The aim of this article is to analyze the dominant management practices in the construction sector of the Russia, focusing on the impact it has had on the formation of institutional environment. The labor force and population were perceived as an inexhaustible resource in the Soviet construction sector and, as is shown in this research, this kind of attitude is still relevant to contemporary Russia. In Soviet times, workers were recruited from prison camps or resettled populations. Similarly, in the Russian Federation today there seems to be an unlimited supply of migrant workers from CIS countries. An analysis of the institutional arrangements finds huge rent potential in the construction of the Soviet period, which are formed through the practices of the human resource management. These practices, which reappeared in today’s Russian construction sector, form particular modes (regimes) of the labor market for working migrants. The management rent identifies the economic waste that Russian society has to bear and the extra income from the management position one occupies both at the level of the Russian migration policy and construction enterprises.

*Key words:* managerial practices, the migrant labour market, ethnic entrepreneurship, the construction sector
the formation of the institutional environment. Before discussing the problem, it is necessary to review development trends in the construction sector. Based on my research I have sought to analyze management practices as a social institution prevalent in the modern construction sector in Russia. These practices regulate the given type of professional activity and the process of its reproduction. I argue that the professional environment of the Russian construction sector is being formed under the "pressure" of two trends. The first is the transformation/modernization of Soviet management practices, which had, at their core, Taylorist principles of labour management as managers assumed these were the most effective ones in the construction sector. The second is referred to as management rent, which can be seen as a unique arrangement for Russia: throughout Russian history, management duties have been given to others, particularly to foreign specialists recruited from abroad. Such experience was preserved and considered to be progressive in the following decades and centuries. Thus, the Russian construction sector created an original management rent, whereby turnover is the result not only of the capital, land and property, but professional activity, too.

Before moving to the detailed discussion of the given tendencies, it should be noted that I conducted my own research into the migrant labour market within the construction sector of St. Petersburg (Russia) in order to define management practices. Data collected over the course of a pilot survey, consisting primarily of recorded interviews and mnemonic transcriptions of unrecorded interviews, was utilized for this research. Then, the related issues were studied through ethnographic and survey research, conducted between 2007 and 2010 on the construction sites of St. Petersburg. The focus of my fieldwork was on migrant workers from Central Asian countries (CA), using interviews and participant observation at seven of the largest construction sites and three residential houses in the suburbs of St. Petersburg. Among the 36 CA migrants I interviewed, three respondents were foremen and informally exercised the functions of what I later define as "ethnic entrepreneurs". Two were craftsmen and functioned as interpreters. The second part of the research included interviews with line managers at the construction companies, who directly implemented an efficient management of the migrant workforce. Moreover, I conducted interviews with the head foremen and managers.

It should be noted that it was difficult to conduct interviews with the migrants and the representatives of the management of the construction companies, as well as to access the construction sites, due to the fact that the migrants were unwilling and even afraid to be interviewed, despite enjoying legal status in terms of their working situation in Russia. Therefore, most of the interviews were not recorded.

**Reconstruction of the Soviet practices of management**

One of the functions of institutions acting on a market is to reduce uncertainty and help structure daily life. Institutions establish routines of interactions. However,
in the Russian construction sector the dominant market institutions one would expect to find are in fact being replaced. One important feature in this is that certain Soviet routines have been preserved and reproduced in the management practices of today. As such, a short introduction to Soviet management practices common in the construction sector of the USSR is necessary before proceeding further.

Management practices in the Soviet construction sector were generally characterised by the increasing use of cheap and unskilled labour force. This is illustrated by three factors. Firstly, during the Soviet period management technology (led by the Nauchnaja Organizatzija Truda, or the Scientific Organization of Labour) was based on Taylor’s management concept and strove to increase labour productivity. Active learning and the introduction of the Taylor system were launched by Lenin during the first years of the Soviet Union. On 18–26 April 1918 Lenin stated: "Learning how to work is an issue that should be set as a priority for the Soviet authorities in relation to the whole nation. The last word of capitalism in this context is Taylor’s system" (Lenin 1983: 20, author’s translation). In 1920–21 the Central Institute of Labour was set up on Lenin’s orders in order to increase productivity through the scientific organization of labour.

