Multinational Corporations and the Fragmentation of Organizational Culture: A Postcolonial Perspective

Master Thesis

to obtain the academic degree of

Master of Science Global Business

in the Master’s Program

Joint Master Program Global Business Russia/Italy
STATUTORY DECLARATION

I hereby declare that the thesis submitted is my own unaided work, that I have not used sources other than those indicated, and that all direct and indirect sources are acknowledged as references.

This printed thesis is identical with the submitted electronic version.

Place, Date

Signature
DEDICATION

I dedicate this thesis to Dr. Daniel Semper, Dipl. Kult. Wirt. Mag. Julia Semper and Dr. Franz Reitbauer who have had an enormous impact on my personal growth and professional interests. Even if this project only constitutes a small step in the analysis of the cross-cultural issues involved in business cooperation between Austrian and Russian companies, this project could not have been realized without the contribution of this magnificent troika.
Table of Contents

ABSTRACT ........................................................................................................................................... 5
INTRODUCTION ..................................................................................................................................... 6
I. THEORETICAL FRAMEWORK ............................................................................................................. 8
  1.1. Postcolonial Theory and International Business and Management Studies (IBMS) ............... 8
    1.1.1 A Discursive Analysis of the Dominance of Western Knowledge over the Non-Western World ........................................................................................................................................... 10
    1.1.2 The Authenticity of the Subaltern .............................................................................................. 17
    1.1.3 Hybrid Cultures .......................................................................................................................... 22
  2.1. Qualitative Research Methodology ............................................................................................... 27
  2.2. Purposeful Sampling .................................................................................................................... 29
  2.3. Ethical Dilemmas .......................................................................................................................... 31
  2.4. Method .......................................................................................................................................... 32
  2.5. Findings ......................................................................................................................................... 38
SUMMARY ............................................................................................................................................... 48
DISCUSSION .......................................................................................................................................... 50
CONCLUSION ......................................................................................................................................... 55
FUTURE RESEARCH .............................................................................................................................. 57
LIMITATIONS ......................................................................................................................................... 58
REFERENCE LIST .................................................................................................................................... 59
APPENDIX ................................................................................................................................................ 65
ABSTRACT

The purpose of this thesis is to investigate the dichotomy of relations between the Western headquarter and the non-Western subsidiary by drawing on an empirical study of the experiences of Austrian and Russian managers in the Austrian-owned Russian subsidiary. The principle of inductive reasoning and the interpretive paradigm of the qualitative research methodology and the subsequent application of postcolonial theory in its relation to IBMS helped derive the theoretical model of a fragmented organizational culture. The findings demonstrate the presence of power relations between expatriate and local management in the subsidiary. These relations are primarily the result of implementing the universal headquarter’s best practice model in the subsidiary. They also led to the emergence of a self-regulated space of adjustments formed by the local management. In sum, these elements contributed to the formation of a fragmented organizational culture in the Austrian-owned Russian subsidiary. This study highlights the values of Austrian and Russian corporate culture that could play a significant role in managing cross-cultural spaces.

*Keywords: organizational culture, postcolonialism, critical management studies, orientalism, hybridity, authenticity*
INTRODUCTION

A partnership between business entities from transition and developed economies represents a win-win economic situation for countries of both camps. Following the path from communism to capitalism, countries of the transition economy strive for the knowledge and marketable skills of the West, while access to cheap resources and market opportunities cause companies from the West to turn their attention to the East (Aidis, 2007). Therefore, top multinational companies are mostly represented by Western national states (UNCTAD, 2017). Born in the West, they engender interconnected economies due to a transfer of knowledge and resources across borders to gain the lion’s share of income flows in return. Scholars have connected the exclusivity of their knowledge to a consistent management approach that ensures the stability and continuity of operations in subsidiaries in spite of diverse external environments.

Therefore, in the light of present research, this thesis focuses on analyzing the policies and practices of Western multinational companies (MNCs) implemented by employees in the host country. Gamble (2003) explains that management practices and policies create practical experience that could benefit the enterprise in cultural and organizational terms. It is necessary to bear in mind that the success of the enterprise rests on managerial employees who regulate the activities of the cross-cultural entity to guarantee the harmonization of operations between the central office and its subsidiaries.

To understand the dichotomy of relations between the Western headquarter and the non-Western subsidiary, this research has been conducted together with an Austrian MNC that has been operating in the Russian market for more than ten years – and the choice is not accidental. The Austrian-Russian bilateral alliance is considered as exemplary in terms of West – East cooperation in Europe. Branding the geopolitical role as an active supporter of the Eastern Bloc countries, Austrian public and political elites hardly have anti-Russian sentiment, which has strengthened the stability of business and political relations until today (Astrov, 2009). Moreover, according to an FDI report in 2015, Russia held a top position in a number of projects invested by Austrian enterprises in comparison to other Eastern European countries (Kuznetsov, 2015). Therefore, the analysis of this West-East cooperation can be considered as an attractive research area. This project aims to answer the following research question: How are the policies and practices of the HQ implemented by the local and expatriate managers of the Austrian MNC in Russia?
This thesis bases its conclusions on the empirical study of the experiences of the Austrian and Russian managers in the Austrian-owned Russian subsidiary who are personally involved in translating and implementing corporate policies and practices. In order to provide a deeper insight into the research problem, the focus is placed on hands-on experience and knowledge. Guided by the principles of inductive reasoning and the interpretive paradigm of qualitative research methodology, the in-depth interview sessions with the research participants that were transcribed reveal relevant concepts that emerged in the collected data. The inductive conceptual framework draws attention to key concepts of postcolonial theory and their role in the critical analysis of international business and management studies. This allows to elucidate the grounded theoretical model of the fragmented organizational culture in the Austrian-owned Russian subsidiary.
I. THEORETICAL FRAMEWORK

1.1. Postcolonial Theory and International Business and Management Studies (IBMS)

The key focus of this thesis is on multinational companies in the West that are capable of transferring their resources, knowledge and practices across borders to markets which are in need of them. Drawing on different theoretical perspectives, Forsgren (2013) finds that a majority of scholars of International Business and Management Studies (IBMS) remark on the uniqueness of the HQ’s functions in managing its intra-organizational relations, including:

- defining policies and managerial and organizational processes that accompany the transfer of a firm’s capabilities to affiliates;
- designing appropriate control systems, goals and hierarchies with the aim of cost optimization;
- finding a balance between the execution of control systems and the decentralization of decision-making processes to benefit more from the local business network.

The diversity of these administrative functions depends on the parent firm’s intention to choose between the standardization or localization of policies and practices caused by differences of the socio-cultural context of the host countries (Pudelko & Harzing, 2008; Smith & Meiksins, 1995; Edwards, 2011). For this reason, best practices serve to execute the HQ’s functions and are considered by institutional scholars as an indivisible part of modernization strategies due to their universal role in regulating the relationship between the headquarter and the subsidiary (Martin & Beaumont, 1998; Elger & Smith, 2004). Previous studies indicate that such practices have proven to be most efficient due to their ability to generate better performances (Chen & Wilson, 2003), to ensure the long-term survival of a recipient unit (Kostova, 1999) and to drive the efficiency of business processes (Schotter & Beamish, 2011). Moreover, the homogeneity of operations in MNCs which constitutes a competitive advantage is the example of sharing the best experience with subsidiaries (Harzing & Pinnington, 2011; Gamble, 2003) and an element of regulating the global supply chain (Forsgren, 2013). This short overview of scholarly
findings illustrates that emphasizing the obligatory introduction of best practices at subsidiaries has a positive effect on the functioning of the whole enterprise.

Scientific investigations in the field of International Business and Management Studies which explore HQ-subsidiary relationships from the perspective of Western multinational parent firms is historically motivated. Westwood (2006:94) explains that the penetration of the assets of Western corporations around the world acted as a counterweight to the growing geopolitical power of the Soviet Union after WWII. Correspondingly, industrialization, modernization and rationalization, which began in the USA, are at the bottom of the diffusion of universal practices. They establish the unity of the working processes in a multinational entity to efficiently control operations in geographically distant affiliates. Thus, the industrialization from the West provides the ground for the emergence of multinational companies, which, in turn, bring the universal knowledge of the business organization to other markets.

It is equally important that the heyday of globalization initiated by the West thanks to the merit of international organizations shaped the new geopolitical order in the world during the twentieth century, which is known as the postcolonial period (Williams & Chrisman, 2015). This term refers to scholarly research that contains comprehensive conceptual frameworks for the critical analysis of the impacts of colonization on different cultures. Spivak (1988), Bhabha (1994) and Said (1978), who are also referred to as the “Holy Trinity” (Jack, Westwood, Srinivas & Sardar, 2011:278) of postcolonial theory, have bought forth concepts that engender critical discussions of organization and organizing and the roots of the universality of management practices elucidated by scholars of International Business and Management Studies (IBMS). Thus, formed under the aegis of Critical Management Studies (CMS), Westwood, Jack, Banerjee, Prasad, Nkomo, Cooke, etc. have investigated contemporary issues of the postcolonial period to contribute to the development of a new stream of management studies.
1.1.1 A Discursive Analysis of the Dominance of Western Knowledge over the Non-Western World

To grasp the self-granted rights of Western multinational companies to introduce efficient, profit-oriented and universal business practices, scholars have turned to Edward Said’s “Orientalism” (1978). Said’s book focuses on the critical discussion of colonialism and power relations between colonizers and colonized nations. Scholars have scrutinized its fundamental concepts to argue about the continuation of Orientalist discourse in the epoch of decolonization and the prosperity of sovereign nations.

Said’s conceptual framework based on the discursive cultural analysis of Orientalism illuminates how colonization enforced the superiority of those nations who represent and the inferiority of those that tried to catch up with the industrialization established by Western countries. Orientalism, which is a Western mode of thinking, denotes the process of making assumptions and statements about oriental nations that are part of the Orient and different from the West (as cited in Ashcroft, Griffiths & Tiffin, 2007:153). Relying on Michel Foucault’s discourse analysis and Antonio Gramsci’s concept of hegemony, Said used colonial discourse and cultural imperialism to understand the reasons for asymmetrical power relations between the West and the Orient. He understands these relations as a mode of thinking formed by the West which aims to represent, dominate and supervise the Orient.

Shifting the primary focus toward power, colonization is based on systematically imposing social and cultural practices to govern a distant territory on the principles of domination. As followers of post-structuralism, postcolonial theorists understand the world to be discursively constructed, as discourses produce knowledge and practices. Therefore, by introducing the concept of colonial discourse, Said argues for the superiority of Orientalist knowledge and practices over dominated groups (as cited in Ashcroft et al., 2007:36). To explain the nature of colonial discourse, Said used the theory of power/knowledge by Michel Foucault, who believes that power is not “relational and based on the domination of social actors” (Pansardi, 2012:74) but rather contained in social practices and knowledge as a productive element (as cited in Jorgensen and Phillips, 2002:14). Furthermore, Foucault states that the productive power of specific knowledge, disciplines and values can never be real if the truth of the imposed knowledge is not recognized by the subject.
At this point, considering if any discourse represents the system of knowledge and practices from which the world can be known, Foucault contradicts Said’s standpoint on the universal truth of these knowledge imposed by colonial discourse. Foucault asserts that, in the discursive field, any discourse can lose its domination over time when the knowledge and practices of a competing discourse can prove their utility for humankind (as cited in Weedon, 2004:17). Over the struggle of different discourses, the constant approval of being useful for society is linked with the conception of truth as discussed by Michel Foucault (as cited in Jorgensen and Phillips, 2002:14). Rejecting the conception of truth, Said discusses the unquestionable superiority of the West over colonized nations that needs to be attributed to the capability of the West to determine power, namely the universal truth of its knowledge.

According to Said, the universal truth of knowledge is justified by two forces: economic power and public institutions that mirror the interests of the ruling class (as cited in Ashcroft et al., 2007:106). Abandoning Foucault’s discourse theory, Said uses the concept of hegemony by Antonio Gramsci to introduce cultural imperialism as an “imperial standpoint of knowledge” (Go, 2016:17). He argues that colonial discourse is the product of political ideology that is based on values and practices that ensure the irrefutable proof of dominance in the occupied territories. These value systems are represented by the class in power through social institutions that determine the nature of the discourses and the social organizations of the state. Thus, social institutions have a historical and cultural provenance or certain values that allow them to exercise power over other nations.

