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# On the Nature of Managerial Work in a Transitional Society: The Case of Estonia at the Point of Transition

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# ON THE NATURE OF MANAGERIAL WORK IN A TRANSITIONAL SOCIETY:

## THE CASE OF ESTONIA AT THE POINT OF TRANSITION

## Abstract

We examine Estonia as a society transitioning from state socialism to market capitalism at the point of transition. We interviewed Chief Executive Officers, Vice Presidents, General Managers, Project Managers, and Functional Managers working in a variety of industries. We show that during transition, management practice has realigned itself toward capitalist values, adopted a modern management vocabulary, and puts to use any Western style management education among its practitioners. This realigned management practice emphasizes efficiency and effectiveness, with planning, organizing, leading, and evaluating as primary modes of operation. Importance is placed on leveraging technology toward competitive advantage to create value and wealth. Our findings show evidence for possible theoretical convergence that would facilitate the global portability of management practice.

**Keywords**: Management in Transitional society at the point of transition, Transition from socialist to capitalist system, Managerial work, Estonian management

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## ON THE NATURE OF MANAGERIAL WORK IN A TRANSITIONAL SOCIETY: THE CASE OF ESTONIA AT THE POINT OF TRANSITION

INTRODUCTION

Estonia has recently transitioned toward a capitalist mode of economy beginning with the reestablishment of the independent state in 1991 and two decades of deinstitutionalization, social transience, re-institutionalization, and stabilization up until their entry into Eurozone in 2011 (Alas & Elenrum, 2008). Estonian Business has gone through a sea-change during this period, and we wanted to capture its impact on managerial work just at this point, and hence our timing of it in 2012.

Understanding what managers do and the relevance of their actions to the creation of wealth is arguably the goal of business in capitalist societies (Baba, 2016). The institutional transition taking place in Estonian business organizations (Alas, 2004, Alas & Elenrum, 2008; Alas & Vadi, 2006 a; Barnowe, King & Berniker, 1992; Feldmann, 2006; Randma-Liiv, 2005) demonstrated a change in the leadership style provided by top managers as they steer Estonian corporations toward a capitalist form of operations (Alas, Tafel, &Tuulik, 2007; Alas & Vadi, 2006 b; Zernand-Vilson & Terk, 2009). Our interest here is to see how pervasive that change is by extending our focus from the Chief Executive Officers (CEO) that Alas et al., (2007) studied, to all levels of managers from different organizations, so as to understand the practice of management in a transitioning Estonia, albeit on a broader platform, at the time when the transition is complete – the year 2012. Our curiosity is in exploring how the transition is captured in management practices as revealed by managers in different functional areas and across levels of the managerial hierarchy. To gain that understanding, we focus on the daily work activities and practices of managers and how they align with individual and organizational goals.

We first present the motivation for our work followed by the background literature, the model and the framework that guides our research and the research question. Then we outline the method we use to probe the research question and present the results along with a discussion of our results.

Management theory is driven by certain universal principles tempered by local realities (Carroll & Gillen, 1987). Depending on broader assumptions that pertain to market competition among profit-driven firms and the role of government over them (Academy of Management Theme Statement, 2013), the practice of management adjusts itself to the context in optimal pursuit of efficiency and effectiveness (Khanna, 2015). Despite the consensus about wealth creation, variants of capitalism exist and have differential expectations for the role of business in society (Baba, 2018). Some argue for broadening the objectives of the firm to encompass social and environmental goals, deepening the participation of employees in management decision-making, and strengthening government's regulatory role. Others urge replacing competition with collaboration, wage employment with cooperative ownership, and limited government with economic planning. Proponents of free-market capitalism respond that such reforms, whether modest or radical, endanger both economic growth and individual liberty. Transitional societies in Central and Eastern Europe are indeed experimenting with these variants providing a timely backdrop for this investigation (Aaltio, 2008; Feldmann, 2006; Alas & Vadi, 2006 a, b; Lang, Alt, Alas, Catana, Steyrer, & Tuulik, 2003; Alas, Zernand-Vilson & Vadi, 2012; Snoj, Milfelner & Gabrijan, 2007).

