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“We have performance appraisal every day and every hour”:

Transferring performance management to Russia

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Abstract

Performance Management (PM) of employees is an important established practice in multinational corporations (MNC) and therefore one of the key practices to be transferred to subsidiaries. In this study, we use the concept of institutional logics to show how Russian employees experience PM practices that are based on the institutional logic of a Finnish MNC which is contradictory to the one prevailing in Russia where the subsidiaries operate. Our findings contribute to the practice transfer and PM literature by showing how the Russian subsidiaries responded to competing institutional logics by consciously selecting certain elements from each logic, demonstrating "institutional bricolage", to address both the headquarter's (HQ) requirements and the fast pace of change and uncertainties in an emerging post-Soviet market. Our study also enhances the international business (IB) literature by using the concept of institutional logics in IB and international management (IM) research, where it has been infrequently used.

<u>Keywords</u>

Russia

Performance Management

Practice transfer

Institutional logics

1 Introduction

The transfer of management practices to foreign subsidiaries is considered a primary source for MNCs to secure their competitive advantage in the global market. However, when transferring these practices across international borders, MNCs face competing pressures about which practices to adapt to subsidiaries' local conditions and which practices to standardize globally (Beletskiy and Fey, 2021; Chiang et al., 2017; Prahalad and Doz, 1987). As Beletskiy and Fey (2021, p. 1) state, "this classic paradox of global integration and local adaptation of practices remains a central theoretical and practical concern for managing people in MNCs (Andersen and Andersen, 2017)".

While having some standardized systems and commonalities around the world is beneficial for MNCs to gain multi-country efficiency and to develop a global brand, numerous scholars of practice transfer have stressed the need for adaptation due to cultural and institutional differences between countries (Ahlvik and Björkman, 2015; Chiang et al., 2017; Kostova and Roth, 2002). In addition, there is also often tension between continuing to use local, sometimes indigenous, practices used previously vs adapting practices used by the MNC. This is particularly pertinent in emerging markets like Russia, where subsidiaries of western MNCs are often simultaneously influenced by the HQ institutional logic and the local institutional logic (Hotho et al., 2020), resulting in pressures to conform to both of them. While recognition of the existence of these two pressures is not new, the extant IB literature has not adequately addressed how individuals in MNCs deal with the above-described institutional complexity (Newenham-Kahindi and Stevens, 2018; Minbaeva et al., 2021), which is something this paper seeks to help address.

Previous research on practice transfer has provided rather fragmented picture on how human resource management (HRM) practices are transferred and integrated in foreign subsidiaries. Some studies have shown a need for a considerable adaptation (Myloni, et al., 2003), whereas others have reported on limited adaptation (Edvards et al., 2016; Mellahi et al., 2016). Therefore, more research has been called for to investigate the characteristics of each individual HRM practice to provide greater insight into the conditions under which certain practices may be easier or more difficult to transfer (Chiang et al., 2017; Edvards et al., 2016), as well as to explore the knowledge transfer in MNCs on the individual level, because individuals affect significantly on the actual success of the practice transfer (Caligiuri, 2014). Institutional theory provides a useful lens to study HRM practice transfer because HR as a field is under heavy regulatory institutional pressure (Clark and Lengnick-Hall, 2012). Moreover, the institutional perspective provides a broader view of different contexts because it includes both cultural as well as regulatory and congnitive elements (Kostova, 1999; Scott, 2008). In addition, while institutional theory represents the macro level, institutional logics brings individual actors to the fore and explores how institutions affect the behavior of individuals, which makes institutional logics particularly relevant for our research (Thornton et al., 2012).

This study is set in Russia which is a large, dynamic market that is rapidly changing (Ershova, 2020), as it continues its evolution from its Soviet history. Despite its importance as a major emerging economy, Russia is "extraordinarily under-represented in the current management literature" (Holden and Vaiman, 2013: 130), compared with other emerging economies, such as China and India. Thus, the applicability of Russian studies, which were conducted mostly in the period of 2004-2007, can be questioned resulting in great need for current studies. Hence, calls to determine whether change has occurred in the Russian context have been presented (Puffer and McCarthy, 2011). This study fills these research gaps by studying how a management practice, PM, is transferred from a Western HQ in Finland to subsidiaries in Russia. PM is a key management practice which can help to fully leverage employee capabilities. However, it is a tool that is not traditional for Russia, which makes it specifically intriguing to study PM in such an institutional context that is fundamentally different from the institutional context of the HQ. Building on the above we formulate our research question as follows: *How do managers and employees in Russia perceive and respond to competing institutional logics when implementing a practice transferred from headquarters?*

Our paper makes three key contributions to the literature. First, we contribute to the practice transfer literature by taking a detailed micro approach and showing how the actors in the Russian subsidiaries responded to competing institutional logics by consciously choosing certain elements from each logics to address both the HQ requirements and the fast pace of change and uncertainties in an emerging post-Soviet market. This has been described as "institutional bricolage" in the institutional logics literature. Second, our research reveals several novel and detailed insights into how PM works in Russia. Third, we contribute to the IB literature by providing an example of applying institutional logics theory in the IB setting where it has been infrequently used and we believe has greater applicability. Applying institutional logics theory to our study helps us to better understand how the tension to standardize vs adapt PM is resolved.

This paper is structured as follows. We first provide a short introduction of the practice transfer literature, the PM literature and institutional logics as well as an overview of research on extant PM literature in Russia. We then describe our qualitative study, present our findings and position them in the existing body of research. Finally, we offer theoretical and managerial implications as well as suggestions for future research.

2 Literature review

2.1. Practice transfer

Issues related to practice transfer within MNCs have been a recurrent theme of research in the IB literature (Ahlvik and Björkman, 2015; Chiang et al., 2017; Zhou et al., 2020). The mainstream literature on practice transfer in MNCs typically attempts to explain how transferred HRM practices in subsidiaries resemble those of the parent and which factors impact the success of the transfer of the practices. Scholars have studied practice transfer from two major perspectives, the cultural and the institutional. The cultural perspective emphasises the cultural differences between home and host countries, arguing that MNCs need to take cultural issues into account when deciding upon practices in their foreign operations (Beechler and Yang, 1994; Tayeb, 1998). The institutional perspective addresses the impact of the regulatory, cultural-cognitive and normative institutions of the society on firms and individuals (Ferner et al., 2005; Scott, 2008).

For our study we find the institutional lens particularly useful because Russia, as an emerging market, is still undergoing economic, political and social changes which significantly impact the operations of the MNC. Compared to the cultural perspective, the institutional perspective provides a broader view of national contexts including both cultural as well as regulatory and congnitive elements (Kostova, 1999; Scott, 2008). MNCs operate under conditions of "institutional duality", where they face both the institutional environment of the MNC's home country and that of the host country in which they operate (Kostova, 1999; Kostova and Roth, 2002). These different institutional contexts encounter tensions between the isomorphic pull of the home and host environments.

Research using institutional theory has discovered that certain HRM practices are more sensitive to institutional constrains than others, and hence may be more difficult to transfer. For example, Myloni et al. (2003) showed that HRM practices need to be adapted considerably to fit with local norms and institutional pressures at Greek subsidiaries of foreign MNCs, but that the extent adaption is needed depends on the specific HRM practice being transferred. The authors found that some compensation and performance appraisal practices were subject to institutional pressures to a greater degree than other practices. Transferring workforce diversity in Ferner et al.'s study (2005) showed that the process of practice transfer by US MNC to UK subsidiaries was complicated and required a range of compromise accommodations. Björkman et al. (2008) instead found that employee performance appraisal systems tend to be locally adapted to the Chinese host-country environment only to a relatively limited extent compared to training and development, and recruitment and selection. Also, Vo and Stanton's (2011) research revealed that PM management tools and techniques were successfully transferred to the Vietnamese subsidiaries of US MNEs. Hence, their research shows that countries in the transitional period seem to be more receptive to new and seemingly contrasting practices. Mellahi et al. (2016) in turn discovered that PM practices of Brasilian MNCs are heavily influenced by global best practices and hence institutional distance did not have a significant influence on the adaptation of PM practices at subsidiary level. Similarly, Edvards et al (2016) discovered that some HRM practices, such as performance appraisals, are extremely widespread and have become a "global way of doing things", regardless of national and institutional context.

