

Human Resource Development Practices in U.S. Enterprises in Russia: A Literature Review

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Abstract: This study investigated human resource development (HRD) in Russian enterprises, U.S. firms in Russia, or U.S.-Russian joint ventures. Thirty-three articles were selected through a database search and examined using content analysis. Emerging themes included workers' knowledge and skills, training practices, organizational involvement, responsibility, and communication, and leadership styles.

Since the collapse of the Soviet empire, Russia has been attracting foreign investors and businesses. The number of U.S. businesses operating in Russia increased from a couple of dozen in 1991 to several hundred in 1996 (Thach, 1996). In 2001, the U.S. was the biggest foreign investor in Russia with 5 billion dollars in direct investments and 10 billion dollars in two-way trade of goods and services (Evans, 2001). The interest has extended from Russia's rich natural resources to its hardly competitive market and cheap but skilled labor (Fey, 1995). Success of foreign firms and joint ventures in Russia depends on the people working for them, but the areas of human resource development and human resource management represent challenges. The concept of human resources called "kadri" or cadre differed during the Soviet era. The system of K-12 and post-secondary education was well-developed and considered sufficient to prepare a qualified workforce. Therefore, on-the-job development was given little attention (Fey, Engstrom, & Bjorkman, 1999; Thach, 1996).

Since the average Russian employee knew a little about market economy, Western consulting firms and partnerships on academic and practitioner levels were established to provide help to various aspects of business. Fey et al. (1999) found over 20 foreign firms in Moscow offer training seminars and consultations, some Russian firms send their top managers abroad, and many develop in-house training courses. However, the effectiveness of Western-based programs for employee development has been questioned since they often offer "quick-fix packages and 'canned' prescriptions" and lack three crucial components: "(a) pre-training preparation ..., (b) knowledgeable trainers ..., and (c) an in-depth understanding of the intricacies unique to the Russian business culture" (May, Young, & Ledgerwood, 1998, p. 450). Employees' job performance and behavior are influenced by Russian cultural values, beliefs, and attitudes (Vlachoutsicos, 2001). Therefore, understanding of Russian cultural values and ways they affect how education is perceived and delivered can contribute to the effectiveness of HRD practices (Shaw & Ormston, 2001). The purpose of this paper is to examine the literature on HRD in Russian enterprises, U.S. firms in Russia, or U.S.-Russian joint ventures to determine the role and function of HRD practitioners and researchers in creating a successful economic transition. The paper sought to answer one research question: What major topics related to HRD in Russian enterprises, U.S. firms in Russia, or U.S.-Russian joint ventures have been discussed in the literature?

Method

Written materials provide a valuable source of data for qualitative research (Patton, 2002), so articles from scholarly and practitioners' journals relevant to the study were analyzed.

Since the study aimed at examining literature, content analysis was chosen as the research method. Content analysis is used to make sense of text and identify “core consistencies and meanings” which are called patterns or themes (Patton, 2002, p. 453). Patton explains that a pattern takes a form of a descriptive finding, yet a theme has “a more categorical or topical form” (p. 453). Since the research questions focused on topics, content analysis was used to identify themes emerging from the literature.

Databases and Descriptors

Educational Resources Information Center (ERIC) was searched as the largest education database. ABI Inform and Business File ASAP, were searched since they provide access to scholarly and practitioners’ publications in business. Human Resource Development Quarterly (HRDQ), the leading journal in the field, was searched. Since databases provide access to thousands of publications, combinations of descriptors were used; the descriptor Russia in combination with HR, human resources, HRD, human resource development, business, employees, training, and joint venture. The search of HRDQ used single descriptions: Russia, Soviet Union, USSR, communist, Russian, Europe, and Eastern Europe. They were not combined with the descriptor human resources due to the nature of the journal.

Search Process and Data Analysis

Each database search produced a list of records that were examined and limited based on the following selection criteria: (a) the articles must be written in English; (b) they must include U.S. researchers or teams of researchers with at least one U.S. author; (c) they had to be published in a U.S. journal or magazine, as anonymous authors were excluded; (d) they had to be written after 1990, as that would allow five years to elapse since the inception of political changes in Russia; and (e) they had to discuss relevant issues in HRD in Russian enterprises, U.S. firms in Russia, or U.S.-Russian joint ventures. ERIC produced 211 hits, and 37 were selected. ABI/Inform and Business File ASAP produced 1142 and 187 hits, and 63 and 29 articles were selected, respectively. HRDQ search resulted in 13 hits; 9 articles were selected. The total of 138 articles was further reduced to 33 due to duplication.

