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## Foreign Professionals on Russian Labour Market

Vladimir V. Karacharovskiy

## Introduction

Russia's social and economic development has been quite impressive in the last few years. However, what is still under question, is whether Russia can not only improve its macroeconomic image, but foster a profound change in the quality of its development. And one of the most important aspects in this respect is the question about agents of such modernization, i.e. those social groups (or economic agents), which possess the capacity to influence this change and the interest to promote it.

In this report we draw our attention to yet one of the most poorly studied social groups, i.e. highly skilled foreign professionals, who work in larger Russian companies (so called 'expats'). We regard them as the carriers of a different 'cultural code', which evolved in a different cultural settings, particularly in countries, which have so far proven to be one of the most successful both in terms of their economy and the capacity for social progress. What we attempt to do in this paper is answer, whether foreign professionals can indeed act as agents of modernization in Russia.

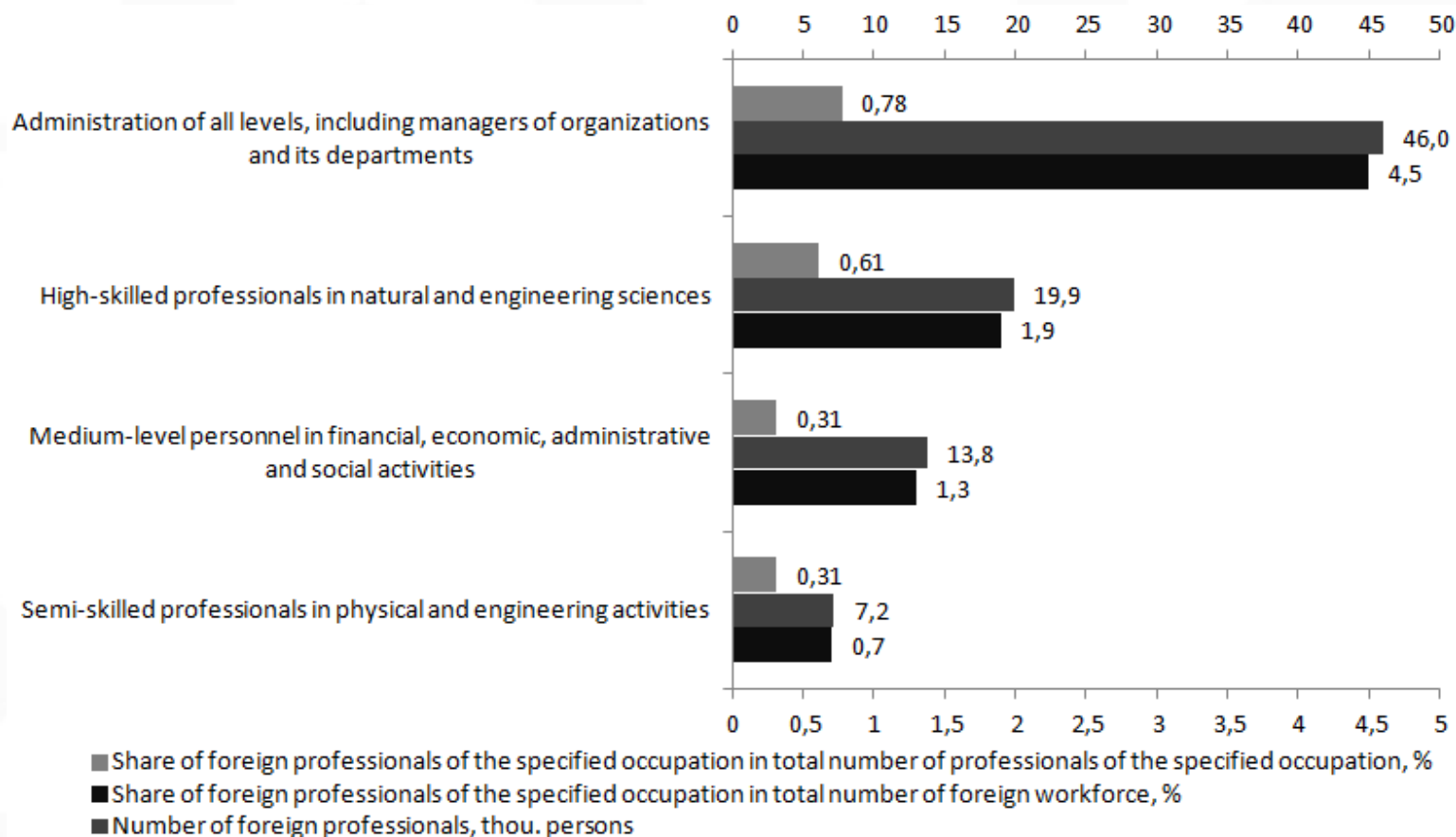
### Macroeconomic situation and foreign presence in Russia in 2000s\*

