Dominant strategic archetype of the Russian industrial firm*

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Based on the results of the large-scale survey in Russian industrial enterprises we made an attempt to describe the dominant archetype of the Russian industrial firm in terms of strategic patterns, prevailing corporate trajectories and resulting competitive positioning. We have seen that the dominant archetype based on unrealistic beliefs about the organizational life and wrongly understood standards of social responsibility leads in a majority of cases to ineffective corporate trajectories and suppression of the development potential of quality-oriented companies.

Basierend auf den Ergebnissen einer breitangelegten Umfrage in russischen Industrieunternehmen wurde der Versuch unternommen, das vorherrschende Modell russischer Industriefirmen bezüglich stategischer Muster, vorherrschender Zielstellungen und daraus resultierender wettbewerbsfähiger Positionierung zu beschreiben. Es wurde herausgefunden, dass das vorherrschende Modell auf unrealistischen Vorstellungen über organisationales Leben und falsch verstandenen Standards sozialer Verantwortung basiert, die in einer Mehrheit der Fälle zu ineffektiven Zielstellungen und zur Unterdruckung des Entwicklungspotentials für qualitätsorientierte Unternehmen führt.

Key words: dominant archetype, Russian industrial firm, corporate trajectories,

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1. Introduction

Fifteen years of economic transformations and seven years of consecutive economic growth in Russia make appropriate to look into dominant archetype of strategic development of Russian companies. In our opinion, the strategic archetype is an intersection of three systems:

- The system of beliefs of the firm's management about the external and internal environment of the firm that determines its overall strategic intent - the general "terrain" of decisions and indecisiveness.
- Corporate strategies that present actions about insertions, development and divestments of particular businesses and lines of activities.
- Business strategies, i.e. measures about maintaining or changing the particular competitive position of a firm in a given market (set of markets).

The research into a dominant strategic archetype envisages analyzing the abovementioned systems, portraying the connections between the systems of different levels, and determining the spread of particular "traits" in the main Russian industries.

The overall purpose of research into strategic archetype is to recognize the dominant models of company development, and thereby to understand the strengths and weaknesses of the national economic development of Russia.

2. Theoretical background for research into company strategic archetype

As we said, the strategic archetype is the intersection of three systems – beliefs of the company management about the reality (dominant logics), corporate strategies and business measures. Therefore, to set up the methodology to study such an intersection we should shortly retrace the main approaches for research of each of the system.

2.1. Previous research in company's dominant logic

There are many approaches to reveal the hidden patterns of strategy formation. Beyond "core competencies" and "dynamic capabilities" many other, mostly mental constrains in strategy development are revealed. Mental constrains are mostly associated with cognitive maps (McCaskey 1982; Weick/Bourgnon 1986). Cognitive maps are representation in a person's mind of how the world works. In companies cognitive maps of top executives are shared with (or superimposed on) other managers and often become the company's dominant logic (Prahalad/Bettis 1986). Such dominant logic may be communicated to other stakeholders in a form of "vision" or remains hidden. However, in most of the cases it becomes not only the major interpretive filter of strategic information, but also the major tool to find the interconnections between events

and thereby the "magic mirror" to foreseen the consequences of company's actions. Hence, cognitive maps enable or prevent companies to dare to particular strategic actions (Hofstede 1993).

In 1990s, the dominant logic of corporations was studied within the field of cultural studies, with a primarily focus on national differences (Hampden-Turner/Trompenaars 1993; Calori/de Woot 1994). Most corporate actions were considered to be predetermined by the dominant national business culture. That approach has shown its weakness as globalization eroded the national identity of large corporations.

Another approach, which presents the dominant corporate logic as patterns of strategy formation (Mintzberg et al. 1998), in our opinion, is far more productive. Indeed, a portion of patterns may be shared by the majority of strategic actors within the industry and the market; thereby such patterns set the "background" of corporate strategic development. However, other patterns may vary among strategic actors, and such a discrepancy may be visible through the differences in corporate and business strategies implemented by companies of the same industry (line of business).

Preposition to view strategy formation as patterns assisted to escape extremes in presenting strategists either as "knowledgeable conspirators," who guide their companies accordingly to secrete "cognitive maps," or as mediocre conformists, who are anxious to overcome numerous "taboos" of national culture. The problem became operational – how to elaborate an inclusive set of patterns, which embraces all major issues of corporate strategy.