Secondly, there was a practice of using the unpaid labour of prisoners in the huge construction projects of the USSR. The bulk of the famous, large-scale Soviet construction projects were built by prisoners. In the early 1930s, prisoners’ labour in the USSR was seen as an economic resource. The scale of the exploitation of captive labour can be seen in the things they constructed: canals, hydro-electric power stations, metallurgical enterprises, Soviet nuclear program entities, railways and highways all depended on prison labour. Moreover, Soviet cities such as Komsomolsk on Amur, Magadan, Vorkuta, Ukhta, Pechora, Nakhodka and others were established and built by prisoners (Bugaj 1991; Gvozdkova 1997; Dobrovol’skij 1999; Elanceva 1994, 1995, 2000; Ivanova 1997; Poljan 2001; Glazychev 2004).

Thirdly, estimating labour resources was not something taken into consideration when planning projects in the USSR. Labour was not perceived as a scarce resource to be managed carefully. In the Soviet planned economy the production sector was considered one of the main objects of development management. Thus, the entire life-support system of the sector was based on normatively established growth indicators. In this case, the key factors determining where to locate production were the proximity of the natural resources and protection from armed conflicts (Bugaj 1991; Elanceva 1995; Glazychev 2004; Inoyatova 2008; Kassymbekova 2011).

The most prominent example of this was the grand electrification scheme of GOELRO in 1920. The "Electrification of Russia plan" was designed to be carried out over 10 to 15 years, and aimed to build a large industrial economy, including the construction of 30 regional power plants. The GOELRO plan was carried out in accordance with the plan of 1931 (Kratkij istoricheskij slo-

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1 The plan of the State Commission for Electrification of Russia was the first unified state planning for the development of the economy of the Soviet Republic on the basis of electrification.
The socio-demographic component (which entailed an estimation of workforce in terms of age and number) of planning was ignored.

Finally, the USSR operated a policy of highly regulated internal mobility. In the first decades of the USSR, for example, rural dwellers were not issued with internal passports and, as a result, could not move freely through the country. The only opportunity for them was to move to another place (to the city), and participate in the ORGNABOR\textsuperscript{1} programme. In the 1930s, under this state policy about 30 million people (mainly rural inhabitants) migrated and were involved in construction and industrial sectors (Ivahnjuk 2009: 9–11).

To sum up, this review of Soviet management and human resources practices shows that urbanization and industrialisation achieved in the Soviet period would not have been possible through the use of free and paid labour. The industrial development of the country and consequently of the construction sector, was implemented in most cases by forced labor until 1955. By the 1980s, however, this number had sharply decreased (Glazychev 2004). Thus, it can be argued that this prolonged period of management practices based on violence and on the assumption that human resources were inexhaustible influenced the formation of stable patterns that can be detected in the attitudes of contemporary actors on the labor market of Russia’s construction sector.

**Contemporary management practices in the labour market for CA migrants**

The influence of these key factors on actors in the contemporary labour market of the Russian construction sector were transformed in an unpredictable way after the end of the USSR. The development of any construction sector is predetermined by its social and institutional organization, even if its resources were partially depleted (we can observe a qualified labor force deficit in the construction sector in Russia nowadays). But in the contemporary Russian practice of CA migration and labor market regulation, we can still discern the intricate symbiosis of the patterns reproduced from the Soviet period. For example, according to the Russian Federation state program entitled "Providing the citizens of the Russian Federation with affordable and comfortable housing and utilities" (Decree 2227-p 2012), the state acts as the main initiator and investor, setting certain deadlines and outlining the number of housing units to be built on the territory of Russian Federation for 2011–2020. However, during the realization of this program, the labour resources needed for the implementation of the project were not taken into account. According to our estimates of current labour market conditions, in order for this programme in Saint Pe-

\textsuperscript{1} Abbreviation from the Organizing Recruitment. The programme redistributed human resources within the Soviet economy and provided the industrial and constructional enterprises with personnel at short notice. From 1930 to the 1960’s, military registration offices and regional employment service performed this mobilization.
In the current research, I argue that the preservation and reproduction of the management practices embedded in the USSR construction sector are stimulating large-scale labour migration (mainly from Central Asia) to Russian construction sites today. Moreover, these management practices favour the use of informal migrant labour activity to replace the depleted resources of cheap (or even unpaid) and unskilled labour.

