Preface

The oil industry in general, and the Russian oil industry in particular, is the focus of much media attention, with an emphasis on political machinations, geopolitics, economic power and corruption. The turn of the century was a period of rapid change in the Russian oil industry, with the privatisation of the industry in the early nineties being followed by a return to a significant amount of state control from 2003 onwards. The chaotic days of Yeltsin's presidency in the nineties, when rampant capitalism was allowed to have sway, gave way to stricter rule under Putin from 2000. The early promise that Putin would bring much needed stability, but nevertheless continue to promote the market economy, failed to materialise. By 2003 Putin had already put Khodorkovsky, CEO of Yukos – the most successful Russian oil company, into gaol and started to nationalise the assets. The recent presidential elections in March 2008 have reinforced the status quo with the likelihood of a continuing strong involvement of the state in industries critical to the economy. This book provides a new perspective on the happenings from the early 1990s until 2005, looking at the Russian industry from the inside, examining the internal workings of four Russian oil companies in order to derive an understanding of how to achieve organisational transformation in conditions of radical institutional upheaval during the transition from a planned to a market economy. Sadly the most successful company no longer exists.

My interest in this research derives from my background as a Russian linguist, an oil industry practitioner and an academic. My association with Russia started when I chose to study Russian at Bradford University in the early 1970s. The rare (at that time) opportunity to spend some time studying in Moscow at the Maurice Thorez Institute of Foreign Languages laid the foundations for an enduring fascination for the country, its people and their language. My subsequent international career, working for the Royal Dutch Shell Group, provided opportunities to gain an in-depth knowledge of business practice in Russia both in the Soviet period and during the transition to a market economy. From 1992–96 I lived in Moscow, participating in the creation and management of two new Shell operating companies in Russia and experiencing first-hand many of the dramatic changes taking place at that time at the macro-environmental level, within industry sectors and within organisations. A career change in 2002, with a move to an

academic position at Kingston University, enabled me to deepen my theoretical understanding of organisational strategy and to pursue my research interests which focused around strategy, Russia and the oil industry.

This book represents the outcome of that research, conducted in the course of obtaining my doctorate from Henley Management College. It draws on four longitudinal case studies of Russian oil companies to explain the process of organisational transformation in the context of transition from a planned to a market economy. For the academic audience, the research builds on the resource-based view by explaining the linkages between organisational learning, dynamic capabilities and the implementation of organisational transformation. For the practitioner, the rich comparative case studies provide insight into the constraints and enablers of organisational transformation.

In bringing this work to fruition I owe a debt of gratitude to many organisations and people. The 'Shell connection' helped to secure an entrée for the empirical research. The Russian language skills gained at Bradford University enabled me to conduct my interviews in Russian. Kingston University provided sponsorship and support for my research. I would also like to thank the two supervisors of my doctorate for their invaluable help and support – Klaus Meyer, Professor of Strategy and International Business at the School of Management, University of Bath and Marc Day, Associate Professor in the School of Projects, Processes and Systems at Henley Management College.

Above all I would like to thank the 84 managers who gave up their time to talk to me about their perspective on organisational change. Particular thanks are due to Bob Dudley, CEO of TNK-BP, and his team, for facilitating so many contacts, and to all the Yukos managers, who were struggling in 2003–04 for the survival of the company in the face of renationalisation of its assets.

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