	2005	2006	2007	2008	2009	2010	2011	2012
GDP growth rate (in constant prices, 2005 = 100%)	100	108	117	124	114	119	124	128
<hr/>								
<u>Comparative data on several other countries</u>								
USA	100	103	105	104	101	103	105	108
UK	100	103	106	105	101	103	104	104
Germany	100	104	107	108	103	107	110	111
France	100	103	105	105	102	103	105	105
Japan	100	102	104	103	97	102	101	103
Total foreign investment in Russian economy (in \$ billions)**	53.6	55.1	120.9	103.8	81.9	114.7	190.6	154.6
of which FDI	13.1	13.7	27.8	27.0	15.9	13.8	18.4	18.7
The growth in number of joint ventures since 2000 (times the number)	1.8	1.9	2.1	2.2	2.2	2.2	2.6	2.4
A number of joint venture employees as a share of total workforce in (in %)	3.8	4.0	4.3	4.7	4.7	4.8	5.0	5.1
The turnover of joint ventures as a share of total turnover in Russian economy (in %)	28.8	28.9	28.3	29.8	29.3	38.7	33.9	31.2

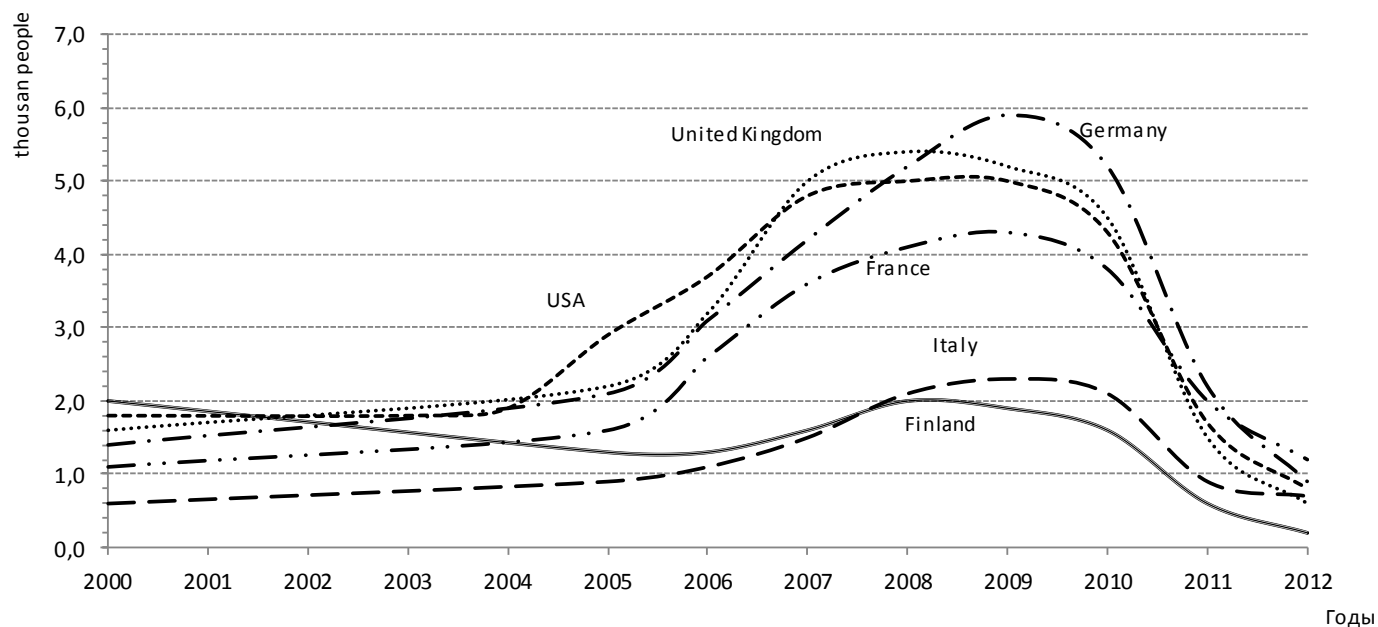
Notes: \* All data provided according to official Russian statistics ([www.gks.ru](http://www.gks.ru))

\*\* For reference: total foreign investment in 2000 – \$10.9 billion (of which \$4.4 billion – FDI);  
total foreign investment in 2013 – \$132.4 billion (of which \$18.6 billion FDI).

## Professional groups of expatriates in Russia



## Changes in the national composition of foreign professionals working in Russia during 2000-2012



\* Notes:

- 1) All data provided according to official Russian statistics ([www.gks.ru](http://www.gks.ru)).
- 2) Data are total number of foreign professionals from corresponding country of origin working in Russia (in thousands of people)

----- USA      ..... United Kingdom      - . - Germany      - . . France      - - Italy      — Finland

## The first point. Three categories of expatriates depending on potential of influencing the Russian labour culture

**The primary objective** is to identify the internal structure of expatriates with regard to their country of origin and positions in organizations. Expatriates with different positions usually take different adaptation strategies and as a consequence they are extremely different in their capacity to influence, transform and modernize labor and management practices of host culture.

