



# Expatriates Changing Societies: **THE CASE OF RUSSIA**

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**Expatriates are admitted to analytics, decision making or strategic control in foreign (or partially foreign) companies. In Russia, such companies account for roughly one third of domestic turnover. The article discusses the role expatriates play in transforming Russia's business and work culture, and the complex character of cross-cultural interactions between expatriates and local workers**

## **Russia and the West:**

### **The Pulse of Relationships**

“We need Europe for a few decades, and then we must turn our back on it”<sup>1</sup> – this phrase attributed to the famous Russian czar Peter the Great perfectly characterises Russia's approach to modernisation in the past. Ironically though, the history has proven that Russia's crush with Western culture, Western institutions

and technologies (in state administration, military affairs, industry and science) was not simply a temporary devotion, but a persistent feature of its many attempts in modernisation ever since Peter the Great.

Russia's impressive economic growth in the beginning of the 20<sup>th</sup> century (in fact, the fastest at that time) was highly dependent on foreign capital and highly skilled foreign specialists. Many foreign companies, including Siemens & Halske, Siemens-Schuckertwerke, Rosenkrantz, Lessner, Parviainen, Langensiepen, set up their factories and offices in Russia. Many Russian military factories, such as Obukhovskiy, Baltiyskiy, Izhorskiy, Petrogradskiy and others, also actively employed foreign engineers.

However, the revolution of the 1917 has forced many foreign companies and specialists to leave Russia. Between 1897 and 1926 the number of specialists from English speaking countries has decreased by almost 10 times, from France and

Sweden – by 6-7 times, Germany and Italy – by 1.5-2 times.<sup>2</sup> But the Soviet leadership has soon recognised that it needed Western technologies and expertise to conduct its massive industrialisation, and pragmatically benefitted from the Great Depression by “sheltering” many companies and specialists who were seeking opportunities outside of the Western world. Furthermore, after the end of the Second World War as part of post-war reparations USSR willingly adopted Western equipment and technologies that was necessary for advancing its industry.

Obviously, foreign influence on Russian society depended to a large extent on the state of relationships between the USSR, Europe and the USA. Surprisingly though, even during the mutual political isolation of the Cold War and Iron Curtain period, Russia and the Western world did not remain that far from each other. The Soviets strived to assimilate with the West not only in the technological domain: ordinary Soviet people endorsed Western and particularly American culture through movies, music and books. Ironically, the superficial taboos imposed by political elites could not withhold an idealised romantic perception of the Western civilisation among Soviet Russians.

As these taboos waned in the 1990s following Russia’s transition to market economy, the country was flooded with foreign mass culture, as well as foreign companies and expatriates. Later with the economic upswing in the beginning of 2000s and booming GDP growth (from 6% in 2001-2005 to 7% in 2006-2008) Russia became particularly attractive to foreigners. The number of expatriates continuously increased since 2000. Between 2000 and 2008 the number of expatriates from the US increased by 2.7 times, from UK, Germany, France and Italy by 3.4-3.7 times, and EU countries in general by 1.6 times.<sup>3</sup>

In multinational companies, the clash of abstract romanticised values was replaced by the clash of specific labour and management practices. This forced Russians and expatriates to step over their habits and stereotypes, because in the context of competitive market economy economic efficiency was at stake.

And yet as the first decade of 2000s was coming to an end, the tendency has reversed

again. Following the economic crisis and then the stagnation of economic situation in Russia, many expatriates fled the country. Since 2009 the inflow of expatriates from Western countries has been continuously decreasing (from UK and USA it decreased by 5-7 times, from Germany and France by 3-4 times). And although in 2014-2015 the net outflow has again been replaced by the inflow of expatriates, the current number – around 12 thousand people from EU and US – remains far below even the level of 2000. The current cooling of political relationships and economic sanctions against Russia also work against this tendency.

As Samuel Huntington wrote it in his famous book *The Clash of Civilizations*, “initially, Westernisation and modernisation are closely linked, with the non-Western society absorbing substantial elements of Western culture and making slow progress toward modernisation. As the pace of modernisation increases, however, the rate of Westernisation declines and the indigenous culture goes through a revival.”<sup>4</sup> Could this be exactly what is happening in Russia now? Or could it be that expatriates have already fulfilled their task of transforming the Russian society and that it is now following its own path of development? But what kind of path is it?

#### “Russians Are Not A Welcoming Society” Vs. “Russia Is An Adventure”: Heterogeneity Among Expatriates and Their Influence On Russians

We have identified three groups of expatriates in Russia, which differ in terms of their integration in the Russian society and their perception of Russians. This diversity also implies distinct relationship with the local culture, including the capacity to transform it. We labeled these three groups as “ideologists”, “utilitarians” and “modernisers”.