To conclude, the previous research shows a fragmented picture on how HRM practices are transferred and integrated in foreign subsidiaries. Therefore, more research has been called for on "an actor-centred form of institutionalism that is sensitive to distinct national contexts" (Edwards et al. 2016, p. 1014) as well as on research on knowledge transfer in MNCs on the individual level (Caligiuri, 2014).

2.2. Performance management

PM has been identified as one of the core HRM activities in organizations (Pucik et al., 2017) and one of the high performance work systems (HPWSs) to significantly impact an organization's performance (Huselid, 1995). For many organizations, performance appraisal (PA) is the key PM activity through which firms seek to assess employees, develop their competence, enhance performance and distribute rewards (Fletcher, 2001). PM practices are of significant importance because they signal the company's strategic priorities to managers and employees, and the type of behaviours that are expected and rewarded by the company (Biron, et al. , 2011). DeNisi and Pritchard (2006, p. 254) define PA as the "discrete, formal, organizationally sanctioned event, usually not occurring more frequently than once or twice a year, which has clearly stated performance dimensions and/or criteria that are used in the evaluation process". PM goes beyond appraisal and includes all the activities that organizations implement to enhance the performance of individuals and units in order to improve organizational effectiveness. Such activities may include the setting of corporate, departmental, team, and individual objectives, and the use of appraisal systems, reward strategies, training schemes and individual career plans (Roberts, 2001).

While much of the research on PA has focused on the use of ratings in appraisal and how to make them more objective and accurate in reflecting performance, the social and motivational aspects of PA, such as goal-setting, feedback and rewarding, have started to gain more attention (DeNisi and Pritchard, 2006; Fletcher, 2001). In our case company these elements were also emphasised in PA process. This is in line with Lunnan et al.'s (2005) finding that while in the US, PM contain both calculative and collaborative elements, in Scandinavia, the calculative element is downplayed. In fact, in their research on PM of Finnish expatriates, Suutari and Tahvanainen (2002) called PAs as performance management discussions highlighting participative goal-setting and evaluation of performance rather than performance ratings. Therefore, in this paper we focus on PM on an individual level and examine three core elements in PA process, namely goal-setting, feedback and rewards (DeNisi and Pritchard, 2006; Fletcher, 2001).

2.3. Institutional logics

In this study we use the concept of institutional logics as a theoretical lens to study the transfer of a management practice, PM, to Russia. Institutional logics is defined as ''the socially constructed, historical pattern of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality'' (Thornton and Ocasio, 1999, p. 804). Hence, in institutional logics the focus is no longer on isomorphism, as in the new institutionalism (DiMaggio and Powell, 1991), "but on the effects of differentiated and often co-existing institutional logics on individuals and organizations in a larger variety of contexts" (Thornton and Ocasio, 2008, p. 100). Institutional logics guide the behavior of actors held together by their joint values and beliefs, and are revealed through language and practices (Reay and Jones, 2016). Like other scholars, we recognize that new institutionalism and institutional logics have many commonalities, but also important differences (Molina, 2012; Tan and Wang, 2011; Thornton and Occasio, 2008). We choose institutional logics to frame this study rather than new institutionalism (DiMaggio and Powell, 1991) because while they are related and share a belief that context or cognitive structures and cultural rules shape organizations, in new institutionalims change is normally conceptualized as a change from one set of dominant institutions to a new emerging dominant set of institutions. However, like institutional logics theory suggests, we believe different sets of institutions can co-exist and exert influence on a firm simultaneously for long periods of time, and we believe that individuals and organizations can make choices about how to respond to these multiple institutions (Thornton and Oscasio, 2008; Molina, 2012).

The co-existence of multiple logics in the same organization or field leads to multiple forms of institution-based rationality and helps to explain some variation in practice that we observe in many organizations especially those experiencing internal or external change.

Indeed the simultaneous presence of multiple institutional logics helps create diversity in cognitive orientation and different views about which practices are appropriate in an organization. While competing logics has the drawback of creating ambiguity and thus lack of clear direction, it has the advantage that competing logics give organization members the possibility to decide what is most appropriate for their setting and engage in institutional logic blending over time by choosing parts from different logics which has been called "bricolage" in institutional logics literature. Indeed, as Christiansen and Lounsbury (2013, p.199) suggest "…multiple logics may be addressed via the mechanism of institutional bricolage – where actors inside an organization act as ''bricoleurs'' to creatively combine elements from different logics."

We see MNC subsidiaries as being influenced by a variety of different sets of institutional logics such as home-country headquarters push factors towards global standardization and host country pull factors to adapt to the local system (Prahalad and Doz, 1987) and we see the subsidiary as being able to decide how to respond to these different pressures. The plurality of institutional systems exerting influce gets even more complex when the subsidiary is operating in a transforming ecnomy where the local system itself is made up of two institutional logics, an older often deeply embedded one that the host country is transitioning from but which still has much influence, and a newer emerging system which the transforming economy is in the process of transition to (Thornton et al., 2012).

The use of institutional logics has been rapidly growing in organizational research starting with just a few studies in the early 1990s to a larger number of studies more recently. Indeed, Reay and Jones (2016) identified 601 studies which used institutional logics between 1990 and 2014. However, institutional logics has received far less attention in IB. Much of the previous research on institutional logics in IB is either conceptual (Aguilera and Grøgaard, 2019; Hotho and Pedersen, 2012; Saka-Helmhout et al., 2016), or has focused on stateowned organizations (Cheung et al., 2020; Greve and Zhang, 2017; Tang, 2017). Only a few IB researchers have used the framework in the MNC context exploring how MNCs can respond to competing institutional logics. Pant and Ramachantran (2017) identified two distinct and contradictory institutional logics, enterprise logic and domicile logic, in their longitudinal study of the organizational identity of a Western MNC subsidiary in India. Similarly, Greve and Zhang (2017) examined how the old state socialism logic and the new market capitalism logic competed to influence Chinese firm's mergers and acquisitions. Newenham-Kahindi and Stevens (2018) found that MNEs can overcome the liability of foreignness (LOF) in complex institutional environments in Sub-Saharan Africa by modifying existing logics and co-creating new institutional logics with local employees. Further, Minbaeva et al. (2021) studied how individuals in MNE subsidiaries in the emerging markets of Kazakhstan and Turkey responded to competing institutional logics (market and community logics) by finding solutions to combine the competing logics acting as hybridizers. While these studies have increased our understanding about MNCs responses to competing institutional logics in emerging markets in many important ways, we still lack sufficient knowledge about the microfoundations of institutional logics and the mechanisms and processes by which organizational actors deal with multiple institutional logics (Thornton and Ocasio, 2008).

2.4. Practice transfer and performance management in Russia

HRM practice transfer to Russia has been studies extensively particularly after the collapse of Soviet Union. Fey, Pavlovskaya and Tang (2004) found that when transferring HRM practices to Russian subsidiaries, the importance of recruitment and training and development were emphasised, whereas appraisal and internal communication were just formally implemented without much engagement. In a quantitative study, Björkman, Fey and Park (2007) discovered that the significance of training, compensation and appraisal systems in the Russian subsidiary was again apparent.

Further, Koveshnikov et al (2012) identified four grups of organizational practices that Western MNCs transfer and use in their Russian subsidiaries: 1) management training, 2) corporate culture management, 3) intercultural and linguistic training, and 4) HRM practices which produce positive outcomes in Russian subsidiaries. The authors also identify two internalization mechanisms, boundary spanning and reliance on local competence, which support in introducing and internalising the practices. Their analysis illustrates that only when implemented together the organizational practices and internalization mechanisms can produce the desired effect. Similarly, Latukha et al. (2020) studied various strategies for transfering HRM practices to Russia and discovered that exportation strategy better suits MNCs originating from culturally close countries, adaptation strategy is suitable for culturally distant home countries, and integration strategy appeared to be universal for different home countries.

