

## Time allocation of Russian CEOs

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*Through the survey of 530 Russian CEOs of industrial companies, we were able to receive the self-reported evidence on overall working load and time distribution of Russian executives. The data suggests that Russian CEOs exhibit the patterns of time management, familiar to Western managers 20-30 years ago: hard overload, minimal work from home, passion to visit the shop floor. Although the personal differences in allocation of time among various tasks were significant, no particular management style proved to be more effective in terms of company's performance. This means that foreign partners should not judge a priori about the efficiency of their Russian counterparts based on unfamiliar peculiarities of time management.*

*Durch eine Umfrage bei 530 russischen CEOs von Industriefirmen waren wir in der Lage, den selbsterlebten Nachweis für die allgemeine Auslastung und Zeitverteilung von russischen Führungskräften zu erhalten. Die Daten zeigen, dass russische CEOs gleiche Muster von Zeitmanagement aufweisen wie westliche Manager vor 20-30 Jahren: Überbelastung, minimale Arbeit zuhause, Engagement im Fertigungsbereich. Obwohl die individuellen Unterschiede in der Zeiteinteilung bei verschiedenen Aufgaben erheblich waren, erwies sich kein einzelner Managementstil effektiver in Bezug auf die Unternehmensleistung. Das bedeutet, dass ausländische Geschäftspartner nicht im vornherein über die Effizienz ihrer russischen Gegenüber aufgrund von ungewohnten Besonderheiten des Zeitmanagements urteilen sollten.*

*Key words: Russia / CEO / management / working time / time management*

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## Introduction

Patterns of behavior of Russian managers, and in particular, Russian CEOs were comprehensively researched. However, the empirical studies devoted to time allocation of Russian managers are very rare<sup>1</sup>. The international management literature about time allocation of executives is also not so extensive<sup>2</sup>. There is rather a limited number of empirical studies on this subject available abroad<sup>3</sup>.

At the same time, we strongly believe that knowledge about time allocation of executives is quite important, both in theoretical and practical aspects.

First and foremost, the efficiency of allocation of such a scarce, really strategic asset as working time of a company's executives has an overall impact on the effectiveness of their work. For example, H.Brash and S. Goshal raised a provocative issue in their recent article: "How really effective are overloaded managers?"<sup>4</sup>

Second, time allocation of an executive is an important indicator of the essence and content of his/her work. Time spent on "work with written documents", "negotiations with representatives of other firms", "individual consultations and meetings with subordinates," "visiting the shop floor" and "running meetings" characterizes the relative importance of such executive roles as, respectively, "analyst," "negotiator," "coach," "controller," and "mediator." Of course, we cannot be absolutely sure in attributing particular type of work to particular function or role, but nevertheless, the patterns of time allocation may serve as reliable indicators of preferred leadership role and overall leadership style.

## The Sample and Research Instruments

Obviously, time allocation of top executives cannot be the object of standard time observation studies: too much of their time is spent on confidential or at least sensitive topics. However, the self-reported indication of the proportion of the working week (in hours) proved to be a reliable source of information about the real time allocation. This method of studying time budget is also widely used in demographic, marketing and industry-specific management studies.

At the end of 2000, we ran a survey of 600 companies. We obtained answers to a specially designed questionnaire from 530 CEOs, and, in addition to

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<sup>1</sup> Morgunov carried out one of the most methodologically grounded studies (Morgunov, 2001).

<sup>2</sup> Except numerous sociological publications about «balancing work and family life».

<sup>3</sup> For the most extensive overview of the relevant theoretical and empirical studies of 1960-1990s see Oshagbeni (1995).

<sup>4</sup> See Brash/Goshal (2002).

questionnaire data, we were able to gather accounting information on the firms of respondents<sup>5</sup>. A set of questions about the overall length of the working week (in hours) and the structure of the working week in terms of time spent on particular activities was a part of the questionnaire<sup>6</sup>. More than 90% of all the respondents (467 CEOs) agreed to provide reports on the total length of their working weeks and 421 CEOs gave responses on allocation of their time among different types of work.

The surveyed CEOs represented companies in all major Russian industries. Most of their organizations were large and mid-size companies. About 10% of the respondents were younger than 40, 43% were between 40 and 50, 36% were in their 50s, 10% were over 60.

Regarding the length of service in their present position, we should stress that only 12% of respondents were newly appointed CEOs (appointed less than one year before the date of the survey). Another 20% have worked in their present positions between one and three years. The remaining respondents have a more extensive experience in top managerial positions, and 10% of the respondents occupy their present positions for more than 10 years.