At this point, addressing the time of colonization, the power of Western discourses that proved the truth of the practices of the West stemmed from social arrangements of European countries that strengthened the economic power. As Ashcroft et al. (2007:114) state, the development discourse of “bourgeois modernization” (Dirlik, 1994:334) emerged in Europe in the 16th century and defined social organization, where science and rationality were at the center of constructing social institutions. These values encouraged the growth of technologies and industrialization and the emergence of cultural and intellectual heritage, which supported the distribution of Western science worldwide. According to Said, the economic and cultural power of the West was regarded as a central power that was thoroughly capable of supervising distant territories (as cited in Jack & Westwood, 2009:8). Therefore, the success of expansionist policies pursued by European countries in non-industrial countries in 1880 can be explained by the mission of these policies to develop those countries that fell behind in terms of progress. Thus, Western knowledge
entered the East without military interventions to represent the Orient but through economic and cultural power.

At this respect, political ideology shaped the social organization of Western countries to encourage economic force. On the other side of the scale, Said argues about the cultural hegemony of Orientalist discourse. The main value of Said’s conceptional framework is the critique of the colonization initiated by language, following the imposition of economic power (as cited in Ashcroft et al., 2007:63). The focus on seizing cultural elements is heavily interwoven with language, as it transports meaning. In continuation of Foucault’s discourse analysis, if meaning is contained in words or text, then the value of knowledge and practices is recognized if meaning is understood by a person (as cited in Jorgensen & Phillips, 2002:48). Hence, the fixation of meaning through language is a step that is necessary to promulgate the universal truth of knowledge and practices.

However, considering culture as the historically constructed product of ideological discourses in accordance with Said’s stance, the main concern of his work is that the appropriation of cultural elements by the dominant discourse means a loss for the dominated culture (Said, 1978). In their study of the ethics of cultural appropriation, Young and Brunk (2012) indicated that the wellbeing of the dominant nation and the colonization of linguistic devices aims to construct a social identity, which is necessary because of the need for cultural collaboration. Correspondingly, there were attempts to secure integrity between the colonizer and the indigenous population by imposing the language of the dominant discourse as a means of supervising the colonized nation from the power center to the periphery.

Due to the focused imposition of knowledge and practices from the power center, the West has established its right to the full representation of the Orient. According to Said, the reason for this representation is bound by rules underlying Orientalist discourse. Foucault’s discourse analysis explains that rules which define the idea of discourse and preserve its original state with the purpose of modernization and development excludes the possibility of including other forms of knowledge and values (as cited in Ashcroft et al., 2007:130). Tolerating other discourses would mean a deprivation of competence of the provided knowledge, which has the aim to increase productivity and to facilitate developments of other nations.

The topics of modernity and development are hotly discussed among many theorists. On the one hand, modernists explore the world order and make claims about the necessity
for Western countries to intervene abroad via development discourse. On the other hand, resource dependence theorists investigate the possibility of escaping colonialism in the modern world (Go, 2016:7). A postcolonial critique of development addresses first and foremost how recipients of knowledge and practices can secure their own cultures and values to a limited extent to drive economic growth because of their dependence on developed countries (Silvester, 1999). Correspondingly, the core idea of Said’s Orientalism is that the logic of imperial power/knowledge discourse between nations inevitably results in a hierarchical relation, and a line is drawn between both because of simple binary opposition.

In this case, the binary opposition needs to be understood as the so-called integrity between both cultures that leads to a silencing of the dominated culture, whereas the dominating culture strives to protect its domination, because controlling the Orient as a necessary means to make it “fully civilized” (Benerjee & Prasad, 2008:92) may be questioned at any given time. A disagreement of the Orient with the imposed control can occur because of the universality of social and cultural practices contained in the discourse of development, which can be introduced despite the cultural diversity of indigenous populations.

Colonization rose and fell, but scholars continue to examine Orientalist discourse primarily by analyzing texts to ascertain the presence of the dominant discourse which silences non-Western epistemologies. The critical discussion of IMBS and postcolonial theory has been a trend since the 1990s which “needs to be broadened and re-asserted to develop more critical examination” (Jack et al., 2011:275). As illustrated at the beginning of the chapter, scholars have remarked on the uniqueness of the HQ’s functions and practices and analyzed it as an example of presenting one proper way to conduct business, developed under the supervision of Western epistemology.

Westwood (2006:94) has designed a comprehensive theoretical framework for the critical analysis of IBMS as Orientalist discourse. Addressing the history of the discipline, Westwood and Jack (2007, 2008, 2009, 2014) have demonstrated how the politics of knowledge of Western social institutions predetermined what has been regarded as the universal truth of knowledge and practices, rules underlying discourse that exclude the possibility of any acquaintance with non-Western systems of management. In these discussions, scholars mainly draw attention to the emergence and evolution of management discourse.
In addition, scholars have reported a continuation of imperial processes in which the control of the West over the Orient as a fruit of its economic, political, and cultural power spawned a new form of colonization referred to as neo-colonialism which became an inseparable part of the capitalist ideology of ruling in the contemporary world. In his analysis of neo-colonial processes, Nkrumah (1966) argues that the sovereign state has in fact never been decolonized due to the political, economic and cultural control of capitalist states from the outside. This control is primarily connected to the USA, which has been acknowledged by scholars as a new neo-colonial power (Westwood & Jack, 2007:247). In the USA, the industrialization of the nineteenth century lasted until the next century. As reported by Banerjee, Chio and Mir (2009:5), this time marks the welfare states’ initiation of corporate imperialism, where multinational companies were directly appointed to implement expansion policies. Thus, international businesses served the needs of the neo-colonial power: multi-state institutions, World Bank and IMF, which initiated the expansion of capital abroad to save Third World countries from poverty and underdevelopment.

This system of international bodies and companies which originated in the West had its own way of organizing operations, management and supervision, making non-Western nations dependent not only on the provided resources but rather on the methods and principles of administration suitable for them. Here, a study by Guedes and Faria (2010) that critically discusses IBMS indicates that “international” generally refers to the promotion the interests of the powerful state and controlling international fields of knowledge. Westwood and Jack (2007:250) and Banerjee (2008:91) tend to view international and cross-cultural management as a neo-colonial project, because management practices as the product of capitalist ideology, modernization and industrialization in the USA necessitated a growth of knowledge in the fields of International Business and International Management for companies. These disciplines were inseparable from development discourse, in which American companies went to the East to represent their knowledge.

This representation of knowledge could not be possible without “American imperialism” (Westwood & Jack, 2008:284) which refers to the establishment of the relevant institutional framework for the development of both disciplines. Ibarra-Colado, Faria, and Guedes (2010) noted that introducing both fields of knowledge as disciplines in the USA initiated the understanding of International Management as domestic management and associating it with concerns of educating managerial staff so they could transfer
knowledge across national boundaries. The latter relates to International Business and historically served the interest of American foreign policy through writing about trade and commerce to reduce institutional factors in countries which are guided by principles of anti-capitalist rules (Westwood & Jack, 2008). Therefore, postcolonial scholars mainly criticize the name of the discipline, International Management and Business, for its universal meaning. They argue to distinguish between studies of international management, cross-cultural management and organizational studies.

The lack of differentiations in the field of analysis is caused by the historical fact that knowledge about International Business and International Management was under the sufficient supervision of American social institutions. However, the nature of disciplines which were predetermined to become “Northern” science (Westwood & Jack, 2007:250) due to the underlying rules is the major concern of postcolonial critique. These rules are paradigms with which scholars can work and produce knowledge. Originating in the USA, scholars have been working with these paradigms to develop new theories that can be applied to the East within the framework of methodologies, theories and methods of Western intellectuals (Barkema et al., 2015). The rules of American social institutions served as a filter by limiting the number of scholars who fit the requirements of the system. Therefore, IBMS was mostly developed by scholars from North America and Western Europe, which emphasizes the ethnocentricity of the knowledge produced (Guedes & Faria, 2010:146).

However, the main concerns of scholars are not the ethnocentrism of this knowledge but rather that the rules have made the discipline culture-free. Westwood and Jack (2007) discovered that the universalism of business knowledge is determined by the application of quantitative methods, economic rationalities and development theories, with resulting generalizations about the research results for all managers and organizations. Thus, the danger of this approach results from the missing acknowledgement of local peculiarities and the inclusion of narrative descriptions of cultural characteristics that rely on the categories and dimensions developed by Western intellectuals. Here, the popular rational approach of international organizations such as International Monetary Fund which developed categories for the development of countries in spite of their local particularities or cultural dimensions are applied based on Hofstede’s studies (1993, 2001). Scholars stress the importance of including qualitative research methods and interpretive paradigms in interrogating the diversity of management and organizational practices and
paying attention to the context rather than the effectiveness of the universal solution for
development, rationalization and technological advancement.

The manner in which management knowledge is produced and should be applied
worldwide is defined by American social institutions. Forbes, Bloomberg Businessweek,
Financial Times state that the best business schools are located in the USA, Northern and
Western Europe, and this trend has not changed over the past few decades. Today,
thousands of managers look to the West for universal management skills to be in demand
on the international labor market. This is clearly connected to expatriate managers who
have historically been regarded as a phenomenon of Western culture that underlies binary
thinking (Frenkel and Shenhav, 2006). These managers, who are trained in culture-free
paradigms, go abroad to share their work experience and knowledge about development,
leadership and management in non-Western countries. While she was working in Africa
as a teacher, Nkomo (2011), found that Western scholars employ a stereotypical colonial
image of African leadership and management, while the true picture of its management
culture is not revealed.

However, scholars claim that management ideas and practices are historically motivated
to be universal and representative. For example, analyzing the extent of the inclusion of
local managers in defining the nature of work practices, both Sharpe and Mir (2009) and
Mir and Mir (2009) showed that Western managers tend to exert coercive control that
relates to colonial discourse and the imperial nature of knowledge transfer rather than the
application of social control, which would mean involving local employees and recognizing
their knowledge systems, values and practices. However, this legitimacy of the knowledge
of Western managers results in an ineffective management of the cross-cultural
organization. In this respect, a study by Lenis Lai-Wan Cheung (2008) illustrated that
expatriate managers in the subsidiaries in China represent and speak for local employees
because they have no voice of their own. This asymmetrical power relation hinders a
significant cross-cultural dialogue, which is considered essential because foreign
managers have little understanding of their employees' values.

Both studies focus on untold stories of cultures that are loyal to the unilateral corporate
culture. This means that differences between national cultures are eliminated and local
management practices and knowledge are represented by the culture that provides
improved administration and modernity. Such appropriations of local cultural elements
were criticized by Westwood (2006), who described this approach as the construction of
sameness or the homogenization of practices that means the formulation of universal solutions for management branded by the Western system of knowledge. Consequently, using Said’s analysis of Orientalist discourse in international management and cross-cultural studies serves to critically examine rules, policies and practices imposed by multinational entities.

Moreover, this conceptual framework has become the source of critical discussions of IBMS concerning the universality of business knowledge. The place of the institutional framework that generates knowledge relying on these methods and methodologies encourages representational practices of Western intellectuals and business practitioners. The development course of the West is inseparable from management knowledge. This knowledge set priorities for values of rationalization and technology with the aim of getting profitable results and applying universal solutions despite regional cultural diversity. However, the analysis does not make it possible to determine the position of the Orient in colonial discourse.

1.1.2 The Authenticity of the Subaltern

Edward Said’s Orientalism was radically criticized by Gayatri Spivak (1988), whose studies of the gendered subject in the discourse of power demonstrated her defensive position of those who have become victims of the power/knowledge regime. In her essay “Can the Subaltern speak?” Spivak aims to illustrate that the consequence of dominance and power is that the subaltern’s subjectivity remains in the position of the subaltern and that those with dominance and power speak on behalf of the subaltern (as cited in Ashcroft et al., 2007:74). According to Spivak, the silenced subaltern is a victim because of the appropriation of alien cultural elements through text, language and writing that leads to a blurring of the Orient’s cultural heritage. To elucidate the essence of the subaltern under the power/knowledge regime, she departs from an identity analysis and introduces the concept of alterity or ‘othering’.