**IDEOLOGISTS.** These are foreign



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professionals and managers who came to Russia usually with the specific purpose of implementing Western models of management and work organisation in Russian companies. They form a relatively isolated stratum of expatriates, who “stay out of the society” and strive to maintain their essentially Western identity. Interestingly, for them keeping identity and distance with the locals is not only a matter of personal choice, but sometimes a part of contract with employers. Such expatriates are characterised by what we labeled as Cold War type of perception: they perceive Russia largely as a hostile culture that needs to be rectified: “*Russians are not a welcoming society. <...> Russians are aggressive generally*” or “*If they [the Russians] fear, they will do it, but if you ask them, they will think that you are weak*” (UK, adviser to the chairman of the board of a bank).

Expatriates with such type of perception can be effective in implementing their tasks, especially if their companies explicitly set the goal to assimilate with Western business models for the purpose of attracting foreign investment, expanding on the international (Western) markets, etc. To fulfill this task “ideologists” do not need to establish the common grounds with the locals, rather they are required to impose a certain type of labour and management discipline according to a predefined template. The less connected are such expatriates with the local culture, the better they will be able to carry out their tasks. The disadvantage of this approach, however, is that it increases the risk of internal conflict between local and expatriate workers. Such conflict, often in a latent form, forces local workers to imitate rather than adopt the new Western discipline imposed by managers, and hence the intervention only has a temporary effect.

**UTILITARIANS.** These are expatriates who came to Russia for pragmatic reasons, i.e. as part of their effort in building careers in transnational companies or in search for new business opportunities: “*Currently expatriates are here [in Russia] simply for the sake of earning money. They have no other goals. <...>. In the past, however, they were more open to other things like culture. <...> They were falling in love with Russia in the 1980-1990s.*

*But now they seek nothing, but money*” (UK, chief editor of a journal, citation translated from Russian). Unlike “ideologists” they more often positively evaluate their experiences in Russia or simply keep neutral: “*It took me a long time to decide whether I really want to switch a stable good job in Germany for an ‘adventure’ in Russia*” (Germany, top manager of a recruiting agency, citation translated from Russian). But even if they do recognise certain negative and inefficient aspects of the local culture, they are either reluctant to influence the situation or express pessimism about the capacity of the local culture for any positive evolution: “*There are many ways to make it more efficient [speaking of business organization]. But it is futile. This is not going to happen. It’s been like this over a thousand years.*” (USA, analytical reports editor at a Russian bank).

“Utilitarians” can, nevertheless, succeed in transforming the local culture of companies and Russian workers they work with, if, rather than keeping distance, they try to keep a reasonable balance between their approaches to task solving and their understanding and knowledge of the local context (we called them the Balancing type). However, they rarely set an explicit goal of improving the system, especially when they see that they can be quite effective simply by exploiting their knowledge of the local specifics. In that sense their positive influence on the local culture is more an unintentional one.

A different, peculiar kind of “utilitarians” is represented by expatriates, who almost completely replace their Western identity with the Russian one (the Assimilated type). These, however, rarely include top managers and other higher rank expatriates in major companies, and mostly comprise of professionals and small entrepreneurs, most of which have already had connection with Russia in the past as part of earlier experiences (such as travels, education, romantic affairs, etc.). They often think and act almost like Russians and therefore have the weakest potential to influence the local culture. Nevertheless, they can be a source of positive influence for the locals in the sense that they set a certain benchmark of market conduct and efficiency for their competitors.

**MODERNISERS.** We found this the most valuable stratum of expatriates, which enables the true evolutionary transformation of the local culture. “Modernisers” perceive Russia neither as a static, nor as a corrupt system, rather they clearly recognise its specifics and try to approach them constructively. Instead of seeking pragmatic balances with the local culture (like “utilitarians”) or imposing Western worldview and mindset on the locals (like “ideologists”), they act both as teachers and learners with respect to the local culture, and seek out the ways, in which the strengths of Western and Russian cultures can be combined to create new, more effective models of work organisation.



They often positively perceive Russians and their experiences in Russia: *“They [Russians] are drivers for results. If you give them a task, they will have it done”* (USA, manager, research and development department, an FMCG company) or *“I like it here. It was my choice. The country is interesting, and I find that the people are interesting, good, and kind. I am never bored here. The city is lively and the people are lively”* (The Netherlands, head of the Russian office of a consulting company). Such expatriates also often perceive Russia as a more challenging environment as contrasted with the context of their countries of origin: *“I think I will never live in America again. I love being American. I’m definitely American, I’ve been American all my life, but America for me is very boring”* (USA, editor and columnist of an on-line newspaper).

Importantly, “modernisers” are not naïve idealists, because they do not expect the local culture to be easily transformable. Just like “utilitarians” they identify the culture’s weaknesses and adequately evaluate its capacity to resist external pressures. What makes them valuable though is that they endorse the challenge of changing it and changing themselves.

