China and Estonia in Flux: is this a Valid Basis for Comparison of their Approaches to Change Management?

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In this paper we attempt to analyze management of organizational change in the context of economic and commercial reforms in the former centrally planned economic systems. Developing and transitional economies have intended to dispose of their past 'blue prints' and seek out templates which have been successful in the existing market economies. At the core of our questioning is the accepted idea that the process of organizational change in transitional and emerging economies is and needs to be 'managed'. In this paper the processes of organizational change in two distinct cultures, China and Estonia, has been analyzed drawing partially on an institutional perspective.

To compare the implementation of change in selected organizations in China and Estonia, we conducted structured interviews with members of top management teams in 160 companies in several large cities in the northern part of China: Beijing, Tianjin, Jinan and Zibo; and in 243 Estonian companies. In Estonia, the interviews were carried out at two different periods: first in 2001 (137 companies) and second in 2005 (106 companies). In both countries the companies (the sample) were selected from a cross section of industries and sectors, ranging from manufacturing and technology, banking and insurance organizations, to those in energy and education industries.

Results indicate that in Chinese organizations people tended to be more accepting changes than in Estonian companies, but in a passive manner. The most frequently used strategy for overcoming resistance to change in both countries was communication and education. But Estonian managers attached more importance to empowering and involving employees and training them for the changes than the Chinese managers.

In order to explane these results the authors apply institutionalism. China and Estonia are greatly influenced by socialist/communist ideologies. Estonia had a long history of socialism before its independence from the former Soviet Union in 1991. Likewise, since the founding of China in 1949, China has been under socialist regime for over half a century. A socialist society in this context is characterized by high formalization, centralization and totalitarianism. Estonia has been building democracy for the past 15 years. But in China the level of democracy has not been high. Although China experienced successful transformation of economic regime, the political system in China has remained within its specific version of socialism and operated on the basis of centralized power. There are fundamental and conflicting ways in which individuals have been trained to think and act under totalitarianism system.

In Estonian companies management is more democratic, employees' views are sought and in order to encourage employees to accept and support changes, some measures are taken, e.g. communicating with the employees, the likely benefits brought by the changes and improving employees' welfare. As in China relationship between people is the priority, in the process of change, complicated relation network has to be taken into consideration.

Keywords: *organizational change, China, Estonia, institutionalization.*

Introduction

We see change as a set of events which unfold within a time frame defined by political and economic parameters. As one of the fastest developing countries in the world, China has had an annual growth rate of 8–10 % averaged over two decades (Hampden-Turner and Trompenaars, 2002). Chinese companies have undergone rapid, fundamental changes (Wang, 2007). In the past two decades, Estonia has gone through transformation; leaving one system of political economy-the Soviet Union- and entering into a culturally and historically different environment- the European Union. This, in Estonia, has meant the need to swap the authoritarian, centralized, totalitarian socialist ways of organizing and governing with a more democratic regime and a different set of attitudes and values fit for a free market economy.

Our main aim in this paper is to consider the implementation of change in selected organizations in China and Estonia as the bases for understanding the 'blue prints' for change adopted in these developing economies. The two countries are assumed to be culturally and socially distinct and their political and economic systems stem from the socialist/communist ideology associated with the former Soviet Union. We will draw on 'institutional' and 'organizational change' theories for a multidimensional evaluation and analysis of the data. We set the scene by presenting a brief overview of the recent history of changes in Chinese and Estonian organizations. The outcome of the

implementation of organizational change in both countries will constitute the bases for our discussion and questioning.

Transitional change
Estonia: A Retrospective Account

In the process of socio-economic transformation and institutional change the structures and value systems are either discarded or redefined. The contingent nature of cultural accounts and rules are revealed, interrogated, contested, opposed, challenged and ultimately overturned. Such deinstitutionalization (unlearning) takes away the contextual certainty that the institutionalized rules present thus exposing the subjective nature of the meanings attached to the social world.

The pioneers of studies of organization and institutional views, such as Merton (1948) and Selznick (1948) considered organization as 'societies in microcosm' (cited in Tolbert and Zucker, 1999). Scott (1995) saw institutions as 'social structures' which contain cultural elements provide 'meaning to social life' and are created, retained and reproduced by the organizational actors. Hence the pillars of 'institutions' are seen in terms of regulative, normative and cognitive structures which provide the bases and justifications for the behaviors. Change in this context implies changes not only in the artifacts but also in symbolic, routines and relational systems. Institutional theorists (e.g. Selznick 1949) have stressed the role of institutional environment in defining and understanding the behavior of organizations.

From this institutional view, we interpret social transition as the period between the demise of one institutionalised system and the point at which another system has been established and accepted on new cognitive and normative grounds. Such circumstances create acute social and psychological problems for social actors and this period has been called *social transience* (Clark and Soulsby, 1999).

Between 1919 and 1940, during the first period of the independent Estonian state, Western values in terms of work ethics, individualism and free enterprise were adopted in institutions in the economics and education fields (Barnowe et al, 1992). The creation of institutions was followed by a period of stable institutions.

The Soviet occupation in 1940 led to either the liquidation of all the civil institutions which had characteristics similar to those represented in the Western world, or to their restructuring according to the principles set by the Soviet Union as part of the agenda of extending the Communist principles (Taagepera, 1993).

