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CRANET

HUMAN RESOURCE MANAGEMENT POLICIES AND PRACTICES IN UZBEKISTAN:

CRANET UZBEKISTAN STUDY REPORT 2023

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ABOUT THIS REPORT

About CRANET

In 1989, the establishment of CRANET marked the launch of its mission to collect academic research data on human resource management (HRM) practices and policies worldwide. At present, academic researchers from across fifty (50) countries worldwide work closely to collect HRM data, making it the most extensive ongoing HRM study in the world. The purpose of this study is to collect regular international comparative surveys regarding the organisational policies and practices in comparative HRM across the globe, establish benchmarks for comparing individual countries with others worldwide, and disseminate research findings through news, academic journals, books, press, as well as through the scientific conferences and seminars and in teaching. For more information about CRANET, visit <https://cranet.la.psu.edu>.

This is the first Uzbekistan country report that provides results of the HRM practices and policies survey results of companies operating in Uzbekistan.

Acknowledgments

The authors would like to express their gratitude to all of the anonymous participants in this survey. We are also thankful to the CRANET network as well as Westminster International University in Tashkent for the ongoing support.



About Westminster International University in Tashkent

Westminster International University in Tashkent (WIUT) is the first international university in Uzbekistan to offer higher education with UK qualifications. WIUT offers a wide range of undergraduate and postgraduate courses, promotes research in a number of areas, and organises conferences with the participation of government and international institutions. WIUT consistently helps local and international students to unlock their full potential. For more information about WIUT, visit www.wiut.uz.

About Center for Policy Research and Outreach (CPRO)

Westminster International University in Tashkent (WIUT) launched the Center for Policy Research & Outreach (CPRO) in 2018 in response to research and outreach demands among the Uzbek government and international donor partners. CPRO supports the education and research missions of WIUT. The Center is a platform where experts, policymakers, and implementing agencies come together for dialogue supported by evidence, leading to more robust decisions and better operations. The outputs of the Center effectively respond to specific policy and outreach requests of the government, private sector, and civil society by pulling together experts to engage in new, collaborative, and interdisciplinary projects. Active participation of clients grounds the Center's consulting, capacity development, and policy research and outreach work. More information about CPRO can be found on the website: <https://cpro.wiut.uz>.

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CONTENTS

1. ABOUT THE DATA	1
1.1 Data	1
1.2 Industries.....	1
1.3 Company Characteristics	1
1.4 Employee Characteristics	2
1.5 Company Performance	2
2. MAIN RESULTS	4
2.1 HRM in Companies.....	4
2.2 Outsourcing in HRM.....	5
2.3 HR Strategy and Performance	6
2.4 Challenges in HR	7
2.5 Recruitment.....	8
2.6 Work Arrangements	9
2.7 Performance Appraisals	10
2.8 Training Investment	11
2.9 Diversity and Inclusion	12
2.10 Career Management Methods	13
2.11 Compensation and Benefits.....	13
2.12 The Use of e-HRM.....	14
2.13 Employee Relations and Communication	15
2.14 The Effects of the Pandemic	16
3. INFORMATION ON QUESTIONNAIRE, CONFIDENTIALITY & PRACTICAL BENEFIT.....	17
3.1 CRANET Questionnaire	17
3.2 Data Collection.....	17
3.3 Confidentiality.....	17
3.4 Practical Benefit	17
<i>To cite this report</i>	<i>18</i>

1. ABOUT THE DATA

1.1 Data

The data was collected from October 2021 to April 2022 by the researchers of WIUT. Since this is the first time the data was collected, no previous information is available for comparison. The final sample size included hundred (100) companies working in Uzbekistan. The target respondents were primarily representatives of the HR departments (91%) of the participating companies. On average, the respondents have worked within the HR sphere for eight (8) years and slightly more than four (4) years with the company. 55% of the respondents were the most senior members of the HR department. Regarding educational background, 28% have a degree in Economics, 25% in Business studies, and 15% in Humanities/Art/Language, while only 23% of the respondents have a degree or academic qualification in the HRM field.

100

companies participated in the study.

23%

of the HR professionals have a degree in HRM.

1.2 Industries

84%

of respondents operate within the private sector.

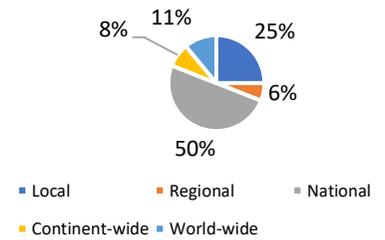
The average number of employees in a sample is slightly more than 1,000. 84% of the participating companies operate within the private sector, 10% in the public sector, and 5% work within the mixed sector. The companies in the sample represent various industries: education (12%), wholesale and retail (12%), accommodation and food service activities, publishing, broadcasting (11%), financial and insurance (11%), and construction (7%) being most represented. It is important to note that the headquarters of 74% of the participating companies are located in Uzbekistan.

