



## CULTURAL PRACTICES AND VALUES AT THE SOCIETAL LEVEL IN ESTONIA IN COMPARISON WITH NEIGHBOURING COUNTRIES

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**Abstract.** The research question in this paper involves comparing the differences between the actual regional societal culture (cultural practices) and the desired regional societal culture (cultural values) in Estonia with cultural practices in neighbouring countries Russia and Finland. Practices at the organization level are compared with practices and values at the societal level in Estonia.

An analysis of results from the GLOBE research project have indicated that Russia and Finland have both had an impact on Estonian culture and practices. Similarities with Finland stem from the shared genetic background and appear in Estonian values. The Soviet heritage can be seen in Estonian societal and organizational practices, which are closer to Russian than Finnish indicators. Change in practices takes time and starts from within and among organizations, but over time this may also spread to the society.

**Keywords:** national culture, Estonia, Russia, Finland.

### 1. Introduction

Cultures across the world are becoming more and more interconnected and the business world is becoming increasingly global. The implication for corporations involved in international trade and cross-border mergers and acquisitions is that they are facing increasingly global employees, customers, suppliers, competitors and creditors (House et al., 2004). Culture represents the culmination of a range of historical experiences that have shaped an existing pattern. For example, studies of leadership also suggest a different pattern of leadership behaviour in Eastern Europe, from that in Western or Northern Europe, and this has been explained by the heritage of the communist era (Alt et al, 2003).

Culture and the social world influence the values held by individuals. These values, in turn, affect attitudes and behaviour (Bowditch and Buono, 2001). Values have been defined as the principles or standards that people use, individually or collectively, to make judgments about what is important or valuable in their lives (McEwan, 2001). Values exist and are communicat-

ed through social connections and may vary in different cultures and different countries (Fisher and Lovell, 2003). A small number of core ideas or cognitions are present in every society about desirable end-states (Rokeach, 1973).

The research question in this paper involves comparing the differences between the actual regional societal culture (cultural practices) and the desired regional societal culture (cultural values) in Estonia with cultural practices in neighbouring countries.

It will commence with a description of the GLOBE Research project, followed by an analysis of results from the GLOBE study about Estonia, Russia and Finland.

### 2. The GLOBE Research Project

There is no universally agreed-upon definition among social scientists for the term 'culture'. For the GLOBE Project, culture is defined as shared motives, values, beliefs, identities, and interpretations or meanings of significant events that result from common experi-

ences of members of collectives that are transmitted across generations (House and Javidan, 2004: 15). The most parsimonious operationalizations of societal culture consist of commonly experienced language, ideological belief systems (including religion and political belief systems), ethnic heritage and history.

Culture matters because it is a powerful, latent, and often unconscious set of forces that determine both our individual and collective behaviour, ways of perceiving, thought patterns and values. Globalization opens up many opportunities for business, but it also creates many challenges. One of the most important challenges is that of acknowledging and appreciating cultural values, practices, and subtleties in different parts of the world. All experts in international business agree that to succeed in global business, managers need the flexibility to respond positively and effectively to practices and values that may be drastically different from what they are accustomed to (House et al, 2004).

The GLOBE Project has differentiated attributes of societal and organizational cultures. To address this issue, 735 questionnaire items were developed on the basis of prior literature and the theories of the GLOBE Project. Responses to these questions by middle managers in two pilot studies were analyzed by conventional psychometric procedures. These analyses resulted in the identification of nine major attributes of culture (House and Javidan, 2004: 11).

The nine cultural dimensions are: Uncertainty Avoidance, Power Distance, Institutional Collectivism, In-Group Collectivism, Gender Egalitarianism, Assertiveness, Future Orientation, Performance Orientation and Humane Orientation. Original scales were developed by the GLOBE Project for each of these dimensions. There are two forms of questions for each dimension, one for measuring actual practices in societies and a second one for values – the way people would like things to be.