**The first category of expats** groups consist of expatriates who together with their families were exclusively maintained by their companies. These expatriates are usually isolated from 'host society' and they do not integrate into the host culture. Moreover, the strategy of non-integration is one of the basic principles of their employers. The power of influence of this group of expatriates on host culture is dual. On the one hand, their interaction with host professionals is very complicated and this circumstance can decrease the efficiency of disseminating and adopting new labor and managements practices. On the other hand, these groups of expatriates represent a type of professionals who are extremely resistant to the influence of host cultures. We would suggest that they preserve the purity of their cultural code.

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**The next group of expats** consists of senior and line managers in the multinational companies or in Russian companies with joint ownership. Their tasks and responsibilities mostly concern with providing services to the native population. And they usually do not have very strong financial support from their Western employers. Their mission is to keep a certain level of productivity for their companies. So they have to be more flexible in their adjustment. Their adaptation strategy is more close to the concept of "determination" – they change themselves externally, but do not change their internal attitudes and mindset.

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**Third group of expats** consists of professionals or owners of small businesses in Russia, who were somehow connected with Russia in the past (for example through their graduate or postgraduate studies in this country). This type of expatriates, apparently, has the smallest capacity to influence the host culture and, on the contrary, they are more inclined to be transformed by the host culture. For example, they tend to think of themselves as Russians with respect to their behavior and mindset.



## Perception of Russian capitalism by expats as a determinant of potential of influencing the Russian labour culture

**The next point** is how expatriates view or perceive the type of capitalism in the country in which they work.

This perception, its flexibility and openness to change is one of the crucial factors which determine the capacity of expatriates' labor and management practices to influence the practices in the host culture. Therefore it may influence the success of modernization during the interaction between two cultures.

- ✚ «Rational Pragmatic» Perception
- ✚ «Cold War» Perception
- ✚ Perception «allowing modernization»

## THE LAST POINT. LABOUR PRACTICES OF RUSSIAN PROFESSIONALS IN THE JUDGMENTS OF FOREIGNERS WORKING IN RUSSIA

**The perception of Russian labor and management culture, which was formed during the work of expatriates in Russia, seems to coincide with the features, which have been established by direct observations of sociological researchers about 10 to 20 years ago.**

So this coincidence allows us to speak about the existence of an **“invariant nucleus”** of Russian labor and management culture.

**These features, in particular, include the following:**

- **in the labor culture:** a certain perception of time (where time cannot be directly associated with or converted to money; “time is money” is not for Russians); high working capacity, which, however, appears only under extreme conditions – all things being done in the last moment; Russians also seem to avoid taking initiative, responsibility and risk; we are highly dependent on the opinion of upper management, and many others.
- **in the management culture:** the domination of hierarchies and strict management style, bureaucracy tends to become a dominant priority in the everyday working processes, culture of punishment prevails over the culture of encouragement and dialog, etc.

## Business qualities of expatriate professionals as judged by their Russian colleagues, including qualities which Russians acquire as part of their experience of working along with expatriates

	Typical responses from Russian professionals
<b>FR–</b> Qualities, which hinder efficient cooperation within teams and organizations	<p>Weak understanding of the Russian market and Russian consumers</p> <p>Thinking in categories which are inapplicable in Russia</p> <p>False feeling of knowing-it-all, disregard for local realities</p> <p>Hogging the covers, too pushy in trying to persuade others (while having little understanding of local realities)</p> <p>Knowing little about Russia, relying too much on foreign experience</p> <p>Too much punctuality and dedication to details</p> <p>Emotionally disengaged, perceiving others as 'groups' rather than personalities</p> <p>Inadequate timing of tasks</p> <p>Caring too much about their standing and the results of their work within company</p>
<b>RF+</b> Qualities, which promote efficient cooperation within teams and organizations	<p>Optimism and general confidence</p> <p>Exceptional self-discipline and time management</p> <p>Politeness, political correctness, ability to keep emotions</p> <p>Sociability, communicative skills</p> <p>Willingness to take responsibility</p> <p>Ability to state and explain clearly what they want</p> <p>Ability to act as intermediaries between the HQ and the local subsidiaries</p> <p>Dedication, high motivation, completely taken by work</p> <p>Exceptional competence and professionalism</p> <p>Efficiency driven</p>
<b>Emergent qualities acquired by Russians as part of their experience of working along with expatriates (according to self-judgments)</b>	<p><b>RF<sup>U</sup>: Qualities regarded as useful either when working with Russians or expatriates</b></p> <p>Sociability, communication and negotiation skills</p> <p>Time management</p> <p>Accuracy and attention to detail</p> <p>Ability to make quick and responsible decisions</p> <p>Strategic thinking, ability to see the whole picture (rather than details)</p> <p>Ability to concentrate on certain tasks</p> <p>Respect for profession, professional ethos</p> <p>Managing effective communication process within complex organizational hierarchies.</p> <p><b>RF<sup>L</sup>: Qualities regarded as useless unless working with expatriates</b></p> <p>Ability to work under strict schedules (meet strict deadlines)</p> <p>Independence, effective task management without control from outside</p> <p>Self-positioning, knowing exactly my role within the company</p> <p>Self-control, ability to restrain my opinion about others</p>