In a well-designed study set in Russia, Dixon, et al. (2014) shows that management practices transferred from a foreign parent to a Russian joint venture can be slow to get implemented due to diverse views about the practices among top management. In contrast, Russian companies may be very authoritarian in style and have more unified views among management and thus if the management is progressive it may be able to implement even modern management practices more quickly than is the case in a foreign joint venture/ subsidiary.

As the above mentioned examples show, the applicability of Western HRM practices in Russia in general has been studied extensively. However, only a few of the studies have discussed PM in-depth. Instead in many studies PM has been examined in connection with other HRM practices. We focus here primarily on Russian management literature talking about PM in firms in Russia in ABS level 3 and 4 IB/management journals. Several researchers have highlighted the legacy of the Soviet system which payed little attention to individual performance. For example, May et al (1998) explained how in state-owned Russian companies a formal PA took place only once in three years in relation to promotion, and annual bonuses were often seen as unrelated to performance. Shekshnia (1994) also noted how Russian employees were used to having their compensation dependent on their job rather than on their individual performance. However, the effect of group-based extrinsic rewards on the performance of groups of Russian factory workers were found positive in Welsh et al's (1993) study. The authors also found how superior's feedback and personal praise had positive effects on employee productivity.

Even though Russian companies have not historically been actively using PM practices, Western companies have implemented these practices successfully in their Russian subsidiaries. Shekshnia (1998) and Fey et al. (1999) discovered that most Western companies in Russia used some form of performance-based compensation system in their operations. Also Puffer and Shekshnia (1994) emphasise the importance of performance systems in Russia in order to help motivate employees to work towards company's objectives. Similarly Björkman et al. (2007) conclude that MNC subsidiaries in Russia use performance-based appraisal and compensation systems to a larger extend than units in the US. Further, Fey et al. (2004) also discovered that performance-based compensation was appreciated by most employees as an important motivating factor in the Russian subsidiary of a Swedish MNC. The authors also discovered that employees in Russia viewed PA as a formal process for just completing evaluation forms and was often not something they were fully engaged in. They also found that Russian managers were used to giving orders rather than feedback, and therefore it was important to improve their appraisal skills. Fey et al. (2009) found that PA is not as effective in increasing employee ability in Russia as it is in Finland.

After exploring the evolution of HRM in Russia over the past twenty years Gurkov and Zelenova (2012) noted that employee appraisal systems are not widely practised in Russian industrial companies. They also found that result-based measures, including measures based on a company's performance, are used for additional remuneration of employees. In another study Gurkov et al. (2017) examined the HRM practices of Russian manufacturing companies and subsidiaries of Western MNCs in Russia during Russia's economic downturn in 2014 - 2016. They found that particularly in Russian companies measures to promote individual performance had increased, but that performance was rewarded through verbal recognition of employees rather than merit pay.

However, the trend to use PM more seems to be increasing even in Russian MNCs. A recent study (Kabalina and Outila, 2021) discovered that PM is now an established HRM practice in Russian MNCs. Many large Russian MNCs implement PM practices by having corporate and individual key performance indicators and performance related bonuses. Particularly in the oil and gas, energy and metallurgy sectors monthly, quarterly and yearly objectives and bonuses are used. Hence PM is very much related to compensation management in large progressive Russian MNCs today.

To conclude, while important contributions have been made in the practice transfer and PM literature, there is rather limited amount of recent research on practice transfer in emerging economies in general and in Russia in particular. Moreover, previous research provides a rather scattered view on how HRM practices are transferred and implemented in foreign subsidiaries, which calls for more research on individual practices at the individual actor's level. Also, many of the above studies are conceptual or survey-based, so there is a need for more research exploring HR practice transfer using interpretive and contextually sensitive methods. In addition, previous research on PM in Russia has mainly focused on studying to what extent PM is practised in Russia (Björkman, Fey and Park, 2007; Fey et al., 2004; Shekshnia, 1998), but it has said little about how it works in Russia. Specifically, the question how PM is perceived by local actors has received limited scholarly attention. Therefore, there is considerable scope for enhancing knowledge of practice transfer and PM in Russia and making a theoretical contribution to these literatures in the Russian context.

3. Methodology

This study is a qualitative, embedded single-case study of a Finnish MNC operating in Russia. A qualitative, interpretive approach is a particularly appropriate research method when the emphasis is on the subjective experience of individuals and on seeking an in-depth understanding of human behaviour (Denzin and Lincoln, 2005). The deployment of qualitative interpretive research enables researchers to gain "a deeper understanding of micro-processes and of the interplay between culture and context in the collaboration and integration of activities" (Birkinshaw et al. 2011, p. 575). Case study research is well-suited to research areas for which existing theory seems ianadequate (Eisenhardt, 1989). Moreover, a single case study is the right choice when attempting to examine a phenomenon in its naturalistic context (Piekkari, et. al., 2009) as we strive to here.

3.1. Case description and research context

We selected a Finnish MNC in the construction sector, and its subsidiaries in Russia, as our research site. We call this company "Genro Corporation" for the sake of confidentiality. Annual revenue of the company amounted to some EUR 1.8 billion and the number of employees was nearly 6,000. Russia accounted for 26 % of the revenue, 40 % of the operating profit, and 33 % of the personnel. Currently the operating area of the company includes besides Finland, Russia, the Baltic countries, the Czech Republic, Slovakia, and Poland. The business in Russia was strategically the most significant for the company, because Russia is the neighboring country of Finland, offering huge potential with its large population and a growing need for housing construction. Genro started its operations in Russia since 1960's by offering construction services to various industries, such as minig, metal, hospitality and oil and gas. In 1990's the company started to establish subsidiaries in six cities in Russia through partial acquisitions or greenfield investments. These units are partly or wholly owned by Genro. In the acquired units, much of the local management and employees were people employed by the acquired firm at the time of the acquisition. In addition, a few expats came from Genro headquarters. Having local Russian management in the subsidiaries was considered important because the business is very local in character. Therefore Genro HQ gave a lot of independence to the management of the subsidiaries, who knew best how to handle the relationships with local stakeholders, such as authorities and customers.

Managing performance is considered an important value and a key success factor of the company especially since the corporate culture is described as performance oriented. The first author of this article was employed in the company and when she was recruited, one of the key tasks determined was instilling the PM in the subsidiaries. An essential part of PM at Genro is that PAs were held twice a year with each employee regarding his/her new targets for the coming period and an evaluation and feedback regarding his/her performance during the past period. As stated on the company website, "the Group's management system is management by key results. The goal is for each Genro employee to have a performance and development discussion with their supervisor at least once a year, preferably twice. The performance and development discussions provide our personnel with an opportunity to affect their work and the decisions that relate to their work tasks, working conditions and position in the company."

Despite being bordering states, Finland and Russia have very different cultural profiles. According to Hofstede's (1980, 2021) cultural dimensions (we use values from Hofstede 2021 to have as current data as possible), Finland and Russia are almost opposites, Russia scoring very high in power distance (93) on a scale of 1 to 100 whereas Finland scores low (33); Russia is less individualistic (39), whereas Finland is higher in individualism (63); Russia is high in uncertainty avoidance (95), whereas Finland is much lower (59); both countries are rather low in masculinity, Russia scoring 36 and Finland 26. Despite being extremely well cited and influential, Hofstede's study has also received critique such as being static, simplistic, and not representative of all in a diverse society (e.g., Brannen, and Thomas, 2010; Tung andVerbeke, 2010). Nevertheless, also "emic" research seeking to understand meanings, highlights that throughout history Russian people have been accustomed to strong leaders and look for security in the paternalistic approach of the leader (Kets de Vries, 2001). Also the collective will is more important than the will of individual, and therefore individualistic traits such as achievement and initiative have been considered socially undesirable (Puffer, 1994). Russian workplaces are still quite authoritarian and management control is typically strong (Popova, 2010). In contrast, the Finnish and Nordic leadership gives autonomy to employees and possibility to influence their work (Lindell and Arvonen, 1997). As this research shows, Finnish employees also expect freedom to make their own work-related decisions and consider manager's frequent interaction as micromanagement and lack of trust.