The definitions of the core GLOBE cultural dimensions are as follows (House and Javidan, 2004: 11):

*Uncertainty Avoidance* is the extent to which members of an organization or society strive to avoid uncertainty by relying on established social norms, rituals, and bureaucratic practices. People in high uncertainty avoidance cultures actively seek to decrease the probability of unpredictable future events that could adversely affect the operation of an organization or society, and to remedy the success of such adverse effects.

*Power Distance* is the degree to which members of

an organization or society expect and agree that power should be stratified and concentrated at higher levels of an organization or government.

*Institutional Collectivism*, Collectivism I, is the degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.

*In-Group Collectivism*, Collectivism II, is the degree to which individuals express pride, loyalty and cohesiveness in their organizations or families.

*Gender Egalitarianism* is the degree to which an organization or a society minimizes gender role differences while promoting gender equality.

*Assertiveness* is the degree to which individuals in organizations or societies are assertive, confrontational and aggressive in social relationships.

*Future Orientation* is the degree to which individuals in organizations or societies engage in future-oriented behaviours such as planning, investing in the future and delaying individual or collective gratification.

*Performance Orientation* is the degree to which an organization or society encourages and rewards group members for performance improvement and excellence.

*Humane Orientation* is the degree to which an organization or society encourages and rewards individuals for being fair, altruistic, generous, caring and kind to others.

### 3. Comparison of Estonians, Finns and Russians

Estonians and Finns have reacted to the same or similar political pressures, which have been intrinsic to their geopolitical location — close to Russia and between East and West. Both countries are descendants of Finno-Ugric peoples and are very similar in terms of language and culture and even share 2/3 of their genetic background (Nurmi and Üksvärav, 1994: 26).

Both these Finno-Ugric nations were under foreign rule until 1917. During this period both countries were even parts of the same state on two separate occasions: from 1629–1710 under Swedish rule and from 1809–1917 under Russian rule (Nurmi and Üksvärav, 1994: 10). Both countries declared their independence in the aftermath of World War I and were making progress with industrialization and rapid development during the decades of independence between the World Wars. During independence Western values in terms of work

ethic, individualism and free enterprise were adopted and institutions common to a market economy were established. Estonia and Finland had relatively close cultural ties during this period (Raun, 1987:16).

Estonians and Estonian Russians differ in terms of collectivist attitudes. Fey and Nordahl (1999) have studied organizational culture in Russia and provided several examples of the influence of collectivist attitudes in organizational settings. Estonians were considerably less collectivist than Estonian Russians (Realo, and Allik, 1999).

Vadi (2002) has studied different behaviour patterns among Estonian and Russian employees in organizations and found that some values showed opposing results among the Russian and Estonian respondents.

#### 4. Empirical results

Estonia joined the GLOBE research project in 2001 and research on societal practices and values was carried out in 2003. From the 170 questionnaires completed, 53 % of the respondents were men, the average age of respondents was 35.5 years and the average work experience was 14.4 years. The respondents had to evaluate the current culture (practices) and the desired culture. These were measured on a seven-point scale, where '1' indicated 'strongly disagree' and '7' 'strongly agree'.

In Figs 1 and 2, Estonian results are compared to practices and values in Russia and Finland. The data about these neighbours is taken from House et al.,

