In big and

new companies the structure of decision-making is not always transparent, but the lower the level of the decision-maker the fewer risks they tend to take (Balykina 2014).

PD affects the stress level in the working setting (Jex 2002); the collegial atmosphere on the managerial level is also highly affected by power distance perceptions (Matsumoto 2000).

High PD influences the way people interact in teamwork. Participants from high PD backgrounds are unlikely to work well in team development exercises requiring face-to face openness, frankness, and feedback concerning the impact of their own or others' behavior on the group (Rigby 1987, 67).

PD sways directions and style of communication practices in the organization. In countries with high PD the up-down information dissemination dominates and feedback is not considered as a necessity or a norm of organizational communication.

Historical and cultural aspects of power perception in Russia
Studies carried out by Russian and foreign researchers (Lossky 1990; Yadov 2002; Zdravomyslov 2002; Kliuchevskiy 1993) investigated historical and cultural aspects of Russian national character development. Religion and the collective legacy "obshchina" are considered to be among the key factors that influenced the Russian national character and consequently high PD.

Theocratic nature of power, tradition of authority-related attitudes came to Russia together with the Orthodox branch of Christianity from Byzantine. This tradition meant indisputable power of the Tsar and hardly any respect to individuals, who were often thought about as serfs.

Collectivist orientation of the rural "obshchina" made its members subordinate their interests and rights to the interests of the society; there was strict control and mutual assistance in the group. The legacy of obshchina was revealed in Soviet practices of democratic centralism. All members of the organization could debate issues and policies and vote for leadership. But as soon as the leader was put in position, their decisions were unarguable.

The existing body of literature on Russian history and culture distinguished some peculiarities of power perception that influenced the organizational practices and national character.
1. Power is considered something incomprehensible, sacral and existing beyond any institutes, relations or traditions.
2. Power is also beyond moral criteria; it is not accountable to morale.
3. Power is irrational, unpredictable and even illogical.
4. Power is universally personified, though it always denies individuality. It is the person on the throne who is sacral but not a person or a throne. Power is not an impersonal combination of power responsibilities but the person who exercises power responsibilities.
5. Power is ambivalent; it is both the source of evil and good. (Klyamkin 2011, 62-64).

Most Russian philosophers believed that "in this world the power is evil, government is bad" (Berdyaev, 1990, 119). "Russians feel evil and sin of any power stronger than Western people" (Berdyaev, 1990, 169). Such power was called "votchinnoe" or patrimonial, which means that executives look upon the objects of their management (country, branch, enterprise, land where people work and produce output, as well as their output) as a "votchina" or their own private domain. They assume they possess the organization and they can manage it the way they feel correct.

Power Distance Index in modern Russia
In the last decades, scholars have conducted large-scale cross-cultural researches, based on works by Hofstede (1984), MacClelland (1985), as well as the theoretical findings of Kluckhohn and Strodtbeck (1961) and Triandis (1995). The first evaluations of cultural dimensions for Russia by Geert Hofstede were published in 1980 and were determined on the basis of secondary sources, including national statistics and literature archetype analysis.

In 1995-1996, professor Naumov from Moscow State University carried out a piece of research based on Hofstede's methodology to measure cultural dimensions on 250 Russians. The respondents included managers and professionals, as well as students and faculty members of several business schools. In 2008, Naumov conducted the second research to investigate cultural dimensions dynamic (Naumov and Petrovskaja, 2010). This study used results both from 1996 and 2006 and presented the analysis from a historical perspective.

In 1995-2002, there was the large-scale cross-cultural research made by Global Leadership and Organizational Behavior Effectiveness (GLOBE) in 62 counties and 450 Russian managers were interviewed.

In 2004, Yu. Latov and N. Latova studied cultural dimensions in three most important economic districts of Russia: central, southern, and eastern; about 2000 people were interviewed. The data revealed the difference in Power Distance Index (PDI) in different parts of the country: 67 in the southern part (Stavropol), 47 in the center (Tula), and 41 in the eastern district (Tumen). Table 1 summarizes the findings of the above examinations.

Table 1 The PD index in Russia

Research	Power distance index
G. Hofstede 1980	90
A. Naumov 1996	40
GLOBE 1995-2002	77
Yu. Latov, N. Latova 2004.	52
A. Naumov, I. Petrovskaya 2006	33

Source: own compilation based on overviewed investigations

These studies confirm that Russia is the country with high PDI and they seem to reveal a tendency to reduce it. Information society and access to information, the economic and political changes have caused a considerable shift toward lower PDI and citizens' sentiment: 29% perceive themselves free and 20% of them think they are independent from politicians and superiors (Vedomosti, April 2014). At the same time one can see the following headlines in the mass media: "Servility impedes the Russian economy"; "Company try to reduce power distance"; "Essence of love and hate towards bosses"; "Hierarchy or slavery psychology?" Naumov (2002, 23) considers this rather low PDI result as the reflection of the respondents' desired attitude rather than actual one.

Surveys among higher education students demonstrate that their PDI and value of authoritarianism grow from 50 in the first year of study to 53 after graduation (Latova 2008, 57). Some researchers assume that when young people get into a professional environment, they reproduce the behavior model of the senior generation: do not show yourself, do not put on airs, and do not criticize a boss. Such behavior, typical for the Soviet period, has not changed; it has just mutated and helped people survive and adapt to the new social and economic conditions, when their professional skills can be unclaimed (Beroeva 2014).

There are some changes in values and attitudes, but leadership styles are still authoritarian, with a high level of mistrust. Historical attributes: a patrimonial leadership style, centralized management and allocation of resources, considerable gap between top and

middle management, "manual management" or "ruchnoe upravlenie" are still typical characteristics of many Russian government and business structures.

Modern Russian managers are aware of the interconnectedness between an organization's effectiveness and personnel empowerment and they seek the ways to reduce PD. The experience of companies that try to decrease the distance demonstrate that high PD is supported both up and down. Due to traditional doubt in power most employees resist changes; they consider democratization as an unfair game, they feel that their interest will be ignored (Podtserob 2014).

Examinations show that people tend to work in hierarchical organizations as they feel their future more predictable and their job safer; they better realize ties between people in the organization. They think that high power distance can be effective if the organization "as one" follows the command of one person.

Moreover, actual social and economic conditions encourage the reproduction of paternalistic character of power both from top-down and down-top. According to the research conducted by the expert center Head Work Analytics, there is a stable tendency towards paternalistic orientation in the business sphere apparent in demand for a definite type of a leader. Leaders who demonstrate paternal concern for their subordinates are more preferable than ones that recognize their subordinates like partners. One of the respondents said that they (subordinates) do not need to be respected, they need to be cared for. An effective leader is expected to go into the heart of the working situations, to solve their employees' conflicts as an arbitrator or a strict but fair father; 70% of respondents prefer to be guided by strict sole authority (Snegovaya 2015).

Employees are not eager to be empowered; they do not need autonomy in performing their duties and functions. Most of all (48) an average Russian respondent does not want to be delegated extensive duties and responsibilities, at the same time, they hate it when their opinions are ignored (28). It seems that the Russian model of empowerment is to participate but not to be responsible for the results (Naumov 2010, 23).

Conclusion

During the last two decades Russia stepped into a new era of business relations. Modern management patterns create new possible variation of the power distance perception in the workplace environment. Nevertheless, historically and culturally determined preferences for a strong leader as well as the value of stability, security and predictability slow down the process.

A clear understanding of underlying power distance factors and dimensions will help to prepare for successful communication with Russian partners, colleagues, and employees.

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