The period from 1960s to 1980s marked an era in which the institutions remained unchanged adopting the communist logics of action. Highly centralized, autocratic approaches to governance, including; strictly regulating prices, controlling domestic and foreign trades and setting enterprise targets were the dominant recipes.

Radical reforms commenced in Estonia in 1987-88, when a group of theoreticians and practitioners debated the idea of economic autonomy for Estonia (Taaler, 1995). In the spring of 1988 over 600 co-operatives were formed in Estonia as an indication of the onset of reform nevertheless maintaining the collective ethos associated with socialism.

These represented the highest concentration of such enterprises in the Soviet Union at the time (Palm, 1989). It seemed that in order to change the existing institutions, other institutions had to be created. In 1990, a pivotal and mainly political event in Estonia, that is, the replacement of economic autonomy with the independent statehood and the restoration of a market economy provided the strategic impetus for reforms (Taaler, 1995). Could Estonian organizations go off the old paradigms?

A period of social transience started as Estonia regained its independence in 1991. Indeed attempts to discard the old ways and install what seemed to be different institutions were made. By the turn of the millennium, institutions which were required for the successful functioning of a free market economy had been established and a period of more stable institutions began-institutions were institutionalized.

In 1997, Estonia became a candidate to join the European Union and in 2004 Estonia became a real member of the European Union. Over this period Estonia managed to 'redefine the structures and values' of its existing institutions and get them closer to the requirements of the European Union. Conceptually we may define this change as episodic and punctuated in a sense, it was intentional and politically induced and controlled. It was also a 'drip-drip' form of evolutionary change. Figure 1. summarizes this retrospective account.
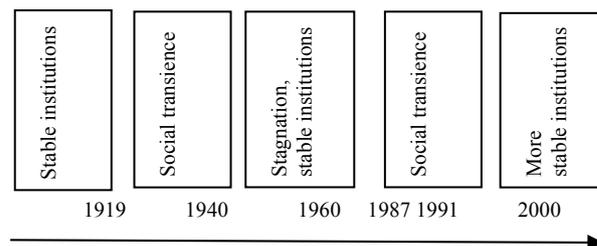

Figure 1. China: A Retrospective Account

When Communist Party of China (CPC) was founded in 1921, a new institution was created. Anti-Japanese war and the Chinese civil war provided the context for change from 1921 to 1949 in China. The years between 1949 and 1978 in the history of China represent a period of recovery and stability. In 1978 the political elite, the state and the Party launched an ambitious reform program in China. A selective discarding of the established recipes started. In the 1980s the reform aimed at converting the economy from an administratively driven command economy to a price driven market economy. This was a period of social transience (Chinese Economic Reform, 2006). The reforms of the late 1990s mainly focused on enterprise reform which seemed to encourage and facilitate enterprise culture. The managerial and organizational approaches that the state saw as appropriate in that time were retained. In 2001 China became a member of World Trade Organization (WTO). Transition in this case is described within a Newtonian logic: rationalistic and linear which ignores the flux characterising the individual and collective experiences (Sharifi and Button, 1998; McLean, 2006). Slices of time and decisions situated within them explain the development and change.

What has changed in 'organizational change'?

Seeing organizations as 'living' systems highlights the underlying tension which has been running through management theory regarding its focus on control, certainty and structure as against orgnicism, ambiguity, loose ends, and emergence. Such rationalistic thinking assumes that systematic control of the change process is possible. However, as Stacey (1996) argues the human system is a multi-agent, purposive, task-oriented system interacting with its environment, in search of regularities, and learning through its own generated feedback system which then revises its responses to its environment. This multi-agent system acts on the basis of the shared as well as the individual schemata of its agents. So in categorising change into transitional, transformational the question that we raise is what is being transformed: the acts, or the actors, their mind sets, the environments or all? Who decides which and how is the choice made?

Ackerman (1986) has described three types of organisational change: (1) developmental change, (2) transitional change, and (3) transformational change. Developmental change improves what already exists through the improvement of skills, methods, or conditions. Transitional change replaces current ways of doing things with something new over a controlled period of time. Transformational change means the emergence of a new state, unknown until it takes shape, out of the remains of the chaotic death of the old state. Do these types indicate the stages of change that institutions may travel through? If that is the case, then what is the point of categorising and labelling the stages?

Reaction to change

Woodward (1954) functionalist empirical study of British manufacturing firms indicated that no matter how carefully and slowly the idea of change was introduced, the immediate reaction from lower supervisors and operators was to resist it. This is 'episodic' change, one which is intentional and discontinuous. According to Senge (1997), people do not resist change; they resist being changed. This statement is embedded in a hierarchical notion of organization and organizing, and sees the organization, individuals and the context of change as separate and distinct elements. We also argue that it is naïve to assume that a 'careful' approach to change or the speed by which it is introduced and implemented can define the extent or predict the possibility of resistance. Change cannot simply be seen as a 'neutral' and value-free process. It is embedded in the actors' intentions, their desired ends and power bases. Why do people resist being changed; because they often are not involved in initiating it, or because they do not see the justification for it?

Kotter and Schlesinger (1979) have presented six strategies for facilitating change and overcoming resistance: employee participation and involvement, education and communication, facilitation and support, negotiation and agreement, manipulation and co-optation and finally explicit and implicit coercion. Anyhow, central to the process is the choice of strategy- who decides which strategy? Kotter and Schlesinger do reinforce a 'top-down'

approach to the management of change. Participation, cooptation and facilitation are manipulation and coercion in another guise. The question that often is raised is: to which extent a collective, consensual and democratic approach to the introduction and implementation of change is 'practical' in rapidly changing contexts? The need for 'order', 'control' and 'certainty' is the justification for such prescriptions and for underplaying a democratic approach to change management.

