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Transformation of Human Resources Management practices in Russia after Foreign Business Exodus

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Dedication

To my parents who will never know that
I am crazy enough to start studying again.

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My sincere gratitude to my supervisor, Professor Henrique Duarte for his patience, support throughout this work and the way he consistently helped me maintain a sense of direction, even in moments of doubts, encouraging me with a shared sensation of enthusiasm and a positive outlook.

I am also deeply grateful to all HR leaders, whose professionalism, courage and intellectual openness have been a constant source of inspiration. I admire their ability to notice and engage thoughtfully with what is happening around them, as well as their depth of understanding of complex realities. Despite challenges and uncertainty, they continue to act with determination, integrity and a genuine commitment to their work, which I deeply respect.

To my homeland and my people, who remain strong under pressure, are able to create even in difficult circumstances and continue to find constructive meaning and inner strength to grow and move forward.

Resumo

Após o início do conflito entre a Rússia e a Ucrânia em Fevereiro de 2022, o mercado russo sofreu sanções económicas severas e um êxodo massivo de empresas estrangeiras, levando à venda de activos de corporações globais a empresas nacionais. Uma mudança tão rápida e em grande escala dificilmente passaria despercebida à Gestão de Recursos Humanos (GRH), dado que as empresas multinacionais vendidas perderam os seus sistemas e padrões de governação global que anteriormente moldavam as práticas de RH. Neste vazio, as normas culturais e institucionais locais provavelmente ressurgiram, alterando a forma como as organizações gerem as pessoas e tomam decisões. O objetivo deste estudo é identificar padrões-chave na transformação da GRH que possam ter ocorrido após esta transição, procurando analisar como as instituições e o ambiente externo moldam as políticas de RH durante mudanças políticas, económicas, socioculturais e regulamentares significativas dentro de um país. O estudo pode revelar não só o que muda, mas também porque é que certas práticas sobrevivem, se transformam ou desaparecem quando as forças institucionais globais e locais colidem.

Palavras-chave: empresas multinacionais (EMNs), instituições, teoria institucional, práticas de RH, êxodo de empresas estrangeiras, Rússia

Abstract

After the Russia-Ukraine conflict started in February 2022, the Russian market abruptly experienced severe economic sanctions and massive exodus of foreign business, that led to sale of global corporations' assets to domestic firms. Such a rapid and large-scale change could hardly have passed without consequences for HRM, as sold multinational enterprises (MNEs) lost their global governance systems and standards that previously shaped HR practices. In this vacuum, local cultural-institutional norms were likely to reassert themselves, altering how organizations manage people and make decisions. The aim of this study is to identify key patterns in HRM transformation that might have happened following this transition, aiming to analyze how institutions and the external environment shape HR policies during significant political, economic, socio-cultural and regulatory shifts within country. The study reveals not only what change, but why certain practices survive, transform or disappear when global and local institutional forces collide.

Key words: multinational enterprises (MNEs), institutions, institutional theory, HR practices, foreign business exodus, Russia

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CHAPTER 1

Introduction

After the Russia-Ukraine conflict started in February 2022, the Russian market abruptly experienced severe economic sanctions and a massive exodus of foreign business, to February 2025 resulted in 1050 foreign companies completely withdrawing from the country or suspending their operations (Statista, 2025), among them global corporations that had to sell their Russian assets to domestic firms. Such a rapid and large-scale change could hardly have passed without consequences for HRM, as sold multinational enterprises (MNEs) lost their global governance systems and standards that previously shaped HR practices. In this vacuum, local cultural-institutional norms were likely to reassert themselves, altering how organizations manage people and make decisions.

Most commonly, HRM literature tends to investigate changes through lens of Strategic Human Resource Management (Markoulli et al., 2017), High-performance HRM practices (Cooke et al, 2019, Madera et al, 2017), Performance and Motivation (Fernandez-Alles & Ramos-Rodríguez, 2009, Madera et al, 2017); comparatively less emphasis is placed on the role of Institutional influences in HRM and the broader external environment (Wood et al., 2024). The aim of the article is to examine this unique situation where Western MNEs were transferred to local companies and to identify key patterns and trends in HRM transformation that might have happened following this transition, aiming to analyze how institutions and the external environment shape HR policies during significant political, economic, socio-cultural and regulatory shifts within country. Comparing three types of companies - MNEs still operating in Russia, former MNEs transferred to local business and locally owned firms - offers a rare chance to see a natural experiment: what varied effects the change in the institutional settings might produce on their HRM practices. This comparison can reveal not only *what* changed, but *why* certain practices survived, transformed or disappeared when global and local institutional forces collided.

The impact of institutional differences is clearly reflected in the ways HRM practices are shaped across different national contexts. A canonical example of North and South Korea - following their division in 1948, the two states implemented different institutional frameworks, and despite common cultural, historical and geographical foundations, these divergent institutional choices led to different economic outcomes (Acemoglu et al., 2005). Completed in 2020 the UK's exit from the European Union (Brexit), disrupted the common regulatory

landscape by ending the UK's alignment with European Economic Area (EEA) directives, which caused complexity in employment law, payroll and social security coordination (ADP, 2025). A study among ASEAN countries (Do et al., 2020) revealed that HRM practices in the countries with institutional settings of fast growing economies were often encouraged; by contrast, countries with opposite background (civil war or late economic reforms) diminished HRM role. Moreover, a failure to recognize and account for local institutional contexts, like *wasta* in the Middle East (Budhwar et al., 2018), a practice of *nemawashi* in Japan (Minbaeva et al., 2023) or *guanxi* in China (Zhang & Hong, 2017), can constitute a significant obstacle for businesses to these markets' successful entry.

Following the collapse of the Soviet Union in 1991, Russia became open to the world market and foreign investments - a situation that had been impossible for many decades. The number of international businesses started significantly growing across various sectors from FMCG to digital technologies, and by 2019 Russian market size took the 5th place worldwide (Michigan State University International Business Center, 2021). MNEs were frequently considered in Russia as pioneers in creating and developing the best management practices. For many candidates and employees building a career in an international corporation was perceived as highly prestigious, promoting prosperity and social upward mobility (HeadHunter, 2011), on the contrast to domestic companies still forced to survive and adopt new economic realities. Since 1991, a new generation of qualified workers, experts and top managers, was raised on the best global business management approaches. However, while implementing Western experience, it became evident that direct transfer of management models from another socio-cultural environment to Russian national practice, as a rule, led to loss of production efficiency (Rechkin, 2009). The research (Denisova-Schmidt, 2011) revealed that two distinct workforce mindsets in Russian companies had been emerged: older employees with Soviet experience and younger generations with market-economy expectations; the practices such as "gut-feeling" hiring, limited formal feedback and personal networks dominated selection processes, and understanding Russia's HR "unwritten rules" and Soviet legacies occurred critical for successful adaptation of Western HRM practices (Denisova-Schmidt, 2011). The study (Andreeva et al., 2014) demonstrated that Russian-origin MNEs' subsidiaries showed different approaches of HRM practices in the contexts of developed and developing countries. Although the interviewees stated that they used leading Western HRM practices, "as their companies' strategies focused on achieving international leadership", in CIS countries (former Soviet republics) Russian HRM practices tend to reflect a sense of superiority, while in developed and non-CIS developing countries they more often

blend global best practices with local HRM approaches (Andreeva et al., 2014). Researchers (Valitova & Besson, 2018) found that Russian workplace culture is perceived, compared to Western cultures, as more high-context (Hall, 1979, 1984; Hall & Hall, 1990) - emphasizing close personal relationships and tight-knit groups; however, Russian employees frequently displayed a mix of both high- and low-context tendencies. This “hybridization” was attributed to Russia’s complex historical, socio-political and economic landscape of Russian enterprises, especially within organizations managed by Western companies (Valitova & Besson, 2018).

While political and economic conditions in Russia have changed significantly over three decades, institutional and historical legacies persist and shape contemporary Russian governance, business and society, calling for more context-sensitive research to understanding Russia’s complex institutional development (Smyth, 2023). The above examples demonstrate that context may be highly divergent, changeable and heterogeneous, making it especially fascinating to explore how such fluidity influences outcomes across changing settings. The findings can contribute to broader debates on institutional influence in HRM and provide practical insights for organizations not only navigating the post-MNE landscape in Russia, but also for those operating in other contexts undergoing major institutional disruptions.

