

A Note on Comparative Studies of the Way of Work Between Russia and Japan¹

Hiroaki HAYASHI *

** The University of Shimane, Japan; h-hayashi@u-shimane.ac.jp*

Abstract: The aim of this paper is to clarify the features of the way of work and work motivation in Russia, and to present Russian society after its transition, from the viewpoint of labour, in comparison with developed countries. First, a variety of the ways of work in major capitalist countries will be examined based on statistics. Next, we will characterise the way of work in Russia, and explore its background and problems. Third, we will attempt to clarify the factors defining the way of work and problems in Japan. Finally, labour in Russian society following its transition from a state-controlled economy into a market-oriented economy will be compared with work and work motivation in Japan and other developed countries.

Keywords: way of work, work motivation, Russia, Japan

JEL Classification Numbers: J53, J81, P23, P52

1. Introduction

Significant changes have been observed globally in working life since the 1990s, especially in developed countries, with the most noteworthy change being the expansion of irregular employment triggered by the deregulation of the labour market. Behind this are such trends as the adoption of neo-liberal policies aimed at liberalising the labour market, and the development of globalisation. This trend of increasing irregular employment has been observed in many parts of the world to some degree or another; however, each country continues to have unique features of labour and employment. This may be because the institutional arrangements of each country are functioning as a kind of filter, through which the pressure of globalisation is refracted and its direct impact on work and employment is mitigated (Wood and James, 2006).

The aim of this paper is to clarify the features of different approaches to work and work motivation in Russia following its transition from a state-controlled economy into a market-oriented economy through the viewpoint of labour, in comparison with the developed countries like Japan. In this paper, work motivation is defined through the interaction between institutions and economic actors, based on economic system studies, rather than from management studies and psychology.

2. Varieties of working life in capitalist countries

There are a varieties of approaches to work in developed capitalist countries. For example, due to an increase in part-time workers and revisions in legislation, the average working hours per person have been in decline; however, the proportion of long time workers (i.e. those who work more than 50 hours a week) has been steady or slightly increasing, resulting in a polarisation. If we look at average working hours in different countries, based on the Organisation for Economic Co-operation and Development (OECD)'s data on average annual hours actually worked per worker (2011), Korea is the leading country, with 2,090 hours. Russia follows (1,979), trailed by the United States (1,787). Japan, with 1,728 hours worked annually, is almost at the same level as the United States, though the Japanese work far longer hours per day compared with workers in developed countries such as the Netherlands (1,382), Germany (1,406), Denmark (1,548), and France (1,479). Japan has a large proportion of part-time workers, so if we take into consideration only full-time workers, their total would probably be even larger. The proportion of workers who work more than 50 hours a week is greatest in Japan (31.7%), as mentioned, followed by Korea (27.66%), Great Britain (12.06%), the United States (11.13%), France (8.96%), Germany (5.41%), Denmark (1.97%), the Netherlands (1.97%), and Russia (0.16%), according to OECD Better Life Index. When taking into account the extent of the introduction of the five-day work week system, and normalisation of unpaid overtime work, the Japanese way of work is peculiar among the developed countries. In countries such as the United States and Britain, it is said that market principle is strong, regulation on working hours has been traditionally weak, and overtime work is quite common. They are therefore the countries that are facing longer working hours than other developed countries, apart from Japan. In contrast, in Continental European countries like France and Germany, labour-management agreements and labour legislations on working hours are quite strict, with daily working hours kept relatively short. Russia, where the economic system has transitioned from socialism to capitalism, may be seen as one of the longest-working countries in the world, at least according to the statistical data. Nevertheless, the proportion of long time workers is low.

3. The way of work and work motivation in Russia

Prior to its recent transformation, labour management in the socialist USSR was uniformly controlled by the state in order to distribute and control labour. After the transition, the labour management system became based on the new government's market mechanism. The creation of private companies and additional employment opportunities is now allowed and, in contrast to the socialist era, workers are now able to choose their work place and occupation. At the same time, there have been various problems with the new system, such as an increase in

unemployment and delay and failure of wage payment. Under these situations, workers came to view their work simply as means of making money (Ryvkina, 2004).

Due to the economic development that has occurred since 1999, there have been fewer delays and failures in wage payment, and the country's overall income level has improved. In 2012, annual working hours in Russia totalled 1,982 hours, which is above the OECD average (1,765 hours) and slightly above its 2011 OECD hours of 1,979. However, the proportion of workers who work more than 50 hours a week is 0.16%, which is considerably lower than the 8.76% average in the OECD Better Life Index. Those who work longer hours in Russia are primarily entrepreneurs and self-employed workers, and there has been an increase in the proportion of irregular workers, comprising about 15% of the working population in 2007. The principle of equal pay for equal jobs has been widespread (as defined in Article 22 of Labour Law), and the wage discrepancy per hour is not significant. The unemployment rate in Russia was 5.5% in 2012, but those unemployed for more than a year is only 2.2%, which is below the OECD average of 3.1%.