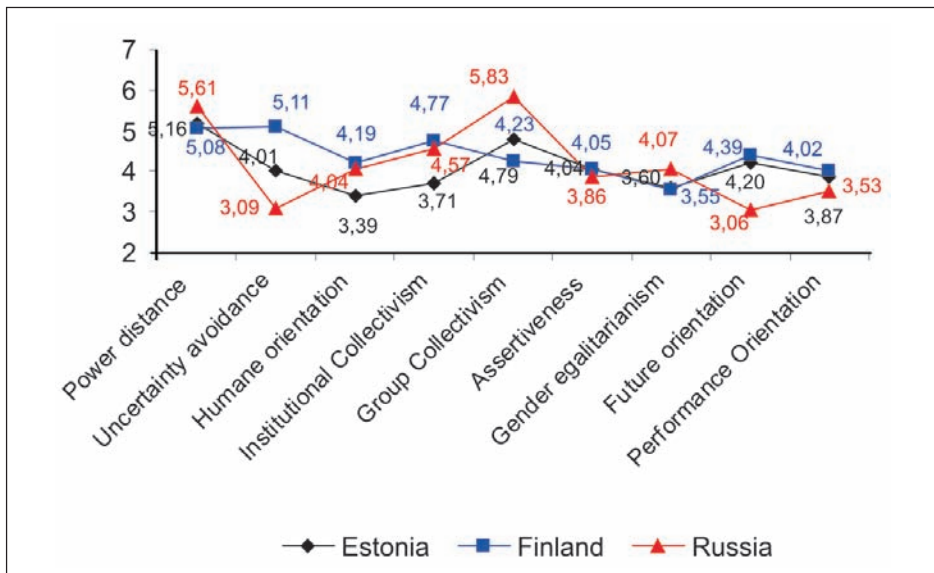


Fig 1. Comparison of societal practices in three countries

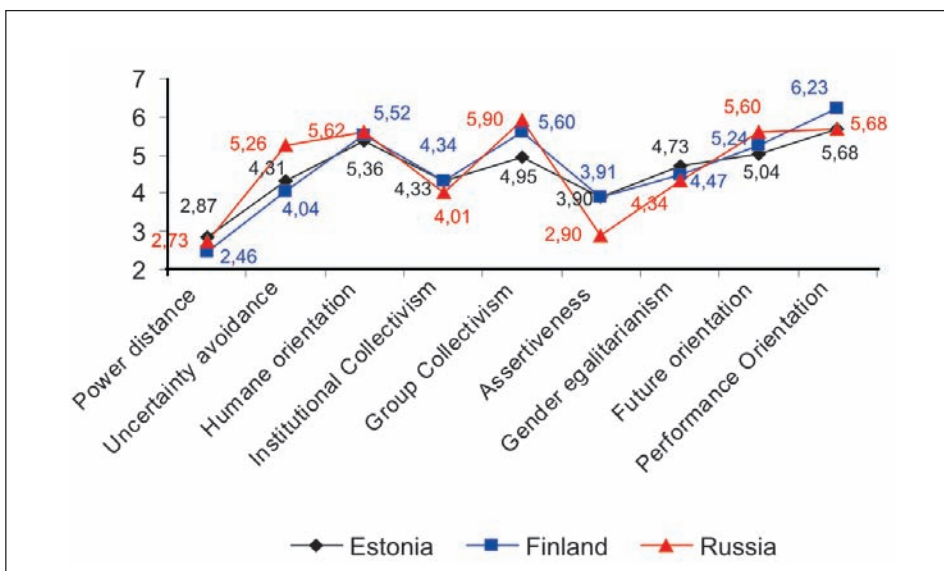


Fig 2. Comparison of societal values in three countries

2004. This comparison of societal values and practices in three countries indicates that the societal values in these nations are closer than the societal practices. The results indicate that Estonian values are closer to Finnish values than to Russian values. At the same time Estonian practices are in some cases closer to Russian practices than to Finnish.

The author has also compared societal values in Estonia and Finland with societal and organizational

practices in Estonia. The results, shown in Fig 3, indicate that organizational practices in Estonia are closer to Estonian societal values than societal practices in Estonia.

According to the GLOBE survey, Estonian organizational practices are closer to Finnish society values than Estonian society practices (Fig 4).

A correlation analysis was conducted to find out the connections between practices at the societal level in