Change process: freezing or unfreezing, what is at stake?

Models of change are frequently developed on the basis of 'rationalistic' logics, and on the assumption that the process of change can be engineered. Lewin's (1989) basic model which is mechanistic in essence consisted of three steps: unfreezing, moving, and refreezing. This assumes that there are external forces which can be employed to control the process and to stabilise or de-stabilise an organization. For instance, in the unfreezing stage what do we unfreeze, the organizational knowledge or its culture? Should we consider an organization as a refrigerator?

Tichy and Devanna (1986) have also used three steps: Recognizing the need for change, Creating the vision and Institutionalizing the change. Who recognises the need? Kotter's (1998) model, includes eight phases in the change process: Establishing a sense of urgency; Forming a powerful coalition; Creating a vision; Communicating the vision; Empowering others to act on the vision; Planning and creating short-term wins; Consolidating improvements; Institutionalizing the new approaches. We note here that these stages or phases not only highlight the political nature of management of change but also show how the discourse of change management can be presented as neutral and value-free. For example, the initial two stages feed on people's insecurities, fear of uncertain futures. Creating short term wins plays on people's basic instincts and the reciprocal nature of organizational relationships. We, however, acknowledge that Kotter's model can provide us with a script to scrutinise the process of change.

Method of study

The dominance of Newtonian perspective on modernist studies of organizations has meant that change is studied and observed as if it is intentional and discontinuous (Weick and Quinn, 1999). The political, economic, social, historical and cultural contexts, within which change is observed, analysed and explained points to the continuity rather than discontinuity. Models of change as tools for the analysis and explanation of change seem to miss out the contextual nuances. To compare the implementation of change in selected organizations in China and Estonia, we conducted structured interviews with members of top management teams in 160 companies in several large cities in the northern part of China: Beijing, Tianjin, Jinan and Zibo; and in 243 Estonian companies. In Estonia, the interviews were carried out at two different periods: first in 2001 (137 companies) and second in 2005 (106 companies). In both countries the

companies (the sample) were selected from a cross section of industries and sectors, ranging from manufacturing and technology, banking and insurance organizations, to those in energy and education industries.

In 39.4 % of 160 companies, the top managers or the CEOs answered the questions. In 40 % of the organizations, deputy directors or vice general manager were interviewed. The rest of the respondents were middle managers in different functional departments. All interviewees had experienced the recent organizational change in their organizations, and have been directly involved in strategy formulation and implementation.

Most questions were open-ended, however, in some cases closed-ended questions were used, for example, in order to identify the factors which had changed in the process of implementation.

In the beginning of 2001, 137 Estonian companies were approached. The companies represented different industries and were of different sizes. Structured interviews were conducted with top managers or with members of their executive boards focusing on the change processes and activities in their organisations. [See Appendix 1]. These changes mainly took place in 1990s, during a period which marked the social transience in Estonian society. In 2005, interviews were conducted again with the members of top management teams from 106 Estonian organizations about changes implemented since the beginning of the 21st Century. The same interview questions were used in Estonian companies in 2001 and 2005 as well as in Chinese companies. Content analysis has been the main technique that we have used to analyse the outcome of the interviews.

Perceived types of change: an explanation

Our study of the selected organizations showed that only 5 % of the changes in Chinese organizations were perceived to be developmental changes, which normally took place in one department. Meanwhile, 41 % of the changes were considered as transitional i.e. there were changes in the 'ways of doing things' and 54 % were referred to as transformational in Chinese companies. As Chinese economy is still on the way towards shifting to a market economy from planned economy, half of the organizations in the study referred to experiencing dramatic changes in their ownership or business status. For example, some state-owned enterprises experienced the transformation to a private limited company; some small state-owned enterprises were merged into a larger one, or some enterprises were acquired by private owners or foreign investors. Even some governmental agencies under the planned economic system were transformed to independently-run companies or affiliates of local authorities. But does such claim of 'transformation' actually mean that their 'ways of doing things', managing their organizations were also transformed?

The 2001 study showed that 90% of the changes in Estonian organizations were perceived as transformational, whilst the second survey showed that only 64% of changes were perceived as fundamental in terms of their scope— involving changes in strategy, mission, leadership style or culture, though we may note that changes in 'culture' as

such cannot simply be captured in a positivist paradigm-only claims of the change can be reported. There were two waves of changes in Estonia. The *first wave* of changes took place in the 90s after the creation of an independent Estonian republic and during social transience. These were triggered by the changes in the system of government. Under the new economic and political regime the functions and tasks of state enterprises changed, so there were changes initiated by the state and changes initiated by the owners or managers of privatized companies. The main aim of the changes initiated by the Estonian government was to implement European standards instead of the standards of the Soviet Union in state owned enterprises. The second reason for changes in state enterprises was the changing of the clients: instead of big state enterprises the clients started to be small private firms with different needs. State orders were replaced by contracts with these clients. Enterprises had to learn to monitor their financial situation and keep account of their funds. This also changed the communication culture in the state enterprises so they adopted the approaches attributed to the private/business sector. In the new economic system the survival of the companies meant structural changes, that is, shifting from rigid organizational forms accepted in the old Soviet system to a less mechanistic and flexible form of organization in order to pave the way into the new markets in the European Union. However, considering the existing rationalist perspective one wonders if the old habits and structures ever fade away?