**Motivation**: Our primary interest is in management theory, more specifically, the theory-in-use namely the mental model that guides Estonian managers. Like medicine and engineering, management theory is rooted in its practice. However, medicine and engineering focus on problems that are universal and portable and develop knowledge and competencies that are also portable. In essence, the organizational setting matters less to the practice of either engineering or medicine. Consequently, it is possible to articulate theories of medicine or engineering that are not tightly tethered to their context. Management is different in the sense that the goals that managers are responsible for are set by principals whose interests are different from those of the managers. Further, the profession neither sets nor controls the outcomes of its practice (Whitley, 2019). Therefore, theories of management must be sensitive to their context (Khanna, 2015). Their effectiveness is determined by the circumstances in which they are enacted (Baba, 2018). Any knowledge of management must be grounded in their organizational context in order for it to be effective (Donaldson, 1995; Khanna, 2015). Those who doubt management theory's ability to address or solve current organizational problems have criticized its theoretical obsession toward abstraction and have argued strongly for a focus on the nature of managerial work *in context*, to enhance the value to its practice (Barley & Kunda, 2001; Khanna, 2015; Mintzberg, 1973; Nicolini, 2011; Trim & Lee, 2004).

**Background**: Our general assumption is that societal transitions necessitate a change in institutional leadership resulting in a change in the theories-in-use for managing the organization. This leads to an assessment of how well these theories fit the new culture along with ensuing adjustments to make them effective in the new context (Khanna, 2015). When societies are governed by a command-and-control structure, its institutions are managed through bureaucratic practices (Alas & Elenurm, 2018). When societies transition into a market economy, the environment becomes more dynamic, and institutions face competition (Alas & Elenurm, 2018). This calls for a change in the management model. However, attitudes change more slowly, and Estonian subordinates continue to see their managers less as leaders and more as purveyors of information as late as in 2002 (Tuulik & Alas, 2003). These attitudinal vestiges of a centrally planned totalitarian system were still visible in Estonian organizations (Alas & Aarna, 2016).

The environment in which Estonian corporations found themselves when Estonia entered the Eurozone in 2011 was very different from what they were used to in the past. Our theoretical intuition was that Estonian business will be rapidly adapting to the institutional practices of successful organizations in the new environment (DiMaggio & Powell, 1983). But it is nevertheless a process of adaptation where Estonian organizations are trying out different theories -in-use in an iterative process of alignment with the context. We look at context as opportunities and constraints that affect the occurrence and meaning of organizational behavior (Johns, 2006). Such opportunities and constraints can be embedded in the socio-political, economic, technological, and cultural environments and are influenced by the dynamics of these environments.

We take the changes in the context as given without getting into their origins and focus on how they impact on management practice.  The capitalist system, in its longstanding practice, entrusts the coordination and control of economic activities within a firm to its managers and expects them to make decisions that would create wealth for the organization (Barnard, 1966; Fayol 1949; Taylor, 1911; Williamson, 1975). However, the conceptualization of management diverged into either a collective institutionalized process that is embedded within a particular socio-economic context or a set of activities guided by an albeit vague managerial logic that individual managers engaged in (Tsoukas, 1994). This divergence resulted in different approaches to the study of management. The dominant literature focused on the nature of managerial work (Mintzberg, 1973) and studied in detail what managers did (Kotter, 1982). A more critical literature pointed out the importance of considering the institutional conflict of interest between labor and capital (Willmott, 1984) without which the resulting management theory will be narrow and incomplete. While these debates center around the ideological underpinnings of management, practicing managers muddle through their day-to-day work life figuring out what to do and telling themselves and others why they do what they do (Kotter, 1982). In so doing, they are guided by goals, available resources, experience, and best practices that cohere into a theory-in-use.

**Framework**: Carroll and Gillen (1987) offer a model of management that pulls the different strands from Fayol (1949), Kotter (1982) and Mintzberg (1973) capturing the essence of what managers do. Managers work toward a goal agenda. This agenda is set, taking into account the demands, constraints and choices available to the manager from the larger system. These include the plans, policies and procedures that facilitate goal accomplishment as well as unique problems and tasks that require managerial attention. These are further tempered by the managers' own assessment of the context in which the tasks are carried out and are influenced by their own theories-in-use reflecting their values and concerns. This agenda is put to action through activities, interactions, and communication, and is monitored for progress, incorporating changes as it unfolds. The whole process constitutes managerial performance guided by the knowledge, skills, and competencies that the managers possess (Carroll & Gillen, 1987). This model is comprehensive and allows for the conceptualization of management in different contexts (Carroll & Gillen, 1987). We use this conceptualization of management to guide our investigation. We believe that a qualitative approach using an interview methodology is best suited for our purpose as it would help us gain an understanding of what is actually happening on the ground. In our investigation, we focus on education and training as the precursors to the knowledge and skills needed to manage, which leads to the tasks and responsibilities that one carries out on the job. We also explore the availability of resources needed to perform, and how the performance is evaluated, rewarded, or remedied.