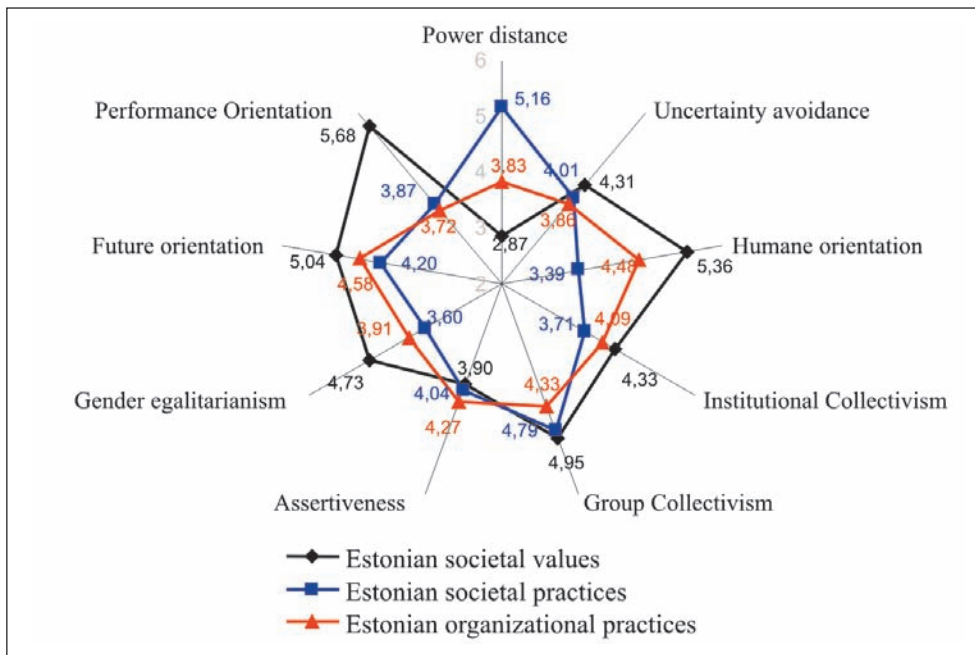


Fig 3. Societal values and societal and organizational practices in Estonia

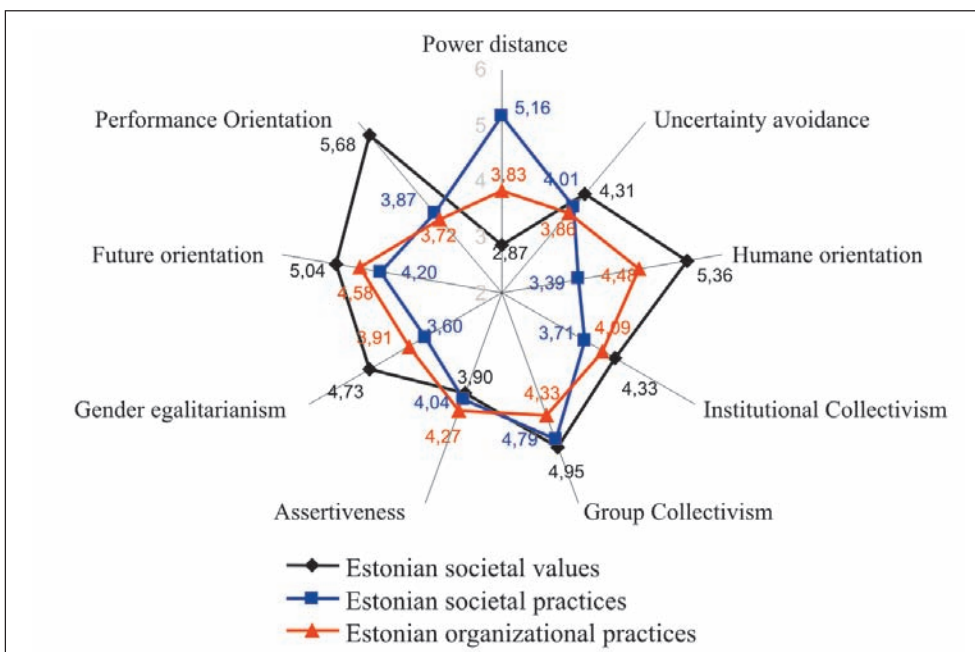


Fig 4. Finnish societal values compared to Estonian societal and organizational practices

Estonian society. The analysis showed that Power Distance has a negative correlation with Humane Orientation ( $r = -0,354$ ,  $p > 0,01$ ) and with Gender Egalitarianism ( $r = -0,353$ ,  $p > 0,01$ ). Humane Orientation and Gender Egalitarianism are also related to each other, but they are related positively ( $r = 0,477$ ,  $p > 0,01$ ).