1.3 Company Characteristics

Out of hundred (100) companies participating in the survey, 96% have an existing HR department. The average HR-to-staff ratio is equal to 0.8%. Labour costs account for 35% of the total operating costs. It is worth mentioning that 44% of companies chose not to provide an answer to this question.

Results show that the main market served by the companies is local (25%), regional (6%), national (50%), continent-wide (8%), or worldwide (11%), as indicated in Figure 1.1. Additionally, over the past three (3) years, 20% of companies have been involved in the acquisition of other companies, 2% have been taken over, 5% have been involved in a merger, 9% have been involved in a relocation, and 4% have been involved in a demerger. Family businesses account for 23% of the companies participating in the survey.

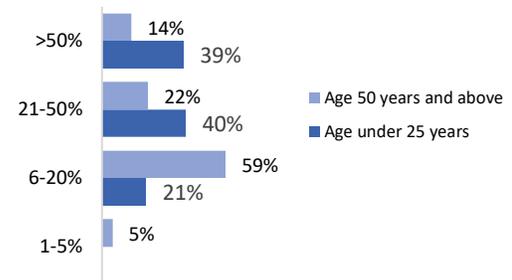
FIGURE 1.1 MAIN MARKET SERVED BY COMPANIES



1.4 Employee Characteristics

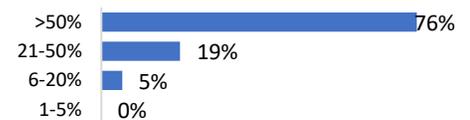
On average, 34% of employees account for female employees and 66% for male employees. The composition of the working employees' age in this study is depicted in Figure 1.2. It can be noted that there is a higher composition of younger employees working in companies that are under 25 than the workforce of 50 years and above.

FIGURE 1.2 COMPOSITION OF EMPLOYEES - AGE



Based on the received data, the frequency distribution of the job levels within the studied companies is as follows: 16% are managers, 45% are professionals (without managerial responsibility), and 40% are clerical and manual workers. A greater proportion of employees have higher education/university qualifications (see Figure 1.3).

FIGURE 1.3 EMPLOYEE HIGHER EDUCATION/UNIVERSITY QUALIFICATION



1.5 Company Performance

Results indicate that 4% of the markets served by companies are declining, 37% of companies operate in a stable market, and 58% work in a growing market.

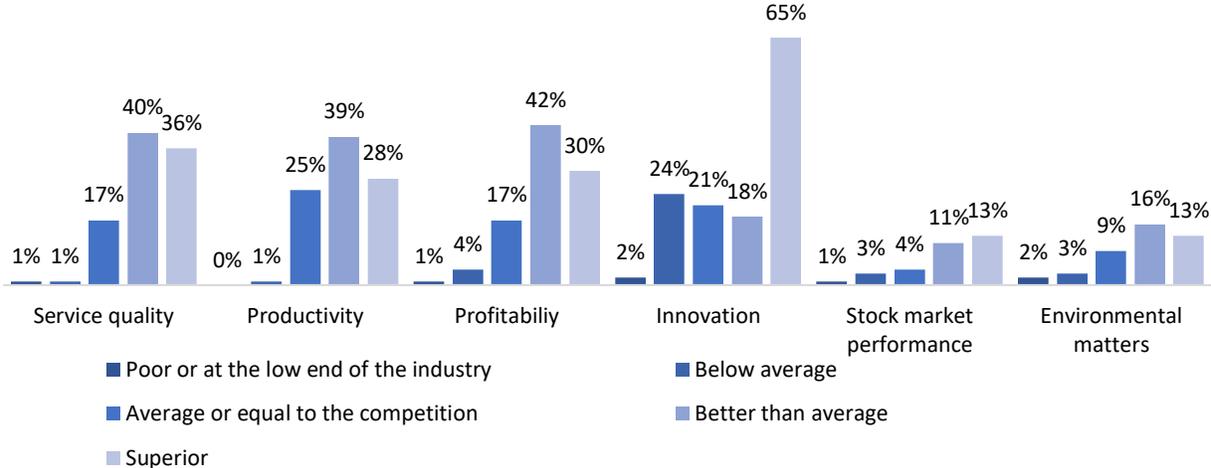
The participants were asked to evaluate their company's performance against their competitors in terms of quality, profitability, innovation and environmental matters. The majority of the companies consider themselves superior compared to their competitors in terms of service quality (36%) and profitability (30%) but less so in terms of rate of innovation (24%) and level of productivity (25%).