CHAPTER 2

Literature Review

Institutionalism refers to an idea that organizations tend to become more similar even through the separate change processes, and this similarity “is effected largely by the state and the professions” and less by real competitiveness (DiMaggio & Powell, 1983). The organizations become alike aiming for stability and predictability and gaining a legitimate status in the system. Through this change process, homogeneity across organizations arises, leading to similar practices, structures and methods. The institutional logics perspective (ILP) as a key element within New Institutionalism theory suggests that individual or organizational behavior is mostly shaped by institutional logics which focuses on the role of culture as central to institutional analysis (Thornton et al., 2012) emphasizing the importance of symbols, material practices and values in shaping behavior (Friedland & Alford, 1991). Institutional Logics provides the identities, goals and schemas that are relevant to HRM and affects where HR professionals’ focus is directed to (Lewis et al, 2018). HR departments are compelled to operate in complex environments doing their everyday Institutional Work, experiencing both “tension and opportunity” and responding to them by actively working to either support current practices, change them or create new ones (Lewis et al, 2018). Institutional Forces - “hard” (any legal regulations and laws) and “soft” (governmental activities, voluntary standards, professional norms and informal expectations) - impact employee involvement (Marchington, 2015). Public-Centralized Institutions (laws) that are created and enforced by the state, provide stability and influence organizational legitimacy; Private-Centralized Institutions (rules) developed and enforced by organizations themselves (e.g., internal policies), govern internal and external organizational transactions; Private-Decentralized Institutions (norms) - informal rules enforced through social interactions - shape behavior through social expectations and relationships; and Public-Decentralized Institutions (culture) - cultural norms, ideas and societal values - are not controlled by any single actor but widely influence organizational actions and legitimacy (Ingram & Silverman, 2000). To identify the impact of institutional dynamics on HRM practices in the research, three dimensions for assessment are determined: *Participation (employee involvement in decision-making)*, *Empowerment (delegation and autonomy)* and *Social (Informal) Connections*. Employee participation and voice are deeply shaped by institutional frameworks, including legal systems, cultural norms and power relations within different countries (Budd et al., 2010). Empowerment captures the extent to

which dominant logics support or limit autonomy, decision-making and the distribution of authority. Social Connections affect behavior through social expectations and relationships in everyday organizational life (Ingram & Silverman, 2000). The three aspects, reflecting individual and organizational behavior strongly influenced by institutional context, find their expression in majority of HRM practices and reveal a distinct contrast between Western and domestic institutional and cultural norms (see the further analysis).

Since an extreme unprecedented Reorientation phase (Tushman & Romanelli, 1985) started in Russia in 2022 - sudden disruption of supply chains, breakdown of international payment infrastructure and marketing mechanisms, severe labor shortage and a continuous series of Western sanctions, creating new barriers for business activities - affected virtually all domestic institutional structures and business spheres and required urgent organizational transformations and adaptation, it is possible that institutional dynamics may unfold differently across still-operating MNEs, former MNE subsidiaries and locally owned firms. Therefore, the study uses a Comparative Institutionalism approach to explore, how Russia's national institutions are shaping changes in HRM across different types of enterprises with diverse institutional settings, and to trace the distinct paths these companies follow as they adapt to the new environment.

2.1. Participation (employee involvement in decision-making).

Participation structures - whether through direct communication, problem-solving or representative mechanisms - reflect how organizations align employee voice with dominant institutional logics and regulatory environments. The decline of unions globally has driven the rise of alternative voice mechanisms, with employers often designing participation to balance business goals (efficiency, productivity) with broader institutional expectations related to industrial democracy, fairness and employee rights (Budd et al., 2010).

Based on Hofstede dimensions (Hofstede, 1980; Hofstede, 2011) Russia's cultural profile (see Annex A) (The Culture Factor Group, 2023) reveals a highly hierarchical society with a very high Power Distance (93), implying strong acceptance of centralized authority and limited employee participation in decision-making. The GLOBE study (GLOBE, 2004) also demonstrates that Russian culture exhibits high Power Distance in practice. In Russian collective consciousness, deeply embedded ideas reinforce dependency on a paternalistic society led by a strong, decisive leader (Pushkareva, 2020) characterized by top-down control. The electoral system in Russia is often considered being largely symbolic - observers argue that citizens usually vote for candidates who are effectively promoted by the ruling authorities.

The study (Tatarko & Mironova, 2017) showed that during the presidential election in 2012 voting for the candidate from the ruling government was positively correlated to the respondents' basic individual values of Tradition (maintaining cultural, family or religious traditions) and Interpersonal Conformity (avoidance of upsetting or harming other people). In 2019, 60% of respondents indicated that the president deserves their trust, on the contrast with 27% who trust other government structures (Levada Center*, 2019). Local business leaders similarly adopted paternalistic approaches, emphasizing hierarchy and reinforcing their authority through symbols of status and centralized decision-making (Puffer & McCarthy, 2011). The extremely high score of Uncertainty Avoidance (95) (The Culture Factor Group, 2023) indicates a strong preference for rules, structure and predictability, meaning that initiatives and openness to changes, common in Western contexts, may cause discomfort. Autonomous Leadership (GLOBE, 2004) is rated much higher than average among other countries, reflecting a preference for individualism in leadership to shared decision-making.

Since in 2022 the domestic governmental agenda heightened control over information sources in Russia, the state increased sanctions against those spreading information deemed false or harmful to state institutions, so called "Fake News Law" (Russian Federation, 2025). The Foreign Agent Law (Russian Federation, 2012), increasingly applied since 2022, registered specific organizations, institutions and individuals as "foreign agents". The measure was framed to limit Western influence on the local agenda and public voice and impacted numerous organizations and individuals, whose public views conflict with officially promoted by the state.

2.2. Empowerment (delegation and autonomy).

Employee empowerment as a process of enabling employees to participate in decision-making, take responsibility for their work and exercise autonomy in their tasks, involves delegation of authority, sharing information, providing feedback, offering training, recognizing achievements and fostering trust (Tanjeen, 2013). Four core cognitions: meaning, competence, self-determination and impact collectively reflect employees' active orientation toward shaping their work roles (Spreitzer, 1995).

With a high Power Distance score (93) in Russian cultural profile (see Annex A) (The Culture Factor Group, 2023), empowerment is constrained because authority is expected to remain centralized, and employees are less likely to challenge decisions - in the contrast to Western HRM models emphasizing flat structures or empowerment. The moderate level of Individualism (46) suggests that Russian people may lean toward collective norms, which can

limit individual autonomy at work; high Uncertainty Avoidance (95) restricts empowerment, as employees tend to avoid risks, prefer clear rules and resist delegating authority that could lead to unpredictable results; low Masculinity score (36) indicates that success is not primarily measured through competition and achievement, but rather through quality of life (The Culture Factor Group, 2023). The GLOBE study (GLOBE, 2004) demonstrates that Performance Orientation is among the lowest in practice, suggesting that individual outstanding results of group members are relatively less encouraged by local leaders; Assertiveness is similarly practiced and valued among the lowest, showing that confrontation is likely discouraged; Participative Leadership is viewed as of no impact and quite below the GLOBE average, suggesting involvement of others in developing and implementing decisions in leadership behavior is less spread (GLOBE, 2004).

The events of 2022, followed by several waves of emigration, had a notable impact on human capital development in Russia (Tumarov, 2023). A large number of IT experts and qualified professionals, who formed the core of an individualistic part of Russia (entrepreneurial with demand for modernization and empowerment), left the country; thus, the tension between differing institutional preferences of Russian population shifted - collectivistic Russia (relying on the state support and authority) was not affected by emigration, and on the contrary, after 2022 received a significant boost (Auzan, 2024). The study (Nedyak, 2024) recorded a consistent reversal of empowerment processes at all three levels - personal, interactive and behavioral; the number of people confident in citizens' ability to self-organize to address issues important to them had been steadily declining, reaching only 30% in 2022; according to surveys, 56% of respondents agreed that the laws serve interests of the authorities and only 21% - interests of citizens (Nedyak, 2024). Scholars recognized Russian type of capitalism as a distinct hybrid or alternative variety - State-led (Fainshmidt et al., 2018) or State capitalism (Mizobata & Hayashi, 2022); it doesn't fit neatly into traditional models (Hall & Soskice, 2001) and is characterized by the strong influence of the state on enterprise behavior. Anna Schwenck (2024) described current regime in Russia as Flexible Authoritarianism - a hybrid form of governance - on the one hand, it maintains tight state control of critical voices; on the other hand, it promotes individual responsibility and entrepreneurial success, using the language of start-up culture and market freedom. This model adapts reinforcing loyalty among emerging elites whose impact may support economic development and regime stability (Schwenck, 2024). This approach has proven effective after severe economic sanctions in 2022 - despite pessimistic predictions (BBC News Russian, 2022), Russian business with strong

support of the state succeeded to switch to adaptive strategies that helped the national economy survive (Malkina & Balakin, 2024).

