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Native and Foreign Professionals in East European Local Institutional Environment: Interaction and Transformation of Labour and Management Practices

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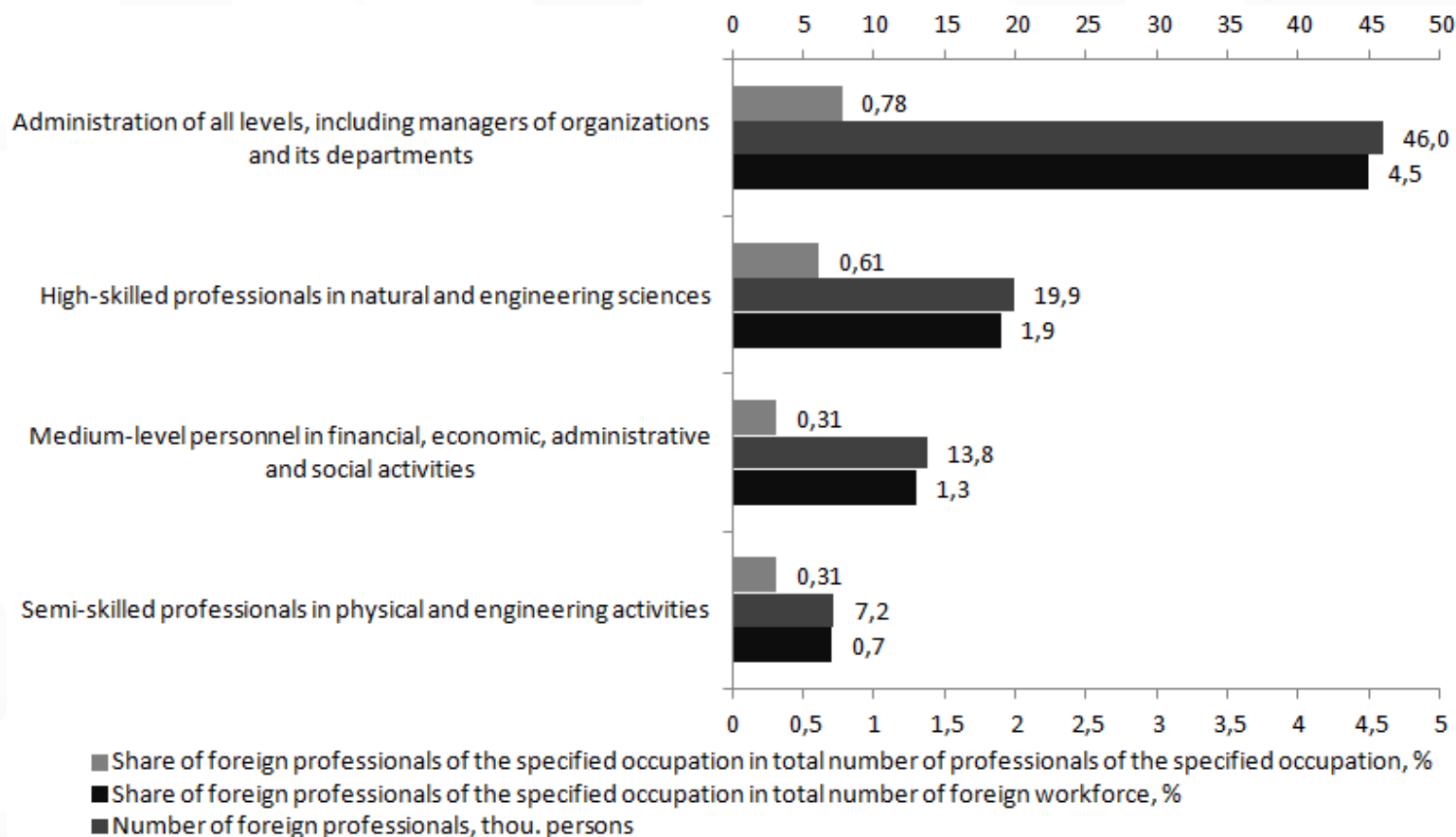
11th ESA Conference. Crisis, Critique and Change. August 2013

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.

Professional groups of expatriates in Russia



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.

The second point. Variety of nationalities of expats working in Russia.

This characteristic is most important, because different country might represent very different varieties of capitalism.

Expatriates from different countries can differ greatly by degree of their social adaptability and by similarity of their 'cultural code' with the 'cultural code' of the host society.

The number of foreign highly-skilled professionals and foreign managers in Russia with regard to their country of origin, thou. persons *

States/Regions \ Period	2000	2005	2008	2009	2010	2011
CIS	106,4	343,7	1780,0	1645,1	1246,9	1621,1
USA	1,8	2,9	5,0	5,0	4,3	1,7
European Union	22,5	20,4	35,9	35,3	30	13,0
<i>including:</i>						
UK	1,6	2,2	5,4	5,2	4,5	1,5
Germany	1,4	2,1	5,2	5,9	5,2	2,2
France	1,1	1,6	4,1	4,3	3,8	2,0
Italy	0,6	0,9	2,1	2,3	2,1	0,9
Finland	2,0	1,3	2,0	1,9	1,6	0,6
Poland	2,5	1,4	2,7	2,5	1,9	0,8
Other states	84,4	338,3	609,1	542,0	362,0	140,2
<i>including:</i>						
China	26,2	160,6	281,7	269,9	186,5	69,5

* Source of data: Federal State Statistics Service and FMS

Comparing the Indicators of Values across Nations (by G.Hofstede) *

	Power Distance Index (PDI)	Uncertainty Avoid Index (UAI)	Index of Individualism (IDV)	Masculinity (MAS)	Long Term Orientation (LTO)
China	80	30	20	66	118
France	68	86	71	43	39
Italy	50	75	76	70	34
Japan	54	92	46	95	80
Russia	93	95	39	36	-
Spain	57	86	51	42	19
UK	35	35	89	66	25
USA	40	46	91	62	29

* Hofstede G. Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations. Second Edition, Thousand Oaks CA: Sage Publications, 2001. P. 500, 502.

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.

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!

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