Criticizing Edward Said for the assertion that culture is a static phenomenon defined by ideological discourses, Spivak (1988) and Bhabha (1994) who adhere to the anthropological perspective reject the idea of a monolithic identity and argue about how it is constructed and reconstructed. Inspired by Lacan’s theory of the subject (as cited in
Jorgensen & Phillips, 2002:53), they indicate that identity is never static because the world is discursively constructed, meaning that subjects come to understand themselves by sorting out a variety of supposed subjectivities. These subjectivities can have an influence on the position of subjects. In turn, the rejection or acceptance of subjectivities is predetermined by the identity of the subjects. This process includes a constant comparison between “identity and differences” that can shift the position of the subject, and the fixation of the position results in identification (as cited in Baumann, 2004:11). Spivak mainly focuses on differences which can become part of identity. She regards differences as cultural elements of other nations which can be easily accepted by the identity of a subject when other nations are superior.

Consequently, when the subaltern exists in power discourses and remains in a hierarchical relation with other or superior nations, a shift in position or the acceptance of other cultural values can occur. Therefore, a subaltern identity can be reconstructed by othering a Superior that allows the subject to have a sense of self. In this case, Spivak insists on an “absolute alterity” that refers to when the subaltern’s actions are guided by self-identity, whereas the influence of others can be ignored if they are seen by the subaltern as absolutely different. Therefore, Spivak considers the powerful “other” as a space for the emancipation of self-identity (as cited in Li, 2017:96). Today, this conception of the other is considered naive because of the strong wish for knowledge and development. However, in the case of the so-called purity of the subaltern’s identity, the cultural values as well as practices and knowledge of a superior can never become part of subaltern culture, because the latter finds the answers in its own identity.

Spivak’s analysis focuses on the question of authenticity or pure identity without any intervention of the hegemonic “power/knowledge” regime (as cited in Li, 2017:98). Considering identity as the product of an ideology imposed by the dominant power groups within society, Spivak calls for a purity of political statements which define the ideological framework of the subject (as cited in Ashcroft et al., 2007:135). In other words, identity, which is shaped by the political ideology of the state, allows to interrogate elements of the social arrangement and the penetration of the global capitalist ideology. Therefore, Spivak arrives at the conclusion that the subaltern factually denotes those who are located outside of processes of globalization. Her scientific interests particularly focus on the knowledge and practices of the subaltern, which are silenced because of the universality of knowledge imposed by globalization (Ozkazanc-Pan, 2008). Thus, the resistance of the subaltern to the imposed universal knowledge can indicate that they are part of discursive
fields where national values are fundamentally against globalization and universal views. This resistance must be connected to the idea of nationalism as a barrier for penetrating the global culture in the institutional structures of the national state.

As Robert Young states (1998:1): “…we have the text but not the meaning, with nationalism we have the meaning but not the text”. Correspondingly, nationalism is not created in texts but rather formed by the ideology of a national state in a system of values. Thus, these values can be considered as the result of the legitimate state power which has an influence on the identity of the local population. Moreover, one ideology can produce a barrier to other ideologies to retain the authenticity of a local community because the latter can expose the local community to new knowledge and practices. Here, it is important to mention Fanon’s stance (2008) on nationalism, the postcolonial writer who predicted that national governments will be supervised by the bourgeoisie. Taking a critical perspective on engaging with capitalist ideology, he regards nationalism as a result of decolonization and political independence. According to his approach, the national ruling class and powerful leaders are responsible for convincing intellectuals to abandon Western culture and for imposing hegemonic control over them and their independent decisions in the contemporary world (as cited in Ashcroft et al., 2007:135). Scholars discuss nationalism as a two-sided process that is based on the point of dependence that results in the states in power to be in control from the outside and, on the other hand, independence that encourages the power of state institutions to construct bureaucratic structures.

Correspondingly, the metaphor “Can the subaltern speak?” is connected to the lack of infrastructure at an institutional level of the national state influenced by capitalist ideology and modernity which can silence the knowledge and practices of the indigenous population. The importance of resisting capitalist ideology is determined by its values of “ideological unity and corporate identity” that factually erase the cultural heritage of the nation state (Young, 1998:5). Thus, the outcome is that the knowledge of the subaltern, who are not allowed to speak about their experience in the framework of local knowledge, is silenced in the international division of labor (Ozkazanc-Pan, 2008:967). Secondly, critical discussions revolve around the intentions of Western international organizations to capture the power structure of the host countries for their own benefits.
Thus, the main critique of postcolonial studies relates to unfair globalization processes which involve multinational companies who exploit local capital due to the loyalty of the national states. As indicated by Banerjee et al. (2009:5), the global international network consisting of World Bank, IMF and other multi-state institutions can make the state dependent on loans and decisions. The dependence of national governments on the promotion of the alien interests can occur in non-Western states when Western financial resources are provided to protect them from poverty and a lack of development. For example, a recent study conducted in Colombia illustrates how structural violence emerges when there is unfair cooperation between local governmental structures and American multinationals (Srikantia, 2016). The governmental structures represent the activities of local social institutions which establish the structural elements, preserving the interests of the dominant class from whom they replenish the treasury while they diminish the rights of the indigenous population. Therefore, postcolonial theorists are interested in analyzing the capability of national states to build a dialogue with global culture and modernity in their own interests. In this respect, Guedes & Faria (2010) discuss the necessity to prevent the internalization of state-owned companies and governmental institutions which can be involved in unfair globalization processes for their own benefits that, in turn, can endanger the interests of national states.

Consequently, the dependence on being supervised by developed nations is regarded as a loss of a sense of “self” and of the national independence to undertake own processes of development. In “Development as Freedom” (1999), Sen states that all states have their own development process, but that unfreedoms from which society suffers must be eliminated. However, postcolonial theorists have also indicated that the independence of postcolonial states resulted in their underdevelopment because of the unlimited power of the national state. The exclusive role of government results in the formation of a bureaucratic class that represents the network of the successful middle class and controls all fields of life, according to the theory of postcolonial states by Hamza Alavi (as cited in Amin-Khan, 2012:113). This theory is generally used to examine the national structures of formerly colonized states in Asia and Africa and Latin American countries (Saul, 1974; Jabbra, 1989). The ethnographical study of bureaucracy in postcolonial Australia by Sullivan (2008) showed that the main characteristic of such a bureaucratic structure is the ability to create a framework of actions and processes that makes the local population dependent on extensive control and regulations. These rules are a far cry from modernity and rather aim to ensure dependence on governmental structures via routine operations.
established by the self-interested groups of the bureaucratic system. The autonomous subject and business elements are characteristics of capitalist states rather than of non-capitalist ones which tend to exert extensive control over subjects due to their bureaucratic systems.

In sum, we can observe a penetration of globalization in the structures of the national state-system due to the superiority of universal knowledge and practices that can lead to the silencing of local ones. In addition, the political ideology of non-Western states supports values of nationalism and a dependence on the ruling class. Thus, despite the rigorous position of Spivak regarding the authenticity of the subaltern which correlates with the formation of a national consciousness, she does not obviate mutual identity formation, because othering is inextricably linked with the possible reconstruction of Orientalist identity (as cited in Baumann, 2004:11). Othering serves as a bridge between both cultures and opens the possibility of dialogue. The dominant identity might shift its position that depends on the interplay of the power/knowledge relation, and, as a consequence, the “other” might be part of Western global culture as well. For example, Frenkel and Shenhav (2006:871) indicated a shift of the position of Western business academics when they included knowledge about Japanese management practices in the structure of their epistemologies. Furthermore, Spivak has proposed to be in contact with the development course, if there is the possibility of “penetrating” the other via ecological practices, i.e. without the menace of authenticity, so that subaltern cultural elements can remain untouchable (as cited in Li, 2017:97).

Consequently, penetrating practices can be an inseparable part of research experience and responsibility. Therefore, Spivak stresses that it is important for scholars to be reflective in order to exclude the possible categorization of cultural peculiarities. Westwood (2006; 2007:258) also addresses the importance of IBMS scholars’ reflectivity and their localized particularities which could influence their research findings. Consequently, researchers or managers with a Western identity are not allowed to report on a non-Western culture, as this might otherwise result in a simple representation of the other and the construction of a self-image rather than the true picture of local particularities. Banerjee and Prasad (2008:92) argue that under the influence of dominant discourse, binary thinking causes Westerners to continue to believe that their identity is dominant. However, this presupposes that alterity is not enacted and identity is fixed, which means that binary opposition functions as a wall that hinders intercultural communication.
Therefore, Spivak’s assumes that modernization should apply to the aboriginal Indian woman without the assault of authenticity and provided that it can offer heterogeneous cultural practices (as cited in Li, 2017:97). However, the main fear of the postcolonial theorist is a trend towards an obliteration of cultural heterogeneity due to globalization and the spread of universal knowledge and practices worldwide. The spirit of modernity attracts the minds and souls of the disadvantaged as a result of losing their cultural roots. The Orientalist and the subaltern are separated by an invisible line in the hierarchical relation that defines their essential identities. However, Bhabha confirms the ambivalent relationship between colonizer and colonized, which is not just limited to domination and subordination. Including the subaltern in the delineated space makes it impossible to escape an encounter with the Orientalist that ultimately turns their essential identities into hybrid forms.

1.1.3 Hybrid Cultures

By rejecting the Orientalist perspective on Western culture as superior and the subaltern’s connection to authenticity, Bhabha (1994) introduced the concept of hybridity in “The Location of Culture” to illustrate the possibility of a mingling of different cultures rather than their binary separation. The concept is applied by scholars of international and cross-cultural management in this sense in the analysis of the organizational culture in a cross-cultural enterprise. The concept purports to illustrate that a homogenized culture can become hybridized as a result of fusion practices, in spite of uneven power relations between counterparts. This standpoint is unique for the field of International Business and Management Studies, which confirms the universal nature of Western management discourse. Therefore, despite the lack of scientific input in this field, Frenkel (2008) and Frenkel and Shenhav (2006) have done significant work by interpreting Bhabha’s concepts and applying them to conceptualize the knowledge transfer in MNCs and explain the emergence of hybrid identities.

Addressing key concepts of the theoretical framework and in contrast to Spivak and Said, who consider identity to be a historically predetermined essence, Bhabha states that it is the present rather than the past that constructs identity (Young, 1998:7). There are several examples of increased cultural mixing, such as globalization, colonization, trade and
migration, that refute the idea of essential identities. Moreover, it is impossible for people to be isolated because they can be easily involved in various discursive fields or systems of knowledge and practices that can make an impact on subjects. However, the variety of reasons for cultural mixing made it necessary for scholars to distinguish between conscious and unconscious hybridity (Kuorti & Nyman, 2007:7; Ashcroft et al., 2007:110).

One reason for the unconscious reconstruction of identity is creolization, which is tied up with the self-adaptation of the subject to the environment. Another one is grounded in the repetitiveness of implementing practices derived from the concept of “performativity” by Judith Butler (as cited in Weedon, 2004:7). On the other side of the scale, there are politically determined interventions when dominant subjects with power can intentionally exert an influence on other identities. Assuming that hybridity is the conscious process in which dominant discourse is involved, Bhabha has been criticized by opponents for claiming that the deliberate disruption of identity can produce cultural synergy and transculturation (Ashcroft et al, 2007).

In the light of Lacan’s theory of the subject, Bhabha has also argued that hybridization is impossible without othering a dominant “other”, so that discursive identity can break the symmetry between self and other. However, in his discussion of alterity, he regards the encounter with a dominant “other” as a conflictual situation or tension between two cultures. At this point, the concomitant element of hybridity is the contact zone. Coined by Mary Louise Pratt, the contact zone denotes a social space where cultures found in the condition of dominance and subordination (as cited in Ashcroft et al., 2007:48). She explains that it is impossible to avoid contact with the “other” in such a space that makes the dominated subject recognize the truth of imposed knowledge and practices and, as a consequence, implement them. Bhabha states that this is the space in which identities cannot remain authentic because a shift of position is a self-evident act caused by the gaze of the dominant subject.