As for the policies and legislations regarding employment and work, the rights of workers are relatively well-protected in Russia, given the strength of employment protection (e.g. in order to layoff surplus workers, employers must inform workers and trade unions two months in advance, and then pay two months' worth of wage as a discharge allowance), and that employers cannot limit the employment period of workers when hiring them. However, the extent of unemployment benefits are decided based on the highest monthly average wage designated by law, and this is quite small compared with the country's average wage.

Between the employer and workers in a company, workers are relatively satisfied with the relationship, which has a direct correlation to workers' satisfaction in their relationships with colleagues (Temnitskii, 2004). According to Radaef (2009), in many Russian companies, workers and the employer share a mutual interest, and a paternalistic relationship can be observed between them. On the other hand, Anikin (2009) insisted that Russian workers are not interested in autonomy at work, resulting in a low overall level of autonomy within Russian companies, especially in the practice of labour discipline.

What factors, then, are behind such a way of working in Russia? A key feature of the Russian wage and employment system is an emphasis on maintaining employment. According to Gimpelson and Kapelyushnikov (2007), the distinctive characteristics of the Russian labour market can be seen as its combination of stable employment and flexible wages. In general, developed capitalist countries' wage resiliency is low and it is employment rather than wages that decrease in a recession, causing an increase in unemployment. In the Russian labour market, however, the adjustment in times of recession will be reflected in a wage reduction, rather than a change in employment reliability. This mechanism of adjustment in the labour market is a distinctive model enabled by the combination of Russian institutions (e.g. strict employment

protection, low minimum wage, weak enforcement) in a mutually complementary manner.

Emphasis on maintaining employment can also be observed in the behavioural pattern of companies. Companies' means for reducing labour costs include layoffs, shortening of working hours, and adjustment of wages. Russian companies tend to prioritise adjustment of wage and shortening of working hours, considering layoffs as a means of last resort. In addition, a unique characteristic of Russian companies is that they may eliminate a whole or part of a bonus, or delay payment (Kapelyushnikov and Gimpelson, 2009). This employment system and corporate behaviour suggests that, in Russia, an emphasis is placed more on enabling workers to retain employment rather than on a fluctuation of wages.

Lifestyle and values are also related to the way of work in Russia, considering that the people are responding to the reduction or non-payment of wages by taking advantage of, for example, free medical care and education, self-produced food and products, a network of relatives and friends for mutual help, a second job (which is now allowed by Labour Law), and informal economic activities (Hayashi, 2011). This suggests that the life of Russian workers is not heavily dependent on their companies (i.e. lower dependence on wage).

How can such features of work in Russia be evaluated in relation to work motivation? First, it may be considered that placing emphasis on the stability of employment serves as a buffer against the shock of great social changes, such as an economic crisis (Hayashi, 2011). Conversely, since people need to supplement relatively low and highly fluctuating wages through various means, workers move from one workplace to another in pursuit of better income, while also reaching for unofficial income (e.g. a second job or 'hidden employment'). It is assumed that this has led to a reduction in work motivation. This is ingrained into Russian workers' consciousness, as well. According to a survey by Levada Centre in 2000 and 2010, Russian people considered a high wage as significantly more important than other factors when deciding to accept a job.

Moreover, according to Kapelyushnikov et al. (2012), the maintenance of employment through the Russian-style labour market adjustment, and consequent lowering of wage, make official institutions and rules for employment (e.g. employment contract) unofficial, which in turn leads to a delay in the restructuring of employment as well as inefficient management, lower incentives for investment in human resources, and lower labour productivity. This method of adjustment has played a positive role in mitigating the impact of great changes, but it has also caused problems by undermining the institutions within the market as well as human resources in general.

How can this way of work and work motivation in Russia be compared to developed countries like Japan?

4. The uniqueness of the Japanese way of work and its background

Miyamoto (2009) explains Japanese life security until the mid-1980s as being a combination of employment and social security. Its features were as follows: small-scale expenditure for social security; suppression of inequality by substantive employment security in the place of social security; and existence of the market for cheap and irregular workers, whose income is to supplement household budget. The primary target of employment security was the male income earner, whose wage was paid as 'family wage' that included the cost to take care of his wife and children, and supported the life of his entire family. At the same time, public service provisions for childcare and elderly nursing care were limited, and women who did not work outside the home were expected to shoulder the burden in these areas. Thus, the life of Japanese workers' household has traditionally been heavily dependent on the income from their company.

The Japanese way of work can also be explained in terms of the country's employment system. Hamaguchi (2009) believes that the essence of the Japanese employment system can be seen in the nature of its employment contracts, where the concept of job duties is not weighed heavily. In fact, the employment contract itself is considered as more of a legal contract to ensure a position or membership. The primary elements of the Japanese employment system, such as long-term employment, seniority s, and in-house unions, are a logical response to the nature of this type of employment contract (i.e. one without job specification of job duties). Seniority is particularly important, as Japanese wages and job duties are separated, and the duration of service is considered to be the primary criterion in determining wage, supplemented by personnel assessment that takes into account various factors. Pay is, in a sense, a reward for being a member of a company, and the salary system is applied to production-line workers as well. These 'blue-collar' workers are also subject to personnel assessment, which takes into account both objective and subjective factors, such as eagerness and effort toward their duties. In this sense, workers, as members, are required to be loyal to their company in order to qualify for pay raises and promotions. It has been suggested that these particular characteristics of the Japanese employment have resulted in workers accepting long working hours and regular, unpaid overtime work. Furthermore, neither trade unions nor the government has strong power against working conditions encouraged by the Japanese employment system (Konno, 2013).