We began talking to Estonian managers in 2012 immediately after Estonia joined the Eurozone. The transition in process reported in earlier research (Barnowe, King & Berniker, 1992; Norkus 2007) was now complete. At this juncture, our research questions focus on what management means to Estonian managers and what is the mental model that guides their actions. To get at that, we probe how managers in Estonia speak of their work; how do they operationally describe the content of their work; and in the transitioned context, how do they prioritize their tasks and why. We hope to answer the research question with a theory-in-use that we could piece together from their responses. This is a snapshot study of Estonian managers at a point when they are fully integrated into the market economy, a probe into their perceptions of their responsibilities, obligations, strengths, and weaknesses.

## METHODS

**Sample**: To have an in-depth grasp of the meaning of management, we sampled a broad spectrum of managers ranging from CEOs and project managers to functional managers from a variety of organizations in Estonia. We largely followed a purposive sampling approach with the exception of vice presidents and general managers where we had only two in each category. Specifically, we went through job titles and selected respondents who have general management responsibilities and respondents from different functional areas so that all functional areas are included. We also chose project managers representing different projects in organizations that had a project management structure. A total of 34 interviews were conducted; two respondents did not hold managerial responsibility by their own admission and were dropped from further analysis, resulting in 32 usable interviews. Among the interviewees, there were eight CEOs, two at the level of vice president, two general managers, four project managers, and 16 functional managers, all representing various business functions including production, logistics, operations, service, marketing, sales, finance, human resources, information systems, purchase and procurement, and product management. Seventy percent of the managers were male with the average age at 41. We made sure that the job titles and functional areas mentioned in the directory of organizations in Estonia were represented in our sample.

**Procedure:** We used semi-structured interviews permitting managers to develop their responses to questions and providing some freedom to the interviewers to allow interviewees to articulate their thoughts without constraint (Charmaz & Belgrave, 2012). Appendix 1 provides details on the 23 interview questions. On average, each interview took about 45 minutes and was mostly conducted at the interviewee's place of work. They were conducted over a three-month period in 2012. Over 75 percent of the interviews were conducted in Estonian with the remaining in English. All interviews were conducted by one of the authors and a trained interviewer who spoke both Estonian and English. Interviews in Estonian were translated into English by a translator and verified by one of the authors who is Estonian and is fluent in English. Interviews in English were transcribed verbatim without edits. Content analysis was conducted with the English transcriptions of the interviews by one of the authors. Basically, it is a literal description of the communication we had received from the respondents during the interview (Krippendorff, 1989). We report the commonalities pertaining to their interpretation of management and differences that surface due to their specific areas of responsibility.  We stopped interviews when the substantive information obtained became repetitive. This is a common strategy in qualitative research where the researchers sense that a saturation point has been reached.

**Analytic Strategy:** At the highest level of the organization, referred to as Top Management (TM), the nature or managerial authority for Chief Executive Officer (CEO) extends to the whole organization and the CEOs have managerial responsibility to the principals of the organization. For senior managers (SM) at the level of vice president, the authority and responsibility extend to the whole organization but are restricted to a specific function. General Managers (GM) and Project Managers (PM) have broader responsibilities and wider spans of control compared to functional managers. Functional Managers (FM) have a deeper but narrower managerial reach over their functional subordinates. Consequently, our analytic strategy is to separate these groups and probe the meaning of management as it pertains to their roles and responsibilities in each category. Our interest is in identifying both unique and common activities performed under the rubric of management.