2.3. Social (Informal) Connections (*svyazi*).

Private-Decentralized Institutions shape behavior through social expectations and relationships; these norms may often remain unarticulated, yet they are self-sustaining and inherently motivate adherence (Ingram & Silverman, 2000). The researchers argue that informal networking can generate “bright side” - positive outcomes for individuals, firms and society, but it may also foster “dark side” - collusion, nepotism and corruption (Horak et al., 2020).

Historically, informal connections in the Soviet Union were referred to the use of personal networks and informal contacts to obtain goods and services under conditions of scarcity and was not limited to material commodities but also extended to securing employment, influencing decisions and resolving a wide range of problems (Ledeneva, 1998). After the fall of the Soviet Union, formal institutions have remained weak, leading to formal institutional void (Puffer & McCarthy, 2011). In the absence of reliable formal mechanisms, managers and business leaders turned to informal institutions, particularly trust-based personal networks - *blat* (Ledeneva, 2009), as a means of navigating uncertainty and getting things done. Over time, the increasing involvement of the state in business affairs and bureaucracy further constrained institutional autonomy and reinforced dependence on informal structures. The phenomenon persists in modern Russia - today these practices are often framed in terms of *svyazi* (social connections), which continue to play a significant role in navigating both professional and personal spheres. Identifying people as “ours” (*svoi*) and “not ours” (*ne svoi*) (Hsu, 2005) to determine how and who support and protect in different situations, is still a widespread practice. Among informal networks across other national cultures, Russia’s informal institutions, shaped by market-exchange ties, display the lower degree of persistence, as these networks are open and adjust more quickly to economic changes (Minbaeva et al., 2023). They are not limited with a close circle of family, can include a broad community and vary depending on circumstances. Examining the Russia’s cultural profile, a relatively low Individualism score (46) (see Annex A) (The Culture Factor Group, 2023) confirms a more collectivist culture, where loyalty to the group and interpersonal relationships is more central. In-group Collectivism is both practiced and valued, reflecting strong loyalty to close social circles (GLOBE, 2004). In Western societies with stronger institutional frameworks and higher levels of trust in formal rules, informal ties play a comparatively smaller role, functioning more as a complement rather than

a substitute to established institutions. In Russian culture, frequently considered as high context (Valitova & Besson, 2018), good relationships and group harmony are prioritized.

CHAPTER 3

Methodology

This research was based on gathering data of HR leaders' individual perception of HRM practices changes that have evolved in companies following Foreign Business Exodus and domestic transformations since 2022. To capture a range of institutional responses, the study focused on 3 distinct types of companies operating in Russia: Multinational enterprises (MNEs) that have retained their operations in Russia, Former MNEs subsidiaries that have been transferred (sold) to local ownership and Russian-origin companies. In total 15 companies, took part in the study, 5 companies from each group. By examining these 3 types of firms, the study sought to identify patterns of continuity, adaptation or divergence in HR practices as companies respond to both external institutional pressures and internal strategic needs. The interviews were conducted with a sample of 15 HR leaders (see Annex B), one leader from each company, in following roles: Human Resources Director (HRD) (n=7), Human Resources Business Partner (HRBP) (n=6), Human Resources Lead (HR Lead) (n=2); all females, with age range between 30 and 49 years (M age=43) and tenure between 9 and 27 years (M tenure=22).

The study employed a qualitative, semi-structured interview method to gain in-depth understanding of HR managers' interpretations of institutional pressures and their impact on HRM practices. Interviews were chosen over surveys to allow for exploration of complex institutional dynamics and nuanced organizational histories. The interviews were designed around three core dimensions - *Participation*, *Empowerment* and *Informal Connections* combined with corresponding HR practices (see Annex C) - reflecting the institutional focus.

To assess *Employee participation* dynamics across companies in the research, it was examined through four categories (practices), where employee voice and involvement may differ substantially based on national norms: *decision-making*, *feedback mechanisms*, *transparent communication* and *policy definitions developed with employee input*. Under MNEs, employee involvement mechanisms in decision-making - committees, project groups or worker councils - are often implemented to align with global standards of participatory management; feedback channels, including employee surveys, suggestion systems and open forums (town halls), are to gather genuine input and often linked to improvement and employee satisfaction measures; transparent communication practices, such as regular meetings, newsletters or management updates often aim at fostering openness, trust and a sense of shared purpose; and employees are frequently involved in shaping policies as part of their participatory

impact. However, in the post-MNE environment, these practices may remain formally unchanged while shifting toward a more symbolic role, with limited actual employee influence on outcomes and formal approval only; they may become more top-down, emphasizing compliance rather than transparency.

Research Proposition (P1): Facing institutional changes, MNEs tend to maintain former participation practices, and Locally Owned Firms are likely to sustain participation more at a symbolic level, while Former MNEs show a tendency to either make participation mechanisms more procedural rather than effective or withdraw some of them.

To evaluate the *Empowerment* dynamics, it was examined through four categories (practices) where a degree of employees' impact may vary significantly depending on national institutional norms: *career management*, *training and development*, *performance management* and *strategic influence of HR* itself. Under MNEs, career management and training programs give employees opportunities to influence their own career paths or provide input into their development decisions; performance management systems often give a space for negotiating objectives or engaging in a constructive dialogue with supervisors; and HR functions are often positioned as strategic partners with a degree of authority in shaping organizational direction. In the post-MNE environment, all these mechanisms may become more management-driven, reducing the scope for employee agency in shaping their professional development; training initiatives may be more narrowly targeted to immediate operational needs, and less likely to prioritize long-term employee empowerment; performance management may become more top-down, with goals dictated by management and limited room for negotiation, thereby reducing autonomy and voice; and HR may revert to a more administrative and compliance-focused role, with less capacity to influence broader strategic decisions.

Research Proposition (P2): In response to institutional changes, the MNEs tend to maintain former empowerment practices, and the Locally Owned Firms are likely to sustain empowerment only at a symbolic level, while the former MNEs show a tendency to either make empowerment mechanisms more procedural rather than effective or withdraw some of them.

To assess the *Informal Connections* dimension, it was examined through four categories (practices), where personal connections, depending on national cultural preferences, may interfere and substitute formal procedures: *recruitment*, *pay-for-performance*, *career decisions* and *conflict resolution*. MNEs typically rely on formal recruitment procedures emphasizing competencies, structured assessments and equal opportunity standards; performance-related pay is usually tied to standardized appraisal systems and measurable results; international companies often implement formalized career planning; and conflict resolution is arranged

through formal procedures such as Code of Conduct or grievance mechanisms. The withdrawal of foreign firms may create a space for more network-based hiring practices, where personal interests or connections may outweigh formal qualifications; compensation and rewards may be influenced by loyalty or personal favor, reducing transparency and formal accountability; influential connections can help in promotion and building successful career paths; and instead of relying on standardized processes, conflicts may be settled privately through mediation by trusted intermediaries or reliance on hierarchical authority.

Research Proposition (P3): Facing institutional changes, MNEs tend to maintain former formal structures that limit reliance on informal connections, and Locally Owned Firms are likely to maintain informal connections widespread usage, while former MNEs show a tendency to experience an increase of informal practices.

Each interview (with a duration of 1 hour) included 26 open-ended questions (see Annex D) that allow respondents to reflect on changes since 2022, particularly in response to the geopolitical context, regulatory changes and market conditions (mass exit of MNEs). The interview format ensured flexibility to explore themes that emerge during conversations while maintaining coherence across cases for comparative analysis. The analysis of interviews transcripts was conducted in three steps: the first phase was an analysis of HR practices status in the companies before 2022 and after, identifying how practices had changed and the reasons for these changes; the second phase was an analysis made via MAXQDA software using thematic coding to identify recurring ideas and patterns in participants' responses (Fig. 1), and the third phase was focused on identifying potential common reactions within one company type and across all groups (Table 1). Identified recurring themes were interpreted through the lens of Institutional Theory, with a particular focus on Comparative Institutionalism, to understand how national institutional contexts influence HR practices, and how these may differ from or resemble those shaped by Western institutional frameworks. Additionally, each case was coded according to its company type (MNE, Former MNE and Locally Owned) to enable comparative analysis across institutional settings.