Inductive analysis, “immersion in details and specifics of the data to discover important patterns, themes, and interrelationships [...]; guided by analytical principles rather than rules” was used as the analysis strategy (Patton, 2002, p. 41). Each article was read once. Sections, paragraphs, or sentences in the article were highlighted if they were relevant to the study. In a separate journal, I summarized the content of the selected passages using bullets. Then, I cross-examined the summaries in the journal looking for the most recurrent topics across the individual article summaries. The articles pertaining to each topic were read again to ensure integrity.

Discussion

Data analysis is derived from two sources: research purpose and questions posted in the conceptual framework and “analytic insights and interpretations that emerged during data collection” (Patton, 2002, p. 437). Although this study did not aim at examining types of research utilized to explore the topic, “understanding how and why” the written materials were produced is one of the essential but challenging aspects of data analysis (Patton, 2002, p. 498).

Distribution of Articles

The first theme emerging during the data collection was that most articles seemed to be published in the mid-90s. Further analysis showed that out of 33 articles reviewed, 23 were published between 1992 and 1997; however, only 10 were produced in the six years that followed. No articles published in 1990 and 1991 met the search criteria. This disproportionate number of publications was surprising since Russia’s integration into the global economy has not

stopped. Possible reasons may include a preference to publish outside of the U.S. and a decline in researchers' interest, possibly due to political events in either country. Next, information presented in the articles came from a variety of sources. Out of 33 articles, only 15 were based on empirical research: nine were quantitative, four were qualitative, and two others used mixed methods. Three articles represented literature reviews, but twelve more are based on "anecdotal evidence" that comes from personal experiences of visiting, working or training in Russia (Ardichvili, Cardozo, & Gaspirashvili, 1998, p. 146). The remaining 3 simply reported on status of a training initiative.

Topic Themes

Three broad topics emerged from the literature: training, organizational culture, and managers. Twenty-two articles discussed Russian workers' knowledge and skills and training practices. Eighteen focused on workers' organizational involvement, responsibility, and communication, and five targeted leadership/management styles.

Knowledge and skills. One of the first challenges in operating in Russia was Russian managers' lack of skills and knowledge in the areas of general managerial, business, leadership, and functional/technical, which are considered vital in U.S. business, due to little managerial education during the Soviet era (Cooley, 1997; Messmer, 1994). Russian managers have more "engineering, problem-solving mind-set" with emphasis on quantitative skills, rather than "the human behavior focus of many Western managers," thus lacking knowledge and experience in strategic planning, leadership, and empowerment (Proffitt, Hill, Armstrong, & Engel, 1997, p. 60). Employees in non-managerial positions also need to expand their knowledge and skills in functional areas (Cooley, 1997), basic office procedures, business psychology, delegation, decision making, customer service, and practices of communication between male and female employees accepted in Western enterprises (Stagner, 1996).

Russian employees possess qualities that can contribute to the success of the company. Lawrence and Vlachoutsicos (1993) argue that Russians "know more about indigenous markets and suppliers, networks and ministries, regulations and cultural patterns, and workforce strengths and weaknesses than a Western manager could learn in years on the job" (p. 45). They reject "the false conventional wisdom" about nonexistence of Soviet successful managers, arguing that many of them were "accomplished wonders" (p. 45). Therefore, successful joint ventures utilized Russian managers' knowledge and skills and introduced Western practices gradually and selectively. Similarly, Welsh and Swerdlow (1992) warn against the assumption that Russian managers have nothing to offer. Due to difficulties and constraints in the Soviet era, managers had to be "creative, resourceful and industrious," so they are good at the "input" side of the equation, such as their ability to acquire goods ...while Westerners ...are better prepared to deal with the "output" aspects of business, such as marketing products" (p. 72).

Training practices. What and how to train Russian employees becomes a challenge. Moscow McDonald's uses the same approach to HRD in Russia as world wide (Vikhanski & Puffer, 1993). The main strategy was hiring teenagers not for economic reasons but due to their openness and lack of prior experience which brings along different habits of work. However, Varner & Varner (1994) suggest a different perspective on training in Russia arguing that "successful training builds on the knowledge base and experiences of the participants" (p. 362). Therefore, training and HRM should take into account the political environment, the existence of the old power elite, people's new awareness of the past due to the political changes, and cultural values, beliefs, and behaviors. Ignoring these issues brings misunderstandings and low effectiveness. Similarly, Thach (1996) calls the use of Western concepts for training Russians a

mistake since “Western concepts as participative management, empowerment, reengineering, and teamwork do not translate immediately” in Russia (Thach, 1996, p. 37).

Training methods should take into account teaching methods utilized in Soviet system of education. Since lecturing dominated and games, icebreakers and role-plays were not used, Russians react to these new methods differently. Training should start with emphasis on basic skills (Thach, 1996). Varner and Varner (1994) note that training in factual knowledge should be combined with experiential learning. Similarly, hard content with concepts foreign for Soviet business, which are often times accounting and finance, seem to be more easily accepted since they do not bring a fear of losing face. While introducing Western concepts, examples should be relevant to employees and the context.