## RESULTS

As can be seen from the interview schedule in Appendix 1, our interviews were comprehensive, covering demographics including education, training, job title, and responsibilities, with in-depth and substantive focus on what they did on a typical workday, tasks that pertained to meeting their managerial responsibilities, the amount of time spent on meeting managerial obligations, their sense of managerial effectiveness both in the short and long terms, the nature of performance evaluation, rewards and recognition, and their own performance expectations of the subordinates they were managing. While being sensitive to the level the respondent occupied in the organization and the function he or she is responsible for, we probed on what they did, how, and why. We also wanted to know what they needed to be more effective on the job. In keeping with the qualitative nature of the research and the emic tradition of reporting direct observations, we use direct quotes verbatim from the transcriptions of the interview that are representative of the sub-sample to illustrate our findings.

We have segmented the presentation of results according to subgroups to highlight both commonalities and differences in the way CEOs, senior managers, general managers, project managers and functional managers articulate their understanding of management. We also point out where there is resonance between what they do and what is established management practice in a market economy. We use the Carroll and Gillen (1987) framework to track this resonance.

**CEOs:** The eight CEOs that we interviewed represented a variety of organizations that included telecommunications, transportation, hospitality, engineering, home services, and so forth. They also varied in size from 25000 employees to 9. Their education and training differed considerably. Three of the CEOs had an MBA or equivalent business education, while the rest had more of a technical education. Some of the latter had supplemented their technical education with some form of management training such as general management, marketing, sales, and human resources. All of the CEOs, regardless of the organization size or industry sector emphasized the comprehensive nature of their job and the broad-based authority they had in carrying out their responsibilities as CEOs. This is very much in alignment with the way Western managers interpret their role as leaders (Carroll & Gillen, 1987; Kotter, 1982; Mintzberg, 1973).

> *I am responsible for everything, and for all, as any company or institution manager actually does. I am the captain of the ship*. (TM06)

> *Everything. The manager is always responsible for everything.* (TM02)

> *Development of the company, leadership, advertising, communication with partners and customers, coordination, and monitoring of the job... there is much to do.* (TM03)

Almost all of them used modern managerial vocabulary in describing what they did at work. It resonated with the language that is typical of management education and training in Western business schools with their emphasis on strategy, organizational behavior and human resources management.

> *First of all coordination, but also delegate, offering the managers the opportunity to operate in their own departments; also give the necessary support and devices; develop motivation to managers; offer proper training at various employment levels in order to update their specific job knowledge and quality.* (TM01)

> *The main responsibilities are connected with the success of the company and also the implementation of the budget; in addition, the operation of a motivated and effective team....in order to achieve strategic goals, I have to regularly analyze the work performance of different divisions, this through the data bases and the summaries of the internal audits...* (TM04)

All of the CEOs kept a busy schedule during the workday, engaging in a wide variety of activities that were both internal to the organization and external to the relevant environment. These activities included providing leadership, communication, negotiations, problem solving, decision making, coaching and training subordinates, customer contact, and so forth. They were also constantly straddling attention to the short-term goals and the long-term expectations of the organization, seemingly devoting more time to dealing with the short-term goals than focusing on long-term prospects. In this sense, their workdays resemble those of the managers that Kotter (1982) studied.

> *Efficiency of a leader should be expressed in specific results based on targets set, and I think we should act having regard to long-term perspective.* (TM03)

> *An effective manager is someone who can achieve his goals with as little effort as possible; someone who can generate large profits while keeping costs low. That is one way to measure efficiency. Then again, if I only think short term about producing cheap and selling as expensive as possible, it may cause a drop in quality. In long term it can come back to haunt me. That is why I have to think in a longer perspective – finding new customers in case something happens to the old ones.* (TM02)

> *We're trying to keep several irons in the fire-if something happens to one of them, we'll already have a backup-this especially important in the current economy. You have to look into the future with regard to different possible scenarios.* (TM02)

The CEOs, as can be seen from the above, have quite a comprehensive and broad portfolio of duties. They also seem to have a more varied sense of what management is and what tasks were viewed as managerial. Consequently, their responses to the nature of what they did on a daily basis varied from 100% managerial to 25% managerial. Some delegated more traditional managerial tasks to their subordinates, freeing up time to engage in activities not considered directly managerial but strategic, nevertheless. They were all very result oriented and efficiency driven. Many stood to gain direct financial benefits through bonus and other reward mechanisms from superior performance of their firms. Almost all felt that they could benefit from soft skills and a better understanding of human behavior and psychology. Their workday behavior affirmed the many roles that Mintzberg (1973) and Kotter (1982) observed among chief executives. They leveraged their knowledge and skill bases, revised their agenda and monitored progress (Carroll & Gillen, 1987).