In order to characterise the data that emerged from observation on construction sites, I would like to use Chebanov’s concept of ‘sociovital relations,’ which indicates those modes of activities relating to the biological needs of people (such as meals, sleep, hygienic needs, recreation and others) and are simultaneously regulated, controlled and organized by society (Chebanov 2004: 544–554). These relations refer to the poor conditions that I observed at the Petersburg construction sites. Many migrants live right on the construction sites or in the unfinished buildings, or in the so-called "construction vans" (small metallic containers with sleeping places inside). The level of comfort of such living conditions can almost be compared to prison. This image is reinforced, when managers exercise full control not only of migrants’ work but also of their entire existence (including sleeping, meals, resting and others). The fear of police detention keeps migrants behind the fence of the construction site, forcing them to limit their sociovital relations to the closest environment. Even those migrants who can afford to rent housing near the construction site feel such fear. This aspect of migrants’ lives is clear in the response of one worker to the question of where he goes during his day off or when he has free time from work:

To the store [the store is in the building on the opposite side]… I don’t actually have free time – I work all the time. And after work I relax at home. During my days off my friends come to my place [also migrants who rent a room in the neighbouring apartment], I watch TV. (35 years old, St. Petersburg, 2009, worker from Kyrgyzstan)

Another example of how migrants escape the construction site and move about the city is a story described by an interpreter, which he observed during a Muslim holiday:

They try to help each other… The one who works as a minivan taxi driver came to the construction site and took all of his compatriots and then they drove to the mosque in Staraya Derevnya [name of the district in St. Petersburg], then he brought them back. (23 years old, St. Petersburg, 2009, translator on a construction site from Uzbekistan)

In the interview with one of the managers (foreman) of the construction company about his experiences of working with the CA migrants, he said that he sometimes had to accompany the migrants to the post office:
…in order to help them transfer money home, and in order to keep them safe from the local police, who could apprehend them and withhold their passports and money. There were cases when we had to negotiate and "buy" the migrants back from the police… Sometimes, migrants asked us to buy them food, so that they did not have to go out to the city. (25 years old, St. Petersburg, 2008, foreman)

In their interviews, most of the migrants reported cases, when their acquaintances were cheated by their employers, who in order to avoid paying their wages, called the police and migration service representatives. As a result these migrants were deported, and the employer paid only a certain amount of money to the migrant work payment fund. Similar practices are also noted by Jane Buchanan, a researcher in the Europe and Central Asia division of Human Rights Watch:

Employers routinely withhold wages from workers, make unexpected and illegal deductions in wages, or refuse to pay wages altogether. Workers <…> may face violence and threats by their employers <…> police also beat or humiliated migrants. In some egregious cases, police required migrant workers to perform forced labour at police stations or other locations (Buchanan 2009).

Thus, it can be summarized that management practices employ violence as a key instrument and manipulate the sociovital relations of employees to engage them in construction sites. Moreover, another specific factor of the illegal market is the way ethnic entrepreneurs and employers use violence as a tool, for example through informing the police about the facts of the illegal employment in order to avoid paying the wage. This (violence-based) practice was legitimized in the USSR, but it can also be used in the illegal routine of labour migrant market nowadays.

The illegal labour market regime

The contemporary principles of attracting labour migrants to the construction sector and prevalence of the shadow labour market were caused by the legacy of institutional factors that regulated the construction sector of the former Soviet Union and Russia. Firstly, the government regulates the labour market only in terms of setting limitations on foreigners (quotas) in the labour force (Zajonochkovskaja 2006: 7–30; Morgunova 2012: 110–122; Egger 2013: 65–82). The comparative analysis of the migration policies of the 1990s and the beginning of the 2000s shows that at the level of the law and administrative practices Russian migration policy in general "artificially created a large group of people outwith the legal field" (Osipov 2004: 43).