## A Working Week of a Typical Russian CEO

We started our analysis with the overall length of the working week. The data on this parameter is presented in Table 1. We remind here that the mandatory length of the working week in Russia is 41 hours. The first thing that draws your attention when you review the provided data is the overall significant load that the number one person in the firm has to carry. Only 17% of surveyed executives reported a 41-hour working week. Most answers fall into the category of 50 hours per week (24% of respondents) and 60 hours per week (16% of respondents).

*Table 1. Distribution of CEOs by the Total Length of their Working Week*

Length of the working week (hours)	Percentage of respondents
Less than 41 hours	17,1
41-50 hours	38,6
50,1-60 hours	30,7
60,1-72 hours	10,2
More than 72 hours	3,3

<sup>5</sup> This survey was implemented as a part of the project of the State University – Higher School of Economics “Non-market sector in the Russian economy”.

<sup>6</sup> These scales were provided by E.Morgunov (Moscow School of Economic and Social Sciences).

Besides, a small proportion of respondents has a truly unbelievable level of workload, i.e. 70 hours per week and more. It is worthwhile noting that Russian executives correspond quite well to their Western counterparts in terms of the length of their working week, but 30-40 years ago. In fact, research conducted among the Dutch and US executives in 1960-1970s showed an average length of the working week of 55 and even 60 hours<sup>7</sup>. Later, such excessive work was considered to be a *mauvais ton*. Similar studies carried out in the 1980-1990s indicated that the overall length of the working week of big companies' executives decreased to 40-45 hours<sup>8</sup>. In addition, during the 1980s executives started working at home, mostly dealing with documents, and sometimes having negotiations or communicating with individual employees. During the 1990s, such practice became quite common, more with regard to the proportion of executives using this method of work, than with regard to the share of time devoted to work at home (usually, the share of work done at home does not exceed 10% of the total length of the executive's working week).

The length of an executive's working week does not vary greatly by industries. At the same time, there is a clear correlation between the length of the working week and the size of an enterprise: the bigger the enterprise is in terms of a number of employees, the more time the boss has to devote to it (see table 2).

*Table 2. Average Length of the Executive's Working Week by Enterprises' Size*

Size of enterprises (number of employees)	Length of the working week (hours)
Up to 10	45,0
11-100	51,8
101-300	52,4
301-1000	52,6
1001-3000	56,1
More than 3000	65,4

The life of executives of the biggest enterprises (more than 3000 employees) is especially hard: the length of their average working week is 65 hours, i.e. they work 11 hours a day even given the six-day working week! Interestingly enough, the length of an executive's working week absolutely does not correlate with his/her age. Both young executives and persons close to retirement carry similar overloads.

<sup>7</sup> The 55-hour working week was observed in the course of surveys of 42 big American companies in the early 1970s (Cohen/March, 1974), the 60-hour working week was observed in the course of surveys of 25 biggest Dutch companies conducted in the early 1960s (Copeman et al., 1963).

<sup>8</sup> See Stewart (1988).

What does this data signify? A colossal overload of executives of major enterprises testify not only to the importance of issues that they have to solve (for example, the problems of survival for small enterprises are often no less urgent), but to the inability, unwillingness or impossibility to delegate authority. All kinds of problems that should have been resolved at the “grass-root level” are brought to the level of the boss. Besides, negotiations with outside organizations consume especially a lot of time. More and more organizations require the presence of the number one in the company at negotiations.

Is there a link between the length of the CEO’s working week and the efficiency of his firm in general? Are foreign management gurus right when they warn “Beware of the overloaded managers”? Proceeding both from subjective estimates of the status and prospects of their enterprises made by the executives, and from the official reports of these enterprises, we got quite curious results.

The connection is obvious at the subjective level. The executives who assessed the state of their enterprises as “bad” work 49 hours per week on average, while the executives who assessed the state of their enterprises as “satisfactory” work 53 hours on average. Finally, the executives who assess the state of their enterprises as “good” work almost 58 hours per week.

Besides, we observed a significant positive correlation between the length of the executive’s working week and such variables as “level of capacity loading” and “availability of orders”. At the same time, two circumstances should be kept in mind. First, because the top executives of the biggest enterprises have a longer working week, the effect of a more stable position of big enterprises can be manifested in the above-mentioned correlation. Second, we are dealing with subjective assessments of top executives. It is the constant presence of the boss at work, his considerable involvement in the on-going managerial processes that can create the impression that “life goes on”, “everything is fine”, etc.

If we consider objective economic indicators of an enterprise, first and foremost:

- “the share of barter deals in total sales”;
- the level of overdue payables and receivables in relation to total sales;
- the level of fixed capital investments in relation to total assets of an enterprise,

we’ll see no difference between enterprises headed by executives who work longer or shorter hours. Even such indicators as the level of salaries and the level of salaries in arrears that should testify that a “good position” of an enterprise affects its workers do not differ (see table 3).