In 1999, Bob de Wit and Ron Meyer proposed an elegant set of constructs that encompassed most of decisions corporations (and their CEOs) face (de Wit/Meyer 1999). They stressed that most of such decisions, whatever there are routines, as indeed "solutions to wicked problems – complicated issues without a clear problem definition and without a fixed set of remedies." De Wit and Meyer also pointed out that at the heart of each wicked problem are strategy tensions, created by conflicting demands that are pulling the organization in opposite directions.

De Wit and Mayer viewed strategic tensions neither as dilemmas that required a choice between the opposite demands nor as trade-offs, that required a compromise between the opposite demands, but as paradoxes. They define strategic paradoxes as "opposite demands placed on the organization that seem to be contradictory at a certain level, but can be combined in innovative ways" (de Wit/Mayer 2005).

However, even viewed in its simplest form as dilemmas, de Wit and Meyer's set of constructs really embraces managers' prepositions (assumptions) that separately or in combination grip every corporate action. They are assumptions about:

- Organizational purpose – do managers tend to benefit only shareholders or they are accountable for interests of all stakeholders.
- International context – do managers believe their markets to be truly global or they see their marketplaces as a bunch of locally specific "bazaars"?
- Industry context – do managers see the industry dynamics as uncontrollable evolutionary process that requires playing by the rules to adapt to, or firms may manipulate industry demands and changes the rules?
- Network level strategy – do managers view their company as a discrete organization to which only tactical carefully calculated alliances are suitable or they wish to make their company an embedded organization, which enter the long-term relations based on trust and reciprocity?
- Corporate level strategy – is the corporation is designed to be a set of independent business units under the loose financial control or there is a place for a corporate center as a holder of core competencies?
- Business level strategy – is competitive strategy is about the market share or about building distinctive strategic resources?
- Organizational change – may the corporation sustain radical, dramatic and comprehensive changes or any change must be gradual, steady and constant?
- Organizational context – do top managers exercise the full command over the corporation and may initiate, direct and lead strategic change of any depth and magnitude or organizational development is uncontrollable evolutionary process where new behavior emerges not from superimposed rules, but from interactions?
- Strategy formation – does the strategy itself is viewed as deliberate formally structured hierarchical process or the strategy is gradually shaped by experimentation and parallel initiatives?
- Strategic thinking – should the strategist prefer deductive and computational thinking while designing a strategy or inductive and imaginative thinking provides better results?

We may expect that such assumptions about the reality varies between companies based on the unique history of their past successes and failures, as well as on personal experience and background of their CEOs. We also may suppose that some assumptions may be rather uniform beliefs, which are widespread in country or industry, while other assumptions may be firm-specific. Therefore, the revealing the possible differences in "strategic prepositions" was the first goal of our study.

2.2. Corporate strategies

Accordingly to J. Collis and C. Montgomery, "corporate strategy is a way in which a multibusiness company creates value through configuration and coordination of its activities" (Collis/Montgomery 1998). Leaving aside the problems of coordination, we will concentrate on configuration. The essence of configuration is creation and changes in corporate portfolio of business. The content of such changes (changes in target markets) are similarly important as the form of change (the choice between green-field investment and acquisition of existing businesses). Combining the possible contents and forms of corporate development, we may derive the following corporate strategies:

- diversification – expansion of corporate activities into new business areas;
- internationalization – expansion of corporate activities into new national markets;
- organic growth – growth of sales by the development of the existing corporate units;
- horizontal integration – acquisition of businesses in the already established area;
- vertical integration – acquisition or development of new (for a corporation) businesses in up-stream or down-stream stages of the value chains.

We should note that all the mentioned strategies may coexist in one firm simultaneously. Moreover, the combination of such strategies represents the specifics of multi-business activities of the firm.

2.3. Business strategies

The quintessence of business strategy is sustaining and expanding competitive advantage in a particular market. Initially, the first theoretically explored competitive advantage was cost advantage. The classical microeconomics dealt mostly with it. The company with the lowest costs must win in competitive markets (and may make them non-competitive if it will expand the volume of production towards a monopolistic position).

Since 1940s, quality became the visible element of competitive advantage. Since J. Schumpeter, the primary attention was devoted to "an innovator," i.e. the firm which may create new needs or satisfy the existing needs of customers in a new way.

