Change management in Indian organizations compared to Chinese and Estonian organizations (2009-2011)¹

Ülle Pihlak

Defended on November 8, 2012 at Estonian Business School.
The thesis is available digitally http://www.ebs.ee/ee/teadustoo-2/publikatsioonid/ebs-doktori/
Supervisor: Ruth Alas (Ph.D, Professor), Estonian Business School, Estonia

The author’s doctoral research aims to contribute to management theory by improving the understanding of cultural and historical influences on management practices. The research issue of this dissertation involves planned organizational change in Indian organizations and a comparison of the findings of studies in Indian, Chinese and Estonian organizations. These countries were selected because they all experienced a transition to a market economy in the early 1990s, which urged most organizations to adapt to new environmental changes. At the same time, these countries have varying levels of liberalization as well as different cultural and historical backgrounds. These factors make it interesting to compare different aspects of change management in these countries.

The author interviewed business consultants who have been part of organizational change projects in Indian organizations. Change management in Chinese and Estonian organizations has been studied by Andreeva, Alas and Sun (Andreeva et al., 2008, Alas and Sun, 2009, Sun, 2009, Sun and Alas, 2007). The data of their studies was made available to the author to carry out the comparison.

The dissertation focuses on leadership style, employee involvement and employee resistance during planned organizational change management projects. The study demonstrates that both leadership style and the level of employee involvement differ in these countries. Although the leadership style of the change leader is autocratic in China and India and participative in Estonia, employee involvement in decision-making on change content and implementation is more frequent in China. Still, while the level of employee involvement has a positive correlation with the success of change in India and Estonia, the study did not show such a correlation in China. Moreover, the highest level of resistance was found in Chinese organizations. According to the findings, resistance to change could not be explained only by the national and organizational culture, but it also depends on the type of change and on the elements that are changed at the same time. Differences in the level and causes of resistance indicate that the structural component of the institutional environment also influences resistance to change. In

¹ Publication of this dissertation is granted by the Doctoral School in Economics and Innovation created under the auspices of the European Social Fund
democratic countries such as India and Estonia, the pattern of resistance was similar but was different in totalitarian China.

The findings of the study show that the history of these countries also has a role in change management. The study demonstrates that involving foreigners in a change program makes resistance to change stronger in Estonia and in India, but not in China. Furthermore, the causes of resistance and the methods used to overcome resistance are dissimilar when the change manager has a different cultural background. The reason for these findings may lie in the history of these countries. While both India and Estonia had foreign influences (being a colony and occupied country), China has been closed to foreigners for a long time.

Based on these findings, the author modified the triangular model of change developed by Ruth Alas and created a new model where the influences of cultural and historical backgrounds are also taken into account.

Key words: change management, leadership style, employee involvement, foreign leader, leader’s origin, resistance to change, scope of change, success of change project, transition countries, national culture, history, India, Estonia, China.