For this reason, Bhabha favors the concept of liminality or an “in-between space” that is of scientific interest to postcolonial discourse. This concept serves to demonstrate that the process of identification is not a simple movement, the “third space of enunciation” (Bhabha, 1994:37) is a space with borders that is marked by a constant process of interaction that forms shared rituals, cultural practices and symbols and makes binary thinking impossible (as cited in Ashcroft et al., 2007:108). This implies that liminal space requires non-fixed identities that can adapt to different cultures. Similar to Spivak, Bhabha
(1994) infers that identity is the product of an ideology. However, he opposes the idea that the dominant power group’s creation of nationalism within society results in barriers for cross-cultural exchange. He also mentions the liminal space as a space marked by an interdependence of actors, and that this mutual influence requires them to adapt.

Bhabha (1992) also explains the unfixed position of the dominated “other” and introduces the concept of the “unhomely” from the essay “The World and the Home”. He argues that the unhomeliness of people is the outcome of relocations through which the world becomes their social partner (Kuorti & Nyman, 2007). Therefore, despite hierarchical relations, Western colonizers are assumed to have hybrid identities in colonies, due to the necessity to live in a world which is part of their home. On the other hand, despite implicating an intentional hybridity, which can have a negative effect on the self-confidence of a dominated people, the interdependence and constant encounters between dominant and dominated subject diminish the hierarchical nature of the relation. In turn, this facilitates the emergence of a mutual exchange of cultural experiences, which is why Bhabha characterizes hybridity as empowering.

Drawing attention to concepts of transculturation and synergy, Bhabha proposes an equal cultural exchange rather than an appropriation of cultural elements between dominant and dominated subjects (as cited in Ashcroft et al., 2007:210). For instance, when the dominant subject searches for the extent of execution or adaptation of the control functions, such maneuvering allows to mask the cultural difference of uneven partners. Bhabha indicates that this masking ability stresses the ambivalent relationship between dominant and dominated subject, while mimicry serves as a tool to express this disparate union (as cited in Ashcroft et al., 2007:124). However, when hybridity is considered as favorable for subjects in the liminal space, this process threatens to eliminate the differences between the dominant and dominated that would lead to the disruption of the asymmetric power. Therefore, the concept of ambivalence can be useful, as it characterizes an inconsistent relationship where those who exert power pretend to have an obedient subordinate, while the latter uses the creative adaptation of symbols and practices. As Frenkel (2008:931) states regarding the ambivalence of the transfer of knowledge in MNCs: “These widespread partial and differential ways in which MNCs transfer their core managerial practices to their various affiliates should therefore be analyzed as embedded in the headquarters’ somewhat stereotypical conceptualizations
of their foreign affiliates and in their desire to turn them into reformed and regulated entities that are “almost the same but not quite.”

The creative adaptation of knowledge and practices aiming for the dominated subject to resemble the colonial authority is considered as a “camouflage practice” (Kuorti & Nyman, 2007:60). However, imitating cultural elements results in reproductions, which are never identical to the original. The aim of both mimicry and ambivalence is to demonstrate the necessity to adapt to cultural elements that represent the differences between subjects caused by the fact that the “self” cannot be erased and stay fundamentally different. These differences are valuable for interrogating local cultural characteristics which can be invisible under the power of Orientalist discourse.

The conceptual framework of hybrid culture has attracted the attention of scientists for the analysis of multilateral aspects of international and cross-cultural management. Frenkel (2008) developed the idea that the conceptualization of the multinational enterprise is a concrete empirical example of “in-betweenness”. She stated that a sign of reconstructed identities is the salvation in one’s own knowledge, so that the result of adaptation is not the corporate or local culture. In a similar fashion, Shimony (2006; 2011) discovered the presence of a third culture among local and expatriate managers in subsidiaries in Israel, Thailand and Mexico controlled by parent firms in Sweden and the USA by examining the personal stories of managers. Moreover, the micro-relational analysis is not limited to the application of the concept of hybridity at the organization, as scholars have discovered the hybridization of deferent disciplines: IHRM (International Human Resource Management) (Frenkel, 2006) and IBMS, when Western scholars started to investigate management practices of Japanese companies (Westwood & Jack, 2007; Frenkel & Shenhav, 2006). Recent research from Vietnam has demonstrated that the presence of an “in-betweenness” constitutes the socio-political space because the American company’s occupation of the local governmental structures (Krysa et al., 2016). Thus, applying the conceptual framework is a boundless source to interrogate different aspects of management at different levels.

The simplicity of the application of the concepts is connected to the limits of this approach. Scholars have identified the ignorance of the historical and cultural context of hybridity that could help define elements of change and contribute to the formation of new knowledge as a major drawback (Yousfi, 2014). Furthermore, Ozkazanc-Pan (2008)
indicates that the conceptual framework of hybridity does not take into account the political/economic agency of the colonized. Nevertheless, the framework has been applied and has demonstrated a resistance to the universality of Western epistemologies. As observed by Frenkel and Shenhav (2006:872), “the introduction of race and racialization” is a valuable approach to find a balance between the application of Western universal values and practices and local cultural peculiarities.

However, this knowledge might be ignored, as shown in a study by Jackson and Haines (2007) that interrogated the cross-cultural management of a local NGO in South Africa. It was shown how the resistance of result-oriented principles of work created a hybrid management culture, but the authors concluded that cross-cultural issues are not formally addressed. Furthermore, there are practical examples of regulating the degree of Orientalism of the knowledge transfer, as analyzed by Hong et al. (2016) by referring to the example of the Japanese MNC in Chinese subsidiaries. They show how the managers of the parent firm in Japan imposed obligatory practices as a political trick that served as an integrative step to identify resistance and conduct the assimilation of cross-cultural knowledge. There are a variety of cases that cannot be generalized, as every research case is uniquely defined by local variabilities. Therefore, the analysis of the Austrian-owned Russian subsidiary can have a corresponding contribution in the field of international and cross-cultural management concerning the interrelation between race in a bicultural enterprise and the rationalization of business processes.
II. METHODOLOGY

2.1. Qualitative Research Methodology

Methodology defines the path that a researcher needs to take to attain a more nuanced understanding of the research problem (Janesick, 1994:209). The use of a qualitative research methodology in this thesis was predetermined due to the following reasons.

At the beginning of the research path, it was necessary to decide on the research question of this project. Austrian managers and Russian employees represent different national cultures, but together they exert influence over the corporate culture in the joint entity. Assuming that a clash will occur between two cultures in a work environment of a bicultural organization, this will make it necessary for managers to enter discussions about the management of the organizational culture. The initial gaze on the research problem made it possible to narrow down the fields of scientific interests in the present study.

When an Austrian multinational company operates on the Russian market, the question arises: How are the HQ’s policies and practices implemented by the employees of the Austrian MNC in Russia? With the aim to get a deeper insight into the research problem, the focus was placed on the hands-on experience and knowledge of the employees who can present their own subjective views of the implementation of practices and policies in the organization. Therefore, quantitative research methodology that is based on testing existing theories and the subsequent application of mathematical models and variables cannot yield valuable insights (Goulding, 2002). With respect to the research inquiry, the present research project continues the pathway proceeding from the principle of inductive reasoning that is defined as follows: first, gather the data that make it possible to reveal the concepts and theories to explain this data (Given, 2008:429).

The results of inductive research rely on the “insiders” (Hennick, Hutter, & Bailey, 2011:18) of an organization, namely on the subjective information they provide that has meaning. Thus, the conceptualization of the empirical results that provide the answer to the research question is conditioned by the need to carefully interpret the meaning. Producing meaning that the research participants derive from the information means that this research relies on the interpretive paradigm of qualitative research methodology, which will guide both
the data collection and data analysis. The tools of the chosen paradigm allow empowering research participants and investigate research interests that enhance the quality of the collected data (Hennick, Hutter, & Bailey, 2011:19).

Giving power to research participants means employing a method that can comprehensively reflect the aim of the data collection. To understand the employees’ experience with implementing practices in the subsidiary, it is necessary to consider the context in which they are embedded. Scholars have argued that an insight into the research problem within the framework of the interpretive paradigm is not sufficient without the analysis of context, which is socially constructed (Hennick, Hutter, & Bailey, 2011; Given, 2008; Miller, 1997). It becomes apparent that context has an influence on the employees’ experience and that they will respond differently to the reality surrounding them depending for instance on their position in the company, nationality or work experience. Therefore, the application of an in-depth semi-structured interview method of data collection allows to examine the participants’ experience as well as the context to meet the stated goals.

It must also be mentioned that understandings of the research problem depend on the insiders’ views, which makes it necessary to carefully interpret the meaning of the information provided. Thus, in the case of the inductive inquiry of research and based on the necessity to carefully interpret what the participants are saying, these circumstances serve to produce theoretical components from the collected data (Given, 2008; Hennick, Hutter, & Bailey, 2011; Locke, 2001). Therefore, based on the principles of grounded theory, the data collection was accompanied by a continuous process of data transcription and analysis that allowed to gradually revealing the elements of the theoretical model. The interpretation of meaning itself is organized according to the principles of symbolic interactionism, which underlie the chosen research strategy. According to the theory, social reality comprises the social meaning that people attach to the world personally and through interactions in organizational settings (Locke, 2001:22). The research participants have their own personal meanings they attribute to objects in the subsidiary, which means that they will behave and act towards the object according to the meaning applied. For example, when the headquarter introduces a new policy in the subsidiary, this policy is first only considered as a material or non-material element of the organization, but over time, each organizational member will interpret the meaning differently, which is reflected in their actions.
In sum, qualitative research methodology consists of the following steps:

1. Preliminary literature review to define the research problem and narrow down the list of possible research questions
2. Formulation of semi-structured interview guide for data collection
3. Organization of data analysis using grounded theory to establish the theoretical model based on the emergent concepts and theories
4. Searching for corresponding concepts and theories to generate the theoretical model, based on the data
5. Designing inductive conceptual framework
6. Drawing research conclusions

2.2. Purposeful Sampling

One of the first steps of this study was to segment the study population according to socio-economic and demographic characteristics. Following the assigned research question, Austrian managers and Russian employees, who are both responsible for the implementation of corporate policies and practices in the subsidiary, were deductively selected as a relevant study population.

It goes without saying that the participants have specific characteristics and are not represented in the general population. In this case, the “gatekeeper’s strategy” (Hennick, Hutter, & Bailey, 2011:92) of the participants’ recruitment allowed to get access to the corporate office of the Austrian MNC and the local subsidiary in Russia. The gatekeeper provided contact with the Human Resources (HR) manager of the corporate office in Austria who, in turn, let us conduct research with the employees of the subsidiary. Thus, the permission of the HR manager was an entrance ticket to the research field, leading to an interview with one of the managers that made it possible to identify the next informants at the local site.

The relevant participants from the subsidiary were identified based on inductive sampling (Hennick, Hutter, & Bailey, 2011:86). This approach relates to the main principle of grounded theory, namely that a key aspect of the simultaneous collection of data is to get information from different respondent groups so that the researcher can obtain a variety of viewpoints on the research problem (Goulding, 2002:68). Correspondingly, the interview conducted with the expatriate manager allowed to identify the subsequent
participants. In the end, managers of top, senior, and middle management were determined as the relevant study population. Occupying different positions in the organizational structure, the expatriate and local managers had different opinions on the implementation of corporate practices and policies in the subsidiary, which proved to be essential for the research results (see Figure 1).

**Figure 1: The research participants’ positions in the organizational structure**

![Diagram of organizational structure](image)

Source: author

Concerning the advantages of the chosen recruitment strategy, the strategy provided a favorable researcher’s image that made it possible to build up mutual trust between researcher and participants. Moreover, the endorsement of the top management of the corporate headquarter of the Austrian MNC assured that the personnel from the local site in Russia would participate in the interview.
2.3. Ethical Dilemmas

Scholars consider ethics as an important element of studies that are conducted with qualitative research methodology (Guba, 1994:114). Research participants share their private information, feelings and attitudes towards the research problem with the researcher. This makes the researcher responsible for the collected data that ensure the realization of the research aims. Therefore, ethical considerations within the present research have been taken into account to answer the following questions: What benefits can participants have from participating in the research, how can anonymity be ensured and rapport be established before the interview session? All possible ethical issues in this research are discussed below and summarized in Table 1.