Organizational involvement. Attitude towards involvement in the organization carries characteristics of the Soviet era where state-owned enterprises did not practice meaningful system of worker recognition and employment was state-guaranteed. “They think they’re paying us; let them think we’re working” used to be a common saying (Herman & Messmer, 1994). Searching for individual rather than organization’s profit was also common at both managerial and non-managerial positions (Tongren, Hecht, & Kovach, 1995). A well-known saying, “Take each nail home from the plant; you are the owner, not a guest” reflects the worker disengagement with the organization. In studying the applicability of U.S. theory of human resource management of employee participation to Russian organization, Welsh, Luthans, and Sommer (1993) found that when a plant’s workers were invited to openly discuss ways of their performance improvement without their supervisors present, it had a counterproductive effect, significantly decreasing worker productivity, which can be explained by the existing supervisors’ neglect of worker initiative.

Responsibility. Responsibility represents a core value of the U.S. culture and market economy (May et al., 1998) and is essential to HR managerial principles (Gilley, 2002). In the Soviet times, centralized planning determined the organization’s goals, structure, and development. Since managers did not always have control over the organization and production outcomes, avoiding responsibility became a norm (Cooley, 1997; Proffitt et al., 1997). This system did not encourage risk-taking in solving problems; instead, managers and executives “exhibit an extraordinary ability to ‘pass the buck,’ both personally and professionally” (May et al., 1998, p. 452). Also, Soviet hierarchical organizational structure facilitated collective, rather than individual, responsibility where everyone and no one were responsible (Fey & Bjorkman, 2001). Vlachoutsicos (2001) attributes this diffusion of individual responsibility to the Collective Leadership prevalent in Russian culture and exercised even by the Politburo of the Central Committee of the Communist Party. Collective Leadership led to “the tendency of managers to cover their responsibility by hiding behind collective decisions” (Vlachoutsicos, 2001, p. 166). Though Soviet managers were not held responsible, they were given authority, so Lawrence and Vlachoutsicos (1993) suggest giving Russian managers “the authority they need to take responsibility” (p. 46).

Communication. The concept of feedback takes a central role in the U.S. theory of learning organization, suggesting “everyone shares responsibility for problems generated by a system” (Senge, 1990). In Russian organizations, feedback is limited and information flows primarily vertically. Managers are reluctant to share information with the subordinates and provide feedback. Employees receive messages but do not provide feedback; asking for help or admitting confusion was not encouraged in the Soviet era. The “flawed feedback” may be explained by the mistrust between superiors and subordinates that comes from the Soviet legacy

of “keep your mouth shut” style of working (Cooley, 1997, p. 100). Fey and Bjorkman (2001) attribute this to the high power distance of the Russian culture, a perception of inequality between people and society as a “normal and desirable thing” (Hofstede, 2002, p. 92). Russia’s perception of authority might have historical roots dating back to the 13 century Rus where communities were geographically isolated from the center, which made both the ruler and the people mutually inaccessible (Vlachoutsicos, 2001).

Management/leadership style. Ardichvili et al. (1998) found that half of Russian managers perceived themselves as situation leaders switching from autocratic to democratic methods depending on the context and only one-tenth of them used autocratic methods; however, more than half made decisions alone or consulting only with other managers. Lawrence and Vlachoutsicos (1993) note that Russian managers “practice a unique form of decision making that combines consultation and command by alternating periods of open, widespread discussion of options with moments of strong, top-down authority in making final decisions” (p. 45). Transactional leadership seem to dominate among Russian managers who favor contingent reward method “by stressing specific benefits that their subordinates would receive by accomplishing agreed-on tasks and establishing exchange relationships with them” (Ardichvili & Gasparishvili, 2001, p. 67). Inspirational motivation and intellectual stimulation are also frequently utilized. Managers perceive charisma has the strongest impact on performance but utilize it less than other methods (Ardichvili & Gasparishvili, 2001).

Implications

The small number of articles related to HRD in Russian enterprises, U.S. firms in Russia, or U.S.-Russian joint ventures found in the study did not provide sufficient information that would address the purpose of this paper (i.e., to determine the role and function of HRD practitioners and researchers) and necessitate further scholarly research. Empirical and theory-driven studies should explore broader spectrum of topics discussing them from cultural, political and historical perspectives. Collaboration between U.S. and Russian HRD scholars and practitioners can also enrich knowledge about current practices and challenges and provide grounds to facilitate understanding of culture and work practices and sharing of experiences to develop more effective HRD practices.

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