23%
of the businesses are owned and/or controlled by primarily one family.



About 42% of the companies evaluate their profitability, and 40% evaluate their service quality as better than their competitors. See Figure 1.4.

FIGURE 1.4 COMPANY'S EVALUATION OF THEIR PERFORMANCE RELATIVE TO COMPETITORS



Average voluntary turnover equals 14%, involuntary turnover equals 8%, and absenteeism/sick leave rate amounts to an average of 7% for the participating companies.

14%

is the average annual voluntary turnover.

8%

is the average annual involuntary turnover.

7%

is the average annual absenteeism/ sick leave.



2. MAIN RESULTS

2.1 HRM in Companies

The role of Human Resource Management (HRM) in companies is multifaceted, and it plays a significant part in contributing to the company's strategic development. The demand for the HRM departments is no longer seen as the administrative function but as strategic partners in shaping a company's success.

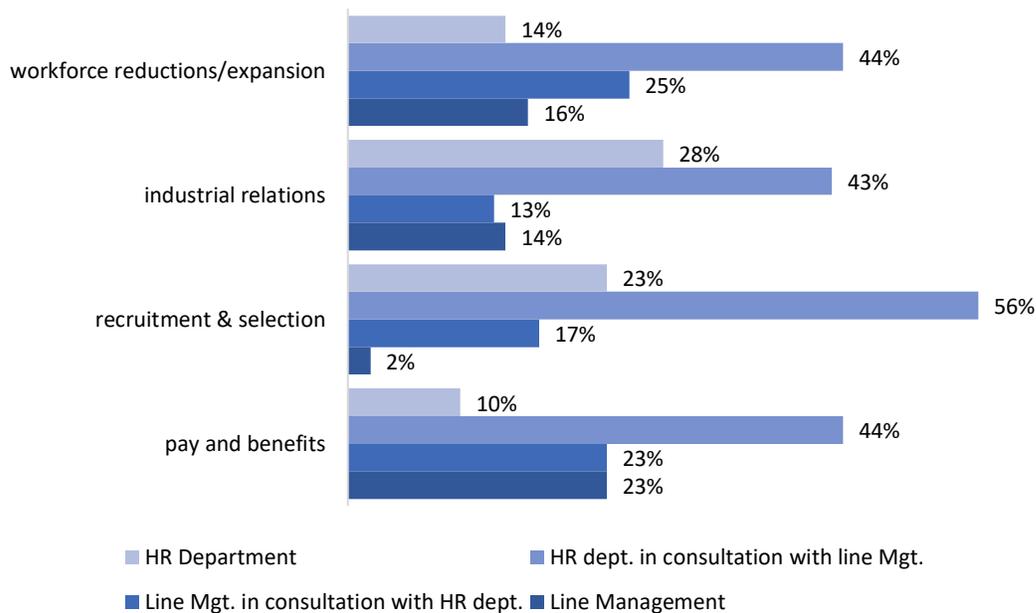
One of the main objectives is to ensure that HRM is aligned with and committed to achieving the company's strategic vision. The information below discusses the involvement of the HRM department in the vital organisational processes as well as their professional background.

It is worth noting that in 36% of the participating companies, HR has a place on the Board or equivalent top executive team. The Figure 2.1 depicts how the responsibility for the major policy decisions is shared between the HRM department and line management regarding pay and benefits, recruitment and selection, training and development, industrial relations and workforce expansion/ reduction.

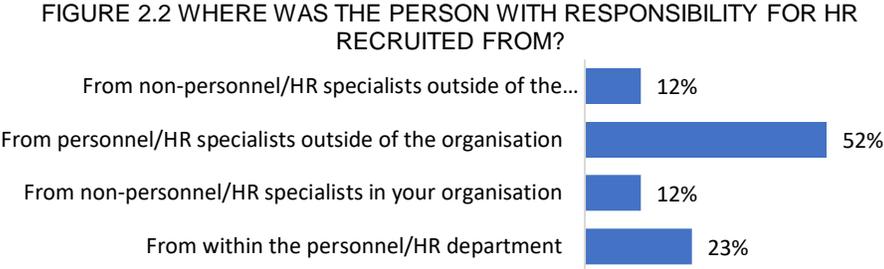
36%

of HR has a place on the Board or equivalent top executive team.

FIGURE 2.1 PRIMARY RESPONSIBILITY FOR MAJOR POLICY DECISIONS



The background of the HR professionals in the companies may impact the role of the HR function in companies. According to the results, in 75% of the companies, the HR professional was hired from the HR department, either within the company (23%) or from another company (52%). Also, 12% of the companies recruited from non-personnel/HR representatives from outside companies, and 12% from non-personnel/HR representatives from inside companies (other departments), see Figure 2.2.