Table 1: The Ethical Principles Underlying the Research

<table>
<thead>
<tr>
<th>Involvement in research</th>
<th>Providing participants with information on research, permission to record and their right to a copy of the transcript.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Informed consent</td>
<td>Providing two types of consent: written via email and verbal during the interview session.</td>
</tr>
<tr>
<td>Anonymity</td>
<td>Ensuring the company’s and employees’ anonymity</td>
</tr>
<tr>
<td>Benefits from participation</td>
<td>Agreeing to share the final report including the findings with the participants of the interview and the gatekeeper.</td>
</tr>
<tr>
<td>Minimizing economic harm</td>
<td>The interview time was agreed to take no longer than 30 min. If this limit was extended, the interviewees were asked for permission to continue the interview session.</td>
</tr>
</tbody>
</table>

Source: Hinnink, Hutter, & Bailey (2011:77), adapted by author.

Both the research participants as well as the gatekeeper were informed about the research details, including the anonymity of the research, the agreement to participate and recording via email before the interview session (see Appendix 1). This “double informing” served the purpose of getting acquainted with the participants before the interview session, which could encourage links and an open dialogue during the interview session.
Taking into account that the company’s name is widely known in the business network, the issue of the company’s anonymity was discussed with the gatekeeper before the collection of data. Therefore, except for the fact that the Russian subsidiary belongs to the Austrian MNC and the section of the data analysis contains the fictional name “A-Corp”, information about the company’s name, employees and the field of activities are not provided in this thesis. The participants’ consent to anonymity is included in the interview guide, and it must be reminded that all names and genders are invented, titles are not revealed and only the participants’ positions in the organizational structure are disclosed, which is necessary for the reliability of the data analysis.

The issue of minimizing economic harm is essential, especially when the study population consists of the managerial personnel of an organization. Therefore, it was agreed with the gatekeeper that the interview sessions were to take 30 minutes, as soon as recording began. In cases where the time limit was exceeded, all participants were asked for permission to continue the interview session.

Even if this research was initiated for academic purposes and does not respond to the specific problem of managing organizational culture as requested by the community, the theoretical knowledge and findings of this thesis might be valuable for the study population as well, as the data can be used to develop a solution concerning the management of the international entity. Therefore, all participants were informed about their remuneration for their participation at the end of the interview sessions and a copy of the final report, where all findings are revealed and illustrated, was sent to all interviewees and the gatekeeper.

2.4. Method

Before data collection, the given name of the company did not yield enough information to get a deeper insight into the social world of the organizational members. In the framework of inductive research, the employees of the Austrian-owned Russian subsidiary facilitated an understanding of the context surrounding them. As noted by Silverman (2010:131), the interview as a research method is a meaningful opportunity to study and theorize the social world. Using an in-depth interview method makes it possible to understand the experiences of the study population that can help to obtain in-depth information and multiple perspectives on the research problem, which would otherwise remain hidden from an ordinary view (Locke, 2001, Hennick, Hutter, & Bailey, 2011,
Gubrium, 2001). The different socio-economic and demographic characteristics of the participants helped capture the diversity of their viewpoints regarding the research problem (Table 2). However, they also restrict the possibility of using alternative methods, for instance a discussion in a group which might lead to conflict-laden situations between participants. One of the benefits of in-depth interviewing are individual interactions that can serve to access in-depth information with the help of a self-adaptive and responsive researcher.

The managers that were interviewed depicted a clear picture of the HQ-subsidiary relationships, both in the external as well as the internal environment of the business unit. The Austrian MNC represents a system of self-operating subsidiaries and specialized units which are subordinate to the focal organization in Austria. This subordination is based on compliance with the principles, policies, practices and standards developed by the management board of the headquarter. Along with a unified system of rules, the distinct role of the parent firm is to ensure the enforcement of the regulations with a control mechanism that includes: the centralization of the decision-making process, the hierarchy of authority and the transparency of the reporting system. The expatriate managers have a supervisory function at the local sites. Serving as an integrative mechanism, they hold top management positions at the subsidiary and monitor the compliance with the corporate rules. When critical situations arise or a request is made regarding the supplementation of resources, the local management reports this to the expatriate level, as any issues are subject to the approval of the parent firm.

With its long history of doing business in Russia, the Austrian-owned subsidiary has a status of a self-managed or “independent” business unit. This means that the local management is fully responsible for doing business in the domestic market, where its expertise and knowledge are always helpful to react timely to daily business issues. The convergence point of all business units of the Austrian MNC are standardized management meetings in which the top management and senior middle management level (see Figure 1) of every business unit are entitled to participate.

It would not be possible to provide this short overview of the relations between the Austrian MNC and its business units by using structured interviews, which would not yield information on the managers’ subjective experience. The discussion was based on a semi-structured interview guide with a set of open-ended questions and probes to give freedom to the participants during the interview session (see Appendix 1). The interview
guide consists of an introduction, background information and predetermined opening and closing questions. The minimal structural setting of the questions served to steer interviewees towards specific topics, and open-ended questions constitute an integral element of any interpretive research to get deeper information on the participants’ experiences (Given, 2008; Kothari, 2004). The flexible structure of the guide facilitates a concentration on the discussion topics rather than on its questions. Therefore, many questions in the interview guide are formulated as follows: “Could you please tell me how you adapt practices and policies in the Russian subsidiary?”. The theory of negotiated culture inspired the contour of the topics. The overall aim was to understand managers’ experiences in implementing corporate policies and practices in the subsidiary and the possibility of negotiating them.

The semi-structured interview with its focus on open discussions can be time-consuming. The top and middle level management of the subsidiary have chosen a convenient and quick way to provide information via a phone interview rather than via skype, which was offered as an alternative. Scholars argue that the telephone interview always plays a crucial role in conducting industrial surveys because it can diminish economic harm to the research participants (Kothari, 2004:100). For example, participants do not need to arrange the room or equipment for the interview session, they can easily reschedule the meeting and take part in the interview, even if they are on a business trip.

The gatekeepers, who helped recruit interviewees in the subsidiary, also determined the number of possible participants in the research. In the end, the total number of in-depth interviews amounted to seven, whereby three interviews were conducted with expatriate managers and the rest with Russian managers. To reduce the risk of misinterpretation, all interviews were tape-recorded and transcribed for analysis, whereby six out of seven informants gave their consent that their interview session can be recorded, as shown in Table 2.
Table 2: Characteristics of the Research Participants

<table>
<thead>
<tr>
<th>Name</th>
<th>Identification</th>
<th>Position in the organizational structure</th>
<th>Recorded/transcribed interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabian</td>
<td>Expatriate manager</td>
<td>Top management</td>
<td>Recorded/transcribed</td>
</tr>
<tr>
<td>Stefan</td>
<td>Expatriate manager</td>
<td>Top management</td>
<td>Recorded/transcribed</td>
</tr>
<tr>
<td>David</td>
<td>Expatriate manager</td>
<td>Top management</td>
<td>Recorded/transcribed</td>
</tr>
<tr>
<td>Olga</td>
<td>Local manager</td>
<td>Senior middle management</td>
<td>Recorded/transcribed</td>
</tr>
<tr>
<td>Oksana</td>
<td>Local manager</td>
<td>Middle management</td>
<td>Recorded/transcribed</td>
</tr>
<tr>
<td>Victoria</td>
<td>Local manager</td>
<td>Middle management</td>
<td>Recorded/transcribed</td>
</tr>
<tr>
<td>Oleg</td>
<td>Local manager</td>
<td>Middle management</td>
<td>Transcribed notes</td>
</tr>
</tbody>
</table>

Source: author

The transcript draws attention to the key aspects of each interview session and includes conclusions based on the data. Verbatim transcript was used in the data analysis to get a deeper insight and be able to interpret the meaning of the participants’ statements (Hennick, Hutter, & Bailey, 2011:208). The verbatim transcript template can be found in Appendix 2.

According to the postulates of grounded theory, the development of theoretical components is based on three steps. Each step represents the process of interpreting the meaning of the informants’ statements and disclosing the concepts and the theory, based on the collected data. For visual representations of understanding the connections between theory and data, the reader is referred to Figure 2 that contains the data structure and Table 2 that presents the representative quotes of the interviewees. Figure 1 illustrates that comparing codes of the transcripts of the interviews and sorting them by category leads to the formation of the first order that stands for the level of abstraction or concepts. Afterwards, considering the relationship between different categories in the first order of concepts, they are sorted in the second level of abstraction or theme which relate to the key concepts of this thesis.
Table 3 summarizes the representative quotations that are characterized as second order themes. These themes led to the development of aggregate dimensions and the theory construction, formulated according to the theme description. They serve as a foundation of the theoretical framework and, secondly, illustrate the interviewees’ opinion regarding the questions asked.

Table 3

<table>
<thead>
<tr>
<th><strong>Representative Quotes Underlying Second-order Themes</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Theme 1: HQ’s corporate identity</strong></td>
</tr>
</tbody>
</table>

| The senior middle management identifies with Western corporate culture | “We had a management then – all Austrians, and we retained the corporate culture of the European “A-Corp”, namely this approach, and I have basically the same approaches to human activities: communication with personnel on trust.” (Olga, senior middle management) |
| Opportunities for young people of the host country | “We have the principle of youth empowerment … we have some special, expensive programs, when they get to know our department … also, |
when they go to Austria or Germany for several years … youth often use such opportunities … and thank God!” (Victoria, middle manager)

“Young guys are running companies in Russia now and they are fit … for all Russian companies, there is problem that these guys work in the company for a very short time … but we could form the staff who have already been working in the structure for a long time and they are like the backbone of the whole structure in Russia.” (Stefan, top management)

**Theme 2: Resource dependence**

| MNCs’ resources | “A-Corp” does not impose any rigorous guidelines how to behave … “A-Corp” is resources: material, knowledge, specialists, and simply some developments about how we need to do in any situations in accordance with experience of foreign countries … We get a lot of support from it.” (Victoria, middle management) |
| MNCs’ knowledge | “I am rarely in contact with the Austrian office, only concerning “constructive issues”, for example the third party’s opinion, and then I contact Austrian specialists.” (Oleg, middle management) |
| HQ’s elements of hierarchy and structure (the service of central divisions) | “Standards, organizational structuring, reporting system, freedom in decision-making for diverse management levels and the application of procedures’ rules or diverse internal directives, there should be no deviation between the HQ in the home country and the HQ in the subsidiary.” (David, top management) |

**Theme 3: HQ’s dominance**

| Cultural imperialism | “Our company originates from Austria … you know, “A-Corp” has many competitors and we use the name “A-Corp” because it is used for a better image worldwide, that is why we are the majority of our company.” (Fabian, top management) |
| HQ’s power centralization | “We discussed it, then brought the matter up in front of senior management – we explained it to them, going further to the next level and, eventually, management in Austria discussed that we needed an additional person to fulfill functions and then they agreed on this unit.” (Olga, senior middle management) |

**Theme 4: Mimicry**

| Expatriate boundary-spanning role | “Free space is about how to interpret those rules and the time frame in which you are going to introduce them. In some countries, it takes a short time to introduce the rules and in some countries, it takes a long time because business is not the same as in Austria. So, you have to make minuses in all of these rules, you cannot realize all these points in Russia which work in Austria.” (Stefan, top management) |
| Ceremonial adoption of standards | “Austrians offer templates, forms, certain action, context … so the standard is set, it applies in different ways, of course, but there is another question … for instance, the arrangement and maintenance of worksites – a standard exists, but it is difficult to implement it in
### Theme 5: Local identity

<table>
<thead>
<tr>
<th>Red tape</th>
<th>Russian reality. We try, but we are far away from the Austrian standards.&quot; (Oleg, middle management)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>“Quality management papers, which are only papers, they signed them, they received those files but you cannot expect that they are working one to one as they mean: it takes a lot of time until people fulfill these rules and they will not fulfill these rules … and try to use force - people start to go against your aims.&quot; (Stefan, top management)</td>
</tr>
</tbody>
</table>