The key instrument of migration policy – work permit quotas – which is designed to control the flow of irregular migrants, is set by the government and does not reflect existing demand in the labour market for foreign workers. The practice shows that the quotas numbers were underestimated several times over. According to official data and our estimations, construction firms in St. Petersburg alone hire
more than 296,000 migrants, but only 96,200 migrants have official work permits (Chernejko 2013; Tokunova, Zhludova 2013).

On the other hand, migrants are flexible in respect to the state, which tries to distribute foreign labour among certain industries not attractive to them. In my study, I found examples of such flexible behaviour; it was common, mostly among young workers (under 30 years), to conceal their future occupation from the authorities when applying for work permits. Although surveyed migrants worked at a construction site as handymen (a low paid job in construction, not requiring skilled labour), according to their papers they were ‘managers’: "when I was applying for the work permit they told me to write ‘manager’" (50 years old, St. Petersburg, 2007, carpenter from Tajikistan).

Such mechanisms in migration regulation produce annual plans for the number of foreign workers in various industries and show that current government policies still design regulations in accordance with the logic of the Soviet planned economy. So long as this produces an immense gap between law and reality, many foreign migrant workers will be pushed into the irregular labour market. Although experts’ and statistical data differ, according to the Federal Migration Service, the shadow labour market in Russia is huge and has around 10 million irregular migrants (Egger 2013: 65–82).

Secondly, there is no licence issuing procedure for workers operating in the construction sector. Among my informants, only two of the older migrants had received training in the construction sector during the Soviet period. The younger generation (except managers) did not speak Russian, and did not have any qualifications. This situation is well illustrated in the answer of one of the managers I interviewed:

They [migrants] come and ask for a job… You ask them what they can do… They reply that they can do everything. In fact, they cannot do anything, they just want to be hired <…> When you hire them, the problems start to arise and they ruin a lot of construction material. Therefore, we do not hire anyone from the street – we already have the telephone numbers of their 'pimps' [ethnic entrepreneurs] and we tell them how many people and what qualifications we need, or we ask the migrants who already work with us – then they bring someone on their own responsibility. (Head of the construction site, 30 years old, St. Petersburg 2010)

Thereby, the migrant labour market in the St. Petersburg construction sector can be split into two segments: a smaller group of regular migrants and a larger group of irregular labour migrants. The latter part of the labour market is not as homogeneous as the former one. Also, there is no direct state regulation of the shadow labour market. Nevertheless, there is a need for a medium to bridge certain gaps arising from emergence of the shadow market, so that guarantees could entail stability and agreements there. This need results in the emergence of 'ethnic entrepreneurs,' who can efficiently act as mediators between the labour migrants from Central Asia and Russian employers.
Management rent as a socio-cultural arrangement

In this article, I use the notion of management rent, which is based on the theory of rent seeking behavior. The term was introduced by Anne Krueger, but it was James M. Buchanan, and Gordon Tullock who developed the theory of rent seeking behavior (Lagerlöf 2005). They analyzed the institutional mechanisms of political rent and developed instruments for identifying and measuring the economic waste (inefficiency) that society has to bear (Buchanan 1997). Rent seeking behavior can be understood in the following way: it is aimed not at producing profits by entrepreneurial activities, but at earning extra income (rent) from the position one occupies in society (Tullock 1967). The institutions of rent formation and rent assignment are created both at the state (political rent) and the enterprise level (Vinogradova 2013).

The term ‘management rent’ is useful in this article as it allows us to describe the institutional mechanisms of management rent, which I consider to be the management practices both at the level of the Russian migration policy and construction enterprises. Besides, the term management rent has become more important than the institutional changes that created the opportunities for ethnic entrepreneurs to operate in Russia. Moreover, this article includes an analysis of the institutional arrangements, which find huge rent potential in the construction of the Soviet period as they were formed through the practices of the specific human resource management. These practices, which reappeared in today’s Russian construction sector, form particular modes (regimes) of the labour market for CA migrants.