Also, in terms of institutional environment, Finland and Russia represent rather extreme opposites. The level of institutional development of Russia is ranked 121st out of 148 countries, due to complicated administrative procedures and high level of corruption, whereas the ranking of Finland is 1st with highly transparent and well-functioning public institutions (Bogatyreva et al., 2017).

3.2. Data collection

We collected data from multiple sources (Eisenhardt, 1989), such as the company website, annual reports, guidelines for appraisal discussions, training material for conducting the discussions, as well as interviews, which constituted the main data source. Also other materials such as manual for the system of controlling of tasks (SKIP), and examples of lists of tasks sent by managers to employees were provided when visiting the subsidiaries. We conducted altogether 100 in-depth semi-structured interviews with 86 Russian personnel, 13 Finnish expatriates and one HQ representative between May, 2013 and April, 2014. Many of the Finnish expats had previously worked at HQ in Finland before being transferred to Russia. Hence they provided insights about HQ and how the Russian subsisidiaries were different from HQ. Interviewees represented different positions and levels as illustrated in Table 1. The first author of this study also conducted participant-observation during 2010-2013 when she was employed at Genro as the Head of HR for International operations and responsible for HR in Russia. When she started to conduct interviews she continued to work in this position for another few months. Since the summer of 2013 she did not have responsibility for Russia anymore due to organizational change. She conducted the last interviews while being on study leave. Her background and in-depth knowledge about the HQ practices and the Russian subsidiaries supported in collecting and analysing the data. While her insider status provided access to rich data and helped in building rapport with the interviewees, it also affected the interaction with the research participants which in turn called for particular sensitivity and reflexivity on her part (Alvesson, 2009). Since both authors were fluent in Russian, we therefore discussed and agreed the coding and interpretation of data to enhance the validity of our findings.

INSERT TABLE 1 ABOUT HERE

The semistructed interviews ensured that the key topics were covered but allowed the interviewer to pursue additional questions when something interesting emerged during the interview. The interview guide included topics relating to PM, with a specific focus on goal setting, feedback and rewards based on performance. The interviewees were asked, for example, how much they participated in setting their individual goals, how often they discussed their goals with their supervisor, whether they received feedback from their supervisor, whether they were rewarded for their work, and what was the meaning of the rewards for them. The interview questions were created in English and translations in Russian language by the first author and then checked by a Russian translator. Since the interviews were semi-structured, there was the possibility to clarify with the interviewee if s/he had understood the question correctly. Thus the interviews were conducted in the native language of the interviewees, in Russian or in Finnish, and lasted on average 1-1,5 hours. All the interviews were recorded with the exception of two at the request of the interviewees. The interviewees were given a code based on position and subsidiary, as Table 2 shows.

INSERT TABLE 2 ABOUT HERE

3.3. Data analysis

The interview data was transcribed verbatim in Russian. The data analysis was supported by the Atlas.ti qualitative data analysis software to facilitate the categorizing and comparison of data. We imported the transcribed interviews to the software in Russian so that the interviews could be readily checked whenever necessary. The data was analysed in Russian language. There was no need to translate the data in English because both authors are fluent in Russian. We analysed the data in line with the principles of thematic analysis (Patton, 2002) and broadly followed the principles of grounded theory (Gligor, 2016). We used theoretical coding to make sense of the data by categorising and grouping similar examples (Gligor, 2016). Theoretical coding enables discovering core concepts, relationships among them and emergent theory.

We coded the data sentence by sentence or paragraph by paragraph (Charmaz, 2006) to generate emergent topics. The codes were either based on topics in the interview guide, such as goal-setting, control of goals, meetings with managers, meetings with employees, ways of feedback, frequency of feedback, ways of rewarding, and meaning of rewarding, or the codes emerged in the interviews, such as SKIP system. The data were then reduced by grouping the codes according to themes based on PM literature; goal-setting, feedback and rewards (Denzin and Lincoln, 2005; Gligor, 2016). Our data analysis was guided by an iterative 'constant comparison' between rich data and emerging conceptual insights that we could relate to existing theories and create new theoretical insights (Doz, 2011, Gligor, 2016). Maintaining theoretical sensitivity enabled us to identify data that had relevant meaning to the emerging theory of institutional logics (Gligor, 2016).

In further analyzing the data we follow Reay and Jones (2016) what they call the "pattern inducing approach" which starts with the raw data using a bottom-up inductive approach to identify patterns and institutional logics that are then compared with existing literature. We identified two institutional logics, the HQ logic and the transformation logic, which guided the behaviour of our interviewees. We analyzed our interview transcripts again and gategorised text to help us show how institutional logics influenced the beliefs and behaviors that constitute PM practices which were being used. To better understand this methodological approach it is helpful to note that Reay and Jones (2016: 449) describe it as, "researchers capture logics by showing as much of the raw data as they can; text segments taken directly from interview transcripts, observational field notes, or documents are grouped into meaningful categories that constitute a pattern or set of behaviors associated with one or more logics." When writing up the findings, we not only focused on the quotations that represented the most common views, but also took into account quiet and extreme voices about particular themes. This multivocality, representation of multiple and varied participant voices, provides rich description of the data and thus enhances the credibility of the study (Tracy, 2010) in alignment with interpretive research desing.

In our theorising, we adopted contextual explanation (Welch et al., 2011), which seeks to produce a local explanation of a phenomenon with particular sensitivity to context. Contextual explanation looks at the phenomena from a holistic perspective and is therefore ideally suited for diverse cultural and institutional contexts. Contextual explanation is also well in alignment with institutional logics as a framework.

4. Findings

We first describe the transfer process of the PA practice to the Russian subsidiaries. PAs in Genro are embedded in the Finnish HQ's institutional logic which is based on western values of democracy, participation and individualism. Our findings revealed a different institutional logic, the transformation logic in the Russian subsidiaries, which highlighted the characteristics of an emerging market context with fast-paced turbulent change and uncertainty due to less-developed government and regulatory infrastructures (Marquis and Raynard, 2015), as well as the authoritative leadership legacy from the Soviet past (Kets de Vries (2001). Table 3 provides a summary of the competing institutional logics, HQ logic and transformation logic, in the Russian subsidiaries. We show how managers and employees experience and address these competing logics in relation to goal-setting, feedback and rewarding, which in PM literature have been identified the key parts of PM (Fletcher, 2001; DeNisi and Murphy, 2017).

4.1. Transfer process

The PA system was transferred to subsidiaries in stages. As Table 1 shows, the first subsidiary was acquired in 1997 and the last in 2007. The PA system was the first HRM practice to be transferred. It was first transferred to the subsidiary in St Petersburg, acquired in 1997, within a few years of acquiring. The PA system was introduced to other Russian subsidiaries beginning with the first common HR meeting for subsidiary HR managers in 2009, led by the HR Director from the HQ. The HR manager from the subsidiary in St. Petersburg presented the PM system in the meeting. Involving one subsidiary in transferring the practice to other subsidiaries is a common way of transferring practices to subsidiaries in MNCs (Thory, 2008). After the meeting, the practice was transferred by giving training in the subsidiaries in the Russian language to all employees and special training to managers on how to conduct the discussions. Trainings about PA discussions were later included in regular induction trainings of new employees as well as in management trainings.

In the training material of the PA discussions, the roles of employees and manager are described as follows: "all employees have the right to have a clear picture of their tasks and goals, get feedback on their work, develop their professional skills and know-how, and discuss and influence the content of their own work." In the training material, a manager's basic tasks are described as setting individual goals, creating the conditions for work and giving feedback. Also, the benefits of the discussions for both the manager and employee are discussed in the training material. Managers receive help in achieving personal goals and day-to-day management becomes more effective. The discussions benefit employees by helping them prioritise tasks and providing an opportunity to have a say and receive feedback. All this facilitates personal improvement. The role of collaboration is emphasized during the discussions; subordinates are encouraged to suggest goals for the following period and the actions needed to meet the goals. These are then discussed and agreed with the manager during the discussions. The feedback is also two-sided; managers and employees are encouraged to give feedback to each other. Performance discussions also act as a tool for rewarding employees. Performance bonuses are paid on the basis of realisation of the personal goals set in the performance discussions and also the financial performance of the Group and the business unit. Bonuses could be maximum of two months salary/year.