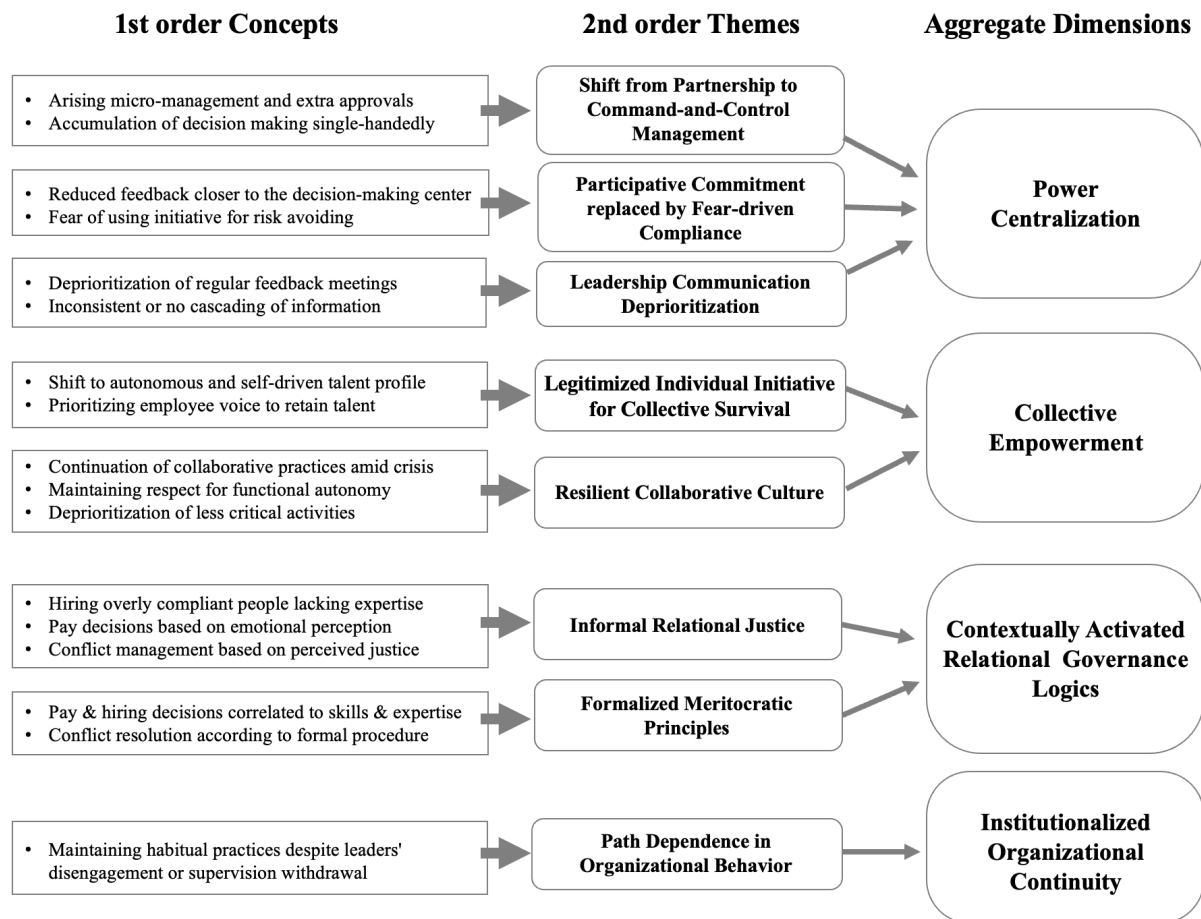


Figure 1. Concepts structure

CHAPTER 4

Main findings

4.1. Participation

Shift to directive management and centralization in decision-making

The Locally Owned companies are still distinguished by a higher level of directive management and confirm preference for centralization in decision-making; even though employees have an opportunity to participate and exert influence on organizational practices, situations where the final decision is ultimately made by one person are quite common and in terms of disruptive settings perceived by the respondents as somewhat natural and specifically justified (extracts 3, 7, 8 and 9). However, power centralization evidence is also mentioned in the other two company groups – 80% of the Former MNEs and 40% MNE moved toward a somewhat more directive management style and centralized authority (Table 1) - one of the contributing factors was a shift of decision-making power to new business owners, who tend to “loop all the processes around themselves” (extracts 1, 2 and 4); while the other driver was interpreted as optimization of efforts for increasing speed of decision-making and implementing action plans in terms of business survival in complex transformational settings (extracts 5 and 6). As for the second reason the respondents described it as a positive shift necessary in this situation - a certain “mobilization mode” where the companies “need to pull ourselves together and quickly produce results” (extract 5).

Greater focus on employees' voice and participation

Due to vast labor shortage, a large share of the companies of all types has increased feedback exchange, cascading information and employee participation in projects to attract and retain talents (extracts 10, 12, 13 and 14) or at least maintained these communication practices, inherited after the COVID pandemic on a high level. Employees' voices have become louder; business has made “a conscious step” to involve people in development of business strategy (extracts 11 and 15) - employees have been given more resources and opportunities to participate in overcoming the company's external challenges. The localization of ERP systems let this process more levers for immediate and versatile collaboration (extracts 33 and 34) - it allowed companies to regulate the frequency and format of communication and, in the event of a crisis or uncertain situation, be more flexible in interacting with employees (increasing

frequency of surveys, changing content and giving opportunity to provide feedback directly to the right person in real time).

Thus, the first assumption of the study (P1) was not justified: against the theoretical proposition that each of the groups of companies, facing institutional changes, is likely to be influenced by the specific institutional context in which they are now (MNE or domestic), the companies' reaction turned out to be less straightforward and mostly moved towards strengthening people interaction for creating a resilient collaborative culture across all company types (Table 1). The MNEs tended to even reinforce previous formal employee participation practices, the Locally Owned Firms strengthened practices and/or formalized those that had used to be more symbolic before, and the Former MNEs experienced diverse effects, with some maintaining or intensification of practices, while others, affected by individual factors, reduced employee voice principally close to the top management with overall participation remaining.

4.2. Empowerment

New competencies employee profile

As a result of challenging market settings since 2022 the companies of all types have increased their focus on productivity indicators and business endurance, business has naturally developed a need for a higher level of employee involvement and empowerment (Table 1). The companies from MNE and Former MNE type groups say that in the past, having global guidelines and support, they mainly needed employees who were able to support existing processes – reliable executors (extract 18). Now, the situation has changed, and the market has grown increasingly complex for companies to endure, they have to adopt new business strategies, change their operating models, and organizations require people who are capable to create something new or/and can be “strong crisis managers” (extracts 16 and 21). A new type of professionals is now required - more proactive with greater vitality (extract 20) and ownership mindset (extract 21), “capable of greater autonomy” (extract 17), results-oriented with amount of courage, willing to take initiative and able of operating under uncertainty and engaging in constructive confrontation (extract 19) and “out of nothing under own responsibility, able to figure out how to do something within the conditions of the restrictions and frameworks” (extract 18). The companies have focused their hiring and promotions for key roles on attracting candidates who can bring new competencies to the company and ensure its viability.

HR as a strategic partner

Business leaders still see HR as a strategic partner with a full autonomy in HR questions, however business's expectations have also transformed - across all the company types now business expects a greater and faster direct impact of HR department on business performance. Before the events HR was described as "very focused on creating a positive atmosphere: corporate events to make everyone feel happy" (extract 22) and "talking about engagement" (extract 25), now 40% of the respondents of all three company types say that HR has been evolved to a much stronger influential business-oriented partner with a focus on hard KPIs directly affected company numbers, occasionally with a much wider zone of influence that it had been before (extracts 22, 23, 24 and 25). However, 40% of Former MNEs, sold to local business, report that HR role was downplayed or reduced by new management to more administrative in comparison with its previous self-sufficient authority, and provide conflicting interpretations of the likely causes, such as a temporary transitional reaction to the changes or a permanent managerial approach. In the Locally Owned companies the HR respondents confirm that HR has a broad autonomy in HR-related issues and stays "much business-driven now" with business's expectations "the same as from directors" (extract 23); however, final decision and final word may remain with the business owner or CEO, and HR's focus here is concentrated on "highlighting risks" (extract 3).