Since 1960s, a great deal of studies, especially in marketing, was devoted to prices as a competitive weapon of a firm. Indeed, the famous 4P's pf marketing started with "price."

Finally, since 1980s, the theory of core competences presented a new look towards competitive advantage (Wernefelt 1984; Prahalad/Hamel 1990; Grant

1991; Stalk et al. 1992; Collis/Montgomery 1995; Sanchez et al. 1996). The background of competitive advantage was core competences that enabled the firm to use the so-called "strategic resources" that are difficult to copy.

In 1997, C. Bowman and D. Faulkner made an attempt to synthesize all the abovementioned elements of competitive advantage (costs, quality, prices, core competences) (Bowman/Faulkner 1997). Combining their approach with Miles and Snow's strategic types (Miles/Snow 1978), we created the typology of competitive positioning that embraced both competitiveness and innovativeness of a company. We used the set of following types:

- outsider (low quality, low price, low competences, high costs; low innovativeness);
- cost defender (low quality, low price, low competences, low costs; moderate innovativeness);
- quality defender (high quality, high price, high competences, high costs; moderate innovativeness);
- analyzer (high quality, high price, high competences, low costs; high innovativeness);
- prospector (high quality, low price, high competences, low costs; high innovativeness);
- monopolist (relative quality is higher then relative price, variable costs and competences; suppressed innovativeness).

The typology was tested in a series of studies on strategies of Russian companies and proved itself to be productive (Gurkov 2005).

However, in 2005-2006 we simplified the created typology, paying primarily attention to the relation between the relative quality and relative costs. We may postulate the following possible combination of the parameters:

- High quality and low costs enable the firm to compete successfully in any targeted segment of the market.
- High quality achieved through high costs leaves the firm the possibility to compete in high (elite) segments only.
- Low quality and low costs makes the firm competitive in low (presumably, mass) segments of the market.
- Low quality and high costs gives no chances for a firm in a really competitive market.
- Finally, although the theory of generic competitive strategy of Michael Porter depicts such a position as potentially dangerous, we expect to find a large proportion of firms that are struck in the middle, i.e. firms that combine average quality with average costs.

2.4. Initial hypothesis about the strategic archetype of Russian industrial companies

Too many dimensions of the outlined parameters of strategic archetypes (10 types of patterns, 6 types of corporate strategies, 5 types of competitive positioning) create the opportunities to present the practically innumerable quantity of prepositions about the parameters themselves and their likely combinations. We decided to limit ourselves to two major hypotheses.

First, we believe that competitive positioning predetermines corporate strategies. Indeed, companies with high quality and low costs should be inclined towards heterogeneous and potentially riskier strategies (diversification, internationalization, vertical and horizontal integration), while other strategic types will be inclined towards organic focused growth.

The second hypothesis deals with relationship between corporate strategies and corporate dominant logic. We expect that heterogeneous strategies enrich the experience of the top management, thereby making them more deviant towards the beliefs and patterns prevailing at industry or national levels. Thus, the companies with the most diverse corporate strategies should be more deviant in strategic patterns.

To test the outlined hypotheses we used the results of the large-scale surveys in Russian enterprises.

3. Research Methods

3.1. The questionnaire

The questionnaire was developed in 1998 and was used in four consecutive large-scale surveys of Russian CEOs - in 1998, 2000, 2002 and 2004. Over these years, we collected in general around 4450 questionnaires. In the first survey we collected questionnaires from 742 CEOs that enabled us to perform the standard statistical procedures ensuring the reliability and validity of the major scales and constructs. The questionnaire included the following instruments:

- Assessment of the current competitive position of the respondent's company (6 items)
- Assessment of the magnitude of changes in business and management practices (17 items)
- Perceived difficulties to implement particular steps in innovation projects (16 items)
- Assessment of the main goals of the company (13 items)
- Assessment of the presence of various types of competitors in the company's markets (6 items).

In addition, the number of questions was included about the assessment of the current, past and expected future performance of the company, personal questions about the respondent gender, age and level of services in the present positions etc. For the complete English translation of the questionnaire see (Gurkov 2005).