The PA practice was transferred to the Russian subsidiaries without any adaptation. The guidelines were translated word by word in the Russian language, as most employees and managers in Russia did not speak English, which was the common language at Genro. The interviews showed that the appraisal meetings were well perceived by the Russian managers. Many managers emphasised how the ideas of goal setting were similar to the practices done in Soviet times, a described by a top manager: "In Soviet time we had these kind of plans, so the procedure is familiar to me".

Compared to the HQ practice, it appeared that the appraisals were more controlled in the Russian subsidiaries by the subsidiary management than in the HQ. While in the HQ the practice was the responsibility of the individual manager and not officially controlled by the HR department, in the Russian subsidiaries the managers were asked by a specific *prikaz* (order) to send the filled PA form to HR department for control and collecting information regarding the performance and training needs of employees. In terms of other differences and similarities between the PAs in HQ and the Russian subsidiaries, we discuss next our findings based on the adherence to the competing institutional logics, the HQ logic or the transformation logic, in relation to the three main parts of PA: goal setting, feedback and rewarding (Fletcher, 2001; DeNisi and Murphy, 2017). We summarise our findings in Table 3.

INSERT TABLE 3 ABOUT HERE

4.2 Adhering to the HQ logic

The goal setting was an example of a practice where there was an attempt to adhere to the HQ logic. Setting goals for employees in PAs is critical, because goals help employees understand what is expected of them, and assist them in planning and prioritising their work (Varma and Budhwar, 2011). As described earlier, goal-setting through PAs had been conducted in all the subsidiaries of Genro since 2009 and appeared to be a routine-like practice in most of them. These appraisals, which were held twice a year, are a useful tool for involving employees in determination of their key goals and tasks for the coming six months. Employees thus had an opportunity to impact the tasks they should focus on, which were agreed upon during the appraisal discussion with their manager. This kind of participation in goal setting reflects the institutional logic of the HQ at Genro.

Most of interviewees in all the Russian subsidiaries, both managers and employees, considered that they had an impact on their goals in general. Managers reported that they discuss goals together with their employees and thus allow them a say. Employees typically make suggestions for goals and then discuss them with their manager, who also adds suggestions of his own. Hence a common understanding of the employee's goals is achieved. The following quotation from a middle manager illustrates the process:

> I form performance goals myself and discuss [them] with my manager, he may make recommendations, add something, [or express his] wishes. Then the employee himself completes the tasks; every six months he plans his activities for the next six months. You're not told from above, but you think yourself. It is a creative moment; you think and make conclusions based on the previous year. You can feel the usefulness of your work; [you] might not notice what you have done otherwise. (MM30)

This quotation is an example of successful PA and goal-setting and hence implementation of the practice and compliance with the HQ institutional logic. It represents the view of an employee in a managerial position who understands the value of the appraisal and also her own role in the subsidiary. However, this does not present the whole picture of the practice in the Russian subsidiaries, as we show later.

Another example of adhering to the HQ logic is rewarding. Proper reward systems ensure that employees are motivated to do what is needed to achieve their goals and ultimately the corporate goals (DeNisi and Smith, 2014). The interviewees stressed the importance of rewards based on achievement of their individual goals. Even though many managers presented critique towards PA as a system, most of the interviewees found the PAs useful mainly because they were linked to bonuses. As one managing director commented, "if there is no performance appraisal, then there will be no bonus".

4.3 Adhering to the transformation logic

Most of the time we found evidence that Russian interviewees acted upon the transformation logic. This took place in all parts of PA discussions. We identified two main ways in adhering to the transformation logic, either modifying the HQ practice according to the transformation logic or creating a new practice. We first discuss modifying the HQ practice.

4.3.1. Modifying the HQ practice

In terms of goal setting, even though most employees felt that they can impact their goals, there were several deviations from the HQ logic. The following top manager quotation illustrates a less participative goal-setting:

> If employees don't participate in determining goals, then they don't understand and then I dictate the goals. Sometimes it can be so. We discuss [things] and if we don't reach an agreement, then I say what needs to be done. (TM1)

As the previous quotation shows, not all employees participate in determining their goals. Indeed, when discussing manager's tasks in general, most interviewees, both managers and employees, considered that managers assign tasks and employees complete them, which reflects the transformation logic from the Soviet past. The legacy of the Soviet time includes the centralisation of authority and responsibility and contradicts the tenets of Genro's PM system and hence the HQ logic. The following quotation represents this view:

> I can influence the process but not the tasks. The leader basically states the tasks and I think that is the right way to go about it. I want the company to say what

> needs to be done… I get goals from Sergei [her supervisor] and I discuss them with my subordinates. (MM12)

As the above quotation illustrates, some employees thought that they are only supposed to implement the orders of their supervisors despite being part of a system that formally gives employees more say. This also illustrates that it is one thing to have a formal policy and it is another thing for employees in an organization to truly embrace that policy. Although many interviewees did not find it possible to impact their goals, they felt that they could nevertheless find ways to achieve the goals and in such a way impact their work. Some interviewees, however, emphasised that the goals in their PA are of a general nature and on a higher level and not connected with daily tasks, which again indicates the deviance from the HQ logic. The uselessness of PAs in the local Russian context was emphasised by several managers, as the following top manager quotations reveals:

> Performance appraisal is absolutely not needed. It is a pure formality. We have performance appraisal every day and every hour. (TM10).

This example vividly illustrates how the local transformation logic impacted and was realised in the behavior of local actors.

In providing feedback, the transformation logic was again revealed in actor behaviours. By providing appropriate feedback to employees a supervisor can communicate how an individual is doing on the job, and whether there are performance gaps in relation to expectations (Milliman et al., 2000). For our interviewees, PAs are the main tool for getting feedback for their work. However, as Russian managers felt the need to provide performance goals for their employees more often, also the feedback ought to be provided more regularly, according to the local institutional transformation logic. The following quotation further illustrates that managers think PA and also feedback ought to be more frequent:

> I don't believe that tasks can be completed if you give [employees] six months [to complete them] and then check after six months. There is little chance that they'll be completed. That's why we discuss [things] once a day or once a week. (TM19)

This comment reveals that Russian managers seemed to have a need to check employee performance more often than company practice requires. Also, reviewing goals and tasks is important; tasks change, not all tasks are known at the time of the PAs and new tasks, some with higher priority, arise after the official discussion period, due to the dynamic Russian institutional environment.

According to corporate practice, employees are supposed to give feedback to the manager as well. Some interviewees explained that in hierarchical Russia it is not typical or even possible for an employee to give feedback to a manager, as stated by the following interviewees:

> We cannot give feedback to a manager in Russia. Only in closed surveys like the personnel survey. (EMP16)

This again indicates the transformation logic from the Soviet past. When discussing giving and receiving feedback it appeared that the word "feedback" in the Russian language was not understood correctly and interpreted in different ways. When using the translation of "feedback" (обратная связь) which was used in the Russian version of Genro's appraisal instructions, most interviewees understood the term as reaction between manager and subordinate; listening to and responding to questions and comments, as the following quotation illustrates:

> Constantly, besides regular meetings, I have the policy that any person can come to me at any time and we can discuss current issues together. In fact, every day they get my feedback and tasks in the frameworks of their operations. (TM3)

Hence it seems that feedback as meant in the Western literature is not understood correctly by all managers in Russia who sometimes interpret it as reaction. This was particularly the subsidiaries Genro had in regional cities. Only in a subsidiary in St. Petersburg did a majority of the interviewees understand feedback correctly, which might be explained by the greater impact of Finnish expatriates in the subsidiary and more Western experience among the subsidiary managers which is more common in St. Petersburg than in Russian regions. Not only managers but also the employees were also of the opinion that feedback includes clarifying the task or expressing their opinion to the manager, that is reacting to questions, as illustrated by the following quotations:

> We discuss work questions, she asks me my opinion. I give feedback every day, we communicate every day. (EMP8)

It was mentioned a few times that positive feedback is not very typical in Russia, which again signals the institutional transformation logic from the Soviet past, characterised by strict obedience of rules and punishing for mistakes. Sometimes the feedback can be quite severe and direct in Russia as this quotation illustrates:

> Mainly I get feedback in performance appraisals. If there are rewards, we talk about that. Or if something was not done in the right way. The managing director always thanks me personally for doing the job well. And if the job was done badly, then the manager also says that your kind of specialist could have done better, and if we don't want to or cannot, then it is better to resign. So dismissal is also a good motivator. (TM21)

The previous quotation reflects the disciplined and demanding culture, which was prevalent in some of the subsidiaries. Also, the Finnish expatriates confirmed that feedback in Russia is mainly negative as expressed by the following interviewee, who has been in Russia for over 20 years:

> At least negative feedback is given here in Russia. I started to think hard whether I had ever heard a Russian manager praise someone [during his 20 years in Russia]. There was one manager, I heard him praise Russian employees; he had a different attitude from the rest of the Russian managers. (EXP9)

Another expatriate suggested that the model for giving feedback comes from the upper echelons of society, when the President gives feedback to ministers of state. He also pointed out that learning from mistakes does not usually take place:

> Feedback is given and it is often very direct, perhaps less constructive. Russian feedback giving is reflected when Putin criticises ministers on Perviy kanal (the principal Russian television channel), the big leader shows how to give feedback. It is damn difficult to think about what went wrong and why and what

> could be done better the next time. Usually the reaction is that it was already, why think about it anymore. (EXP1)

The transformation logic became also evident in attitudes regarding rewards. Interviewees emphasised particularly material rewards:

> Not everyone needs praising, even less oral, for many material rewarding is more important. After that come self-realization and other achievements. (EMP19)

Here the interviewee highlights how in the hierarchy of needs, the material issues relating to existance come first, and only after that come mental issues. This reflects the transformation logic and the uncertainty related to it. Another interviewee also emphasised the significance of bonuses in securing the living standards of employees:

> People wait for bonuses. They are paid regularly. People expect them. They are in family budgets. People are afraid of losing them. (TM19)

The importance of material rewards also became evident when discussing the sources of motivation at work. For the majority of interviewees financial rewards were one of the biggest motivators at work apart from personal development and learning. The importance of financial motivation was explained by a top manager as follows:

> [Providing security] for the family [motivates]; I'm actually responsible for 10 persons. I have four children, four parents, pensions in Russia are very small, and the children are studying. As the head of the family a big motivation for me is [providing] support for the family, the children's studies and the health of parents. (TM8)

In this quotation the transformation logic becomes evident, revealing the uncertainty created by the less developed social infrastructures, characteristic of an emerging market context. Formally, bonuses were paid on the basis of achievement of goals determined in the semi-annual PA. The link between achievement of goals and bonuses was, however, not clear to many interviewees as expressed by the following interviewees:

> People don't see the relationship between performance goals and the bonus. They don't know whether they will get the bonus based on project results as a whole, even though each employee committed himself totally to the work, even

> exceeded the plan. It is difficult to explain to them why the low level of the bonus depends on the project's result as a whole… That is why people find performance appraisals lukewarm – never mind what kind of goals we set, in any case the bonus will not depend on their fulfilment. (MM10)

Here the interviewee, who acts as an HR manager in a big subsidiary, explains how the employees lost their motivation for discussion of goals when the bonus was no longer paid due to the financial situation, even though they had fulfilled and exceeded their own goals. In another subsidiary, after introducing the PA practice the employees did not, however, find PA discussions important until they started to get bonuses after the subsidiary started to make profits:

> We have had it [performance appraisals] for a long time. We weren't profitable in the beginning, after the crisis, people were not interested in it [performance appraisal] because they didn't see any motivation as there was no connection with the bonus (because there were no bonuses in that time period). Now we're doing better. Now that we have started to get bonuses, people take performance appraisals more seriously. (TM27)

The significance of bonus-based goals in PA was emphasised by other interviewees as well. It was emphasised that salary is paid for work done and bonuses are paid for something extra, as explained by the following interviewees:

> Generally, we get a salary for delivering results. But if a person did something above and beyond his work, then a reward is needed. Of course it is nice to get a bonus when the company makes a profit. But the company's result should depend on the input of the employees. Here in Russia everything works a bit differently. Many expect a bonus merely because they did their job. (MM33)

Indeed, in Soviet times a variable part (bonus) of montly payment was paid automatically. Also, employees received a large number of nonmonetary benefits, such as vacation hostels and pioneer camps (Gurkov and Zelenova, 2012. This quotation reflects echos of those times and hence suggests the transformation logic. The following comment of a top manager illustrates the persistence of that type of thinking:

> I always say that bonuses are a reward for doing a bit more than you should have done. Employees should do their job for the salary. (TM28)

Also another top manager blamed how her subordinates "do not totally understand the idea behind PA, do not understand how they can earn the bonus", because in other local companies bonuses are still paid monthly regardless of performance. Although most interviewees emphasised the importance of material rewards, nonmaterial rewards were also mentioned by some interviewees, as the following quotation shows:

> Bonuses are a powerful stimulus. When a person invests mental and physical efforts in work, and is rewarded for it. [Such rewards] are performance bonus, prizes, thank you letters, and warm words in corporate celebrations. (MM29)

4.3.2 Creating a new practice

The transformation logic was also addressed in the subsidiaries by creating new practices. In order to address the rapidly changing institutional context of Russia, in two of the subsidiaries, an electronic program was created for personal daily delegation of tasks and controlling the fulfilment of tasks assigned to subordinates by the manager on weekly or bi-weekly basis. A third subsidiary was also thinking about introducing such a program. In one of the subsidiaries this program is called SKIP (Sistema kontrolya ispolnenii poruchenii), a system for controlling fulfilment of tasks. In this system the manager gives the tasks with a schedule to employees for implementation. He can also check implementation of the task through the program. The employees called tasks received through the system "skip tasks".

In the SKIP system employees can ask for extra information about the task and request to change the schedule if they think that they cannot manage in the time given. SKIP tasks are also discussed in regular meetings with their manager. The number of tasks in SKIP for a particular employee is typically less than ten, and the schedule for implementation may range from a few days to six months. Note the period in these goals can be the same as in PA. When comparing the SKIP system with the performance discussions where goals for the following six months are discussed, the interviewees explained that performance discussions concern higher level tasks whereas SKIP tasks were related to daily operative questions:

> In performance discussions the goals are formulated for six months, from these goals operative, tactic tasks are derived, which are in the SKIP system. (TM3)

It was also stated that not all important tasks are known when it is time for performance discussions especially in a dynamic environment like Russia, and therefore new tasks which arise in the six months between formal performance discussions appear later in SKIP. This system provides evidence of the transformation logic to address the rapidly changing environment. Indeed, some employees and managers indicated that in Russia's dynamic environment and given Russians' traditions of often delaying doing things until the last moment, the formal performance discussions which occur only every six month were to fulfil HQ rules and to provide some very rough guidance but the real PM was achieved through the SKIP system. Introducing the SKIP system on top of the performance discussions was a way to adapt the Finnish MNCs PA/goal setting system to the Russian environment and respond to competing logics of the HQ and the Russian subsidiaries.

A Finnish expatriate also commented how, from his experience, the weekly discussions between manager and employee concern totally different topics than those agreed in the PA:

> Performance appraisal is very instrumental here, it is more important that the right 'coupons' have been filled in, not the content. Topics that are discussed weekly or monthly, are not in performance goals at all, performance goals go their own way and daily business goes its own way. (EXP1)

One top manager of a subsidiary showed a list of the tasks he had passed on to his subordinates through this electronic control, SKIP system. There were tasks such as preparing a suggestion for improving an IT programme, preparing a plan for sales in a certain project, and putting the actual costs of projects into the program. As can be seen, all these tasks are of an operative nature. It appeared that the SKIP system was especially used by top management, but middle managers were not as fond of using the system and some preferred using Outlook to assign tasks to their subordinates. Nevertheless, most managers used some sort of supplemental system for goal setting. The following quotation indicates such a point of view:

> I use SKIP but I think that it is for the first or second level of personnel [top managers and their direct subordinates]. We have Outlook, which allows planning and doubles SKIP. SKIP is a heavier system, it regulates the implementation in time more strictly, it disciplines more. (MM8)

The list of tasks sent by an office manager to her subordinates through Outlook for discussion in the next departmental meeting included agreeing the delivery of office furniture for one floor, organising meetings with two travel agencies, and reserving a venue for training. The tasks included detailed steps on how to proceed, which showed how the manager, although representing the younger generation with previous experience in a Western MNC, was deeply involved in the tasks of her subordinates and controlled their implementation. Such detailed management would have been unusual in the MNCs Finnish operations based on Finnish HQ logic. One expatriate explained how "people in Finland know what they need to do" and are used to acting based on that knowledge, whereas in Russia "the manager needs to go through things more often so that everyone understands what he should do". Another expatriate also described how his detailed control of employees after returning back to Finland from assignment to Russia, was considered micromanagement and lack of trust by Finnish employees.