## 5. Conclusions and discussion

The analysis of results from the GLOBE research project indicated that Russia and Finland have both had an impact on Estonian culture and practices.

The analysis indicates the following differences in societal practices and values among Estonians, Russians and Finns.

All three countries have much greater power distance than they wish to have. Power is more concentrated at higher levels of government than expected.

The opposite is true for performance orientation. The degree to which society encourages and rewards group members for performance improvement and excellence is lower than people actually want it to be.

Estonian respondents marked humane orientation practices as the lowest. At the same time they valued the degree to which individuals in societies encourage and reward individuals for being fair, generous, caring and kind to others in second position. In Finland and Russia the gap between the desired and actual situation in relation to humane orientation was smaller.

Uncertainty avoidance was ranked highest in Finnish practices and only seventh in values. This means that Finnish people found life too highly regulated, with too many social norms, rituals, and established bureaucratic practices. In Estonia and Russia, life is much less regulated. Russian respondents expected more rules and regulations than they actually had.

In Estonia, people find social relationships more assertive, confrontational and aggressive than they would like them to be. Assertiveness was not problem in other countries.

In Russia, In-Group Collectivism was positioned first in both practices and values. In Estonia, the degree to which individuals express pride, loyalty and cohesiveness in their organizations or families was ranked second among practices, but lower among values. In Finland respondents expected a higher level of loyalty to the group than practices actually indicated.

Institutional collectivism was higher than expected in Russia and Finland. In Estonia, respondents were satisfied with the low degree to which societal institutional practices encourage and reward collective distribution of resources and collective action.

Future orientation was consistently ranked as fourth in both practices and values in Estonia and Finland. In Russia, the degree to which individuals in society engage in future-oriented behaviours, such as planning, investing in the future and delaying individual or collective gratification was last among practices, but much higher among values.

There were problems with gender egalitarianism in the Finno-Ugrian countries. In Finland and Estonia, this was ranked as last and second last respectively. At the same time both countries expected greater minimization of gender role differences while promoting gender equality. In Russia, the situation was different.

The comparison of societal values and practices in the three countries indicates that societal values of these nations are closer than societal practices. This brings us to institutional differences: not only has national culture had an impact on actual practices but so has institutional arrangements.

Results indicate that Russia and Finland have both had an impact on Estonian culture and practices. The result that Estonian values are closer to Finnish values than to the same indicators in Russia could be explained by the common genetic and cultural background shared by Estonia and Finland. The Soviet heritage can be seen in Estonian societal practices, which are closer to Russian than to Finnish indicators. Leadership in East European countries has been seen as being more autocratic and less human than in Western Europe (Alt et al., 2003). Research results from Estonian organizations indicate that the specific environment created during the Soviet era had an impact on peoples' value systems. A survey of values conducted in the second half of the nineties indicated that Estonian business students underestimated social values when compared with Finnish students (Alas et al., 2003).

Estonian organizational practices are closer to Estonian societal values than Estonian societal practices. This indicates, that it is easier to change organizational practices in a desired direction than societal ones. Change in practices takes time and starts from within and among organizations. Over time this trend may spread to societal practices as well. According to House and Javidan (2004), despite the direct impact that societal culture has on organizational culture, over time,

organizational cultures influence the broader societal culture. So, change, having started in organizational practices, may spread to society later on.

To conclude, the research results indicate that Russia and Finland have both had an impact on Estonian culture and practices. Estonia's similarities with Finland stem from a shared genetic background and appear in shared values. The Soviet heritage can be seen in Estonian societal and organizational practices, these being closer to Russian indicators than Finnish. Power distance and assertiveness in Estonian society were both too high. At the same time humane orientation, which was valued as the second most desirable, was ranked as being the lowest in Estonia. As humane orientation was negatively correlated with power distance and positively correlated with gender egalitarianism, the authors suggest a reduction of power distance and creating equal opportunities to men and women in order to increase humane orientation in society. This could help to increase fairness, generosity, caring and kindness to others in society. Change in practices takes time and starts from within and among organizations. Over time this trend may broaden so as to include societal practices as well.

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