

THE SCHOOL OF THOUGHT OF PROFESSOR RAOUL ÜKSVÄRAV IN MANAGEMENT: ITS BIRTH, PROGRESS AND EFFECT ON ECONOMY¹

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This article analyses a case of international knowledge transfer, which occurred in this time Soviet Estonia from 1960s onwards – the importing of modern US based organisational and management theories and methods to Estonia, the process that was related to the activity of grand old man of this field, Professor Raoul Üksvärv, and the progress of the Estonian school of thought in management and management development. The author tries to describe this phenomenon and to explain how this transfer achieved certain positive results in Estonia. The analysis is partially based on the organisational emulation concept by the US researcher R. Vidmer.

Raoul Üksvärv (1928–2016) grew up in South Estonian provincial town of Viljandi. He belonged to the first year of young Estonian men, whose age kept them from being mobilised in the war. Having graduated from the Viljandi secondary school he entered the economics faculty of the Tallinn Polytechnic Institute (TPI, presently Tallinn University of Technology) in 1947. Besides academic success (he graduated from both the secondary school and the university with the highest of merits) he was also an active athlete. His election to captain the Tallinn city basketball team testified to his leadership qualities.

Having worked for some time at a major Tallinn factory as an engineer responsible for standardisation, he decided in favour of academic career. He defended his candidate's degree on peat production economics in Estonia at the Institute of Economics, but then returned to his Alma Mater, the TPI and became a lecturer at the chair of industrial economy and organisation.

What happened next fundamentally changed his life and his scientific worldview. The US visit of the then Soviet leader Khrushchev resulted in an agreement, according to which the American government admitted 25 young scientists, up to 35 years of age, for long-term practice in the United States. Besides exact sciences and technical specialities, there were also a few vacancies available concerning the organisation of industry. Raoul Üksvärv decided to apply. Being selected to practice in the USA at that period was equal to winning the main prize at lottery. His success in the all-USSR contest was contributed to, besides the other strengths of his candidacy: a successful young scientist, a university lecturer with suitable speciality (industrial economics) and practical experience in industry, by the fact that he had a good command of English as he had

¹ The full text of the article “Professor Üksvärava koolkond juhtimisteaduses: teke, toimimine ja mõjud majandusele” can be found on the CD attached to this journal.

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attended private lessons already in Viljandi and continued it in Tallinn. These efforts were now rewarded.

Raoul Üksväärv's specialisation had been quite technocratic so far. His practice in the United States did not change that initially. As it happened, he had already spent half of his practice in the University Of California Berkeley Graduate School Of Business Administration, where he was concentrating on industrial planning. However, these studies led to an increasing understanding that he was more interested in people than numbers. Besides the information gathered from personnel management lectures and seminars, he read, for the first time in his life, books on general management theories at the university library. Inspired by this he decided to consult with Professor Harald Koontz, one of the most inspiring authors of the field in the USA at that time. Koontz pointed out that if somebody wanted to learn about the latest trends in US organisational and management theories, he should seek for learning at the leading US universities of the east coast. Üksväärv took the advice, appealed for amending his practice programme and, having achieved it, left California for the east coast, where he spent the rest of his practice period. That decision proved a complete success. Having visited the MIT, Harvard and several other centres of management-related thought, including one of the leading US management consultation firms, he succeeded in making personal contacts with a number of top figures of US management theory. The names like Douglas McGregor, Warren Bennis, Charles A. Myers, Edgar H. Schein, among the older generation Fritz Roethlisberger, include the absolute top of management theories of that period. One can imagine the stimulating effect of such meetings on Üksväärv: the need to prepare for them, the conversations themselves, then reflecting over the meetings, moreover gathering all available material, besides theoretical papers materials about operating practice of US enterprises, training institutions and consultation firms.

Having returned to Estonia, Üksväärv got from his university some time off to prepare for his doctor's thesis. The title of the paper was "Problems of structure and management of economic organisations (based on materials of US corporations and companies)". Üksväärv took the work very seriously: he tries to use it for developing his own world-view on management. He attempts to synthesise in his thesis the ideas of different schools of management: the classical school based on structures and formal division of labour, the human relations school, the systems approach school. The leading thinkers of the latter included the 1978 Nobel laureate Herbert Simon, who is quite frequently quoted by Üksväärv. The thesis addressed in-depth the issues like goal setting, delegation of rights and responsibilities, the dilemma of optimal ratio between centralisation of decentralisation, methods of coordination, as well as the issues of management teaching and the organisation of consulting.

