After the Command Economy: Russia’s Information Culture and Its Impact on Information Resource Management

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The development of information resource management in Russia is problematic. A weak business culture and the absence of rational market forces are two salient constraints inhibiting the utilization of information systems and the development of a strong “information culture” in this information-poor country.

Other obstacles include: the poor quality of information, a predilection to hoard information, the lack of horizontal functional integration, lack of mechanisms for gathering and analyzing information, and the quality of management. In creating markets for existing and potential enterprises, the lack of experience with effective information gathering, sharing and management—that is, the absence both of information and also of an information culture—is a severe constraint. Information deficits constrict the most basic plans for viable market reforms.

Working in the Kuzbass region of Siberia, the author found that the absence of broad economic and managerial reform also blocks effective information resource management. Ironically, many models that have been used for information systems transfer in the Third World are applicable in Russia. The notable exceptions are information systems that are integrated with those of external business partners, notably in mineral extraction industries such as coal.

Perestroika under the Gorbachev regime opened windows of opportunity for Russian economic development. The Law on Soviet State Enterprise (1987) and the Enterprise Law (1990) permitted enterprises to finance their own operations, attract customers, choose suppliers, develop indigenous enterprises and conduct management-labor relations. Controls over wage-rates have been lifted steadily since 1986, and enterprises have been enabled to decide what products they would offer. Under Yeltsin, one-third of state enterprises have been privatized, through sales of shares to enthusiastic citizens, and private property is protected by the Constitution of November, 1993. Thus far, not one former Soviet republic has reverted to a command economy, and varied and extensive foreign partnerships have been pursued assiduously.

The political rejection of communism and the collapse of the Soviet Union clarified two imperatives for Russia in the 1990s: to build a healthy internal market economy and to become a major player in lucrative global markets.

Yet, neither imperative has been fulfilled, and the short term outlook is bleak. Productivity has declined, inflation has soared, and Russians are demoralized and anxious about the future. The absence of shared strategies and successful tactics underlies the impossibility of fulfilling the targets of the ambitious Twelve Year Plan for 1986 to 1998.

In a business environment characterized by egregious waste, shortages, confusion, and mismanagement, the inability to utilize information resource management (IRM) is a seminal problem. Several deep-seated deficits inhibit the ability to exploit information systems, and
IRM will be elusive in Russia until an appropriate “information culture” emerges. Information is sparse, inaccurate, hoarded, wasted, and under-valued in Russia, and the paucity of quality, shared information is striking. The lack of experience in strategic information management exacerbates other economic and technological deficiencies.

Nowhere is the gap between economic promise and reality more pronounced and distressing than in the enormous Russian province of Siberia. The author worked as a business consultant in Siberia in 1991 and 1992, and received a Fulbright grant to teach and conduct research in information systems and in international business in Siberia for 1994. Therefore, many comments on Russia’s information culture are derived from business experiences in Siberia.

**Russia and Siberia**

Siberia is larger than the United States, the largest region within Russia. The rugged region is replete with immeasurable natural resources, including the largest deposits of oil, natural gas, gold, coal, and diamonds in the world. Even though oil production has fallen since the early ’80s, and its oil industry is in disarray, Siberia outproduces Kuwait, Iraq, and Saudi Arabia combined.

Optimistic economic theorists frequently predict that Siberia will be the beneficiary of substantial foreign investment and trade in the 1990s, especially with Japan, China, and the Pacific Rim nations. However, except for the timber industry, joint ventures have expanded at a snail’s pace. Foreign investors, who are forbidden to own property in Russia, proceed with judicious caution. Foreign businesses encounter formidable obstacles to growth and profitability. Currency conversion, contract enforcement, inadequate communications, and bureaucratic redtape involve significant risks.

Siberia is a metaphor for the Russian economy, holding enormous latent wealth, but characterized by egregious shortages, physical hardship, and insufficient investment in strategic priorities.

The Siberians deeply mistrust Western Russia, with justification. Presidents Gorbachev and Yeltsin exploited Siberia’s natural resources to secure hard currency, and both broke promises to return a larger percentage of the proceeds and to award greater autonomy to Siberian enterprises.

This mistrust is germane for IRM in the region: widespread skepticism about rational and equitable national policies reinforces negative attitudes toward information gathering and sharing. Like many lesser developed countries (LDCs), Siberians believe that information may become a tool for economic imperialism. Unlike LDCs, however, Siberians fear their own countrymen and ethnic brethren as economic imperialists: Western Russians control capital, know-how, and the political process to extract riches from the East yet plow little wealth back in.

Ironically, in the 1990s, the vast natural wealth of this harsh frontier may be a liability for Siberian IRM for two reasons. First, the dream of lucrative foreign partnerships dilutes the will to develop local, domestic markets and, second, Russian desperation to sell Siberian resources for hard currency perpetuates Moscow’s interference with Siberian enterprises. In a broader context, the three major factors which hinder IRM apply both to Siberia and to Russia as a whole: information poverty, the nascent market economy, and the lack of managerial expertise in market economies.

**Information Poverty**

Russia is an information-poor society, and it is impossible to extract value from information systems without an adequate supply of quality information. Domestic and foreign attention is directed generally toward the poor communications infrastructure, computer hardware and software. However, the information deficit is a severe liability, more difficult to remedy than hardware and network deficiencies, especially given the lack of an appropriate “information culture.”

A healthy information culture is characterized by values, habits, and behaviors which support and, in turn, are enhanced by handling robust information. However, Russians have never gathered, shared, and managed free and bountiful information. As a result, information is often hoarded rather than shared and invested, like many scarce commodities. Russian information culture impedes reform, investment, and cross-functional linkages.

Information systems are, therefore, impacted by two enduring problems: inadequate information resources and the lack of information-sharing traditions. This massive nation has been isolated and insulated from advanced business information technology, theory and techniques for generations. Russia missed both the communications and the information revolution, and lags far behind the developed nations in these areas—as she lagged in the iron and steel revolutions of the 19th century. Yet, Russians must participate in the information revolution to insure economic viability and competitiveness.
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