The second wave of changes took place after the free market economy had gained some grounds in Estonia and since the onset of the 21st Century. These changes were seen most often to be connected to changes in the market situation triggered by new competitors entering the markets. The changes aimed to create a positive image of companies and increase satisfaction and motivation among their employees, thus maintain their competitive advantage.

Based on the above analysis, in both countries changes were triggered by new market-driven economic regime. In China the trigger event was the start of 'opening up' policy in 1978 and the change of economic regime from previously centralized planning system in 1980s. In Estonia the independence of the country from the former Soviet Union served as the driving force and a means to abandon the command economy. As before the question is the extent to which the sedimented rules, routines, ways of seeing, planning and the habitual thinking have been changed accordingly?

Who wants *to* change or *to be* changed?

A large part of the analysis of change contains the extent of resistance to change and how it is managed. The reason for such focus is that, change is seen as a separate event, an episode in the life of the organization. For instance, the research we present in this paper shows that 26.3 % of respondents claimed that there was no resistance encountered in the process of change. An almost equal percentage of companies (27.5 %) experienced negative reactions to change. 15 % of respondents explained that there was a mixture of reactions in their organizations: acceptance and opposition. There were 14 % of respondents

who mentioned that the employees were indifferent to the changes. If their interests were not largely involved in the change, they were inclined to accept the decision from the top management without any strong reactions. Without specifying positive or negative attitude, 3.1 % of the respondents thought that most employees in their organizations showed a willingness to adapt to the changes which were implemented. Finally 14.4 % of the respondents saw a gradual change in the reaction of employees from being initially unaccustomed to eventually adaptive. It will not be an obvious statement to say that such reactions are embedded in the temporal context of change- the events and not the Newtonian calendar and clock time.

While a quarter of employees respectively show completely positive or negative attitudes to changes in Chinese organizations, in Estonian companies two extreme types of reactions from employees were most visible: some employees totally agreed and welcomed these changes, whilst others worked as much as possible against the changes. For example, in 2005 there was a negative reaction to 50% of all changes introduced, whereas a positive reaction was registered in 45% of the changes.

During the first wave of changes, people often had to equip themselves with new knowledge as well as new skills including language and technical skills. In the Soviet Union occupation era most managers were uncertain about and perhaps not convinced by the benefits brought by the new skills. Did this mean that they had negative attitude to change? Or was this a misunderstanding or misinterpretation of the events on their behalf? Or was it simply the assumption that there was no need for the new skills? The changes were seen in a more positive light when people realized that their knowledge and skills were still needed and their salary had been increased, in other words when a layer of uncertainty was lifted. As more information about how the changes influenced their salaries and jobs were disseminated, they found the changes useful. In some cases the pattern was quite the opposite: people expected changes to be implemented and were very optimistic and cooperative in the beginning. However, if and when the results did not appear and the process started to drag out, they became more cynical and pessimistic. Positive or negative reactions to change reflect the expectations of those involved and affected by the changes. We speculate here that the managers' pessimistic outlook could be the outcome of their dissonance and perhaps an indication of their instrumental behavior?

The management style was often autocratic and the approach to management of change was mainly 'top-down'. This meant that the need for the changes was not explained to the employees. Why not, was it because the top management or the ruling elite in the organization does not see the need to justify the initiated changes? There was an absence of a sense of ownership or belonging which seemed to have nurtured a passive attitude toward work: people did only what was required and because it was required, not because they found it beneficial; or they just stalled for time when fulfilling tasks or postponed them. It seemed that segmented organizations glued by rigid rules and norms and a history cannot generate willingness or cooperative behavior? In the Chinese organizations people tended to accept changes but in a passive way, as if they were '*fait a complet'*, having no choice. This attitude may be said to stem from the habitual acceptance of the top-down, autocratic form of governance which pre-empted choice and involvement in decision making and that has prevailed in China for more than six decades. We may argue that people were not motivated by participation in decision making processes because of the fear of failure and consequential sanctions? Although the economic system in China has changed to price-driven free market one, the political system has remained unchanged and is still operating on the basis of specifically defined socialist; autocratic and bureaucratic principles. However, Estonia differs from China in this aspect. Along with the separation from the former Soviet Union, the national system experienced drastic changes economically as well as politically. Although the influence of autocratic style couldn't be completely demolished within 15 years, a more democratic system was developed which has gradually replaced the Soviet induced totalitarian system and has become conducive to continuous economic development.

26.3% of the selected Chinese companies claimed that no resistance was encountered. Others stated they encountered difficulties. Among six causes of resistance, inertia in the thinking was most frequently mentioned (by 26.9 % of respondents) as the main root of resistance. Inertia was described as the tendency to retain the old ways of doing things (Table 1). In many state-enterprises which have been changed to share-holding companies, the share holders re-elected the same governing people to the new board of directors and there was no change in the management of the organization. The question is why were the 'old guard' re-elected? Was it because they maintained the shareholders' interests? Were the shareholders aware of alternative courses of action? Or was it simply 'better the devil you know' syndrome?