Having successfully defended his thesis on these partly quite sensitive topics in the Tallinn Academy of Sciences (it has been argued that it must have been easier in the in "periphery" than in Moscow as the ideological climate in the USSR was becoming more intolerant again towards "smuggling in" Western theories), he faced the decision of putting all that knowledge in practical use. Üksväärv had no ambitions to change management practices all over the huge USSR, yet he was certain that a large share of his thesis could be put to practice in the enterprises of Estonia, even within the limits of

the rather rigid centrally controlled economy. What followed can be viewed as a diverging and multi-stage process. It started already during the writing of his thesis with a series of lectures addressed to Estonia's managers and newspaper articles on the US management experience. This provoked huge interest among the managers of enterprises as well as the wider public. Ideological rebuffs for promoting "capitalist methods" were quite rare; it was apparent that party and government officials in Estonia were mainly tolerant of such attempts to try to use of Western methods, at least at the enterprise level. After all, the official propaganda was also calling for improving the efficiency of enterprise management and operation, although without being able to provide much specific advice. Moreover it was not yet clear which part of the US toolbox could be used; Üksvärav believed that it should be determined gradually through experiments.

The following stage was related to the establishment of an institutional basis for addressing management problems, as well as launching management training for students. Üksvärav, who had been working as the vice-rector of TPI for a brief period, decided that it would be logical to establish this institutional basis under the aegis of the TPI economics department. The chair of industrial management and planning was formed at this department in 1969 and Üksvärav, whose doctor's degree was officially affirmed the same year and who was appointed professor, became the head of it. The chair began to train students in the speciality titled industrial planning, but the training syllabus using the syllabi of the US universities examples included a high percentage of management and human problems-related subjects.

Üksvärav formed his management issues team from young people, some of whom had already proven themselves by working at enterprises after graduation and had risen to initial management positions. Others were hired from among top graduates of the university with the agreement that they would spend their time only within the university but will become active participants in the chair's cooperation projects with enterprises. The chair launched as soon as possible consultation services to enterprises based on the US experience. It might have seemed rather elementary in the beginning but the process resulted in a steep learning curve.

Although chairs at universities frequently became one-man-shows, it did not happen to the one run by Üksvärav. The chair became a rather decentralised structure where the head of the chair did not personally determine the areas of research and consultation activities; these were proposed also by others considering the feedback and impulses from cooperating with enterprises. Üksvärav adopted the role of an advisor rather than a commanding boss on such issues. The style celebrating independence ensured the emergence of a second wave of leaders; the activity became more diverse and widespread. Several staff members of the chair were sent to practice abroad, in Finland and Poland. Cooperation ties with Finnish management training centres and consultation firms grew stronger over time.

The second half of the 1970s was already characterised by an increasing number of centres specialising in advanced management training and consultation, so that Estonia soon possessed 5-6 quite strong institutions, which were successfully cooperating. The

volume of managers' advanced training and consultation in Estonia saw an especially steep rise in the 1980s.

By the time Estonia's independent statehood and transition to market economy had become topical, its situation of organisational and management knowledge was relatively good: a large number of students trained in the field within two decades and working now in economic organisations, a significant body of good management literature, including the books by Raoul Üksvärav himself, widespread advanced training at manager level, experience from managerial consulting practice in many enterprises, during which the managers had learned to better understand the opportunities for adjusting their firms to the changing environment, etc. Considering all the above the author argues that the Estonian enterprises' success in completing the hard restructuring process of the 1990s benefited to a rather significant degree from the efforts made in developing management and organisational culture in the decades preceding the restoration of independence.

Significant contribution was also made by a number of representatives of the school of thought created by Üksvärav, who left the consultation and training activities in the economic transition period for leading positions in government institutions directly formulating and implementing economic policies, thus making use of their management competence to help Estonia's economy get through this difficult period.

There were practically no significant results in adapting Western management approaches and methods in the Soviet Union, while Estonia was an exemption. As a conclusion three factors behind this success could be underlined: a) some viable institutional choices (for example a combination of training, applied research and consultation activities); b) the "founding father" of the school of thought created an environment for the emergence of an active second wave of leaders and c) some general positive preconditions among the Estonian public for the emulation of new foreign methods – the new ideas were not rejected for ideological reasons or because of too rigid organisational culture.