*Table 3. The Level of Correlation between the Length of an Executive's Working Week and Individual Economic Parameters of an Enterprise*

Indicator	Correlation coefficient	The level of correlation coefficient significance
Average salary (rubles per month)	0,0883	0,066
Loading of production capacities in 2000	0,1712	0,000
Availability of orders in 2000	0,2243	0,000
Share of barter deals in payment for products in late 2000	-0,0327	0,662
Share of mutual offsets in payment for products in late 2000	-0,1444	0,020
Payables in arrears in relation to total assets	0,1174	0,046
Receivables in arrears in relation to total assets	0,1175	0,040
Level of investments in 2000 in relation to total assets	-0,0142	0,769
Level of salaries in arrears in 2000 in relation to total payroll	-0,0116	0,905

## Distribution of Executives' Working Week

In order to get the picture of executives' working week distribution by types of work, we normalized data on time spent on each activity with due account for the total length of working week of each surveyed executive. Table 4 shows average data on distribution of working week by types of activities.

*Table 4. Distribution of Working Week by Types of Work (Share in the Total Length of the Working Week)*

Type of work	Share	Standard deviation
Work with documents	0,24	0,13
Meetings with subordinates	0,15	0,08
Negotiations	0,22	0,13
Visits to the shop floor	0,18	0,11
Individual work with subordinates	0,16	0,10
Other types of work	0,15	0,12

We see that there are two main types of work that consume more than 40% of the total time given the average executives' workload of 52 hours per week, i.e. "work with documents" and "running negotiations". Contrary to the popular belief, meetings are the least time-consuming type of the executives' pastime; on average, they account for only 8 hours per week.

Therefore, two executive functions dominate in the activities of directors of Russian industrial enterprises, i.e. the function of “analyst” and “negotiator”. At the same time, it would be unfair to say that executives completely ignore other functions. It is noteworthy that “visits to the shop floor”, i.e. “field trips”, personal control over the state of affairs in the enterprise and communications with subordinates continue to be quite a significant function that is number three in terms of time allocated by the executives.

It would have been natural to suppose that different external and internal factors, such as the size of an enterprise and its economic position, influence the distribution of an executive’s working time. This assumption was confirmed only partially. Significant differences in relation to the size of an enterprise were manifested only in one type of work, i.e. in the visits to the shop floor. The bigger the size of an enterprise is, the smaller the share of time devoted to the visits to the shop floors and divisions is (however, time spent on this type of activity increases in absolute terms). The bosses of small enterprises (with less than 100 employees) spend up to 20% of their time in divisions, versus only 15% for big enterprises.

The relation between the economic position of an enterprise and the distribution of the CEO’s working time is especially noteworthy. It was discovered that the top executives had to spend the maximum proportion of their time in negotiations when their enterprises were in a particularly difficult situation. When the situation became relatively favorable, the executives turned their attention to internal problems.

## **Types of Executives identified on the basis of their working week distribution by types of work**

Though even the average data on the use of the working time by executives is highly representative, we conducted a deeper analysis trying to identify individual types of bosses. We created seven groups of executives depending on their “favorite” (or enforced) occupation. CEOs who spend at least 1.5 more time than an average boss doing a certain type of work were referred to a particular group. Thus, 6 groups of “deviant” executives were formed. Directors who did not show significant deviations in the structure of their time distribution from average figures were included in the seventh group.

Only about one fourth of executives has a relatively even distribution of their working time; others have their own hobbies. “Coaches” formed the biggest group (20%): individual work with subordinates accounted for the lion’s share of their time. The second biggest (16%) group is comprised of “negotiators”. “Analysts” who spend significant time working with documents account for only some 12% of respondents, while the share of lovers (or victims) of lengthy meetings is less than 7%. The sixth cluster that unites adherents of “other types

of work" deserves a special description. Such activities include, first and foremost, telephone conversations. There was less than 6% of such executives. Table 5 shows distribution of working time of different identified groups of executives.

*Table 5. Working Week Distribution by Identified Types of CEOs (Share in the Total Length of Working Week)*

Group	Type of work					
	Work with documents	Consultations with subordinates	Negotiations	Visits to the shop floor	Individual work with subordinates	Other types of work
Analysts	46,7	12,9	13,3	11,1	11,5	8,1
Mediators	21,3	27,9	20,7	15,6	12,5	9,9
Negotiators	19,2	13,8	42,2	14,0	11,1	7,0
Controllers	18,9	12,2	18,4	36,6	12,5	7,1
Coaches	22,9	13,8	18,2	19,4	31,4	11,3
Other	16,8	14,9	15,5	15,8	14,6	32,9
Moderates	20,2	13,1	18,0	15,5	13,8	11,3

The first thing that should be emphasized when reviewing the identified groups of top executives is the closest possible relation (with 99.9% probability) between the length of service of an executive in his current position and his type of leadership (see Table 6).