#### Commitment to the local culture

<table>
<thead>
<tr>
<th>Cultural superiority</th>
<th>“It is not according to Russian law that we cannot do this and this is bureaucracy, we did it like this all the time according to these norms, all these rules do not work here in the subsidiary … why do we introduce these rules, new rules (about the reaction of the local management to new rules)? The point is that elderly staff are used to the Russian hierarchy and management style … If you have been working for several decades in this system, then you already have this attitude.&quot; (Stefan, top management)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local bureaucracy requirements</td>
<td>“You cannot be Austrian in the Russian market, i.e. the backbone is the Russian staff … it is necessary to have Russian specialists at the head of the company, Russian leadership that knows the features of the market, is used to the market, behaves as it is expected to in the market ...” (Victoria, middle management)</td>
</tr>
<tr>
<td></td>
<td>“The Austrian, German colleagues should change and understand how everything works here … bureaucracy and the increased demands of all supervisory authorities, you need to get used to this. When and what you need to tell supervisory authorities, when it’s better not to say anything and to say something to the Russian colleague … not all Austrian/German colleagues are able to do it. Well, these functions implement Russian management.&quot; (Victoria, middle management)</td>
</tr>
</tbody>
</table>

### 2.5. Findings

#### Theme 1: HQ’s Corporate Identity

The HQ’s corporate identity refers to the recognition of values, norms and principles of the corporate culture by the employees of the subsidiary as part of their daily activities. The headquarter focuses on establishing its corporate culture that forms the basis of interpersonal relations within the enterprise and with actors on the local market. This research has shown that the corporate culture needs to be considered as an element of internal cohesion and a distinctive feature of the organization. Subordinated directly to the
parent firm, the special department familiarizes new employees with the “A-Corp” system of standards which include internal policies, rules of correspondence, clothing, code of ethics, represented principles, corporate values and behavior rules at the workplace. These rules form the basis of corporate culture. They must be implemented because employees can identify with corporate values and they are needed for the brand identity in the market. However, even if the employees in the subsidiary comply with corporate rules, it does not mean that they identify with the corporate culture of “A-Corp”. However, there are HR practices which are appreciated and especially recognized by the local management:

“Overall, our motto is teamwork. We say that we feel support and that we are part of the MNC.” (Victoria, middle management)

The data shows that employees identify with MNCs when they are in constant interaction with foreign specialists and when they report to foreign management. In this case, the senior middle manager claims that she tends to pursue trustful relations with her colleagues at work due to European corporate culture, which she experienced when Austrian managers held top management and general manager positions. In addition, she favors a commitment to European corporate culture rather than to the Russian one:

“We have a system of standards and we even have manager on site who tell new employees about the company, structure, code of ethics, how we need to behave. For what? For united corporate culture! If we do not follow this: we will not be a part in all that has been created and how it works abroad - we turn, relatively speaking, into a Russian company. Therefore, it is obligatory!” (Olga, senior middle management)

The continuity of intercultural interactions and the degree of cultural assimilation with foreign management leads to different initiatives undertaken by the senior middle manager. To establish mutual trust with foreign management, the senior middle manager suggested for them to engage in meetings with local suppliers and clients. She explains the purpose behind this as follows:

“... so that managers understand the customer better, I took them with me to a meeting with a customer ... because to understand the mentality means to be on the Austrian side in the market and understand the customer.” (Olga, senior middle management)

Oppositely, the Russian managers, who participate less in intercultural communication, tend to defend their national identity and seek independence in their way of managing
business. Thus, the HQ’s corporate identity depends on the representation of the foreign managers at the top management level and the accountability system in the organizational structure of the subsidiary. The expatriate manager explained that, in former times, a local – expatriate manager ratio amounted to 20/80%, and currently the ratio is 70/30%, which makes it difficult to locate Western corporate culture.

In this regard, the parent firm uses the principle of youth empowerment to infuse the corporate identity in its business units. The promotion of international integration among young specialists in the corporate structure is initiated by the parent firm and implemented locally via educational courses, international practices and involvement in the corporate network. Managers have noticed that young specialists are increasingly interested in such opportunities. Overall, integrating the younger generation of affiliates into an international context aims to get employees who have been brought up on the principles and values of Western corporate culture to shape the management structure. It has been proven that the short-term presence of foreign specialists in the subsidiary or the proclaiming of corporate values by special departments as compulsory has little effect on instilling the corporate identity in the business unit. By contrast, representing the upper echelon of power via foreign management and training young specialists in an international context can facilitate the recognition of the HQ’s corporate values among employees that have been noticed, in this case, by the expatriate manager:

“This is a generational issue: the young generation is overcoming differences much more easily than older generations. What we are trying is to get this young generation together … we are doing a lot of networking here in the group so that young people install a platform, communicate, go through the world to see each other. So, the young generation is much more interested, ready and willing to understand other ways of thinking and working … we try to push this networking which is inside the group that is working with a young generation.” (Fabian, top management)

Theme 2: Resource Dependence

The dependence of the subsidiary on resources is conditioned by the MNC’s organizational structure. The data confirmed that the parent firm’s supervisory function primarily corresponds to ensuring the advancement of its business units by accumulating and distributing corporate resources with the help of central divisions in the Austrian MNC.
These specialized service agencies have representatives in the subsidiary’s central office, but they are subordinate to and report directly to the parent firm. The centralization of the provision of resources aims to get employees to focus on business activities, but it makes their operations dependent on the approvals of the HQ, if there is an inquiry on the additional work unit or consultation concerning the technical aspects of work.

In addition, along with the dependence on services delivered by the central divisions, the HQ needs to standardize the policies and procedures for the provision of resources they possess for all affiliates. Pooling all valuable resources in its hands, the uniformity of regulations becomes necessary to make all internal operations transparent, low-cost and consistent with the affiliates’ system. Therefore, if there is a need for material and non-material resources on site, employees need to comply with the policies that underlie the resource transfer procedure. This makes employees dependent not only on the resource itself, but rather on the corporate rules which underlie the inflow of material and non-material resources in the subsidiary. In this respect, the local management specifies:

“Overall, service divisions provide us with services. They have these and equipment, machinery, etc. These are also exclusively “A-Corp” (the Austrian MNC) elements which were not created in Russia and we submit to them. We all even approve of them. So, if we order a car, it gets the approval and mandatory signing of all documents in the HQ.”

(Olga, senior middle management)

Agreeing on the subsidiary’s dependence on the parent firm’s decision concerning the allocation and distribution of valuable resources is regarded as a natural condition of the HQ-subsidiary relationship. The parent firm carries the responsibility for providing stability, structure and a positive focus on tomorrow, and when the affiliate operates in an extremely volatile environment, employees appreciate this support. Clear-structured internal operations, trustworthiness due to the transparency of business transactions, professional growth by acquiring Western know-how and expertise not only attract the attention of Russian employees but make them want to connect their professional life to the subsidiary of the Austrian company. With reference to the data, the local management informs:

“Some decisions were made on a certain budget, on a certain policy, for certain measures to be taken to ensure that certain directions need to develop in Russia, maybe there are no requests from the market, customers are not aware of such innovations, they are not yet advanced enough to provide documentation in electronic form, so that it becomes immediately the basis for 3D design. But we develop this structure to be able to offer this
service. Without the support of “A-Corp”, of course, without a general policy in this matter, it is unlikely that we would undertake such tasks.” (Victoria, middle manager)

Theme 3: The HQ’s Dominance

As a fully-fledged owner of the Russian subsidiary, the Austrian headquarter is in control due to the allocation of material resources, policies and innovations. These material and non-material elements have their roots in Germany and Austria. The expatriate manager argues that the cultural standardization of rules and practices is determined by the aim for operations to run efficiently and to present the corporate image worldwide. Every brand has a certain meaning for consumers. When the company is governed by Austrians or Germans, it makes it possible to communicate the product and service worldwide as an innovation, which is especially important in a competitive industry. Although this does not correspond to local values, the decision of the HQ is superior to that of the local subsidiary:

“You know, not everything that Germans or Austrians think is acceptable and understood by other cultures. There should be other regulations … for us, it is very normal, but in different cultures they will say: For what? Why? … The problem is that standards have not been set by all cultures of the company, they are set by the culture of Germany and Austria because they are the majority in the group … we found that some standards are sometimes not understood from the point of a different culture, but for us, it would mean a much longer time to implement certain standards because of the different culture … so that all our standards are being accepted, you know – straight, it is time to explain and to convince … the argument is also: “Why do 70% of the managers in the group accept these terms and why do you not accept, but, you know, it is not really fair.” (Fabian, top management)

Correspondingly, the HQ’s superiority in the structure is determined by the following factors: First of all, as the sole owner of the subsidiary, “A-Corp” has all rights to appoint top management, set policies and exercise control over the business units. Even if all affiliates are defined by the parent firm as legally independent subsidiaries, a director manages the subsidiary independently within the framework of the corporate policies. However, key decisions are always made with the approval of the HQ’s management:
“Well, we have here a certain structure, hierarchy, each has its own responsibilities, and, naturally, management is in charge of such system-forming things such as decision-making … and certain employees participate in the discussion within the framework of the authority … If some questions arise about rules, then the “expat” and “general manager” make decisions and say: we need to discuss this with the Austrian colleagues.” (Oksana, middle management)

As the accumulator and distributor of corporate resources, the headquarter has a right to formulate goals and make decisions regarding key organizational dilemmas because the centralization of the control system aims to reduce financial losses and improve performance. Therefore, regarding the decision-making power within the headquarter, Austrians and Germans, who constitute the majority of the HQ, always make the final decision.

**Theme 4: Adjustments**

The necessity of adjusting corporate policies and practices locally has its roots in the uniformity of the HQ’s best practice model. Established under the parent firm’s vision, such best practice models cannot be equally applied in all subsidiaries because of the local stakeholders who are used to a different approach to business making. Therefore, allowing deviation from prescribed rules became an essential component of how foreign managers govern the subsidiary:

> “Within the applicable directives, there is scope for every manager: How do I lead my employees, how do I communicate with them or what feedback do I expect/allow? In addition to personal preferences and habits, there are also very strong mentalities which vary between the different countries as well.” (Daniel, top management)

However, the expatriate managers, who make adjustments, differ in their functions from the foreign specialists who appear at the local site from time to time to deliver technical expertise and share their work experience. Oppositely, these foreign managers hold top managerial positions in the subsidiary, and they hold them for a long period (9 to 20 years). Their responsibilities range from introducing to adapting the rules to the context they are embedded in.
Accordingly, determined by the parent firm, the official role of expatriate managers relates to managing internal operations in the subsidiary, where elements of structure, strategy and monitoring are a fundamental part of their responsibilities:

“We try to organize our company as we do in Western Europe: policies and rules of Western companies … Russians like to work as employees of foreign companies … we give them clear work, a clear focus, a clear structure.” (Daniel, top management)

The translation of the universal rules in the subsidiary is conducted by local senior and middle management. The parent firm’s requirements on the conformity with corporate rules oblige expatriates to execute practices and install the corresponding control mechanism via implementation. As an example, during the adjustments of the work processes according to the European regulations, the expatriate managers needed to convince the home managers of the necessity to use a cost estimation for the projects, even if the Russian managers were not used to it and there are no requirements from the external environment.

The standardization of corporate policies and practices requires expatriate managers to be flexible in introducing rules and to adapt to the context in which they operate to deliver satisfying outcomes for the parent firm and the subsidiary. Therefore, they allow deviations from the original rules, because they rely on the local management in questions concerning the implementation of contracts. The role of expatriates is to support local managers and give them the freedom to conduct business within the allowed scope of deviation.