## Business qualities of Russian professionals as judged by their expatriate colleagues, including qualities which expatriates acquire as part of their experience in Russia

	Typical responses from expatriate professionals
<b>FR-</b> <b>Qualities, which hinder efficient cooperation within teams and organizations</b>	<p>Low motivation</p> <p>Laziness, tendency to procrastinate</p> <p>Unwillingness to take initiative</p> <p>Too reserved (not willing to share important information with others)</p> <p>Short-term orientation (sacrifice big gain tomorrow, for small gain to day)</p> <p>Weak time management</p> <p>Care too much about detail (at the expense of losing the whole picture)</p> <p>Evasion of responsibility (determine guilt rather than resolve an issue)</p> <p>Lack of decision making skills (desire to take decisions without being accountable)</p> <p>Resistance to change (lack of desire to learn and gain new knowledge and skills)</p> <p>Formal (imitating) attitude to corporate tasks and duties</p> <p>Lack of loyalty, weak subordination</p>
<b>FR+</b> <b>Qualities, which promote efficient cooperation within teams and organizations</b>	<p>Creativity, improvisation, inventiveness in reaching goals, thinking outside the 'box'</p> <p>Excellent analytical skills,</p> <p>Perception of rules as tools rather than rules, ability to plough through bureaucracy</p> <p>Quick adaptability</p> <p>Open and trustworthy</p> <p>Resistance to stress, steadfast in the face of adversity, capable of super-effort</p> <p>Ambitiousness, dedication (result driven, goal oriented)</p> <p>Patience</p> <p>Responsiveness</p>
<b>Emergent qualities acquired by expatriates as part of their experience in Russia (according to self-judgments)</b>	<p><b>FR<sup>1</sup>: Qualities regarded as useful beyond Russia</b></p> <p>Gained better understanding of people with different history and different priorities</p> <p>Broad-mindedness</p> <p>Attention to detail</p> <p>Managing emotions</p> <p>Adaptability in extreme situations (to quickly changing environment)</p> <p>Independent thinking, improvisation</p> <p>Patience</p> <p>Ability to reach compromise</p> <p><b>FR<sup>2</sup>: Qualities regarded as useless beyond Russia</b></p> <p>Ability to work with untrustworthy people</p> <p>Documentation skills, ability to plough through bureaucracy, understand complex regulatory rules</p> <p>Thinking in advance, always having 'plan B'</p>

# Some Memorable Citations from the Expatriates working in Russia

(with our comments)

(1)

The 'upper' level groups consist of expatriates who together with their families were exclusively maintained by their companies. These expatriates are usually isolated from 'host society' and they do not integrate into the host culture. Citation: *"They [foreign employers] knew that individuals who earn over \$2000 a week will care about company policies a lot more than the interests of Russia"*.

(2)

Here's a memorable citation from the expat from Morocco: *"We: How would you describe your religious views now? Him: I don't know...(laughing) It depends on weather conditions"*. This type of adaptation strategy is closest to "absorption" type.

(3)

An example of the judgment expressed by one of the foreign top-managers about Russia: *"... now foreigners understand that here [in Russia] nothing would change. There always was corruption and it always will be. There were always connections and they will be. All upper and middle level occupations in the public sector and government are corrupt. We understand it now, we didn't understand it earlier"*. Obviously this is an example of a type of perception which determines the low probability of productive cultural exchanges.

(4)

It appears that stereotypic perception of "different" capitalisms by some representatives of western countries can potentially be the source of production conflicts. Here's an example of such perception: *"Russians are not a welcoming society. Moscow is the hardest city I ever lived in. It's difficult, it's an aggressive city. Russians are generally quite aggressive"*.

Now here's an example of another perception: *"I long thought, whether I need to change stable, good work in Germany for adventure in Russia"*.

Both these judgments contain critical insights about Russian economic culture, but their emotional context is absolutely different. "Russians are not a welcoming society" and "Russia is an adventure".



# Thank you for your attention!

20, Myasnitskaya str., Moscow, Russia, 101000

Tel.: +7 (495) 628-8829, Fax: +7 (495) 628-7931

[www.hse.ru](http://www.hse.ru)