Russian history has many examples of management transfer to externally invited, progressive foreign specialists. During the Soviet period, such practices did not change and foreign expertise and technologies were considered necessary at the highest level of the state administration. At the beginning of 1920s, the Soviet government announced a programme to invite foreign specialists into industrial and construction sectors (Bernackij 1923,1924, Bogdanov 1923). This programme was successful up until 1931. So, according to the decree of Politburo of the Central Committee of the Communist Party as of 2 August 1928, in 1929–1930, 1,000–3,000 foreign specialists were to be invited. From July 1933 to 1939, 136 foreign specialists, including engineers, worked in heavy industry in the USSR, in the design companies (Tokunova 2011: 172–179). From 1931 the share of the invited foreign specialists started to decrease as local specialists receiving the guidance of the foreign specialists could work increasingly independently, taking into account the political and economic peculiarities of Soviet society (Meerovich, Hmel’nickij 2006). It should be noted that foreign specialists had to fulfill additional obligations such as the training of the Russian personnel. A high labor turnover in Russian cadres was common for the organizations of that period. The aim of such a high levels of turnover was to involve a larger number of specialists in training programmes run by foreign specialists (Rovskij 1924).
The problems of this kind of approach in knowledge transfer are clear; the Russian experts could gain only superficial knowledge with a narrow focus on technology, without penetrating into the substance of the received knowledge. The historical examples given above show that domestic management practices delegated innovative and top management functions to the foreign specialists.

My own research uncovered another case of management functions being delegated: the situation with ethnic entrepreneurs shows that in modern domestic management practice it is not only the functions of the top management that are being delegated, but also that of line management:

A good foreman is not a "bai" [an Uzbek term describing a master or an owner of the workers], not greedy and does not withhold 10% of worker’s wage, whom he brought to the construction site. In a month such a foreman can earn up to 200,000 rubles [around 4500 EUR] depending on the number of people in his team. Also we [Russian managers] do not need to find a worker with the required qualifications, and to prepare necessary papers, or to look for housing. On the other hand, a foreman has to ensure that this worker will not escape from the construction site and the work will be finished in a proper way and in time. (Master, 29 years old, St. Petersburg, 2010)

On the other hand, the ethnic entrepreneur functions as a recruiting agency providing employers with migrant labour of the necessary quantity and quality and guarantees to fulfil the verbal agreement on the migrants’ side.

If you need to use these intermediaries or 'pimps' as we call them, the fee for their services can reach up to 50%. The intermediaries do not work at the construction anymore. They live on the interest of their 'slaves.' (Foreman, 24 years old, St. Petersburg, 2009)

On the other hand, the ethnic entrepreneur guarantees the payments for the labour migrant, offers protection and helps with the legalization:

I feel comfortable to work with their [ethnic] foremen, as I do not want to talk to each worker, who even does not speak Russian. So, I can call a foreman, give him an order, and then he distributes. And, I don’t care about how much the whole team earned, and how he will distribute the money. I give the foreman all the money, and then he decides on whom and how much to give. (Owner of the construction firm, 37 years old, St. Petersburg, 2008)

Besides, the function of the foreman includes the guidance and the distribution of functions among the working team, and training of new workers:

Once I attempted to control the foremen – and hung a large banner at the construction sites with the hotline for the migrants, through which they could call and complain on the foreman in case they cheat them. There were calls, but just to thank me for giving them jobs. (Owner of the construction firm, 39 years old, St. Petersburg, 2007)
To conclude, management rent can be revealed at any stage of management and can expand on all levels of management. The embeddedness of this socio-cultural arrangement of domestic management contributes to the reconstruction and preservation of Soviet structures and management practices.

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Summarizing this study on the management practices, it is important to note that the Russian professional environment in the construction sector is evolving under the influence of two contradicting multidirectional tendencies. The main reason for such trends is the lack of social institutions in the professional sphere that could carry out the function of "controller" and continue to use outdated management techniques.

An analysis of the institutional arrangements finds huge rent potential in the construction of the Soviet period, which are formed through the practices of the human resource management. These practices, which are reconstructed in today's Russian construction sector, form particular modes (regimes) of the labor market for CA migrants. The management rent identifies social problems and economic waste that Russian society has to bear and the extra income from the management position one occupies both at the level of the Russian migration policy and construction enterprises.

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