Table 1

Causes of resistance to change in China and Estonia

Resistance to change	China	Estonia 2001	Estonia 2005
Inertia in the thinking	27	36	36
Fear of the unknown	14	23	42
Unwillingness to do additional work	4	15	22
Planned redundancies	7		
Reaction to overly quick and unclear changes	6	9	26
Information Blockades	5		

Meanwhile, there were 14 % of respondents who demonstrated that the resistance came from the fear of an uncertain future. Furthermore, 7 % of respondents found that the employees' fear of being laid-off and losing their job. There was an almost equal percentage of respondents (about 5 %) who regarded the resistance as a reaction to overly quick and unclear changes and the lack of information and knowledge about the change. In addition, about 4 % of the respondents mentioned the unwillingness to do additional work.

Compared to 2001, fear of the unknown considerably increased in 2005 in Estonian companies, and sticking to the old ways of thinking, which dominated in 2001,

remained at the same level. The employees in the Estonian organizations complained about changes being unclear more frequently than Chinese ones. This could be explained by the assumption that the submissive behavior is an accepted norm among Chinese people, thus following the trend and the decisions taken by the top management. Naturally they seemed to react more slowly to unclear and quick changes. Estonian employees tended to refuse to do additional work (for the same money). As soon as they were paid for this extra work, the resistance disappeared- a Maslowian explanation? Nevertheless, in Chinese organizations a very small proportion of people complained about extra work, which can be attributed to the collectivist education and thinking in China. People were socialized in their youth into accepting that doing extra work would be part of their duty and an honor which would also contribute to the group's development. In a more democratic society-Estonia, people are more aware of the principle of 'fair pay for a fair day's wok' and fight for individual rights and benefits.

Models of change, including Kotter's model prescribe steps in the form of 'creating and communicating the vision' which would minimise resistance to change. This is managing the meaning of change and the consequences of disregard of what is being initiated. A noticeable feature in change implementation in the selected Chinese organizations was that coercion or manipulation strategies were frequently used and were seen as acceptable (Table 2). This might result in strong negative feelings in the initial stage; however, people eventually accepted it since there was a long tradition for people to abide by the authority of those in higher positions and those in command in a socialist context. Even though the economy has been gradually moving towards free-market economy, the old management thinking and practice still prevailed especially in northern part of China. For the same reason and managers' reluctance to give up their powers, the employee involvement and empowerment was rarely adopted or implemented.

Table 2

Strategies for overcoming resistance in China and Estonia

Strategies for overcoming resistance	China	Estonia
Education and communication	39%	85%
Employee participation and involvement	5%	24%
Facilitation and support	10%	21%
Negotiation	4%	15%
Manipulation and cooptation	8%	2%
Explicit and implicit coercion	11%	6%

The strategies of manipulation and coercion were much less often adopted in the Estonian companies than in the Chinese ones. We explain this by referring to the differences in the social system of the two countries. In the Estonian society which historically has been less autocratic the coercion was though, as acceptable as it was in China. The Estonian companies adopted such strategies as employee participation and involvement, facilitation and support and negotiation more frequently than their Chinese counterparts. The initial stages of Kotter's model seemed to be more present in the Estonian organizations. The Estonian managers seemed more willing to empower employees to participate

in the change process and thus nullify their resistance to change.

The implementation of change: a comparative analysis

The unpredictability of the outcomes of change and the unintended consequences of the responses, allow the organizations and institutions to deal with the outcomes retrospectively. So any reactions are put into the context of the conditions within which the change is initiated and implemented and in particular the initial conditions. The argument is that change happens all the time.

We analyzed the processes of change in Chinese and Estonian organizations drawing on Kotter's model of change process (Table 3). In the process of change in Chinese organizations most of the attention was paid to unfreezing stage while re-freezing was given the least emphasis. Among the steps in *unfreezing* stage in Kotter's model, creating a vision (the third step in Kotter's model) is the most widely-adopted step, followed by establishing the sense of urgency, which is the first step in Kotter's model. However, although 78 % of the respondents created a vision, only half of them communicated it to employees in the organization. In addition, only one third of the respondents mentioned the centrality of forming a coalition. The results show that in the initial stage Chinese companies created an awareness of the need and the aim for change. Nevertheless, their top-down, autocratic approach led to their failing to communicate with and inform their employees, which possibly led to misunderstandings, confusion and even resistance among the employees in the later stages of the implementation of the change. Some companies only pass the decision as an administrative order to the lower-level workers of the organizations without adequate explanation and information sharing. Regarding the steps in the *moving* stage (the second stage in Kotter's model), only 38 % and 31 % of the respondents mentioned creating a suitable climate and involving employees respectively. The empowerment of employees was not a popular activity or even the leaders of the organizations were not motivated to empower employees. This reinforces the point that the approach to change is embedded in the template or the script provided by the old autocratic regime. It seemed that most of the Chinese organizations mainly focused on the unfreezing stage.