Deprioritization of people activities with delayed effect

A substantial part of the companies, in the context of adapting their business strategy, have deprioritized everything that doesn't bring quick and significant results (e.g. training, especially long-term related to the development of soft skills and/or projects and activities with a delayed effect (extracts 28, 29, 30 and 31); most of the released resources and time were redirected to "trying to survive" (extracts 26 and 27), creating resilient collaborative culture where individual needs can be sacrificed for the sake of organization's viability and collective security (Table 1).

Thus, the second assumption of the research (P2) was not justified as well: the business reaction was mostly shaped not by the internal institutional settings of the companies, but by a common threat shaped by adverse crisis conditions in the market and necessity to mobilize internal resources - majority of the companies showed a tendency to seek their people initiative and individual potential for collective survival (Fig. 1). Locally Owned Firms demonstrated a confident level of empowerment, MNEs strengthened empowerment practices and the Former

MNEs showed a mixed reaction – some of them maintained or reinforced empowerment mechanisms, while others partially suspended some practices.

4.3. Informal connections

Formalization and transparency of HR processes

The localization of ERP and HR management systems, caused by IT giants' withdrawal from Russia, and a natural process of digital evolvement in the country have resulted in greater transparency and standardization across all employee journey processes, as systems are now managed and modified internally, providing “more freedom to share” (extract 34). The companies have opportunities to implement customizations to suit real-time processes and make employee journey steps easily accessible. Formalization of processes became more ubiquitous in the Local origin enterprises, where digitalization of HRM processes helped to minimize subjectivity of decision-making (extracts 33 and 35) and influence of informal connections as it used to be “previously, when worthy people could only get in if HR noticed or director allowed”, and to make the process of hiring, promotion and remuneration more merit based, to “have your own pedals, to get what you earned” (extract 32).

Social connection's persistence

The impact of friendship or social connections on decision-making is still widespread in the local organizations - being within a “right” network can be of the equal importance as of having strong competences and potential (extract 36). 60% of the Former MNEs report that after the transition to local management, situations in which a person was hired or promoted based on loyalty or subjective assessment began to occur more frequently (extracts 39, 40 and 41). In both, the Former MNE and the local companies' groups along with formal meritocratic procedures, the situations when decisions can be made based on individual justice perception and subjective standpoint of a higher-ranking manager, are occasionally possible (extract 37), creating a contextually activated relational governance logics, where formal and informal principles can co-exist and take effect depending on the context (Fig. 1). In the MNEs such situations are minimized, although they cannot be completely excluded as in some contexts HR or business leader play a role of a mediator relying mostly on their own perception of fairness and a perspective on what is considered right.

Thus, the last assumption (P3) was partially confirmed: in comparison to MNEs' norms, domestic preference for social connections still matters - the MNEs maintained former formal structures that limit reliance on informal ties, the Locally Owned Firms, despite formalization

of processes reducing social connections effect, demonstrated that some degree of favoritism still remains, and 60% of the Former MNEs experienced occasionally an increase of informal practices.

4.4. Institutionalized Organizational Continuity

Path Dependence

The Former MNEs, under new ownership demonstrated a strong path dependence (North, 1990) - after transition to local management, they mainly retained existing procedures (extract 42) and rules as an integral part of their “DNA” (extract 43) and “a kind of collective intelligence” (extract 44); despite the arrival of new management, most routine practices remain unchanged. The respondents report that this is explained by organizing work that is familiar and natural for them (extracts 42, 43 and 44). Simultaneously the greatest influence was exerted by the individual management style of new management, the level of its intervention in the acquired company and the degree of employees’ geographical proximity to new management - the less involvement was in company’s processes, the less changes they were undergone, and thus, the closer business unit’s location was to the new management, the more direct effects they experienced in terms of centralized decision making and social ties impact. In locations, geographically remote from the top management (HQ), practices have virtually avoided any changes.

The formation of two specific groups of employees became apparent: employees “raised” in diverse institutional environments - in MNEs and in Russian business settings. The difference in the organization of processes between these two company types is so explicit that it causes employee’s adaptation difficulties when moving from a one type of company to another. Employees with prior experience in MNEs who had worked with formalized procedures in the settings where they could influence final decisions, find themselves in an uncomfortable conflict with the local companies’ atmosphere, where there is certain flexibility in following formal procedures and their authority can be challenged by someone standing above (extracts 45 and 46). Conversely, employees with experience in local business tend to perceive foreign companies upon joining them as overly bureaucratic, slow in decision-making and restrictive.

Table 1

Frequency of codes references, count once per company, % within the group

Coded Theme	MNE	%	Former MNE	%	Locally owned	%
Fear-driven Compliance	0	0%	2	40%	2	40%
Command-and-Control Management	0	0%	4	80%	3	60%
Leadership Communication Deprioritization	1	20%	3	60%	2	40%
Centralized decision-making	2	40%	4	80%	3	60%
Resilient Collaborative Culture	5	100%	4	80%	4	80%
Legitimized Individual Initiative for Collect. Survival	4	80%	4	80%	4	80%
Contextually Activated Relational Governance	2	40%	3	60%	3	60%
Informal Relational Justice	2	40%	3	60%	2	40%
Formalized Meritocratic Principles	5	100%	3	60%	4	80%
Path Dependence in maintaining habitual rules	1	20%	5	100%	1	20%

Table 2

Overall findings and excerpts

Dimensions	Main findings	Excerpts	Company type
Participation <i>Power</i> <i>Centralization</i>	Business owner or management team tends to take over more decision-making levers or/and locked processes into themselves, in line with their management style	Extract 1 <i>"Now the owner has looped all the processes around himself... This is most likely also some kind of ultimatum that comes from above. But if a person ties all processes to themselves and doesn't allow other people to breathe and influence, then there's definitely no initiative right now."</i> [Respondent n°8]	Former MNE
		Extract 2 <i>"Every little thing... was brought first to the committee... and when a decision was made, all of it was recorded... it was such an absurdity that we had never seen anything like it before."</i> [Respondent n°1]	Former MNE
		Extract 3 <i>"In the company I worked for before, 200%...the head of the business unit consulted with me on almost everything that concerned personnel... Here, the approach is a little different, since this is a larger enterprise, here I highlight the risks... And if he [business leader] says: "I said so". Well, I say: "Okay, but I should warn you that this is how it is."</i> [Respondent n°9]	Locally owned
		Extract 4 <i>"The first meeting with the new owners really highlighted this very manner of domestic management, who is used to saying: "I'm the boss here, this is my company."</i> [Respondent n°15]	Former MNE
	Directive management and centralization in decision-making received a boost caused	Extract 5 <i>"...when there is a regime like this - mobilization... we need to pull ourselves together and quickly produce results. And there is no time to do anything for a long time."</i> [Respondent n°5]	Former MNE

	by survival settings requiring saving time and catalyzing efficacy	Extract 6 <i>"We used to sit down with everyone, explain something, persuade... then now that's not the case. I can simply say that tomorrow we're going there..."</i> [Respondent n°4] Extract 7 <i>"It's a large company, so you don't have to consult with everyone, right?... Firstly, the rate of change is very high... centralized decision-making both helps and doesn't help. I can say decisions should still be cascaded in a timely manner and allow adoption. And it's occasionally even done behindhand..."</i> [Respondent n°11] Extract 8 <i>"So, the external situation has a very strong influence... We can sometimes be extremely strict about deadlines because we still have competitors in our field - giants... So, of course, the train is running, and we have time to lay the rails underneath it. There's a heavy workload, a lot of intensity"</i> [Respondent n°13] Extract 9 <i>"The owner is right here, we can approve everything quite quickly, efficiently. And, perhaps, our flexibility in this is what saved us, it always saved us in difficult times...the ability to quickly resolve any issue; there is no need for long chains of approvals."</i> [Respondent n°3]	MNE
			Locally owned
			Locally owned
			Locally owned
<i>Resilient Collaborative Culture</i>	The challenging market impacted organization's attitude toward people with a greater focus on employees' voice and participation	Extract 10 <i>"Moreover, feedback, communication and interaction are focal areas, like growth zones, areas of attention when interacting with departments... the number of new products that we produce and the growth in volume that we are experiencing, it certainly strengthens the need for interaction"</i> [Respondent n°6] Extract 11 <i>"Due to the current situation, it was important for us to understand where we were going, feedback... we've started sharing much more. And we saw this in the engagement questions, too, because people wrote that they understood the strategy better... We included other leaders in the development of the long-term strategy, which hadn't happened before. And this was also a conscious step, so that they, too, felt a greater connection to these goals...There are more cross-functional groups now... We launched several leadership programs at different levels so that all our leaders develop emotional intelligence and empathy."</i> [Respondent n°12] Extract 12 <i>"We did more frequent townhalls to explain that everything is fine with us, more for some climate... We have probably become even closer to people, because emergency situations like these somehow bring people closer together. And people have probably begun to value the team and the atmosphere even more."</i> [Respondent n°7]	Former MNE
			MNE
			MNE