Having the power and right to conduct business, middle management accepts rules, but full compliance is not possible at times if there is a big gap between the meaning of the rule and the local context. The data indicated two cases of deviation from the original rules. A lack of management control on site and the absence of a reporting system to track the implementation of rules facilitate deviation. For example, documents that are not used in day-to-day operations and do not have a corresponding receptive context in the local environment become “dead documents”:

“We had the adaptation of documents from the German to the Russian language; otherwise, they would not take root in Russia … but there are “dead documents” which are not implemented in life because of Russian culture - there are things which are not applicable and are not supported.” (Oleg, middle manager)
Thus, as the outcome of weak feedback management in the subsidiary and the premise of power centralization, the documents are caught up in red tape. When the parent firm cannot track the compliance with corporate rules and policies via a monitoring system, all levels of management in the subsidiary break non-workable rules intentionally and consciously. Oppositely, if standards are of importance to the parent firm and must be implemented because they underlie the competitive advantage of the product, its quality and brand recognition, then the top management of the subsidiary insists on the implementation of the rules. Overall, this leads to a change of the internal processes at the site to overcome gaps and support brand recognition. The local management explained one of these cases as follows:

“Arrangements of worksites depend, of course, on the manager of the worksite. And again, after a couple of failures: the dirt, disorder on the worksite – those at the top began to pay attention to this and began to adjust everything to unified standards, namely by maintaining the worksites. How it should look like, how everything should be equipped, and so on. Again, these are the standards of “A-Corp”, or this is the rule of “A-Corp”; it is accepted at “A-Corp”, so it is accepted at European worksites, but it is not always accepted at the Russian worksites … Yes, we had to adapt our workers somehow – “to adapt” means to do the same and to expect from the Russian workers the same that is expected from the workers in Europe, whereas for the Russian workers who are not accustomed to this - “to adapt” means we are prescribing more rigidly down to the smallest details in our contracts a lot of responsibilities about how the worker should behave at the facility. I will assume that all this is not in the European contracts, because it is negotiated separately.” (Victoria, middle management)

Correspondingly, the balance of power, based on the mutual understanding of the necessity of localizing some rules and practices, was achieved with the help of expatriate managers and local middle management. In this corporate situation, expatriate managers provide constructive decisions for critical issues, if the allowed deviation will accumulate the benefits rather than exceed the costs:

“He (expat’s name) is not actively engaged in projects … but when we had a situation like a conflict over time … he makes such constructive decisions.” (Oksana, middle management)

The platform for managing differences between the HQ and its affiliates is provided by discussions during a standardized set of meetings with all business units which top and
senior management as well as local directors have to take part in. Expatriate managers speak to the Austrian HQ about local issues, so that workshops and meetings can be organized in the subsidiary.

1.5. Theme 5: Local Identity

Despite the MNC’s official corporate culture which is established by the responsible department through a set of obligatory rules at the local site, middle management shows its commitment to those foundations and principles of work that were formed under the influence of the local, external and internal environment. The underlying reasons for the dominance of the local corporate culture are interactions with local stakeholders and the corresponding status of the subsidiary on operating as an independent business unit. This independence gives the general manager the right to coordinate business activities on his/her own responsibility within the framework of the corporate policies. The best part of the philosophy of MNCs is that business units in different countries are governed by local managers who are entitled to organize the subsidiary’s management according to their own preferences to reach the corporate aims.

To this extent, the commitment to the local corporate culture is expressed by the necessity to have local management and employees who can behave according to the expectations of the market demands. When the managerial personnel in the subsidiary are represented mostly by local employees, they have a dominant influence on shaping the working culture. The expatriate manager characterizes the situation as follows:

“It is about which management you have at the top. You have a certain feedback by your staff regarding an old-fashioned management style, but only to certain borders or to certain limits. When you have Western-minded management, there is another way around ... Top management in Russia, especially personally, is old-style, and this person is the most important one in the area there and the management structure is therefore old-fashioned ... When they try to make changes ... if top management says: “Okay, let’s do it”, it can happen ... the boss always makes the final decision.” (Stefan, top management)

It proves difficult to retain the purely corporate culture of the European “A-Corp” when the home general manager is inclined to promote his own management style, informal rules and work traditions which will correspond to the requirements of the external environment and the expectations of local employees.
There are common understandings between the local management and the general manager due to similar techniques and methods of work which they consider as a way of doing business that is being taken for granted. In the Russian working culture, for example, good interpersonal relations are more important than contractual relations that are essential for Western culture. Therefore, Austrian managers do not understand it if a local supplier or client does not comply with contract requirements. Oppositely, the Russian management can handle such an issue and attain positive outcomes because it is used to a risky and unstable social environment. In addition, this makes the Russian managers flexible in interpreting corporate rules and breaking them, as they find that this is necessary to reach the corporate aim. In this regard, the local management tends to report to and seek the advice of the Russian general manager in situations where there is a need for flexible decisions and solutions to problems due to the requirements of the local market.

Moreover, the market makes it necessary to be aware of how to negotiate with the Russian authorities. Meetings with bureaucratic structures can be tricky and tough and complying with their rules could require the knowledge of specific documents and procedures. For this reason, it is important to rely on the Russian management that is familiar with the peculiarities of the government and how to negotiate with them. Thus, a sophisticated knowledge of the market gives the local management as well as the general manager the power to hinder the expatriate manager’s authority to insist on implementing corporate policies and practices. Furthermore, the distinct local identity of the employees at the subsidiary is reflected in the translation of all documents, the corporate policies in the Russian language, as they would not have meaning for local employees who do not know the foreign language. Besides, the dominance of the local culture with its informal rules is predetermined by the requirements of local clients, employees and by the formal corporate culture which coordinates the stability of the corporate structure. Overall, both elements, the local culture with its informal rules and the official corporate culture of the subsidiary, work together for a good performance and to meet the corporate strategy.
SUMMARY

The Austrian MNC has the exceptional task of ensuring a harmonious relationship between the parent firm and its affiliates. When HQ-subsidiary relationships are regulated by the framework of policies and practices where the parent firm serves as a source of imposed control and regulations, the headquarter needs to decide on the standardization or adaptation of the corporate rules. In the present research, the total standardization of the practices of the subsidiaries in line with the HQ’s requirements is determined not only by the need for the internal consistency of operations but also by the need for a controlled distribution of centralized resources. Secondly, the diffusion of the corporate image goes hand in hand with Austrian policies and practices, for example a logo placement, worksite arrangements and applying the latest technologies in customer service. Overall, the Austrian policies and practices are the source of the corporate's competitive advantage for operating in the rival industry. For example, the rules underlying the image is supported by the branded name, which informs to deliver high-quality finished products that have been manufactured in accordance with European standards. Therefore, despite the local need to adapt to quality management standards when the local environment is not receptive, the parent firm obliges the local management to comply.

Contradictions between the HQ’s best practice model and the inquiries of the local market have brought about the emergence of a third culture. This third culture can be understood as a result of actions undertaken by expatriate and local middle management in dealing with the organizational and cultural differences between both cultures in the context of the Austrian-owned Russian subsidiary. Their actions within the subsidiary are based on the understanding that both the parent firm and the subsidiary are interdependent because of their knowledge that defines the success of their joint enterprise. Knowledge is power, and the work inside the Austrian-owned Russian subsidiary is conducted under the balance of two equal powers: Western knowledge, which is transferred at the site through the HQ’s best practice model, and the knowledge of local employees regarding the demands of the local market.

To find an appropriate balance between both powers, the expatriate managers and middle level management make adjustments to work processes. Despite a request for compliance with the standardized practice model imposed by the headquarter, the expatriate managers allow the middle management to not comply with the rules within the
permissible scope of deviation. As the first implementer of the corporate rules, local middle management needs a certain degree of flexibility in managing its position in the subsidiary, so that it is able to employ its own rules for conducting business which match the requirements of the local stakeholders and do not disrupt corporate orders. A cultural understanding in favor of corporate aims emerged between these managers because they are embedded in the context of constant cross-cultural exchange and interactions. This awareness gives them the ability to adapt to the context they operate in. Consequently, the compliance with or deviation from the prescribed rules demonstrate their ability to adjust and build trajectories between different cultures to meet the organizational aims. Therefore, the hybrid culture, which is not negotiated, is formed by the expatriate and local middle level managers as the result of making mutual efforts to achieve a balance between power relations.

Therefore, the formation of a fragmented organizational culture within the borders of the local site is the result of gathering various cultural identities. The research indicated that recognizing the corporate culture in the subsidiary necessitates a recognition of the continuity of intercultural communications and of the presence of expatriate managers at the top of the hierarchy that influences the identity of employees who subordinate directly to them. The subordination to the local management and a lack of intercultural interactions at the bottom of the organizational structure results in retaining the local identity, because there is a space for local cultural practices and symbols, such as translated documents in the Russian language, the premise of national values and principles of work arrangements. Considering the other side of organizational structure, due to the given status of the self-managed subsidiary, the general manager encourages the existence of a working culture which corresponds to the inquiries of the local stakeholders. This seems to be important, as the implementation of the corporate strategy depends on the government and its authorities and on key corporate suppliers and clients who represent the local culture.
DISCUSSION

Figure 3: Grounded theoretical model of the fragmented organizational culture in the Austrian-owned Russian subsidiary

The conceptual framework by Said (1978), Bhabha (1994) and Spivak (1988) underlines the results that emerged from the collected data. The Austrian-owned Russian subsidiary exhibited a presence of “Orientalism” (Said, 1978), that refers to the Austrian management culture imposed by the headquarter in the form of the universal HQ’s best practice model. Investigating the question of how the subaltern speak in the subsidiary, it can be observed that they speak within their own ideological framework or values designed by the ruling class of the Russian state apparatus. The findings indicate that the manifestations of nationalism are broken down at middle level management, where the interdependence of responsibilities of middle level management and expatriate managers led to the formation of a “third space” (Bhabha, 1994). Operating under the universal model of the Austrian best practice, the local middle level managers do not abandon their own cultural practices but rather adopt the imposed knowledge, creating a hybrid forms that are neither the corporate culture nor the local culture (Frenkel, 2008). Due to the application of key concepts of postcolonial theory, the findings below are discussed in fragments, because
the corporate culture that is present in the Austrian-owned Russian subsidiary is fragmented.

The Austrian management as a continuation of Orientalist discourse:

Drawing attention to the implementation of Austrian practices and policies in the Russian subsidiary, a counter question arises regarding the exportation of the best practice model by the corporate headquarter. The results correspond with those of other studies which have confirmed that the homogenizing tendency of Western management discourse aims to rationalize work processes (Westwood, 2006). Based on the figure shown above (Figure 1), the Austrian best practice model is the best option due to the universal truth of its statements associated with the full legitimacy of Austrian knowledge and practice, designed in the corporate headquarter to ensure that the subsidiary is developed.

The best practice model is based on the value system of the Austrian culture. The Austrian and Russian managers noted stability, development and constant improvements due to educational courses and trainings, trustworthiness, an innovative nature, structure and focus which serve as a foundation of the corporate rules in the bicultural organization. Overall, the interviewees consider these values as a tool to stabilize and clarify the social environment of the business unit. The tools can be identified through clear-structured internal processes and procedures, the transparency of structural elements and business transactions, an increasing efficiency of operations, cost control and estimation. Furthermore, there is the introduction of know-how and practices in form of sophisticated computer programs to optimize internal processes and advance the provision of services.

These values are not negotiable and are dominant because they generate the knowledge that is necessary for the survival of the affiliate in a competitive environment. Consequently, the relationship between the HQ and the subsidiary can be characterized as “core-periphery” (Westwood et al., 2014), because it represents an explicit line of the hierarchy in which the decisions made by the Austrians and the headquarter are always final. The expatriate managers are entitled to make key decisions for corporate culture, the delivered resources and, ultimately, how they are to be controlled. Moreover, the consequence of possessing knowledge is an obligatory symbolic representation of the corporate image to brand the enterprise as advanced and innovative in the market. This image must be carefully controlled by local management, and the disruption of its
elements by local employees, as with the arrangements regarding the standardization of worksites, became rule rather than the possibility of negotiating and including the values of the “silenced voices” (Westwood, 2006:100).

*The absence of the dominant “other” / the politics of alterity (Spivak, 1988):*

The research case showed how the Austrian headquarter failed to grant the status of a self-managed business unit to the Austrian-owned subsidiary while trying to instill a prototype of European corporate culture in the organization. The findings suggest that there is an understanding among the Austrian expatriate managers regarding the presence of “other Russians” that limits their capability to carry out their work duties, which turned out to be the power element of the local management. The authenticity of the subaltern (Spivak, 1988) is quite rare in our contemporary world, but the most likely explanation for its presence in the Russian subsidiary can be found in the fact that the contemporary ideology of the Russian state differs from capitalist ideology. The penetration of remnants of communist ideology and echoes of the authoritarian regime of the Soviet Union correspondingly influenced the identity of those involved in the local working environment and market.