5. Discussion

In this paper, we have examined how actors in a Russian subsidiary perceived and coped with competing institutional logics when making sense of a western organizational practice. We visualise our findings in Figure 1. Our paper makes three key contributions to extant research. First, we contribute to the literature on practice transfer by showing how subsidiaries and individuals in them experience and respond to transferred practices which represent competing institutional logics. The transferred practice contradicted in many ways the local transformation logic, because the institutional logic of Genro and that of the Russian subsidiaries differed being shaped by distinct contexts and originating in distinct temporal and spatial circumstances (Thornton and Ocasio, 1999). The HQ logic is characterised by democracy and individual autonomy whereas the institutional logic of the Russian subsidiaries follow the transformation logic of emerging economy with fast-paced turbulent change, greater informality and less developed regulatory infrastructures (Marquiz and Raynard, 2015).

It appeared that the subsidiary managers responded to the competing logics by partly adhering to both the HQ logic and the local transformation logic. In addition, while adhering to the transformation logic the subsidiaries either modified the HQ practice to adapt it to local logic or created a new practice. As Figure 1 illustrates, the HQ logic was followed by having the goal setting in place and linking rewarding with the achievement of goals. The transformation logic was followed by having less employee participation in goal-setting, little connection between the goals and daily activities, more managerial control and feedback, having emphasis on material rewards and creating a new PM practice. Transformation logic was also apparent in the lack of equivalent word for feedback in the Russian language which indicates the lack of such a behaviour in the Russian context. As Holde et al (2008) state, the absence of Western management concepts in post-communist emerging markets reflects the lack of a corresponding meaning system.

This transforming of logic by consciously choosing to pick certain elements from a given logic while leaving out other has been described as "institutional bricolage" in institutional logics literature (Johansen and Waldorff, 2017). In institutional bricolage, the organizational actors may act as "bricoleurs" who take part in constructing a response to institutional complexity by selecting and transforming the available logics in their micro practices (Christiansen and Lounsbury, 2013)

Hence, while working under the coexistence of two distinct institutional logics, the actors in the Russian subsidiaries by acting as bricoleurs were able to use both logics in parallel, both serving their own purpose; the Russian practice was developed to accomplish the daily work and the HQ practice served as a tool for rewarding. This suggests the enduring legacy of the Soviet style in Russia and shows how institutional logics often take root in traditions and cultures that are accumulated over long periods of time and therefore difficult to change. In addition, the HQ practice did not attract enough managerial attention due to incongruence of the practice with the prevailing Russian transformation logic (Ocasio, 1997). As Ocasio (1997) points out, attracting attention is critical for a practice to be successful, and attention is normally attracted to practices which are consistent with prevailing institutional logics. The above also highlights the importance of continuing to work on practice transfer while it progresses through both what Zhou et al. (2020) call the knowledge inflow phase and the knowledge implementation phase (rather than given up after the first phase), the latter facilitated by the transformation and exploitation phases of absorptive capacity (Zhou et al., 2020). Institutional logics also suggests that outcomes are a result of the interaction between institutional structure and individual agency such that institutions both facilitate but also constrain change (Friedland and Alford, 1991).

Second, our research complements the PM literature by revealing a number of novel and detailed insights into the PM in a post-Soviet context, Russia. Although many researchers have reported active use of PA systems in Russia (Björkman et al., 2007; Fey et al., 2004; Shekshnia, 1998), they have said little about the effectiveness of this practice or the details of how it worked. Our findings show that even though both the managers and employees of the Russian subsidiaries participated in goal-setting through PA, it seemed that the actual purpose of goal-setting in guiding daily activities was not fully implemented. This was partly because primarily only managers should set goals due to the high power distance norms in Russia. In addition, the goals for the formal six month period were not as important because their long time-frame made them rather abstract or repetitive, hence not aligning with the Russian institutional logic. Therefore, local managers at the Russian subsidiaries developed a separate system, the SKIP system, as it was called, to keep track of rather detailed short-term tasks and sub-parts of tasks assigned to employees, as shown in Figure 1, which fit well with the Russian institutional logic. Hence it seemed that performance goals and daily activities based on SKIP goals live their own life. These results lend support to the findings of Fey et al. (2004), who concluded that in Russia employees viewed PAs as any other formal process in which they were required to complete evaluation forms.

In terms of feedback, our findings highlight the similar feature of having feedback more frequently than the schedule proposed by the HQ. While the formal feedback was given to employees at the six month intervals as requested by HQ, Russian managers expressed a need to have constant interaction with their employees and provide regular feedback. Thus, informal feedback occurred via SKIP system between the formal feedback sessions and played an important role as it was consistent with the traditional Russian institutional logic: informal actions are what really has impact and formal procedures are more for bureaucracy. Finally, in Russia feedback was viewed as primarily useful as it influenced rewards (pay) as opposed to in Finland where feedback's key role was helping with employee development. Our findings reveal that while in theory employees could provide feedback to the boss this was not very common in Russia, due to high power distance. This shows that having a system is not enough for it to be used meaningfully. Previous research on Russia has also stated that employees in Russia are not accustomed to receiving much feedback on their work (Fey et al., 2004). Our research also shows that feedback is more negative in nature in Russia and usually is not given in an upward direction, from employees to managers. Furher, most interactions were considered feedback to Russian employees even if there was not so much explicit feedback content.

Our findings emphasise the importance of material rewards and the connection between achieved goals and bonuses. In fact, rewarding based on PAs was the feature of the transferred PA practice that was fully implemented in the Russian subsidiaries, as illustrated in Figure 1. However, PA was considered effective only if bonuses were received based on results. Our results confirm the findings of Fey et al. (2004), who found that performance-based compensation was an important salary component for Russians and that Russians were highly motivated by increased use of bonuses in their compensation package. In a recent study, Gurkov and Saidov (2017) even discovered how Russian subsidiaries of western MNCs "found some pretext to pay annual bonuses", despite the decreasing outputs due to the weakening political situation between Russia and the West, hence elucidating how bonuses are taken for granted in Russia. It is also notable that in our study nonmaterial rewards were mentioned by some of the interviewees, which lends support to the findings of Gurkov et al. (2017) regarding the importance of moral recognition in Russian companies.

Third, we contribute to the IB literature by applying the concept of institutional logics to IM where it has not received much attention. As described further above, institutional logics theory suggests that firms can be influenced by multiple sets of institutions which co-exist for a long period of time. By leveraging institutional logics theory, we show how home country and host country institutions both influence how organizational practice works in the MNC subsidiary in an emerging market context. Thus, we respond to Thornton et al.'s (2012) call for greater attention to the micro-foundations of institutional logics. Only a very limited number of IB studies have used institutional logics (e.g. Molina, 2012; Newenham-Kahindi, 2018; Saka-Helmhout et al., 2016; Tan and Wang, 2011) despite the fact that it has been extensively used in organization studies. For example, Molina (2012, p. 399) states that "the concept of institutional logics, which has received little attention in MNE management research, provides theoretical tools to address the plurality of institutional contexts that characterize MNEs." In this research we show how institutional logics provides a helpful lens to study practice transfer, and we believe it is a missed opportunity by IB scholars not to use it more. Applying institutional logics theory to our study helps us to better understand how the tension to standardize vs adapt performance management is resolved. Institutional logics could be helpful in IB studies since by their very nature international activities face multiple sets of institutions which can co-exist. The institutional logics approach provides a bridge between the macro (structural) and micro (individual) perspectives, and an overarching view describing how institutional systems influence organizational conduct and cognition (Friedland and Alford, 1991; Thornton and Ocasio, 1999, 2008).