Table 3

Process of Change in China and Estonia (% of respondents)

Steps in change process	China	Estonia
Establishing sense of urgency	58	59
Forming a coalition or team	31	24
Creating a vision	78	76
Communicating the vision	51	36
Creating a suitable climate	38	18
Employee involvement	31	53
Creating short-term gains	19	16
Institutionalizing the new approaches	11	21

Similar to Chinese companies, in Estonian companies the main focus of the managers was also initiating changes, i.e. raising the awareness regarding the necessity for change and creating a vision. Meanwhile, less attention was paid to evaluating the change and making modifications and improvements in Estonian organization, similar to Chinese organizations. Although both set of organizations bear similarity in these aspects, Estonian managers attached more importance to empowering and involving employees and training them for changes than did the Chinese managers. The interpretation of the outcome of the study here threw light on the limitations of the models of change and even more significantly on their suitability as a research framework and tool. The functionalist logic of change management perspectives calls for the focus on the unidirectional causal relationships among variables. It therefore hence misses out the political and temporal nuances and the historical conditioning of the actors who interpret the changing situation.

The fluidity of contexts and of reactions and responses to perceived and defined change make the outcome of change seem temporary. This is discontinuity which has continuity as its bed, like the bed of the river where the broken roots, sands, and debris float [after Giddens 1979]. At the onset of the economic reform the Chinese government had hardly any clear ideas about the ways in which the market mechanism was to be introduced (Nolan and Ash, 1995; Perkins, 1994).

Conclusions

In Chinese organizations people tended to be more accepting of changes than in Estonian companies, but in a passive manner. The most frequently used strategy for overcoming resistance to change in both countries was communication and education. But Estonian managers attached more importance to empowering and involving employees and training them for the changes than the Chinese managers.

How similar can the management of change be in two different states which became embedded in a similar political economic model by the accident of history?

China and Estonia are greatly influenced by socialist/ communist ideologies, although in different historical periods. Estonia had a long history of socialism before its independence from the former Soviet Union in 1991. Likewise, since the founding of China in 1949, China has been under socialist regime for over half a century. A socialist society in this context is characterized by high formalization, centralization and totalitarianism. Under totalitarianism organizations do not have flexible structures and cultures to implement change. There are fundamental and conflicting ways in which individuals have been trained to think and act under totalitarianism system. Another feature of totalitarian society is that the employees were trained to fulfill the managers' directives without questioning. People were not involved in decision-making. In the process of implementing change, more attention would be paid to imposing the change, and empowering employees to participate in the change process would be of low priority.

Any system has no presence or effect without those who establish and use it – those who are in positions of power.

Both countries have nominally opted for a 'paradigm shift' that is, transforming their economic regime from centrally planned economy to free market economy. The economic reform in China launched in 1978 has been accompanied by decentralization of economic control. A social transience started in the late 1970s and early 1980s in China. Over the past several decades China has experienced significant changes in transforming its bureaucratic system of state planning into a more market-oriented economic regime. In 1990, in Estonia economic autonomy was replaced by independent statehood and the restoration of a market economy (Taaler, 1995). A period of social transience started as Estonia regained its independence in 1991. By the turn of the millennium, institutions required for the successful functioning of a free market economy were established. The similarity in economic regime transformation seemed to be replicated in managers' performance in the process of change and in people's attitudes to change in these two countries.

The differences in change implementation between the two countries can be attributed to their different levels of democracy. Estonia has been building democracy for the past 15 years. But in China the level of democracy has not been high. Although China experienced successful transformation of economic regime, the political system in China has remained within its specific version of socialism and operated on the basis of centralized power. In business organizations the organizational structure, to a large extent, followed the same scheme as that before the economic reform and decisions were made at the top - the management group in organizations or local authorities. In China, especially in North China, people's thinking style was not so different from the time before the onset of the changes. The approach to change remained top-down, where 92% of changes were initiated by top managers or local government while only 8% were suggested by middle and lower-level employees.

Estonia had a different story. After leaving the centralized planning system of the Soviet Union and losing the Soviet market, Estonian companies had to reorient to the European market. In order to be able to compete in a tight Western market instead of the empty Soviet market, Estonian companies had to introduce Western standards including a democratic style of management and political system. Therefore, in Estonia a larger percentage of changes were initiated by employees compared with China. Also employees' attitudes to changes were more valued by Estonian managers. Estonian managers as well took more measures to involve employees and train them in the process of changes than Chinese managers.

Besides institutional grounds, the differences in change implementation in two countries may be attributed to the differences in their cultural contexts. For example, Chinese culture has higher 'power-distance' level (a'la Hofstede 1980). The high power-distance culture decides that people respect and even fear the power. In a Chinese organization the top manager is like a parent of a big family and he should take care of everything and people have to listen to him. The opinions of the employees on the lower echelons are not valued and it is natural for employees to follow the instructions set by the top manager. It is therefore seen as 'normal' that the change is started by the

top manager in a Chinese organization. And since power can never be doubted, people regard it acceptable even if the top managers used implicit or explicit coercion in order to carry the reform. Such a clear line of authority also reduces the uncertainty and clarifies the boundaries of responsibilities, rewards and sanctions.

In Estonian companies where the management is more democratic, employees' views are sought and in order to encourage employees to accept and support changes, some measures are taken, e.g. communicating to the employees the likely benefits brought by the changes and improving employees' welfare. Coercion is rarely used and not considered as effective. How can we explain this difference in management approach to change? Does it stem from their assumptions that free will and autonomy are essential to humans or from their assumptions about managers' prerogative to control people?

Another differentiating cultural dimension between the two countries is that China is more relationship- than task-focused compared with Estonia. Relationship between people is the priority. Therefore, in the process of change, complicated relation network has to be taken into consideration. This annoys the practitioner of changes and also affects the smooth process. For example, in HR reform in a company, it is very likely that people are not treated fairly due to their interpersonal relations and networks.