### Changing-By-Collaborating: Does It Work?

The situation in multinational companies in Russia is characterised by a high level of ambiguity.

On the one hand, Russians and expatriates mutually criticise each other for possessing the traits that they find counter-productive. Expatriates often note that their Russian colleagues lack motivation, are unwilling to take initiative, have poor self-organisation and poor time management, and often push the guilt towards somebody else rather than accept responsibility and resolve problems on their own. In turn, Russians criticise expatriates for thinking in templates, excessively high self-opinion and assurance, and excessive reliance on pre-defined rules and regulations even when this is deemed inefficient and unreasonable. A frequent point of criticism is also such quality of expatriates as “impersonal” attitude to work, their unwillingness to consider various “personal circumstances”, as well as “personalities” when dealing with business. Interestingly, this situation is fundamentally different from the orthodox perception of “Western” values and “Western” experience as universal and absolute categories – a trend that had



formed in Russian culture back in the 1990s.

On the other hand, Russians and expatriates mutually evaluate many of each other’s business qualities as positive and worth adopting. For instance, Russians are frequently attracted by such qualities of expatriates as their persistent faith in success (as opposed to more wide spread skepticism and pessimism among Russians), exceptionally good organisation and time management, diplomatic skills and political correctness (even in the most routine business issues), high enthusiasm (as opposed to regarding work as an inevitable “burden”) and professional integrity (as opposed to oriental “professional cunning”). Furthermore many of them explicitly state that they try to adopt and develop these qualities in themselves. Expatriates also appreciate and try to adopt certain qualities of their Russian colleagues. These often include higher tolerance for stressful and extreme situations, ability to reach compromises, back-up planning, and more individualised and personalised approach to teamwork. Moreover, they find these qualities useful not only within the specific Russian context, but also for their future international careers.

However, not everything can be changed. Our analysis reveals that many current judgments of expatriates about the business qualities of Russians are consistent with much earlier observations by several other scholars about the qualities of an




## UNLIKE THEIR WESTERN COUNTERPARTS RUSSIANS PUT FAR GREATER EMPHASIS ON INDIVIDUAL INTERESTS THAN ON COLLECTIVE ONES.

“average” Russian worker (dating back more than 30 years ago). We thus hypothesise that there exists an invariant set of characteristics, i.e. a specific core of the Russian work culture, which will continue to persist in spite of external influences. One such quality is Russians’ general passivity and indifference in carrying out routine work. This is, however, very different from the extreme enthusiasm, with which they approach problems of either very personal or very global (i.e. state or societal level) concern. Their second persistent feature is the emergency-style manner of work, which can actually explain the paradoxical combination of “laziness” and hard work: most of the times Russians prefer to remain idle, but they apply incredible effort to deliver their work on time in the last moment. Finally, Russians remain highly conservative in their attitudes towards power and authority in the sense that they are always “ready to be given direction” (as cited from one of our interviews with expatriates).

More formal measurements of cultural differences (we relied on the CVSCALE approach, which is a variant of the famous Hofstede’s methodology) have also shown that a typical Russian professional is consistently different from typical Europeans and Americans. Unlike their Western counterparts Russians put far greater emphasis on individual interests than on collective ones (which is not surprising – the dualistic and syncretic nature of collectivism in Russia is already well studied in the literature). In addition to that, they are also characterised by a much lower level of uncertainty avoidance (i.e. disrespect for regulations and control) and a much higher power distance (i.e. respect for power). A formal analysis has also shown that this cultural profile also appears to be persistent irrespective of duration of cross-cultural interactions with expatriates.

### The Fortunes of Westernisation

As history often shows, sooner or later westernisation

comes across a stable core of the national culture, after which further change is deemed highly unlikely. However, we believe that the transformation of the local non-Western cultures does not necessarily end here; rather it sets the stage for new models of cross-cultural cooperation, and quite possibly – asymmetrical ones with respect to the classical westernisation scenario. By drawing on the case of cross-cultural interactions between Western expatriates and Russian professionals we have tried to show that it is indeed possible, as it appears to be already taking place in Russia. 



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The results of original studies were published in Karacharovskiy V. V., Shkaratan O. I., Yastrebov G. *Towards a New Russian Work Culture. Can Western Companies and Expatriates Change Russian Society?* Stuttgart: ibidem-Verlag, 2016. It is based on a series of in-depth and structured interviews with expatriates and Russians working in multinational environments in several Russian cities conducted between 2013 and 2014 (see the book for more details on methodology). These studies were gratefully supported by Khamovniki Foundation for Social Research, the Russian Foundation for Humanities and the Basic Research Program of the National Research University Higher School of Economics in Moscow.

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2. According to Russian censuses. Data taken from Demoscope Weekly (<http://demoscope.ru>).
3. From here onwards we rely on official statistical data published by the Federal Statistics Service.
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