6. Managerial Implications

It is useful to reflect what foreign subsidiaries in Russia could do to ensure their PM systems work as well as possible in the Russian context. Our study offers a reminder of the importance of adapting transferred practices to the local context. Many Russian firms have not historically had PA discussions (сессия оценки производительности сотрудника) with each employee and for those that have had them they have often focused more on assessing employee performance than on helping employees develop. We see from the Genro case that it can be very helpful/motivating if employee development is also an important part of employee performance discussions. We would also suggest not naming such sessions PA discussions but instead employee development discussions (Развивающая сессия) to help set the stage correctly.

Further, for development discussions to work well managers need to be persuaded of their importance and trained on how to conduct them. Since from the Genro case we see that most feedback Russian managers give is negative, we recommend that each employee development session would start with the manager suggesting three things their subordinate has done well as also in Russia people feel more motivated when they receive a mix of positive and negative feedback even if people are used to have more and harder negative feedback than in the West. We also believe that negative feedback can be better accepted and have more impact if specific examples of the issue are provided. We would suggest that discussions are held at least quarterly, or even monthly in a dynamic environment like Russia. Managers also need to be concerned about and involved in employee development such as providing improvement suggestions on an ongoing basis especially in Russia where we find that feedback given during informal interaction is paid special attention to by employees.

In Russia bonuses tend to be either linked to meeting explicit quantitative goals or are given as long as the firm performs profitably. Foreign subsidiaries in Russia can add value and differentiate by ensuring that their bonuses are really based on individual and firm performance and not just a fixed salary contractually promised. They could also add goals like providing suggestions to improve the company, helping others including especially those outside of own department, and working according to the company culture to help increase company effectiveness.

Due to Russia's authoritative traditions, it is quite common that managers set the goals for employees. In cases like Genro where formally managers and subordinates set goals together it is quite common that either an employee is passive and not very involved or a manager is very dominating. A good solution given Russia's hierarchical traditions can be to require employees to develop a goal agreed with their manager for 20 percent of their time. Goals should also be revisited regularly due to Russia's dynamic environment. To have the best chance at capturing employee ideas and making employees committed to the organization, we recognize that Russian employees still benefit from receiving some guidance from their manager on what their goals should be. Most importantly, it is important that clear goals are set, and that subordinate and manager are in agreement about what the goals are.

Our research also highlights that in some languages there are no equivalent words for the phenomena in question, such as the word "feedback". Therefore, it is advisable to carefully explain individual management concepts in order to ensure that they are correctly understood. Further, our research also highlights that it is not enough to ensure that local employes know the formal aspects of how a practice works. It is also critical that they really believe in it so that they fully engage in it, and it often takes quite some effort including much explanation and often some practice adaption to the local situation before one can reach this stage.

7. Conclusion

This study contributes to research on practice transfer and PM by showing how the subsidiaries in post-Soviet markets respond to competing institutional logics when implementing a transferred practice from the HQ of a MNC. Our case study reveals how the Russian subsidiaries of a Finnish MNC responded to competing institutional logics by consciously selecting certain elements from each logic, demonstrating "institutional bricolage", to address both the HQ requirements and the fast pace of change and uncertainties in an emerging post-Soviet market. Institutional logics provides a useful lens to explore how subsidiaries and individual actors in them in emerging markets cope with tensions when facing institutional complexity due to differing home and host country institutions while implementing practices originating from the foreign HQ.

We acknowledge the following limitations of our study, which offer avenues for future research. Our study examined the transfer of only one practice, PA, whereas future research could study a wider range of practices in a Post-Soviet context to see how they are transferred. Furthermore, our study was a single case study, whereas a multiple case study could have provided comparative insights from other companies. Using multiple case studies it would be possible to identify differences in the PA practices and perceptions between the companies and any factors impacting these differences. However, our study has the advantage that by focusing on one case study it can provide in-depth insights. This study was conducted in one context, Russia, whereas future studies could be conducted in other countries or even multiple countries to facilitate comparison.

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Table 1. Distribution of interviewees across subsidiary locations and interviewee positions

City	Acquisition year	Top managers	Middle managers	Employees	Altogether
St. Petersburg	1997	9	19	3	32
Moscow oblast	2003	6	14	5	24
Moscow city	2005	4	3	2	9
Yekaterinburg	2005	5	8	4	17
Rostov-on-Don	2006	3	2	3	8
Kazan	2007	3	3	3	9
Headquarters		1[1]			1
Total number		31	49	20	100

Table 2. List of interviewees by codes

City	Top Manager	Middle Manager	Employee
St. Petersburg	TM 1- 8	MM 1 – 12	EMP 1-3
Moscow oblast	TM 9 - 13	MM 13 – 23	EMP 4 - 8
Moscow city	TM 14 - 16	MM 24 - 25	EMP 9 -11
Yekateringburg	TM 17-23	MM 26-31	EMP 12-15
Rostov-on-Don	TM 24-26	MM 32-33	EMP16-18
Kazan	TM 27-30	MM 34-35	EMP 19-21
Headquarters	TM31		
Expatriates	Exp 1-3	Exp 4-13	

Table 3. Key characteristics of the competing institutional logics in the Russian subsidiaries

Key characteristics	HQ logic	Transformation logic
Way of organising	Democracy	Inequality
Decision making	Participation	Centralization of authority
Institutional characteristics	Stability	Turbulence, uncertainty
Mode of interaction	Trust	Distrust, verification
Cycle of time	Semi-annual review	Daily/weekly reporting
Form of procedure	Formal	Informal

Table 4. Institutional logics influencing the transfer of performance management in local subsidiaries in Russia

Performance management	HQ institutional logic	Institutional logic of transformation in the Russian subsidiaries	Examples of quotations
Goal setting	Employees impact on their goals in performance discussions. Employees can suggest goal to be agreed on with managers. Goals guide daily activities and help prioritise them. A time frame of 6 months is appropriate.	Employees can impact their goals to a limited extent. Goals change due to frequent changes in the dynamic environment. Goals and daily activities are separate. Time frame of 6 months is considered too long; one needs to change goals. Supplementary PM systems are needed which are more short-term, control-focused, etc.	'In PA I am the subordinate. I am told what to do. Employees can always suggest something but I don't know whether they will be heard.' (EMP8) 'Goal will go to PA if it is the time of signing the PA. Often goals come later.' (TM6) 'If the situation has changed, also the goals will change.'(Emp11) 'PA is the highest level of tasks, and SKIP is the current level. There are milestones that Helsinki (HQ) gives, based on them PA goals are formed. SKIP tasks are current.' (MM7)
Feedback	Managers are expected to give and receive feedback, employees are also expected to give feedback to managers. Feedback is considered evaluation, aimed at developing employees.	Only managers can give feedback, not employees. Feedback is understood as interaction. Feedback is expected regularly. Goals are expected to evolve since the market is dynamic and feedback should take this into account. The word "feedback" lacks equivalence in Russian.	'I can give feedback to my manager. I go to tell about current tasks and certain difficulties, ask help in decisions.' (Emp1) 'I always give feedback to manager, although not that often, in personnel survey.' (Emp3) 'I have the policy that any person can come to me any time and we can discuss current issues together, in fact, every day they get my feedback and tasks in the frameworks of their operations.' (TM3)
Rewarding	Rewards are based on individual and company results. Rewards are not the only motivation for PA discussions.	Rewards are based on individual and company results. Rewards are the most important motivation for PA discussions.	'For each worker, there are his family and parents-pensioners. In Russia pensioners need the help from children and grand-children.' (TM13) 'In other companies, bonus is paid each month, it is like part of the salary. It can even be cancelled for some reason.' (TM22)

Figure 1. Coexisting competing institutional logics in Genro in Russia