Closing remarks

In this paper we have attempted to question through an empirical study whether there were grounds for the comparison of the approaches to the implementation of change in selected organizations in China and Estonia.

We have noted that to *Change* is to alter, to vary, to modify, and to shift[1]. And that organizational change can be read as a contradiction in terms: to organize is to stabilise and to change is to disorganize? The debate in research on change and about change management is often dichotomised. Radical change is considered against incremental one or episodic change is compared with the continuous one, evolutionary as against revolutionary and so on. The end is the reaching of the equilibrium as against disequilibrium, establishing order as against disorder, generating a sense of certainty as against uncertainty (also Sharifi & Zhang, 2007). The point to consider is that the centralised mind set and the control prophecy which have shaped the thinking underlying models of change ignore the fluid nature of the contexts, the ephemeral nature of structures and 'blue prints' and the fact that the rationality they advocate is basically illusory. Adaptation precludes retention (Aldrich, 1979; Weick, 1979), change and stability work at odds.

Organizations are embedded in a field that drives their evolution; from the *'here and now order'* to the *'new order'*. Constraints, fluctuation, and energy trigger enacting, acting, thinking, retrospection, editing modifying of the order, rules or whatever the organization is about. As Giddens (1979) puts it human conduct is paradigmatic, intentional and temporal.

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[1] The Penguin English Dictionary, (1978).

People can switch sources of energy on and off, may respond, can react and proact, change according to their experiences and preferences (Allen, 1994).

In the analysis of organizational change- types of change or resistance to change- change is often treated as the exception and thus the analysis is conducted with 'order' and 'stability' in mind (refreezing, institutionalizing). It is disorder and chaos that are seen as the negative outcomes-the indication that change is not managed properly. But organizations are social worlds with multiple realities which cannot be frozen or defrosted like an ice cube.

Do the preceding lines make the analysis of management of change in two distinct cultures with different histories, different notions of what change should be, somehow redundant? *"Reality is not perceived, it is conceived"* (Holling, in Casti, 1994:260)

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Kinija ir Estija: ar yra svarbus pagrindas jų metodų palyginimui pakeisti vadybą?

Santrauka

Šiame straipsnyje analizuojami organizacijų valdymo pakitimai, remiantis ekonominėmis ir komercinėmis reformomis. Pereinamojo laikotarpio ekonomikos stengėsi parodyti savo praeities trūkumus ir ieškoti modulių, kurie yra sėkmingi jau egzistuojančiose rinkos ekonomikose. Ši apklausa atlikta remiantis, kad organizacijos pasikeitimo procesas pereinamose ir naujai iškylančiose ekonomikose yra poreikis, kad jos būtų „valdomos". Pasikeitimo procesai pilni miglotų ir improvizuotų aplinkų. Šiame straipsnyje aptariami dviejų kultūrų procesai, organizacijos pasikeitimo procesai, t. y. Kinijos ir Estijos patirtis yra analizuojama remiantis institacinėmis perspektyvomis.

Šio straipsnio tikslas yra aptarti pakitimų įgyvendinimą tam tikrose Kinijos ir Estijos organizacijose. Abi šalys yra laikomos skirtingomis politiniu ir ekonominiu požiūriu, nors abi yra susijusios su ankstesne socialine komunistine ideologija. Pasikeitimų veikiamos šių šalių struktūros ir vertybių sistemos yra pakitusios.

Organizacijos tyrimo pradininkai (Merton, 1948; Selznick, 1948) organizacijas vadino „visuomenėmis mikrokosmose". Scott (1995) institucijas laikė „socialinėmis struktūromis", kuriose yra kultūros elementų, teikiančių „prasmę socialiniam gyvenimui". Taigi institucijų pagrindas yra normatyvinės ir pažintinės struktūros. Remiantis šiuo požiūriu, socialinis pasikeitimas yra laikotarpis, kai pereinama iš vienos institucinės sistemos į naują, paremtą naujais pažintiniais ir normatyviniais pagrindais. Tokios aplinkybės kuria socialines ir psichologines problemas. Taigi šis laikotarpis vadinamas socialiniu perėjimu (Clark ir Soulsby, 1999). Pasikeitimams palyginti tam tikrose Kinijos ir Estijos organizacijose, buvo apklausta 160 pagrindinių kompanijų valdymo grupių atstovų keliuose dideliuose Kinijos miestuose. Ir 243 Estijos kompanijų atstovų. Estijoje apklausa buvo atlikta dviem periodais: pirmą kartą 2001 m. (137 kompanijose) ir antrą kartą 2005 m. (106 kompanijos). Abiejose šalyse buvo pasirinktos įvairių sričių kompanijos (gamybos, technologijos, bankininkystės, draudimo, energetikos ir švietimo). Buvo įdomu, kuo panašūs pokyčiai šiose dviejose skirtingose, tačiau panašaus ekonominio ir politinio modelio.

Rezultatai rodo, kad Kinijos organizacijose žmonės yra linkę, greičiau priimti pasikeitimus negu Estijos kompanijose. Dažniausiai abiejose šalyse naudojama strategija kovojant su pasipriešinimu pasikeitimams komunikacija ir švietimas. Estijos vadovai kreipia daug dėmesio, kad įtrauktų tarnautojus į valdymo procesus ir rengtų juos būsimiems pasikeitimams.