**Senior Managers:** The two vice-presidents that we interviewed came from very different organizations reflecting very different responsibility profiles. One was in corporate finance and the other in research. Both came from organizations that are roughly similar in size with an average of about 100 employees and a span of control ranging from 4 to 6. The CFO had a full range of financial functions that he was responsible for at the organizational level. Although he had no formal management education, he had graduate training in economics supplemented by some on-the-job training. The Vice-Rector, Research, who had doctoral-level research training in an academic discipline, also had a full range of research functions that she was responsible for but were not as tightly linked to the organizational mission as those of the CFO. While both of their workdays were busy, the CFO was spending about 70% of his time in managerial tasks and the VR was spending only 20% of the time managing. Both the VPs were sensitive to the goals of the organization and their responsibility in meeting those goals.

> *Meeting goals without going over the budget; in short term, profits; long term, sales volume, turnover.* (SM10)

> *In short term, to make sure the completion of requirements so that the responsibilities are delegated in a meaningful way; in long term, to optimize the needed resources and the well-being and development of human resources.* (SM09)

> *Job responsibilities are given from... the company goals set by the board and the specific responsibilities given to me by the CEO of the company.* (SM09)

However, the CFO's tasks varied more and were fraught with more uncertainty. He had to adjust his tasks constantly in order to meet the demands of the situation. They both had sufficient autonomy built into their job design to do this effectively.

> *It is completely up to me to independently arrange my work in to right size tasks. So there is no specific task helping in that, just have to know the requirements and arrange work accordingly.* (SM09)

While the CFO's job was very managerial involving delegation, supervision, stakeholder contact, and evaluating outcomes on a frequent basis, the VR viewed her job as more technical and spent much of her time engaging in technical work and only infrequently in direct supervision of her subordinates. This division of time was also a result of her subordinates who were highly educated and engaged in work that did not require much coordination. In essence, the nature of their responsibilities and their roles in the organizational mission dictated the way these managers performed their jobs. These jobs affirm Whitley's (2019) assertion that managerial tasks vary widely according to specific organizational realities, which are, in turn, driven by demands in the industry and the environment. This is also more typical in a market economy where central control of the economy is minimal. This is an indication of the transition in managerial work expectations that we referred to earlier.

**General Managers:** The two general managers we have interviewed had university education in engineering and social sciences, augmented by different aspects of management training. One was from the consumer electronics sector while the other is from the service sector. Both had a broad range of responsibilities for the mission of their firms and both spent 70% to 80% of their time managing. They were both goal oriented, and focused on profits, efficiency, and productivity as indicators of effectiveness. They also had a long-range view of effectiveness.

> *It means ability to create operating and positively minded team around; mutual trust and honesty guarantee constructive teamwork and productivity.* (GM12)

> *An effective manager means profitable performance plus insuring a normal work atmosphere in the short term as well as the long term.* (GM11)

> *Managing involves a great deal of supervising, that the rules and regulations are being followed and justifications of deviations; ensuring that the plans are carried out.* (GM11)

Their daily work schedules involved planning, coordination, decision making, supervision, training, guidance, delegation, and performance appraisal. Both mentioned that they would like to acquire more business skills and people skills in order to do their jobs better. Their jobs appear closer to a classic general manager's job with authority commensurate with responsibility and not very different from similar jobs in a traditionally capitalist milieu.  They reflect what we see in the Carroll and Gillen (1987) model of management.

**Project Managers**: The four project managers we interviewed came from a broad array of industries covering construction, cosmetics, and business solutions. One of them had formal training in business with an MBA while the others had technical education ranging from high school to university. All acquired additional training in various aspects of business management including project management and have had work experience in other business functions. All of them handled a broad array of responsibility typical of a project manager and had wide spans of control. Their workdays were crammed with activities and the proportion of managerial work varied from 70% to 30%, although they had varying viewpoints as to what constituted management work.  This can perhaps be attributed to the variations in their education and training.

