

A Note on Human Resources Management in Russia: Path Dependency in Job Design¹

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Abstract: This study examines job design in Russian firms with an emphasis on path dependency on Soviet-type job classification. Human resource management (HRM), which was introduced in Russia by the West, is presumed to have helped Russian firms reform their management processes, but its practical application in personnel management is difficult for most Russian firms to follow, as these firms are used to a job design that is standardised by the state and inherited from the erstwhile Soviet Union. Based on the result of a 2009 large-scale questionnaire survey of executives across 430 Russian joint-stock industrial companies, this paper demonstrates that Russian firms continue to be managed with their basic job design intact.

Keywords: human resource management, job design, path dependency, Russia

JEL Classification Numbers: M12, M54, J50, P20, P31

1. Introduction

Managing workers is a critical issue for businesses expanding into Russia. Studies on human resources management (HRM) in Russia stress how Western-style HRM practices are applicable to Russian companies, particularly Russian arms of multinationals, and how these practices enhance the motivation of Russian employees and improve corporate performance.

This paper specifically describes the research results based on a 2009 large-scale survey of executives across 430 Russian joint-stock industrial companies. The companies surveyed are not large flamboyant businesses or multinationals, but ordinary Russian industrial companies that have survived the global economic crisis triggered by the Lehman shock.

This paper attempts to clarify the path-dependent characteristics of personnel management in contemporary Russia with a focus on the job design that has been retained in Russian companies since the former Soviet era.

2. Discourse of western HRM applicability

Human resources management is closely related to corporate governance. Japanese companies generally employ a form of stakeholder-oriented corporate governance under which

the interests of the employees and group companies are valued. American companies, on the other hand, firmly maintain shareholder-oriented corporate governance. It is believed, therefore, that the personnel departments of most Japanese companies have played a more important role than those in any of their Western counterparts (Jacoby, 2005). Over the past two decades, however, the US has been extremely concerned about how corporate governance can link the management strategy of a company to its HRM practices.

To say that strategic HRM has been the focus of recent HRM studies is no exaggeration. This was triggered by a paradigm shift from personnel management to HRM. According to the concept of high performance work systems, innovative, composite HRM, in line with a company's management strategy, brings about higher performance. It is believed that, until the mid-1980s, personnel departments in the US, unlike those in Japan, were not considered to have authority because labour costs were seen as burdens on corporate management in the progress towards corporate downsizing, outsourcing, and the irregular employment of workers. Under such circumstances, a move to reaffirm that human resources could be a source of competitive advantage occurred, drawing attention to high performance work systems. Strategic HRM and/or high performance work systems are the American version of lean production and team production (Applebaum and Batt, 1993, p. 9), which was developed through US research on the production system in Japan's automobile industry in the 1980s, a period of stagnation in the US economy. In other words, strategic HRM and high performance work systems can be considered to exist in the context of the revitalisation of US industries. It is believed that many Western HRM practices have essentially been derived from such a US context (Ross, 2008).

High performance work systems have haunted businesses advancing into developing or emerging countries as the HRM 'best practice' since the 1990s, a decade marked by the revival of US industries. Concerning the dispute as to whether international HRM will converge on global 'best' HRM practices or diversify into specific forms of HRM, many experimental studies claim that the world will converge on 'best' HRM practices (e.g. Von Glinow et al., 2002; Bae et al., 2003; Chen et al., 2005). At the same time, national and business cultural gaps discouraging the application of global HRM practices to local firms have often been discussed in post-socialist countries. Researchers are still a long way from understanding what 'best practices' are, and are therefore making efforts to identify the relationship of specific HRM practices with various measures of organisational effectiveness, both within particular nations and across different countries (Geringer et al., 2002).

The applicability of Western global HRM is a burning issue in Russia. Many researchers have found that there are some difficulties in standardising HRM practices in Russia and merging them with Western practices (Elenkov, 1998; May et al., 1998; Fey et al., 1999; Fey et al., 2004; Fey et al., 2009), as in other transition economies (Brewster and Bennett, 2010; Lucas et al., 2004; Ross, 2008; Soulsby and Clark, 1998). Some researchers have stressed the applicability or

adaptability of Russian HR to some components of Western HRM practices (Buchko, 1998; Fey and Denison, 2003). Stereotyped difficulties such as the cultural differences between the West and Russia hamper the convergence of global HRM practices with Russia's, although this explanation merely satisfies Russian cultural exceptionalism. In the next section, we attempt to explore what is contextually unique in Russian HRM and why (Brewster, 2006, p.71).

3. Path-dependency of work design in Russia

The institutionalisation of HRM in Russia may best be established by transplanting Western global HRM. However, this can be achieved only on the ground of pre-existing institutions such as work organisations, the social networks of employees, and employment relations. These institutions have conditioned worker motivation and are part of their daily lives. The work organisation has its own logic and capability to adapt to new environments. The recombinant institutions of past institutions combined with newly accepted institutions form the focus of my study.² The path-dependency theory explains why past institutional legacies and decision makers differentiate between their present positions and strategies. I focus on a typical Russian work organisation and its job design as one of the legacies of the former Soviet Union's industrial management system.

The basic type of division of labour arises from a set of tasks formed and often imposed by technologies in production lines. Jobs are formed and allocated by analysing a set of tasks within a workplace. Most companies in industrial sectors conduct their own research on tasks and jobs in the workplace and have their own unique job designs. Job descriptions are essential for organising work in a company. Job descriptions specify jobs, and job analysis specifies what is needed to develop them. Job description serves as an important factor during employee recruitment and selection, salary decisions, HR development, and work design. Little attention has been paid to job descriptions in high work performance systems because these systems require more flexible, boundary-less work from employees. Therefore, the redefinition of work itself in these systems stimulates 'the growing disappearance of the job as a fixed bundle of tasks' (Cascio, 1995), and studies on these practices estimate the existing job as a given condition, assessing whether it is a very fixed bundle of tasks, according to Taylorism. However, the strongly and narrowly fixed concept of 'job' remains a significant background of work organisation in Russia.

