**What is going on with technologies and management in Russian subsidiaries of Western manufacturing companies, having changed their owners?**

Objective

The problems that arose in connection with the exit from Russia announced by a number of international companies after the start of the geopolitical crisis were widely discussed from the point of view of politics and economic policy, which is quite understandable and justified from the point of view of an immediate response to unfolding events. Among issues already raised and clarified are the very scope of the phenomenon, its influence on provision of goods and services to the population of the Russian Federation and provision of components and spare parts to Russian industry; securing jobs and wages for the workers of companies, whose owners have left Russian market and also the question of the motives (either political or economic) for the decision by Western owners to leave Russia and to sell the assets.

Meanwhile, if we turn to the goals announced at the launch of programs to attract foreign direct investment in our economy, we will see that these goals were much broader and more diverse than meeting the needs for certain goods, components, providing employment and increasing the income of employees. Let's take as an example the Memorandum on the Strategy for Attracting Investments posted on the official resource of one large and industrially developed Russian region. “Private investment is seen as an important catalyst for economic growth, as it is not only a source of new capital investment, but, most importantly, it opens up access to new technologies, effective methods of management and marketing”. (Italics ours).

These long-term goals appeal both to the level of certain achievements and to their dynamics, i.e. not only the current technological level is important, but also the ability of a business organization to increase it, following global trends, not only the compliance of management practices with the requirements of today, but also the availability of personnel, information technology and, in general, cultural potential for updating and improving these practices.

The authors of the report focus on these qualitative parameters and try to answer a number of questions related both to understanding the essence and scope of objectively occurring processes, and to the formation of an action program aimed at improving the situation.

1. The question of the technological level of production units that have changed owners, and their ability to maintain and improve this level.

Accordingly, the practical question is how to maintain personnel systems aimed at innovation and expand the "innovation networks" of enterprises that are passing into Russian ownership.

2. The issue of preserving and expanding market niches for manufacturing companies that have changed owners.

3. The issue of preserving and developing a production (management) culture, a high level of which was both a target indicator and one of the significant acquisitions of the Russian economy during the period of active attraction of Western investment. Creating such a culture was one of the main and most difficult tasks of foreign companies that came to Russia (See Gurkov I. B. Management practices in Russian manufacturing subsidiaries of foreign multinational corporations: challenging some beliefs about contemporary Russian industrial management // Post-Communist Economies. 2014. Vol. 26. No. 2. P. 220-240 Various mechanisms worked to create and maintain it: from the presence of so-called expats to the introduction of appropriate methods and other technical and managerial documentation. Will the new owners be able to keep it?

4. The transfer of production assets to new owners makes it relevant to raise the question of the extent to which these new owners have the competencies necessary for the effective management of the acquired assets. The question of the relationship between the competencies of owners and asset performance has a long history of analysis, and was recently updated in the work of Foss, N.J. et al. (2021) ‘Ownership competence’, Strategic Management Journal (John Wiley & Sons, Inc.), 42(2), pp. 302–328. doi:10.1002/smj.3222.

Methods

The research information base is based on a database of 259 subsidiaries of international companies operating in Russia at the time of the crisis.

The authors answer the research questions posed by using the so-called "mixed methods" - joint analysis of interviews, surveys, financial statements of Russian enterprises, parent company statements, secondary information (publications in the business and specialized press, etc.).

Results

From the point of view of statics (level), the disruption of supply chains from abroad caused by the imposed sanctions and the cessation of the production of a number of intermediate products in Russia have led and will continue to lead, perhaps, to a temporary, but inevitable degradation of the technical level of products produced and available for use in our country. Perhaps the most striking example of this kind is the situation in the domestic automotive industry, which is characterized not only by a drastic reduction in total production, but also (the main thing for our analysis) by a dramatic decline in the technical level of cars produced at such plants as AvtoVAZ and KAMAZ.

In general, we are witnessing the launch of a process of gradual (considering the life of the vehicles) lowering the technical level of the fleet, which will also be “supported” by the lack of branded spare parts and technologies in the car service sector. Similar processes can be launched in other industries, for example, in aviation, where the proposed replacement of retired Boeing and Airbus aircraft with the Tu-204 (214) aircraft developed back in the Soviet period will mean that our airlines will operate aircraft with lower fuel efficiency and higher overhaul frequency of engines. There are other examples: medical equipment, packaging.

In terms of dynamics, as shown by the previous study (see Gurkov I. B. Russian manufacturing subsidiaries of Western multinational corporations: Support from parents and cooperation with sister-subsidiaries // Journal of East-West Business. 2015. Vol. 21. No. 3. P. 157-181) the structure of innovation in such enterprises was approximately as follows: 60-70% of new ideas and technologies came from central headquarters (corporations' own engineering centers and global technology contractors), as well as from "sister" companies , and 20-40% of new ideas and technologies were developed locally by the production and technical divisions of Russian enterprises of Western corporations, in particular, in cooperation with "sister divisions of the second echelon." It is the strengthening of local innovations in cooperation with independent process contactors and former "sister" companies that represents the most likely way to maintain the innovative momentum of Russian-owned enterprises.

For intermediate products, there is a replacement of buyers of Russian contractors of foreign companies who stop buying due to the cessation of sales in Russia and / or export of products manufactured in Russia to third countries. For end products, market niches are supported through temporary (up to five years) retention of the use of Western trademarks in Russia by the buyer of the asset. An example of such a practice is the situation of the Valio brand.

Conclusions

The “aftereffect” of the presence of Western direct investors with their production, marketing and management technologies undoubtedly has a continuing effect in the modern Russian economy after their departure, however, the question of its longevity remains open and requires continued monitoring of the situation in the aspects identified in this study.