> *Development of projects, assessing needs, creating a team, setting goals for subordinates, planning, compiling reports.* (PM16)
>
> *Primarily the overall management of the construction object and the direct supervision of workers.* (PM13)
>
> *Preparing employee work conditions, composing schedule, reviewing technical issues, monitoring the process of work.* (PM14)
>
> *The structure of the schedule by my own hand, communicating with the men, guiding and listening to them, communicating with the accountant, fast and high quality solutions to the problems.* (PM15)

*Planning, the coordination and control of work flow, analysis of reports and correcting decisions, team motivation.* (PM16)

All of them were sensitive to quality and timely completion of projects in the short term and to business development and teamwork in the long term. These were important components in their performance evaluation with tangible rewards and benefits linked to efficiency and timeliness.

*I am responsible of high-quality performance from my work team, performing on time.* (PM14)

*Definitely meeting deadlines. Crew satisfaction. Little overtime which is also a huge cost factor. The warranty work must be at the minimum. I have to work so that there is the so called WIN-WIN-WIN situation that is the crew-the company-the client.* (PM15)

*In a short-term perspective, achieve set goals on time. Long term perspective-the creation of a friendly and pleasant environment, team building, and the finding of development perspectives.* (PM16)

*In the short term, must meet deadlines, must manage the men so that the work is high quality, done quickly, and low cost. In the long term, customer satisfaction, little warranty work which may be very expensive, and also the respect and the sincerity of the men.* (PM15)

Project management is very result oriented. The project manager's job involved developing a plan and schedule, assembling a team, carrying out the work in an efficient and timely fashion with a definite end point in sight. They did not like any lingering remnants of a project that is not quite finished due to quality concerns and mistakes, as they seriously interfered with their current projects and sub-optimized their resources. As a result, they supervised carefully to ensure quality and clean outcomes. Consequently, their focus was always on the project at hand, the team working on it, and the process leading to its delivery.

> *Draw the plan on time; understand that everything that is done is a team effort; manage not the people but the process of the project.* (PM16)

The concerns of employee and customer satisfaction, the emphasis on goals, planning, coordination, control, supervision, communication, and the systematic monitoring of progress seem to reflect Western managerial practice as seen in the Carroll and Gillen (1987) model of management.

**Functional Managers:** This is by far the largest group of managers and most varied in their portfolios. We had interviewed 15 managers representing all of the functional areas of business such as production, sales, accounts, information systems, service, and maintenance to mention a few. Their qualifications also varied across the spectrum. Two people had MBAs. Many people came into their positions without any formal training in business or management but picked up the needed skill set through established training programs and on-the-job training. Many had been exposed to their function either in the current or a previous organization and brought some level of experience to the position. Their organizations also had a large variation in size ranging from multinationals with several hundred employees in Estonia to small local organizations with about 30 employees. Their span of control also varied from a maximum of 25 employees to a minimum of 6. Their duties varied widely depending on the size of the firm. In addition to their managerial responsibilities, many engaged in both technical and administrative duties, which added more hours to their normal working day. Consequently, the proportion of managerial activities varied from 80% to 20%. Typically, they were involved in a number of managerial activities such as goal setting, problem solving, planning and implementation, coordination of work, leading and motivating the work group, training and guidance, monitoring and evaluating work performance for their units, and so forth. In addition, many were involved in maintaining accounts, ensuring that in-house procedures corresponded with regulations, preparing procurement and sales reports, and a variety of other tasks not normally considered management. Their workdays are less predictable due to shifting or new priorities, sometimes resulting in FMs taking work home.

> *Management and trainings are daily things, non-management are also daily activities-meeting with clients. Let's say things are in balance.* (FM31)

> *An effective manager is someone who fulfills the goals of the organization as good as possible; who knows how to be a role model for the subordinates; who communicates the mission and vision of the organization as clearly as possible.* (FM32)

> *Every weekday is very different. While employees of the department are located all around the country I also have to visit regions from time to time. Since I have to deal with quite a lot of projects concerning my responsibilities and also to do workshops, there are many meetings, communications and meetings with partners.* (FM30)

> *I consult and help customers and colleagues interpret cash flows and predict future trends. I analyze changes. I shape strategies and long-term business plans. I analyze*

*competitor and market trends. I develop financial management mechanisms to decrease risks; budget management.* (FM29)

*When I am at work I lead and manage. My presence is in some way management in and of itself. You can read in a book, what is management, but the reality is, being there for your colleagues helps you already manage something. I need to act as a leader. It is unthinkable that a top manager sobers up on a park bench.* (FM17)