In the Soviet era, the equivalent of job descriptions was the *Standard Wage Rates and Skills Reference Book* (or 'ETKS' for *Edinyi Tarifno-Kvalifikatsionnyi Spravochnik rabot i professii rabochikh*), and the classified table of jobs and occupations from all industries was the All-Soviet Classification of Workers and Employees Occupations and Wage Grades (*OKPDTR: Obshchесоiuznyi Klassifikator Professii Rabochikh, Dolzhnostei Sluzhashchikh i Tarifnykh*

Razriadov). In the planned economy, occupations and jobs were defined in a centralised manner for the efficient allocation of human resources and the equal distribution of wages across the Soviet Union. In short, wages were distributed at the same wage rates, and the same job design was employed in all factories. For instance, the personnel management department of a Soviet factory was not allowed to carry out job design independently, and was allowed only to adjust its employee allocation plan between the central government and the factory.

These reference books and occupation/job classifications (8,090 job titles were identified at the time of the 2004 revision³) continue to be used. Despite the fact that there is no need to apply this reference material to corporate HRM, Russian companies have to use it in the regulatory submission of various documents to the government; hence, it is regarded as essential in personnel management. Fortunately, I had a chance to view a wage rate table that was still in use when I visited the personnel department of a construction materials manufacturer in Voronezh Oblast. All the job titles in the wage table used in that company were old ones used in the Soviet era. Aside from this company, many other Russian manufacturers continue to maintain their old work organisation (Schwartz and McCann, 2007; Trappman, 2007)

To confirm our empirical findings, we conducted a questionnaire survey of the executives of 430 industrial companies in Russia spanning a period of two months beginning in October 2009. The companies surveyed were among the 751 surveyed nationwide in 2005,⁴ suggesting that the companies surveyed in 2009 were the survivors of the global economic crisis triggered by the Lehman shock. Responding to a question about the extent to which their jobs were based on the All-Russian Classification of Workers and Employees Occupations and Wage Grades and the *Standard Wage Rates and Skills Reference Book*, 59.5% of the companies answered that they complied fully with these, and 96.3% said that they more or less complied. Therefore, nearly all the companies surveyed continue to rely on the traditional occupation/job classification passed on from the Soviet era.

These reference books and occupation/job classifications define the wage grades/rates for individual occupations and jobs. The reference books consist of de facto job descriptions standardised by the government. It was demonstrated that these books were utilised to a considerable extent, as 30.8% of the companies stated that they relied on them completely for both job grades and wage rates, and 31.7% stated that they relied on them only for job grades. The companies surveyed are ordinary Russian companies. Thus, the survey reveals that Russian industrial companies remain generally unprepared for the core steps of HRM: independently developing job descriptions, carrying out their own job designs, and deciding on wage grades/rates in accordance with those designs.

4. Conclusions

As described above, Russian companies, following old Soviet-type personnel management systems, are managed with their basic job design intact. I do not intend to stress the inability of Russian companies to accept global HRM practices. All the companies surveyed here have survived the global crisis following the Lehman shock, suggesting that they are not just traditional Soviet companies that are incapable of adapting to the market economy. Rather, my research findings suggest that former Soviet-type job concepts can survive in this market economy. Standardising jobs as generalised modules for the automation of information processing under the planned economy is still considered to be effective owing to its applicability to diverse companies and its versatility in covering all jobs and tasks.

Russian job design heavily depends on prior standardised job designs being uniform across economic sectors. Most manufacturers still share these job modules, and it will take some time for Russian companies to totally disregard such inherited job designs; a recombinant HRM along with Western HRM is required for this to happen. In determining how businesses expanding into Russia can manage workplaces, it is important not to simply transplant their original HRM methods to Russia but to understand the Russia-specific logic of the workplace and utilise this information to hybridise local HRM.

Notes

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² Much of Russian personnel management was not rebuilt in an institutional vacuum. Instead, available resources were redeployed in response to practical challenges. Companies that did not have the capacity to accept Western HRM to the fullest extent made existing job designs recombinant with newly introduced HRM practices (see recombinant characteristics of institutions in transition economies and its path dependent features analysed by Stark, 1996).

³ This reference work was renamed the *All-Russian Classification of Workers and Employees Occupations and Wage Grades* (or 'OKPDTR' for *Obshcherossiiskii Klassifikator Professi iRabochikh, DolzhnosteiSluzhashchikhi Tarifnykh Razriadov*) after the collapse of the Soviet Union.

⁴ The 2005 survey was conducted by a Japan–Russia joint research team including members of the Institute of Economic Research, Hitotsubashi University (Tokyo), and the Institute for Industrial and Market Studies, Higher School of Economics (Moscow). Professional interviewers from the Yuri Levada Analytical Center conducted their research in large and medium-sized industrial firms located across Russia's 64 federal districts. Valid responses were gathered from 751 firms. Details about this survey were described in Dologopyatova and

Iwasaki (2009). The Japanese team confirmed that the 751 firms surveyed in 2009 were those that had survived the global economic crisis; it conducted a follow-up survey with a new questionnaire and new topics. I participated in the Japanese team's 2009 survey and formulated the questionnaire on HRM.

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