3.2. Constructs and measures

3.2.1. Strategic patterns

We were able to create five constructs to depict some of de Wit and Mayer's paradoxes in their form of dilemmas, namely:

- Organizational purpose (profitability/responsibility).
- International context (globalization/domestication).
- Industry context (adaptation/change of rules).
- Network level strategy (competition/cooperation).
- Organizational context (organizational leadership/organizational dynamics)

To reveal the assumptions about organizational purpose we asked CEOs to indicate the importance of particular goals. CEOs who stressed the goal "to maintain employment level" or/and "to raise wages to employees" as "extremely important" were considered to have *responsibility* as organizational purpose.

International context was assessed using the perception of CEOs about the presence of foreign competitors in their relevant markets. CEOs who emphasized the importance of foreign competition (of any origin) were labeled as globally-oriented. All others we considered to be domesticated.

Industry context was assessed by comparison of perceived price and quality of company's goods and services regarding the major competitors. If the level of relative price corresponded to the level of relative quality, we considered that the company was trying to play by the rules of the market. If the perceived quality and price did not fit, we considered that CEOs were inclined towards violation of the rules of the market[1].

Network level strategy was assessed by asking CEOs whatever "reaching the mutual understanding with competitors" is necessary for their businesses and clarifying CEOs' opinion about "how difficult is to achieve the mutual

1 When the assessment of relative price exceeds the assessment of relative quality, there are high chances to see monopolistic (oligopolistic) market. When the assessment of relative price is lower than the assessment of relative quality, the situation is more complicated. On the one hand, a firm may set "inadequate prices" in order to expand its market share. On the other hand, the price may be suppressed by dominant consumers etc. In both cases, we dealt with market failures, either "positive" or "negative".

understanding with competitors". CEOs who indicated that "reaching the understanding" was necessary and was not difficult were considered to have cooperative orientation.

Organizational context was assessed by revealing the opinion of CEOs about the perceived difficulty to change job descriptions and organizational design in their companies. If such actions were perceived by CEOs to be "easy," we labeled such CEOs as believing in organizational leadership.

3.2.2. Corporate trajectories

The presence of particular corporate trajectories was assessed by analyzing the responses about the major changes in the companies.

Companies which experienced significant expansion of product mix beyond the traditional areas were considered as pursuing diversification strategy. Acquisitions of other companies were considered as heterogeneous growth.

At the same time, we acknowledge our inability to "distillate" vertical integration (organic or heterogeneous) from diversification.

3.2.3. Competitive positioning

Competitive positioning was assessed using the answers of CEOs about the perceived quality and perceived costs of the products of their companies (goods and services). Both variables were measured on a five-point scale ranged from "much worse than the competitors" to "much better than the competitors." We also used the measure of relative price, again on a five-point scale.

The combination of three grades of quality (low, middle, high) and similar grades of costs enabled us to construct the following typology:

- High quality and low costs -- "prospectors."
- High quality achieved through high costs – "quality defenders."
- Low quality and low costs – "cost defenders".
- Low quality and high costs – "outsiders."
- Average quality with average costs – "mediocres."

3.3. Information base

The information base of the study was the results of the survey in Russian enterprises undertaken at the end of 2004. We received the questionnaires from 792 CEOs of industrial firms and 702 CEOs of services companies (transportation, communication, financial services etc.) from all Russian regions. We decided to concentrate solely on industrial companies. Service companies, due to their specifics, may be the object of a special study.

4. Results

4.1. Competitive positioning

Accordingly to the research logic, depicted in paragraph 2.4 we started our analysis from revealing the competitive positioning of the surveyed companies (see Table 1).

Table 1. Distribution of competitive positions in the main industries (percent)

	Competitive position				
	Outsider	Mediocres	Prospector	Quality defender	Cost defender
Extracting of raw materials	15.6	37.8	11.1	7.8	27.8
Energy	8.3	39.4	12.1	15.9	24.2
Timber	17.3	41.3	6.7	13.5	21.2
Chemicals	12.8	41.3	13.4	15.1	17.4
Pharmaceuticals	7.5	44.8	14.9	10.4	22.4
Metallurgy	25.7	35.4	7.1	12.4	19.5
Machine building	20.0	36.6	4.9	19.6	19.0
Electronics	15.4	44.1	5.9	18.4	16.2
Food-processing	7.0	41.6	11.9	23.0	16.5
Textiles	13.4	43.8	4.5	23.2	15.2

As we have expected, the “average” companies represent between 35 and 45 percent in each industry. The real prosperity of any industry may be viewed by the difference between the shares of “prospectors” and “outsiders”. For machine-building the difference is minus 15%, for energy and food-processing is plus 4-5%.