*Table 6. Distribution of Leadership Types by Length of Service*

	Leadership Type							
	1	2	3	4	5	6	7	
Length of service in the current position	Up to 1 year	13,2	17,0	15,1	13,2	17,0	5,7	18,9
	From 1 to 3 years	15,7	13,3	9,6	12,0	26,5	4,8	18,1
	From 3 to 5 years	13,6	6,8	20,5	4,5	31,8	0,0	22,7
	From 5 to 10 years	5,9	1,2	27,1	11,8	16,5	5,9	31,8
	More than 10 years	12,8	4,0	14,4	11,2	16,8	8,8	32,0

It is especially important to emphasize this trend because *there are no significant differences between clusters in terms of an average age of executives*. We can speak about a certain cycle of leadership styles. During the first stage of his activity as the boss of an enterprise (up to one year), he has to deal with everything at once, and individual preferences either do not emerge or the executive tries to imitate his style at the previous job. However, objectively he has to increase intensity and length of meetings. It is this trend that leads to the disproportionately big share of "mediators" among the newly appointed executives (twice as big as the overall share of this group in the sample).

During the later stages of getting used to the new position, the executive has to pay a considerable attention to work with individual subordinates. It continues for quite a long time: we see a disproportionately high share of “coaches” both in the group of executives being in their current position from one year to three years, and, especially, in the group of executives with 3-5 years of service. During further stages of work, their leadership style is “leveling out”: we see a significant proportion of executives with an “average statistical” leadership style among given categories.

In contrast to the situation with the overall length of the working week, the size of an enterprise does not play a special role here. Industry-specific differences are also not significant.

Can we say that any type of time allocation has special advantages in the current Russian situation? The answer depends, first and foremost, on changes that took place in enterprises headed by executives of different types, and on how effective these changes were. While comparing averages in detail<sup>9</sup> we could discover only one really significant difference: “negotiators” lag behind other groups in terms of active changes in the systems of personnel management. Other processes (development of new products, changes in the structure of production facilities, introduction of new technologies) are underway in a practically similar way in enterprises headed by executives of different types. Interestingly enough, even in such sphere as “acquiring new partners” active “negotiators” did not demonstrate real differences in terms of more connections established with Russian or foreign partners.

Therefore, we could not expect significant differences in the level of an enterprise’s performance. In fact, we did not discover significant differences when making assessments by objective economic indicators (labor productivity, the level of fixed capital investments in relation to annual depreciation, the levels of payables and receivables in arrears, etc.). Nevertheless, the differences are revealed in the subjective assessment of an enterprise’s position made by its executives. “Negotiators” who spend more time outside of their enterprise and have more grounds for comparison are the least satisfied with the state of affairs.

## Conclusion

The scale of conducted research, as well as the opportunity to use, in addition to sociological data, the data of the current economic reports of enterprises,

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<sup>9</sup> We applied ONEWAY ANOWA with the use of the procedure Dunnett T3 to establish the significance of differences between average figures given the assumption on unequal size of variations in the groups.

permitted to make a number of conclusions that have both theoretical and applied significance.

First of all, we observed an excessive workload of Russian executives, especially CEOs of big enterprises. In addition, such workloads are considered as “non-normal but usual.”

Second, we discovered that the overload of an CEO is not a necessary prerequisite for stable work of his/her company. Rather, it is just the opposite: the excessive length of the working week, huge amounts of time spent on day-to-day activities often do not allow to assess objectively the emerging problems. That is why the most overloaded executives are characterized by a serious imbalance between their subjective assessment of their enterprise’s performance and the real situation.

The next conclusion can be drawn based on the results of comparison of different leadership styles of Russian CEOs. One can say with quite a high degree of certainty that individual specifics and preferences of executives with regard to their types of work do not have a key significance for the overall efficiency and performance of an enterprise under current Russian conditions. It means that while the structure of their working week is satisfactory enough for them, while it creates a certainty that they cover all necessary issues, and while an essential “working vitality” is maintained, the executives should not worry too much if their preferences in terms of time allocation considerably differ from standards accepted in their industry or sphere of business. Therefore, we propose that foreign partners of Russian companies should not or prejudge the overall efficiency of company’s management based the preferred leadership style or time allocation of a Russian counterpart.

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