*Management is not only related to people, but you also need to manage projects and processes. Drawing a line between them is not so easy and concrete at time – they go hand in hand...there are budgets, production plans that need to be compiled; production related issues such as quality questions, shipment hitches, personnel related topics...* (FM17)

Functional managers generally faced a hectic schedule day after day. They constantly juggled their time between emergent needs and items requiring more reflection that would be beneficial for the long-term sustenance of the function, and by extension the corporation. A vast majority felt that they could do their jobs better if they had more exposure to human psychology, people skills, and additional business training. They were results-minded and had their sights set on profits, quality, and efficiency. Most of them stood to benefit financially from better performance of their units through bonus and other reward mechanisms. To this effect, almost all had some form of performance evaluation system in place. In this sense, they functioned very similarly to their Western counterparts.

Patterns of work, functions, responsibilities, and reward structure all seem to endorse the Carroll and Gillen model of management mentioned earlier (1987). There is strong evidence of investment in management training as organizations are exposed to competition and demands for efficiency. That notwithstanding, we note that the concept of management is still new and there is large variance in the time that managers spend doing genuinely managerial work.

**DISCUSSION**

Business organizations in Estonia have been undergoing a major transition if not transformation from state socialism to market capitalism (Alas, Sharifi & Sun, 2009; Feldmann, 2006). Such change brings about major uncertainties at all levels; there is therefore considerable debate on the process of change and its eventual entrenchment as reflected in management practices (Kooskora, 2006). During the early period of transition, the new management cadre consisting of communist civil servants and newly promoted administrators were not well equipped to deal with the market structure in a capitalist environment (Clark & Geppert, 2002; Randma-Liive, 2005). There was a need in Estonia to re-vision organizational purpose and redesign organizations with appropriate structures and processes to function effectively and efficiently in the capitalist mode of operations (Zernand-Vilson & Terk, 2009). Economic and organizational reforms were undertaken in full measure to transform Estonian business to become major engines for wealth creation as well as to educate future managers in the art and science of business management (Alas, Zernand-Vilson & Vadi, 2012). Although such efforts are taking place and mechanisms are put in place by creating business schools and business programs at Estonian post-secondary institutions, the demand for professional managers far exceeds their supply. Consequently, Estonian business began using people trained in technical and social science disciplines for managing their business functions. It might also be influenced by the assumption that technical knowledge and procedures contribute an efficient pathway toward a Western business style (Geppert & Merkens, 1999).  Our study attempts to explore the

“Westernization” of managerial work in Estonia (Kooskora, 2006; Vanhala, Kaarelson, & Alas, 2006) and document the management practice under those conditions.

Over the past two decades, during the transition of Estonia from state socialism to market capitalism, we see from our research that the concept of management itself has undergone a transformation to more closely reflect Western values, use Western management ideas and concepts, and design organizational structures that are in sync with Western management practice(Alas, Zernand-Vilson & Vadi, 2012). Fundamental notions of management such as planning, organizing, leading, and evaluating are already well entrenched in Estonian management practice and in the manager’s vocabulary.  Rewards were contingent on performance, and concepts such as quality, efficiency, and profits became primary drivers of management practice. Managers at various levels performing various functions became sensitive to business as a system with interlinked functions working toward a corporate strategy. By piecing together, the various observations that we have gathered from our interviews and reflecting on the numerous conversations with Estonian managers across all levels of the organization, we found managers to be very focused on efficient goal accomplishment in their respective units. They were sensitive to planning activities, organizing resources, coordinating functions, and controlling outcomes. They realized that resources were constrained and channeled their allocation to bring about the best results under those constraints. They appreciated the value of people and teamwork in accomplishing goals, and exercised leadership in motivating employees toward achieving shared objectives (Lang et al., 2003). It appears that Estonian managers have adjusted to the competitive environment in which they are functioning and have realized the value of competitive advantage in the marketplace. They have also embraced information technology and have started leveraging it toward creating value and enhancing profits for the organization. More importantly, managers seem to have developed a keen appreciation of other stakeholders along with customers in sustaining the business (Kooskora, 2008).