Extract 13 *"We realized that people still need to be given information more often; they feel more involved... We hold a monthly meeting where they also learn to praise themselves and inform others about what's going on... There is a good confrontation between the GM and everyone else [in decision making]. Therefore, when a decision is ultimately made, it cascades with greater acceptance... It seems to me that there is simply more interaction with your teams... this speed of interaction, the speed and openness, communication, it also seems to have become more genuine..." [Respondent n°2]* MNE

Extract 14 *"In 2022, it became difficult to hire, well, because many people left. There were more strategies aimed at retention... It's important to me that the process is also clear and logical for them, and that it helps them solve their problems. Accordingly, here we jointly make a decision... and what works very well - cascading communication. We explain to the key managers... they accept it." [Respondent n°10]* Locally owned

Extract 15 *"When the sanctions hit, we really did sit up until the night, searching, drawing up diagrams... But we finally succeeded, got out. These employees who had already been through both ups and downs... It was an interesting challenge for the team... And I must say that none of our key employees left during this period... We have such a tradition of annual awards... And though we have reduced cost items, we awarded our employees. And it was not cheap at all." [Respondent n°3]* Locally owned

Empowerment

Collective Empowerment New competencies employee profile is in demand - initiative, proactive and able to create options in times of crisis and uncertainty. An individual initiative is legalized for collective survival.

Extract 16 *"When the parent organization abandoned us, he was the only real driving force. Everyone else had simply given up, but he knows how to mobilize when everything is going to hell. He's very good at this – he's a strong crisis manager" [Respondent n°1]* Former MNE

Extract 17 *"We have several positions, where we simply don't have enough people - either experience or skills, or potential, and we are looking for people who are an order of magnitude higher now... need people capable of greater autonomy." [Respondent n°12]* MNE

Extract 18 *"now we have complete uncertainty, it's unclear what will happen, it's unclear how it can or cannot be done... It's one thing if you need follow the guidance and, as it used to be before, execute well... But a different profile is when, out of nothing under own responsibility, you can figure out how to do something within the conditions of all these restrictions and frameworks." [Respondent n°2]* MNE

	Extract 19 <i>"We needed guys who have a certain amount of courage, who are even ready to argue with the client... We are very conservative; we have our own foundations... And then, a new team appears, and they are different. Our old-timers, don't have such a developed focus on results, but... on helping, sympathizing, empathy. And the guys who are coming now are very results oriented. They are not about the team, but about themselves."</i> [Respondent n°5]	Former MNE
	Extract 20 <i>"We have a people profile, probably, for any position... we are looking for a proactive person first of all, some kind of vitality, you could say, even some level of energy."</i> [Respondent n°10]	Locally owned
	Extract 21 <i>"Flexibility. You need to adapt very quickly and move through this change curve quickly, not get stuck at the acceptance stage... This is more about the ownership mindset... A fixer."</i> [Respondent n°15]	Former MNE
HR function expansion to equal business-oriented partner beyond the zone of HR with stronger focus on business strategy	Extract 22 <i>"At first, before all these events, we were very focused on creating a positive atmosphere: corporate events to make everyone feel happy and so on. After that, it really put a stop to it. HR became like HRBP, in some cases without HR. It was just BP. There was a strong shift towards business..."</i> [Respondent n°5]	Former MNE
	Extract 23 <i>"We're moving into strategy, we're moving into partnerships, business and the interaction between business and HR. The borders between us have been erased. Completely erased. HR is very, very much business-driven now... They demand the same from us as from directors.""</i> [Respondent n°11]	Locally owned
	Extract 24 <i>"Firstly, the approach has become more comprehensive... they expect concrete results... it's not so much soft as it used to be, it's something hard... we are now full-fledged HR business partners who are focused on making a profit; we work with numbers... And directors are happy to involve the HR function in everything... I think they feel less stressed that way. Well, firstly, it's definitely a sharing of responsibility. Secondly, since the HR function can still be called a function where people with some creative potential and vision of what works and what's missing... A different perspective on decision-making."</i> [Respondent n°4]	MNE
	Extract 25 <i>"what's changed is primarily efficiency. When I came to a company, my main goal was to talk about engagement. Now what is important to the company, what matters is business efficiency."</i> [Respondent n°10]	Locally owned

Companies have deprioritized everything that didn't provide fast and significant results (soft skills trainings, projects with a delayed effect, minor activities), thus creating resilient collaborative culture where individual needs can be sacrificed for the sake of collective security.	Extract 26 "All long-term stories go to the trash. After we switched to survival mode, all this "nice to have" all came crashing down. Well, we no longer waste time on this beauty. We make money here and now." [Respondent n°14]	MNE	
	Extract 27 "It all died down because, firstly, it all required a budget. Secondly, it depends on the company's focus. And right now, in our company, the focus is on minimizing costs, cutting expenses, and trying to survive." [Respondent n°8]	Former MNE	
	Extract 28 "It's simply become impossible, both technically and physically, to deeply engage in soft things, including online training, and, in general, deep immersion in people... If we're talking about training, 99% of everything has gone digital. And if we're talking about people, of course, we still support some basic processes, but not as much as we did four years ago." [Respondent n°4]	MNE	
	Extract 29 "They haven't done any of that for the last two years. Career development, training - nothing." [Respondent n°1]	Former MNE	
	Extract 30 "We really wanted to implement online learning system... We put it all off until better times, everything, including training. The thing is, we developed a management training program, invited a provider, we started working on a customized training program, and we put all that on hold until better times." [Respondent n°3]	Locally owned	
Informal connections			
Contextually Activated Relational Governance Logics	Localization of ERP systems and/or natural digitalization evolvement have led to greater formalization and /or transparency of HR processes.	Extract 32 "There's a magic button in your personal account [compliance request]. So, we've done quite a lot here in terms of digitalization, so that every employee understands that they will be heard... That is, everything is digitalized [bonus payment] ... You have your own pedals; you get for what you earned... He can clearly express his desire in his personal account, click the "Respond to the talent pool button, and move on... So, right here in our company, a lot has been done. This hadn't happened before. And I'll say this change, again, is due to digitalization. It's great, because previously, worthy people could only get in if HR noticed or director allowed." [Respondent n°11]	Locally owned
		Extract 33 "The company has its own online portal, its own social network, where they post posts and employees can leave comments... The career track development institute has been formalized, the Individual Development Plan." [Respondent n°9]	Locally owned

		Extract 34 <i>"This localization, it seems to me, has given us, well, more freedom to share, because before, all communications went out there... But now we have our own portal, we're in our own world."</i> [Respondent n°12]	MNE
		Extract 35 <i>"We have reporting on every employee [bonus payment], everyone can see it. If suddenly there's some kind of screw-up and someone screws up, you can't hide it, everyone can see it and pushing it through and making it look like this person is our winner won't work."</i> [Respondent n°3]	Locally owned
	The impact of social connections is correlated with an organization's affiliation (MNE - low impact, local - higher impact, former MNE - mixed impact), however an individual management style of company's leader strongly matters. Despite working formal procedures, informal ties' role can be activated in different settings.	Extract 36 <i>"In Russian companies, this is completely ineradicable, but in a foreign company, where I had worked before, the chances are very weak... If someone is liked by a board member, they will have a career path and a higher salary. But this doesn't change the fact that if you're proactive and smart, you will have career paths too."</i> [Respondent n°9]	Locally owned
		Extract 37 <i>"Hypothetically, I understand that it is possible at different levels [promotion via informal connections], the human factor will influence... we live in Russia"</i> [Respondent n°11]	Locally owned
		Extract 38 <i>"We have clear, understandable promotion rules, clear grading rules, and they don't rely on last names. We're perhaps a little more lenient with them because we have recommendations from a good person nearby. But we don't hire someone simply because they're a good friend."</i> [Respondent n°10]	Locally owned
		Extract 39 <i>"Yes, of course, with people everything is possible [promotion via informal connections]."</i> [Respondent n°6]	Former MNE
		Extract 40 <i>"...So, this director comes - he gets this income, and this one was given less, and this one got something else."</i> [Respondent n°15]	Former MNE
		Extract 41 <i>"Of course, there's one person... he forced us to hire them. There were several such cases. And because there's no one above him..."</i> [Respondent n°1]	Former MNE
Institutionalized Organizational Continuity			
Path Dependence in Organizational Behavior	Employees, raised in a specific institutional environment, continue to act according to the established rules even in the absence of supervision, and when they find themselves in	Extract 42 <i>"To be honest, I don't see any radical changes in the process due to the foreign company's departure. This is because the processes established in the company, they still work the same way... This microclimate is created, after all by the people who work here, and they haven't changed."</i> [Respondent n°6]	Former MNE