However, beside all industrial differences, we confirmed the presence of all strategic types in every Russian industry. This enabled us to make the comparison of business performance of the selected competitive types across industries (see Table 2).

We should stress that the average performance of Russian “quality defenders” is worse than that of mediocres and especially of costs defenders. To understand this phenomenon we may look into the “tools” used to achieve high quality (see Table 3).

We may see that “outsiders” have miserable chances for revival using their own means – 60% of outsiders use obsolete equipment and lack the finances for its replacement. At the same time, we should note that 40% of the Russian “quality defenders” aim towards a hopeless task – to maintain high quality using the obsolete and even antique equipment. In general, we may see that the official

fanfares about the prosperity times in the Russian industries might be a bit less noisy – only around a third of all the surveyed companies base their operations on modern production facilities.

Table 2. Assessment of the current performance of companies of different competitive positioning

Strategic position	Number of the surveyed companies in the group	Groups with differences at 95%			
		1	2	3	4
Outsiders	73	3,14			
Quality defenders	120	3,28	3,28		
Average	230		3,42	3,42	
Cost defenders	136			3,52	
Prospectors	52				3,83

Note: the scale used 1= «near the bankruptcy», 5 = «excellent»

Table 3. Distribution of average age of the main equipment (percentages of companies in each competitive group)

Average age of the major equipment	Competitive position					
	Outsiders	Mediocres	Prospec-tors	Quality defenders	Cost defenders	Total
Less than 3 years	6,8	17,8	13,5	9,1	12,0	13,1
3-7 years	12,3	23,5	36,5	22,3	24,8	23,3
7-15 years	19,2	23,5	26,9	21,5	21,1	22,3
15-25 years	41,1	20,4	15,4	29,8	26,3	25,6
More than 25 years	20,5	13,0	7,7	15,7	12,8	14,0
Difficult to say		1,7		1,7	3,0	1,6

From the point of view of national competitiveness, the key questions are expending the presently tiny share of "prospectors" and maintaining the chances to survive of quality defenders, especially in high-tech industries. To examine such chances we should look deeper into corporate trajectories of the surveyed companies.

4.2. Corporate trajectories

Among the three identified corporate trajectories (diversification, internationalization and integration) the first one is the most popular among Russian companies. In average, 50,7 percent of all the surveyed companies have penetrated in the past two years into new spheres of activities. Internationalization preoccupies 31,4% of Russian companies, while acquisition of other companies took place only in 19,6% of companies.

All the trajectories have limited inter-dependences (correlation coefficients are around 0.10). We also performed analysis of variance taking as dependent

variable the intensity of particular corporate trajectory and as independent ones – competitive positioning and main sphere of activities of the firm. For internationalization the influence of competitive positioning is not significant, the main line of activities serves as the main predictors for such a trajectory. For diversification and integration (purchase of new companies) both factors are significant (see Tables 4-6).

Table 4. Internationalization in various industries (percentages of companies)

Industry	Number of surveyed companies	Groups with 95% level of difference			
		1	2	3	4
Energy	59	22,0			
Textiles	44	22,3			
Food-processing	98	28,6	28,6		
Pharmaceuticals	21	38,1	38,1	38,1	
Timber	39	43,6	43,6	43,6	43,6
Electronics	47	44,7	44,7	44,7	44,7
Machine building	168		51,2	51,2	51,2
Chemicals	49			53,1	53,1
Extracting of raw materials	26			53,9	53,9
Metallurgy	33				66,7

We postulated the dependence of corporate trajectories of competitive positioning of (main) corporate businesses, expecting the differences of resources available for strategic development for businesses of various types and thus, to the whole corporation. The Russian situation puts some important corrections to that preposition.