Thus, bureaucracy, as an inseparable part of Russian culture, the superiority of good interpersonal relationships rather than contractual relations, and, ultimately, an autocratic management style characterized by a top-down decision-making process, a power distance and, as a consequence, a lack of bottom-up initiatives, is indicated in the study. These values seem to remain fundamentally different from Austrian values, which is why expatriate managers consider the adult generation in Russia as completely different from their own, indicating that the infusion of new cultural values is regarded as an unattainable act (Bhabha, 1994). Consequently, employees who are not attracted to the Austrian values imposed by the corporate headquarter are committed to the values of the local culture in the subsidiary which guide them and inform their knowledge and the practices that are implemented. The latter primarily relates to the Russian general manager of the Austrian-owned subsidiary who was commissioned to cooperate with the bureaucratic structures and their extensive control and regulations.
Therefore, the Austrian HQ shifts its focus on specific policies and practices for the younger generation in the Russian subsidiaries that values development and innovation. Introducing these values through an international network, relocations and career perspectives abroad ultimately enable the cross-cultural space to become part of their home and their hybrid identities can adopt “other” values. Moreover, the identity of the adult generation that has a lower hierarchical position than the middle management in the organizational structure would be disrupted and become hybrid if it were supervised by foreign rather than by Russian management. Therefore, linguistic differences, systems of meaning, symbols of modernity and an imposed unity in the cross-cultural subsidiary are resisted by those for whom traditions and the past are valuable.

The cross-cultural space:

Under these circumstances, the official corporate culture encouraged by the Austrian headquarter in the subsidiary can be described as Russian corporate culture, except for the third space that emerges due to the interdependence of the responsibilities of local middle management and expatriate managers.

The Austrian values that are primarily recognized by the Russian employees at the subsidiary relate to teamwork with foreign specialists, educational courses, the principle of fair payment and innovations. Though the rationalized best practice model which contains the extensive workflow of documents, standards, structure, consistency and monitoring system are valuable for work arrangements, the meaning of these values are only partly understood by the Russian employees. Therefore, local middle management acknowledges the necessity to adopt these inflexible rules which cannot resolve business issues of the local subsidiary. However, by adopting them, they mainly use their own cultural values to adopt Austrian knowledge and practices (Rutherford, 1990:221). The imposed rationality is incompatible with the local culture because of the unstable external environment where fixed rules do not work. Hence, the implementation of contracts’ terms has been hybridized into a focus on interpersonal relations with clients and the allowance of payment delays. The imposition of quality management papers for a non-receptive context became “dead documents”, which indicates the values of local managers, including conflict avoidance and a focus on working relationships that result in a lack of giving upward feedback. Thus, the violation of rules is of utmost necessity and is accepted
by the expatriate managers, who do not insist on implementing corporate rules and practices in a world of national consciousness.

Furthermore, the data showed that the senior middle manager lost her identity because she not only adapted the corporate rules and practices and did this “almost the same but not quite” (Bhabha, 1994:89), but because she supported the mutual exchange of values and practices with foreign management due to her constant presence in the contact zone. The value of Austrian culture that has shifted its position is trust, which has become an indivisible part of identity and turned into a participative leadership style. As has been indicated, there are involvements of the Austrian managers with negotiations and meetings with “complete otherness”, namely suppliers and clients in the Russian market, which results in creating workshops and educational courses and placing a priority on the knowledge of foreign languages rather than recruitment.

Thus, hybrid identities and a shift of positions would be impossible without constant encounters with foreign managers, the mutual linguistic space that makes the meanings of symbols fixed. For example, the absence of foreign managers on all levels of the organizational structure makes the existence of the ethnocentric corporate culture impossible in the Russian market, where traditions, the past and identity play a significant role and cannot be represented by the ethnocentric model. Therefore, corporate culture gets translated in fragments. However, considering culture as a source of competitive advantage, the present research suggests that fragmentation can be considered as a strength that makes the organization more flexible and adaptive regarding global and local requirements and developments.
CONCLUSION

To understand the implementation of the HQ’s practices and policies by the local and expatriate managers of the Austrian MNC in Russia, I used the principles of inductive reasoning and the interpretive paradigm of qualitative research methodology in this study. Based on the findings, it was possible to derive a grounded theoretical model of the fragmented organizational culture in the Austrian-owned Russian subsidiary. This model contributes to findings of postcolonial studies such as Edward Said’s insights on Orientalist discourse, Frenkel’s examination of hybridity in multinational enterprises based on key concepts formulated by Bhabha (1994) and Spivak’s study of the subaltern’s authenticity, which is concerned with the issue of preserving national values in a time of globalization and growing international relations between different nations.

The research has shown that the homogeneity of the corporate culture in the Austrian-owned Russian subsidiary under the directives of the headquarter seems to prevent the possible formation of cultural practices that can reflect the context of the cross-cultural enterprise. On account of the ignorance of the managerial personnel, the heterogeneity of the cultural values within the subsidiary led to the disruption of the imposed universality of the HQ’s policies and practices. The practical application of the model relates to the management of the organizational culture in the cross-cultural enterprise located in the non-Western country and supervised by the Western headquarter. This model might be valuable, especially for the analysis of the subsidiaries located in non-Western countries, because if we consider the national culture as a product of the ideology according to an anthropologist and postcolonialist perspective, the values of these nations differ from the Western world of capitalism and, consequently, can generate corporate-culture problems.

Based on my findings, I conclude that the model demonstrates the necessity of identifying incompatible values as well as common grounds that can contribute to overcoming cultural barriers. Thus, the present research indicates that teamwork with foreign specialists, educational courses, innovations and HR practices aiming at fair payment and trustful relationships could promote mutual understanding among the Austrian and Russian employees. The identified binaries expressed in the superiority of the HQ’s best practice model and the power of the local market signify the importance of paying attention to
cultural differences that can be turned into a source for the successful management of the corporate culture in the cross-cultural business unit. Understanding that the values of both cultures will remain fundamentally different, the case of the Austrian-owned Russian subsidiary demonstrates the necessity of permanently including the Russian employees in the contact zone or in an intercultural space that can ensure cooperation, mutual understanding and the cross-cultural development of Austrian-Russian practices. This inclusion necessitates local employees from different levels of the organizational structure to develop a smart managing of differences or intentionally implement the hybridization of cultural values. Overall, the interplay of binarism and hybridity in the management of corporate culture can be considered as an approach to implement the successful transfer of Western knowledge and practices in non-Western subsidiaries. Finally, the model can be used to divide the local personnel into three subcategories to implement the corresponding management of the corporate culture within the identified group, among those who are loyal to Western cultural practices, accountable to foreign management and committed to local values and practices. In the present research, the category of the adult and young generation is markedly different and needs increased attention from the managers of the enterprise and employees who who have lost their identities. Apart from this, all cases will need further analysis.
FUTURE RESEARCH

The obvious management issue for foreign managers in Russia are adult employees. Therefore, the next stage of the research requires a discursive analysis of nationalism in contemporary Russia and the ideological framework of the adult generation that retains the identity of their culture. The historical analysis of ideological values can be applied in the management of culture in the cross-cultural enterprise. A question that remains is how to shift the position of the adult postcolonial subject in Russia. When knowledge is not power for them, what categories of power can be included in the analysis of the adult postcolonial subject in Russia that could lead to a shift of its position and the abandonment of authenticity?

Clearly, further research needs to be conducted on the loss of identity. What values of identity have been hybridized? How has hybridity changed the management style of Russian managers? It will be necessary to consider a discursive analysis of management knowledge in contemporary Russia, particularly with regard to gaining a deeper understanding of approaches which can be undertaken by the Russian managers for the purpose of self-representation.

In light of the emergent empirical results, the question about the role of the national identity of the general manager is still open. How can the top management of the cross-cultural entity influence the formation of the working culture? Another question that remains unanswered relates to how Russian managers can represent themselves in the enterprise.
LIMITATIONS

The findings feature a number of possible limitations, for instance the number of participants that were interviewed. Conducting research in the framework of the interpretive paradigm with the application of grounded theory, the data collection can be continued until a theoretical saturation to capture the heterogeneity of the experience (Gubrium & Holstein, 2001). Therefore, it was a disadvantage that the number of participants was decided on by the gatekeeper. Within the framework of the present research, it appears to be significant to interview non-managerial personnel, for example shopfloor employees, young specialists and the adult generation, to achieve a more detailed analysis of the fragmented organizational culture. Apart from this, the analysis does not make it possible to exactly determine the influence of the general manager on the formation of corporate culture and the enacted leadership style in the cross-cultural enterprise that characterizes him/her as a “true Russian”.

Another key point is the method of collecting data. The phone interview was complicated by technical problems and requires a great involvement of the interviewer. Furthermore, establishing rapport with the interviewees is another serious issue. Some participates were more eager to cooperate during the interview sessions than others, which is why it may be necessary to conduct personal interviews instead of telephone interviews.
REFERENCE LIST


Astrov, V. (2009). Austria: Relations with Russia and implications for the EU Eastern Partnership. In F. Gabor, & Z. Ludvig (Eds.), *EU-Russian relations and the Eastern Partnership: Central-East European Member-State Interests and Positions* (pp. 165-182), Budapest: East European Studies 1, Institute for World Economics of the Hungarian Academy of Sciences.


Interview guide

Introduction
This research serves to provide insights into the views of Austrian managers regarding their work experience in the Russian subsidiary and is being conducted as part of my master’s thesis at the Johannes Kepler University in Linz. First off, I would like to ask your permission to record the session. This is necessary to create an accurate transcript of the interview. If you are interested in it, you can get a copy of the information you have provided. Everything that you tell me will only be used for this study and will not be shared outside the research team. The research information will be collected, analyzed and reported anonymously. Do you have any questions before we begin?

Background information

Number of interview:

<table>
<thead>
<tr>
<th>Age:</th>
<th>Nationality:</th>
<th>Education:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupation:</td>
<td>Knowledge of foreign languages:</td>
<td>Years of employment:</td>
</tr>
</tbody>
</table>

Opening questions:
- Could you tell me about your job?
  - What are your tasks? What practices do you usually implement?
  - What are the differences between working at the HQ and the subsidiary?
- What practices are common at the HQ of the company?
  - For instance: shopfloor operations, performance monitoring, target setting, incentive setting
  *(You have just described various aspects of working at the HQ, but what about the subsidiary?)*
- How does it work at the subsidiary? Which of the HQ’s rules and practices work in the subsidiary?
- And how do Russian subordinates react to them?
- Do you think they work similarly to the HQ?
  - No? Which practices? And why? What are the problems or barriers?
- How do they differ from HQ practices?
- Could you tell me how an innovation from HQ is introduced in the subsidiary? Who is responsible for this and how does it work?
- How do you adapt it in the subsidiary?
  - Why they are different? Who makes adjustments?
• Does the subsidiary influence or take part in discussion of practices? Do you negotiate changes with managers or workers in the subsidiary?
  • Could you tell me about management feedback? How does it work?

Closing questions
• Are there any other remarks that you would like to add?
• Would you like to be informed about the findings of this research?
## Transcript of interview

<table>
<thead>
<tr>
<th>Filename</th>
<th>Austrus1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of the interview</td>
<td></td>
</tr>
<tr>
<td>Location</td>
<td></td>
</tr>
<tr>
<td>Duration</td>
<td></td>
</tr>
<tr>
<td>Interviewer</td>
<td></td>
</tr>
<tr>
<td>Name of interviewee</td>
<td></td>
</tr>
<tr>
<td>Position of interviewee</td>
<td></td>
</tr>
<tr>
<td>Working there since</td>
<td></td>
</tr>
</tbody>
</table>

### About the person

The transcript includes the participants’ emotions that are indicated in brackets, as in the following examples: (pause), (silence), (laughter), (hesitation); and features of natural speech and expressions (um, oh, etc.).

I=Interviewer, P=Participant

### Transcript

<table>
<thead>
<tr>
<th>I:</th>
<th>P:</th>
</tr>
</thead>
<tbody>
<tr>
<td>I:</td>
<td>P:</td>
</tr>
<tr>
<td>I:</td>
<td>P:</td>
</tr>
</tbody>
</table>

### Off-the-record information

### Key notes

### Memo