a different institutional context, it is quite difficult for them to adapt.	Extract 43 <i>"The culture is already formed... And all the cultural genes, that DNA, they're still sort of intact."</i> [Respondent n°5]	Former MNE
	Extract 44 <i>"That accumulated experience hasn't been lost. It's not like we were puppets and puppeteers - no, the processes we had lived through were decided by people here on the ground. There is no one around [not supervised] for some time now, but we're developing and continuing... In other words, it's a kind of collective intelligence that we all create together."</i> [Respondent n°1]	Former MNE
	Extract 45 <i>"He, having come from a foreign company, couldn't work here in our sometimes even chaos, with his systematic approach, he wasn't as stress-resistant, probably, as our employees who have been working here for a long time."</i> [Respondent n°3]	Locally owned
	Extract 46 <i>"You know, it's a story about Russian culture. We had a whole new layer of people who had been working long in MNEs, then [after 2022] they left for some Russian business, then came back and said: 'Take me back.' It's very difficult, very specific, but it's still different from a cultural perspective."</i> [Respondent n°2]	MNE
	Extract 47 <i>"Probably not enough time had passed. It felt as if our unit, our culture, had been preserved; well, few people had left at that point. And thanks to people, both communication and the atmosphere were preserved."</i> [Respondent n°8]	Former MNE

CHAPTER 5

Conclusions

Within the same company type, there is no absolute identical reaction to external circumstances; each company chose its own path; often, individual factors had a greater influence. The MNE companies note that over time with company evolvement, all HR processes (e.g. hiring and promotion) have naturally become more formalized - people have gradually become more committed to following standards; while some decades ago during the period of business formation in the country, it was possible for personal relationships to play a role in decision-making, as the companies developed and settled their routine, situations of procedure violation are now virtually impossible. After 2022 the MNEs have continued all HRM practices that had been previously and more focused on communication and collaboration seeking for talents retention. The Former MNEs, while in general demonstrating a strong path dependence in maintaining HRM practices inherited from global HQs, under new ownership in some cases, underwent a shift to control management and centralization of power (Fig. 1). However, it occurs difficult to determine to what degree this shift to was caused by the domestic culture and management style or by the difficult external circumstances in which specifically the newly acquired business was forced to survive and show results. The Locally owned companies that experienced the greatest shock and difficulties after 2022, utilized their long-term accumulated capacity to manage stress; “flexibility, the ability to quickly resolve any issue with no long chains of approvals” - a certain level of power centralization, accelerating actions implementation, and in most cases support from the state help to overcome obstacles and find new solutions in severe changing market.

Considering the socio-historical context of Russia, it seems apparent that the domestic preference for Autonomous leadership (GLOBE, 2004) and high Power distance (The Culture Factor Group, 2023) through public expectation of a strong and decisive leader who is capable of taking swift and complex action (Pushkareva, 2020), were formed as a natural reaction of society to multiple recurring institutional disruptions throughout the country’s history and has established itself as effective in dealing with crisis situations. In conditions of severe Reorientation phase (Tushman & Romanelli, 1985) since 2022, the tendency to accumulate authority and decision-making in one set of hands to ensure collective survival, triggered a familiar, natural response even within the companies with MNE supervision and functioning global norms. Regardless of ownership, organizations seem to respond to uncertainty through

similar culturally embedded managerial patterns (although to varying degrees), serving as a clear illustration of how domestic institutional logic forms individual or organizational behavior (Thornton et al., 2012). Thus, the reaction was shaped not just by corporate ownership and but more by deeper societal management norms shared by people within the local cultural environment.

Across all company types it is observed that under conditions of stress, businesses respond with a heightened need for empowered actors capable of bringing ambitious initiative and implementing rapid action across all organizational levels – thus, the findings suggest that Russian low Masculinity and high Uncertainty Avoidance scores (The Culture Factor Group, 2023) can reveal not social reluctance of initiative but avoidance of difficult challenges and desire to maintain and prolong periods of stability which occurred quite infrequently in the domestic history. At the same time, the traditionally high significance of collective ties within the Russian context also became evident - in the face of external threats and instability, individuals demonstrated a stronger tendency toward cohesion and mutual support, while businesses likewise sought to reinforce internal unity by encouraging collective involvement and providing employees with greater opportunities to express their concerns. Thus, strong mobilization of human resources and group solidarity became an important mechanism for maintaining organizational resilience and stability.

Across all company types, the degree of transparency of HRM system is perceived as related to the individual management style of the business owner or CEO - in organizations where CEO adheres to a more formal meritocratic approach and shared decision-making or, conversely, to subjectivity and command-and-control management, their subordinates, by example, tend in part to extend this management style to their team. Occasionally this individual preference of business leaders is not correlated with prevailing cultural code and can unfold depending on external settings, which either facilitate or hinder it. Thus, the purposeful actions of actors can have additionally a significant impact on how institutions are formed or disrupted (Lawrence et al., 2009). The paternalistic approach of business leaders common in the local culture (Puffer & McCarthy, 2011) can be quite differently utilized: in some cases it carries positive value by uniting people, providing support and enabling quick decision-making in conditions of crisis; in other situations it has a negative impact, namely, disregard for the team voice and overemphasis of visual signs of social status over effective managerial performance. Accordingly, the MNE preference for flat structures with shared decision-making and a multi-stage approval system can occasionally create institutional settings of blurred responsibility and prevalence of procedures over people interactions and orientation on results.

Since the study was based on HR leaders' individual perception of the changes, their interpretation of the events and outcomes is likely to be correlated with their overall previous professional background. Employees with experience exclusively with MNEs may have met the transitioning to local command-and-control management with reluctance, while employees with experience in a Russian organization or those who had gone through various crisis situations in their business background perceived the institutional shifts as something more natural and explicable.

It is apparent that the specific culture that pertains to the former MNE is important, since the cultural differences between Northern European, Southern European and North American can have an additional effect on how changes will be perceived, given that the Russian way of thinking and institutional environment may be closer or further away from the original company culture in specific situations. In this study, the analysis did not include a country of origin of the companies. However, this may be the basis for future research on how country cultural differences of former MNEs may play a different role in the transition from their original institutional environments to the local one.

Future research can examine as well how further digital evolvement in Russia, now catalyzing formalization and transparency of HRM practices, will subsequently affect embeddedness of social connections in domestic enterprises, considering a significant pace of the state digitalization (United Nations Department of Economic and Social Affairs, 2024), which after 2022 received an additional strong impulse to advance to a new stage and independently address all gaps formed by the global IT leaders' exit from the country.

Summarizing the general state of practices and internal rules of HR management in the country, it appears that what was previously perceived as purely Western HR practices is now a somewhat natural and normal way of organizing work in all types of companies. Despite certain specifics and flexibility of HRM approaches in local organizations, after decades of integration in the global economy they now tend to develop at the macro level in the same direction as the global business. This supports the institutionalist argument that organizational convergence is driven not only by market efficiency (which continues to serve as a significant contributing factor), but also by the need to achieve legitimacy, stability and predictability within a shared institutional setting (DiMaggio & Powell, 1983) - as a consequence, the organizations gradually develop analogous practices, structures and operational methods.

And yet, despite obvious trends in HRM changes across all three company types, the respondents emphasize the importance of observing what additional internal changes may

occur in the next 3-5 years and argue that the story is still evolving and insufficient time has passed to properly assess the scale of the consequences.