Let us finally look at how lifestyle and values can help to explain the Japanese way of work. Kumazawa (2010) argues that there are some commonly observed features in the corporate community of Japan that have resulted in encouraging workers to adapt by overextend themselves, sometimes leading to death or suicide. These features include long working hours necessitated by heavy quotas and responsibilities; management's ambiguity of working hours and the normalisation of unpaid overtime work; and being 'forced to be voluntary' or encouraged to 'work hard to adapt'; companies' lack of accepting responsibility when long working hours or overtime is associated with death or suicide; oppressive attitudes of bosses and the absence of a sense of solidarity in the work place, while merit system pervades; and a low proportion of base

pay to income. The 1980s (i.e. 'the age of consumption') brought about the idea that if one tries hard enough, achieving middle-class status is realistic. As a result of the pervasiveness of the merit- and performance-based pay system, 'individualisation' of work conditions and a corporate culture of competition have spread. Such an environment led workers to believe that they have no choice but to work hard in order to survive. Another factor that contributes to these tendencies is the absence of a generally accepted image of lifestyle due to social stratification in Japanese culture.

As discussed above, the Japanese way of work is determined by the country's employment system and weak labour/employment regulations, as well as Japanese lifestyle and values. Until the 1980s, the Japanese employment system had functioned effectively, and it was possible for workers to sustain a stable life if they worked reasonably hard for the company to which they belonged. The motivation of workers was determined by this environment (Yamada, 2008). The stability of employment, however, has been the very first thing threatened by the development of globalisation, and it may be said that Japanese life security was dependent heavily on the factor most vulnerable to change. Since the 1990s, the Japanese economic system has transformed dramatically due to increasingly severe competition under globalisation, and it may be assumed that workers' motivation has also changed. It is difficult to maintain a proper or socially acceptable life unless one is a regular worker, and even regular workers are now demotivated because their wages have been declining and future prospects are uncertain, irrespective of how hard they work.

5. Working life beyond the transition

In this final section, let us see working life beyond the transition, by examining the transformation in the way of work and work motivation in Russia compared with developed countries.

As mentioned previously, the Russian way of work has significantly changed since the Soviet era. Working hours are now longer, and in some occupations, people are working increasingly harder to earn enough money to live. This change is in line with the structural transformation to capitalism; however, for many workers, it is difficult to earn an acceptable wage, and there is a high degree of dissatisfaction. At the same time, Russian workers balance this low level of satisfaction (mainly with wage) with a high level of satisfaction in with factors of work such as interpersonal relationships in the workplace. This suggests that, in Russia, workers' motivation is strongly influenced by not only wage but also interpersonal relationships with their bosses and colleagues.

While maintaining employment is weighted heavily, wages are often low and fluctuating; therefore, workers tend to seek second jobs or income from the informal economy, and this has

lowered work motivation. This also deters the improvement in labour productivity, because no incentive is given for employers to invest in human resources. Conversely, this way of work may be regarded as a kind of work sharing, which emerged spontaneously from the shared interests of workers, employers, and the government to mitigate the impact of economic changes, and is a unique feature of Russia. This may be a background of the stability of Russian labour-management relations and society, which has not been fundamentally challenged by the transition out of socialism and subsequent economic crisis.

In addition, there is a path of dependency from the Soviet era, shown in factors such as pursuing equality, collectiveness, and stable labour-management relations, which are reminiscent of values during the Soviet era. While the ownership of companies has changed, people’s values and behavioural patterns may be slow to follow. This shows that values in society and lifestyle are important factors that exert influence on work motivation.

Finally, it ought to be noted that law enforcement is quite weak in regard to the way of work in both Russia and Japan. In Russia, weak law enforcement is the cause of flexible wages, while in Japan, unpaid overtime work is widespread. These characteristics differ from employment systems in Europe and the United States. It might be possible to classify the way of work of various countries based on the effectiveness of enforcement. The table below is a simple typology of labour markets by Gimpelson et al. (2009). Through a mixture of formal stringency of employment protection legislation (EPL) rules and effectiveness of EPL enforcement, four classification divisions emerge, which include three types of capitalism: Continental Europe; Anglo-Saxon countries; and Russia, CIS, and Brazil. It might be possible to insert Japan in the fourth division, which is blank. We need to refine this typology as a first step to classifying the way of work and work motivation in various countries.

The Simple Typology of Labour Markets

		Effectiveness of EPL enforcement	
		High	Low
Formal stringency of EPL rules	High	1. Continental Europe	2. Russia, CIS, Brazil...
	Low	3. Anglo-Saxon countries	4.

Source: Gimpelson et al. (2009), p. 8.

Notes

¹ This paper is a revised and shorter version of Hayashi (2013) and Hayashi (2014).

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