Kinija ir Estija buvo stipriai paveiktos socialinės komunistinės ideologijos, tik skirtingu laiku. Estijoje ideologija vyravo iki 1991 m. kada buvo atgauta nepriklausomybė. Kinija nuo 1949 m. tebėra socialistinio režimo šalis. Socialistinei visuomenei yra būdingas totalitarizmas ir centralizacija. Esant totalitarizmui organizacijos neturi lankščios struktūros ir kultūros, kad galėtų įgyvendinti pasikeitimus. Totalitarinėje visuomenėje dirbantys žmonės vykdė vadovų direktyvas be jokių sąlygų. Dirbantieji nebuvo įtraukiami vadovams priimant į spendimus. Įgyvendinant pasikeitimus daugiausia dėmesio buvo skiriama į pasipriešinimui pokyčiams.

Abi šalys siekė „paradigmos pasikeitimo", t. y. pakeisti savo ekonomikos ir planinės rinkos ekonomiką. Šio tūkstantmečio pradžioje buvo sukurtos institucijos, kurių reikėjo, kad laisvosios rinkos ekonomika sėkmingai vystytųsi. Šiose šalyse pasikeitimų panašumas buvo susijęs su vadovų ir dirbančiųjų požiūriu į pasikeitimus.

Šių šalių vystimosi skirtumai priklauso nuo demokratijos lygio. Estija kūrė demokratiją per pastaruosius 15 m., o Kinijos demokratija tinkamo lygio nepasiekė. Nors Kinija gana pasikeitė ekonomiškai, o politinė sistema liko socialistinė ir vadovavosi centralizuota valdžia. Verslo srityje organizacijos vystėsi pagal tą pačią schemą kaip ir prieš ekonomikos reformą: sprendimus priimdavo ankstesnės organizacijos ir valdžia. Kinijoje, ypač šiaurinėje jos dalyje, žmonių mąstymas mažiau kuo skyrėsi nuo ankstesnių laikų: 92 proc. pasikeitimų vyko atsižvelgiant į ankstesnės valdžios sprendimus ir tik 8 proc. sprendimų priimdavo iš žemesnio lygio darbuotojų tarpo.

Estijos istorija buvo kitokia. „Išėjusi" iš Tarybų Sąjungos planingo ūkio ir netekusi tarybinių rinkų, Estija turėjo pereiti į Europos rinkų vystimosi kelią. Konkuruojant Europos rinkose, reikėjo nustatyti kitus reikalavimus, įskaitant ir demokratinį valdymo būdą bei naują politinę

sistemą. Estijoje didžioji dalis pasikeitimų vyko atsižvelgiant į darbuotojų sprendimus, kuriuos labai vertino aukštesnio lygio vadovai. Estijos kompanijų vadovai stengėsi įtraukti darbuotojus į sprendimų priėmimo procesus ir rengė juos šiems pokyčiams.

Reikėtų pažymėti, kad abiejų šalių organizaciniai skirtumai ir požiūriai į pasikeitimus glūdėjo ir kultūriniu kontekstu. Kinijoje vyrauja „valdžios atstumo" kultūra, kuri rodo, kad žmonės labai gerbia savo valdžią. Kiniečių organizacija yra lyg didelė šeima, kurios „galva" vadovauja visiems sprendimams, o žmonės privalo jam paklusti. Žemesnio lygio darbuotojai vykdo aukštesnio lygio vadovo nurodymus ir vertina juos. Taigi pasikeitimai šiose organizacijose vykdomi atsižvelgiant į ankstesnių viršininkų nurodymą. Tai paaiškina ir atsakomybės, santykių bei paskatinimų ribas.

Estijoje, kur organizacijų valdymas yra demokratiškesnis, siekiama įsiklausyti į darbuotojų nuomonę, palaikyti jų sprendimus ir pasiūlymus, ypač tuos, kurie yra efektyvūs.

Aišku, kad skirtumai tarp šių dviejų šalių susiję su skirtingu požiūriu į valdymą ir pasikeitimus. Labai svarbūs yra ir kultūriniai skirtumai. Kinijos organizacijose vyrauja užduočių vykdymo politika, o Estijos organizacijos vadovaujasi santykiais tarp žmonių, kurie lemia pasikeitimų įvairiose srityse sėkmę.

Priedas
Interviu klausimai:
1. Kada jūsų organizacijoje įgyvendinti pagrindiniai pasikeitimai?
2. Kas labiausiai pasikeitė? Pažymėkite pagal pridedamą lentelę.

Veiksnys	'+'	Veiksnys	'+'	Veiksnys	'+'
Strategija		Vadovavimas		Asmeniniai įgudžiai	
Misija		Struktūra		Sistema	
Kultūra		Užduoties reikalavimai		Vadybos pritaikymas	

3. Kaip vyko pasikeitimų įgyvendinimas?
4. Ar pasikeitimų įgyvendinimas susidūrė su pasipriešinimu?
5. Kaip jūsų kompanija elgėsi, kad įveiktų pasipriešinimą?
6. Kaip jūs vertinate pasikeitimų įgyvendinimo sėkmę pagal penkiabalę sistemą?
7. Kokios buvo svarbiausios problemos įgyvendinant pasikeitimus?
8. Ko išmokote iš pasikeitimų įgyvendinimo proceso? Ką ateityje reikėtų daryti kitaip?