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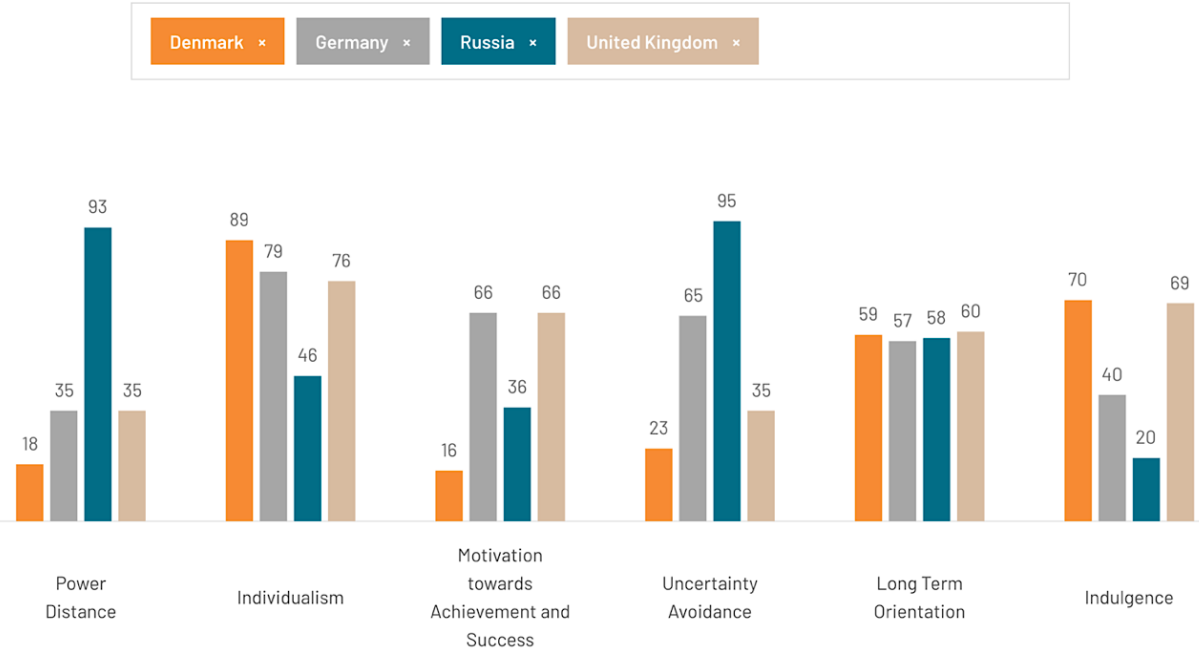
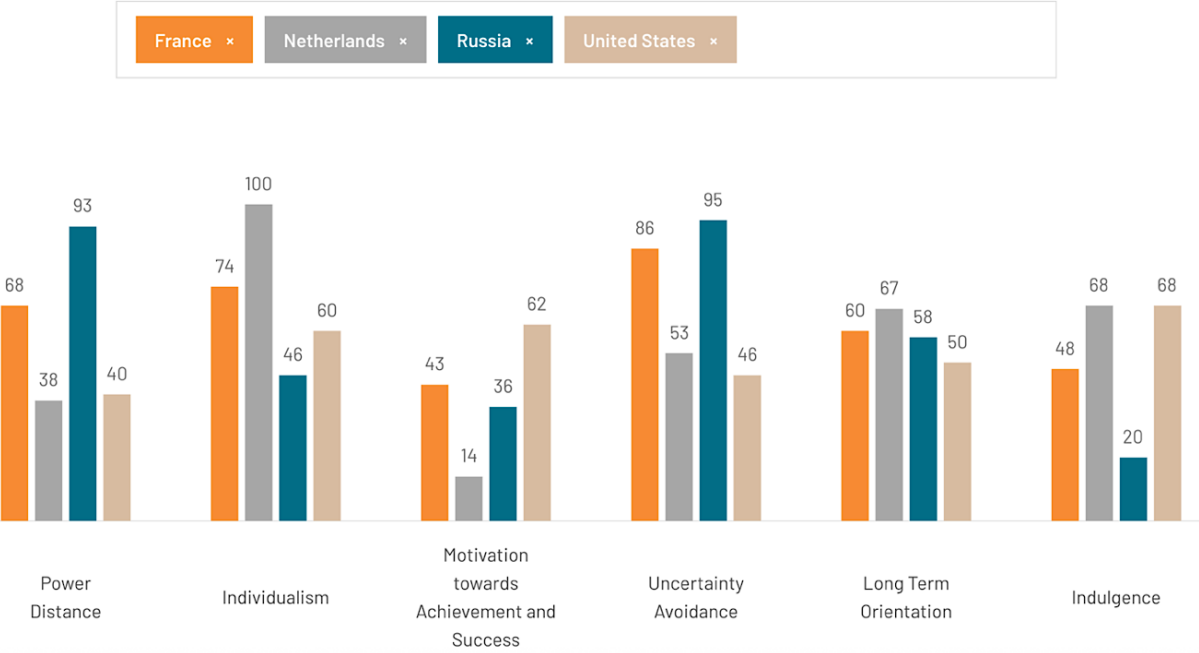
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* Levada Center recognized as a foreign agent in the Russian Federation

Annex A. Cultural Dimensions of Russia vs. Western countries (The Culture Factor Group, 2023)



Annex B. Overview of interviews

Interview sequence number	Role	Age range	Gender	Company type
1	HRBP	40-49	F	Former MNE
2	HRD	40-49	F	MNE
3	HRD	40-49	F	Locally owned
4	HRBP	40-49	F	MNE
5	HR Lead	40-49	F	Former MNE
6	HRBP	40-49	F	Former MNE
7	HRD	40-49	F	MNE
8	HR Lead	30-39	F	Former MNE
9	HRBP	40-49	F	Locally owned
10	HRBP	30-39	F	Locally owned
11	HRBP	40-49	F	Locally owned
12	HRD	40-49	F	MNE
13	HRD	30-39	F	Locally owned
14	HRD	40-49	F	MNE
15	HRD	40-49	F	Former MNE

Annex C. Research Dimensions with corresponding HR Practices

Dimension	Category (HR Practices & Policies)
Participation	Employee involvement in decision-making (committees and working groups) Feedback mechanisms (surveys, suggestion boxes, town halls) Transparent communication policies (regular meetings, newsletters) Policies definitions (shaped with employee input)
Empowerment	Career management co-created with employees Training & Development programs enforcing employee potential Performance Management systems with individual goal setting HR Empowerment and strategic influence
Informal Connections	Recruitment procedure influenced by personal ties Pay for Performance influenced by personal ties Formal Career programs vs Informal mentoring and “useful friendships” Conflict resolution based on personal ties rather than formal procedures

Annex D. Interview Questions

Company context:

- Ownership structure (MNE, Former MNE, Locally Origin)
- If transitioned to local ownership, duration since transition

A. General changes:

1. How do you describe the main impacts to HR policies from 2022 until now?

B. Feedback mechanisms:

2. Have employee feedback channels (surveys, suggestion tools, town halls) changed in format or frequency?
3. What prompted these changes?

C. Communication policies:

4. Compared to earlier practices, how has the approach to communicating company decisions (meetings, newsletters, internal messaging) changed?
5. In your opinion why those changes occurred?

D. Policy-shaping:

6. In which HR or organizational policies has employee input become more or less visible than before?
7. What explanations do you find for those differences?

E. Employee involvement in decision-making:

8. Nowadays how you describe employee participation in committees or working groups?
9. Have they changed compared to the previous period and why?

F. Career management:

10. To what extent have opportunities for employees to influence their career development changed? How specifically?
11. What factors might contribute to this evolution?

G. Formal vs. informal career paths:

12. Has the balance between formal career programs and informal mentoring/friendship networks shifted?
13. What factors contributed to this change, or to the stability?

H. Training & development:

14. How have learning and upskilling programs expanded, reduced or shifted since the transition?
15. What were the main reasons for these changes?

I. Performance management / goal setting:

16. Has employees' involvement in setting individual goals changed compared to previous practices? Can you give some examples?
17. If yes, what influenced this shift? If not, why it was maintained?

J. Recruitment & personal ties:

18. Compared to the previous system, has the role of personal connections in hiring decisions increased or decreased?

19. What forces or constraints shaped this trend?

K. Pay-for-performance:

20. How has the influence of personal relationships on salary increases or bonuses changed?

21. What explains this development?

L. HR empowerment:

22. How do you describe HR's autonomy and strategic decision-making power? have they changed?

23. What internal or external factors explain the maintenance or the changes?

M. Conflict resolution:

24. Compared to earlier practices, how conflicts now are resolved (through formal procedures (e.g. Code of Conduct) or through informal personal agreements)? Can you give an example?

25. What drives this preference?

N. Summarizing conclusion:

26. As a HR professional what do you feel about the current HR aspects when compared to before 2022?