Indeed, acquisition of other companies strongly coincides with the intensity of investments of the firm (corr. 0.184, sign. 0.000). For internationalization, such an interconnection is less visible, albeit significant (corr. 0.083, sign. 0.001). At the same time, diversification is pursued with no references to the resources available (corr. 0.046, sign. 0.076). As the share of companies that implemented diversification greatly exceeded the share of companies that implemented integration, the major type of diversification is "green-field investments." However, in a half of the cases (more precisely, 49.3%) there were no investments at all for implemented diversification projects! For internationalization the share of "zero-cost projects" is 37.8%. The situation does not vary for various groups of competitive positioning. In all the constructed groups investment-passive companies (with annual investments below 5% of the fixed assets) represent a majority (from 50% of "cost

defenders" to 68% of "outsiders"), that does not prevent such companies from emulation of corporate trajectories of their more financially-sound competitors.

Table 5. Diversification of companies of various competitive positioning (percentage of companies)

Competitive position	Number of surveyed companies	Groups at 95% level of difference	
		1	2
Outsiders	72	40,3	
Quality defenders	114	44,7	44,7
Mediocres	221	48,9	48,9
Cost defenders	134		56,7
Prospectors	49		59,2

Table 6. Acquisition of other companies (percentage of companies)

Competitive position	Number of surveyed companies	Groups at 95% level of difference	
		1	2
Quality defenders	114	9,65	
Prospectors	48	14,58	14,58
Outsiders	68	14,71	14,71
Mediocres	214	14,95	14,95
Cost defenders	128		22,66

We proved the ties between competitive positioning and corporate trajectories. However, in Russian conditions such ties are feeble. We were unable to view the dependence of corporate trajectories on resources available for corporate development.

4.3. Strategic patterns

We started this stage of the analysis by revealing the overall distribution of particular patterns among the surveyed CEOs (see Table 7). The Russian corporate leader is best described as an extremely paternalistic authoritarian anarchist, who lives in good concordance with similar creatures, but is frightened by real and potential "strangers" – foreign competitors.

Indeed, the absolute majority of the surveyed Russian CEOs joyfully believe that they may easily oblige their subordinates to play accordingly to the superimposed rules. Under proper obedience of subordinates three quarters of CEOs agree to care about workplaces and salaries.

At the same time, 57 percent of CEOs will not hesitate to violate the rules of the market by dumping or, contrary, by using the weaknesses of customers and

imposing prices over the (self-perceived) quality levels. As "all gentlemen do so," such "mignon antic" does not seriously worsen the relationship with competitors – in three quarters of cases to reach the mutual understanding within a gang of "competitors" is not a challenging task.

We also found that all the identified patterns are completely independent (there are no significant correlations between them) and represent indeed axes of the internal logic for strategic actions.

Table 7. Distribution of patterns among Russian CEOs

	Percentages of the surveyed CEOs who are strongly agree with the preposition
"To change the allocation of tasks and duties, and criteria of performance assessment within the company is quite easy" (Organizational leadership)	90,37
"Reaching the mutual understanding with local competitors in not difficult" (Embedded organization)	78,51
"Maintaining jobs and salary levels is among our top priorities" (Social orientation)	75,12
"We meet fierce foreign competition" (Globalization)	54,23
"Our prices reflect our quality" (Adaptation to the market rules)	43,44

We should remind here that our initial hypothesis was the minimal conformism of the companies that are intensive implementers of various corporate trajectories. The analysis forced us to reject that hypothesis. Firms that have implemented over the past two years all the outlined corporate strategies do not differ in strategic patterns to firms that pursue focused "domesticated" organic growth. Thus we went "deeper" and analyzed possible differences at industry and company levels.

At industry level, we found no statistically significant differences in such patterns as "organizational leadership," "social orientation," "globalization." The pattern "adaptation to the market rule" was more volatile. Energy sector and extracting or raw materials should strongly follow the uniform market prices. All other industries differ from them in more habitual violation of the market rules.

In this question we went again one level deeper and looked towards the relationship between perceived quality and perceived prices within the selected types of strategic positioning (see Table 8).

Taking into account the limited accuracy of subjective assessments of CEOs about quality and prices we drew particular attention to situations were the differences of the assessed variables was greater than 1.0. We may see that "cost

defenders" almost never violate the market rules. All that they may do (and indeed do in 10 percent of the cases) is to sell goods of inferior quality at market prices.