A management theory-in-use as revealed in this study shows that management is the effective and efficient pursuit of goals through systematic planning, organizing, coordinating, and controlling of organizational activities, optimal allocation of resources, making decisions and exercising leadership toward innovation and continuous quality improvement, using information and technology toward creating and exchanging value, minimizing risk, and maximizing profit for the organization by satisfying needs, aligning stakeholders' interest, and enhancing competitive advantage in a changing environment. In this, it is not very different from a theory of management that was developed in class collectively by students enrolled in a management theory seminar in the West – Canada – taught by one of the authors. While this endorsement is mostly about what managers do, the study also corroborates Tengblad's practice theory of management drawn from a large cross section of managers on how and why they do it (Tengblad, 2012). Much like the managers in Tengblad's sample (2012), Estonian managers respond to a variety of expectations from multiple constituents, striving to keep performance at a constantly high plateau in terms of both quality and quantity. They find their focal activities embedded in a complex and ambiguous environment where one routinely confronts unforeseen events and uncertain outcomes. This results in a workday that is long, hectic, emotionally charged, and fragmented. They also seem to alternate between substantive and symbolic activities quite regularly during the course of a day. A typical day proceeds in a non-linear fashion, requiring informal negotiations and ongoing adaptations to deliver what are essentially collective outcomes.

Ironically, in the business of scholarship, in order to be influential, one has to report something unique and different. Yet, for a practicing manager, knowing that there is convergence between what he or she does and what others do offers both comfort and confidence!

Regardless, it must be noted that managers placed differential emphasis on different aspects of management as corroborated in the literature (Alas & Sharifi, 2002). Typical of transitional societies, the transition occurs first, but the enabling infrastructure for the transition such as management education and training is lagging (Aaltio, 2008). Economic transition and social transformation do not progress in an accommodating fashion (Clark & Geppert, 2002). People manage on their feet, acquiring knowledge and skills as they move forward. There is substantial variance among what the managers considered important and urgent both in the long term and short term. We believe that it is a reflection of their widely varying education levels and training backgrounds. We expect closure in the theory-in-use once there is convergence in the qualification of people hired for management jobs in the future. Estonian managers also tend to focus more on the short term than on the long term. Again, this may be due to the lack of business perspective that a formal education in management would correct. They may also be responding to the reward structure that seems to recognize proximal outcomes more readily than distal outcomes. Despite this, our case study reveals that management practice is becoming universalized in a Westernized format as societies transform themselves from state socialism to liberal capitalism and from a command economy to a market economy.

When the parameters of a system change at the institutional level, organizations reconfigure their values, priorities, and practices to accommodate that change and to be in alignment. Isomorphism between the institutional and organizational levels contribute to organizational effectiveness (DiMaggio and Powell, 1983). Estonian business has been an exemplar in this regard (Norkus, 2007). Our study is a snapshot of this ongoing process.

Despite what we believe to be substantive contribution toward understanding the nature of managerial work in transitional societies, and more specifically, management practice in Estonia, we caution our readers that it is indeed an exploratory study of a small set of managers. We hope that it serves as an impetus for future studies that sample broadly, replicate widely, and triangulate their methods so that we enhance both the breadth and depth of understanding of management practices in transitional societies.

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## APPENDIX 1

Interview Schedule for Managers

1. What is your age?
2. What is your gender?
3. What is your work experience?

    How many jobs have you had?

    How long were you in each job?

    What type of work did you do in those jobs?

    Did you have any managerial experience in those jobs?

    How long was the managerial experience?

4. What is your job title?
5. What is your job description?
6. What is your educational background?
7. What is your training background?
8. What is the size of your organization?
9. What is the size of your department or unit?
10. How many people report to you directly?
11. What are your responsibilities on the job?
12. Describe a typical workday?
13. What are the specific tasks that help you meet your responsibilities on the job?

14. You are a manager. You do many things. What specific tasks or activities in your job that you would call *managing*?
15. What proportion of time in a week you give to managerial and non-managerial tasks?
16. What does it mean to be an *effective* manager? In the short term? In the long term?
17. What additional *knowledge* do you think you need for you to be an effective manager?
18. What additional *skills* do you think you need for you to be an effective manager?
19. How is your performance evaluated? What aspects of your job performance are evaluated?
20. Is the management component of your job included in your performance evaluation?
21. Who evaluates your performance? How? How often? On what basis?
22. How are you rewarded? For what? Performance? Attitude? Qualification? Citizenship activities? Loyalty?
23. What happens if you don't perform well?
24. What do you look for in evaluating the performance of your subordinates?


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