Table 8. Level of parameter "perceived quality minus perceived price" among companies of various competitive types (percentages of companies):

Value of the parameter	Strategic type					For all companies
	Outsiders	Mediocres	Prospectors	Quality defenders	Cost defenders	
-3,00 (quality is ultimately higher than price)	4,1					0,5
-2,00 (quality is much higher than price)	4,1	1,3			10,3	3,3
-1,00 (quality is slightly higher than price)	30,1	8,2		2,5	19,1	11,4
0,00 (price exactly reflects quality)	39,7	49,1	35,3	23,1	56,6	43,4
1,00 (price is slightly higher than quality)	20,5	34,5	35,3	33,9	12,5	27,9
2,00 (price is higher than quality)	1,4	6,5	27,5	29,8	1,5	11,1
3,00 (price is much higher than quality)		0,4		8,3		1,8
4,00 (price does not reflects quality at all, is set by arbitrary rules)			2,0	2,5		0,7

Sometimes outsiders emulate such a move. "Prospectors" and especially "quality defenders" usually make attempts to "open the market" by setting prices significantly lower than the quality level. This strategy is applicable for 30% of "prospectors" and almost 40% of "quality defenders." Perhaps, this "dumping" explains the inferior performance of "quality defenders" (see Table 2).

After comparison of strategic patterns between various strategic types (see Table 9), we may see that "cost defenders" live the most "simple albeit full-blooded life" – they follow the rules of the market, keep good relations with competitors, do not bore with social responsibility and try not to torture to much their subordinates by new job rules and criteria of performance assessment.

Table 9. Distribution of patterns among the types of strategic positioning (percentages)

Type	Keeping the rules of the market	Organizational leadership	Globalization	Concordance with competitors	Social responsibility
Outsiders	35,2	95,7	47,7	78,2	85,1
Mediocres	49,1	93,3	48,0	77,5	72,9
Prospectors	39,7	88,5	57,1	66,7	85,1
Cost defenders	23,1	87,2	61,9	80,3	79,7
Quality defenders	56,2	84,0	58,1	81,5	72,5

The worst situation in this respect is for "quality defenders" and "prospectors." They bear the full responsibility for their employees, are usually underpaid by customers, and (for "prospectors") are not always loved by competitors.

5. Discussion

First, we remind the main findings of our study:

1. Russia CEOs of industrial companies strongly believe that they may easily change in internal organization of their firm if they pay proper attention to job protection and salary level. We may talk about the "national credo," as both beliefs are shared simultaneously by 70% of the surveyed CEOs.
2. Preoccupancy with jobs and certainness that subordinates are capable to perform any task lead the majority of the firms to the endless searches of new business segments by organic growth. In half of the cases this is happened under visible foreign competition on local markets. Internationalization is perceived as an escape from the limits of the local demand; pure export is not perceived as "penetration into a new sphere of activities."
3. Active diversification is similarly likely to occur either with sufficient financial resources or in absolute lack of financial means. The most active attempts to diversify are provoked by the perception of low costs. Russian CEOs are certain that local competitors will "understand" their search for new markets.
4. Active penetration into new unfamiliar markets leads to regular setting of prices below the perceived quality. As a result, the price margins (the difference between prices and costs) are minimal for actively diversifying companies.

This is the ultimately short description of the major interconnections between strategic patterns, corporate trajectories and competitive positioning that represent the dominant strategic archetype of the Russian industrial firm.

Translating our findings from the jargon of managerial studies into the common language, we may describe the situation as follows: while trying to preserve the existing workplace, the corporate management embarks on less and less funded projects in all spheres of activities. The major reason to launch such a project – "we may do this cheaper." As the result, companies must usually compromise on prices, simultaneously forcing managers and workers master new skills without necessary resources.

Only "cost defenders" that use in many cases natural advantages and to whom the described symptoms are weaker have some chances for sustainable corporate and business development. Indeed, they exhibit better financial performance and stronger attitudes for oversea expansion. All other strategic types, especially "quality defenders" may only degenerate under attempts of non-focused diversification – the costs are raising, the superiority of competences is disappearing.

6. Conclusions

We made an attempt to describe the dominant archetype of the Russian industrial firm in terms of strategic patterns, prevailing corporate trajectories and resulting competitive positioning. We have seen that the dominant archetype based on unrealistic beliefs about the organizational life and wrongly understood standards of social responsibility leads in a majority of cases to ineffective corporate trajectories and suppression of the development potential of quality-oriented companies. In this respect, the current drift of the Russian industries towards the low end in the most markets seems inevitable.

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