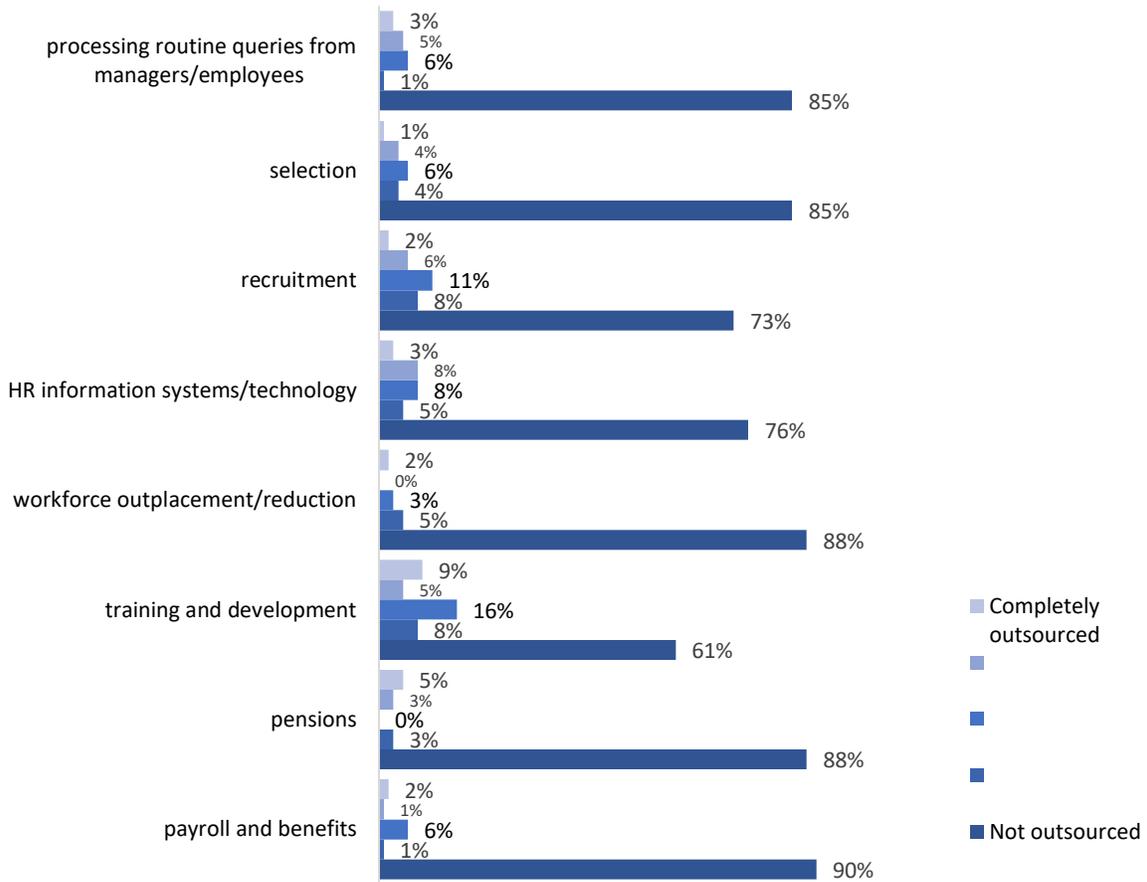


2.2 Outsourcing in HRM

Results show that the majority of the participating companies (86%) do not outsource to external providers activities such as payroll and benefits, pensions, training and development, workplace outplacement, HR information systems, recruitment, selection, and processing routine queries from managers/employees (e.g. HR call center). Only 3% completely outsource these HR-related activities to external providers, see Figure 2.3.

3%
completely outsource
HR activities.

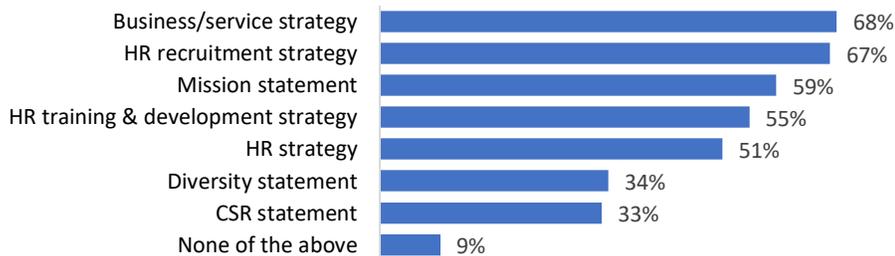
FIGURE 2.3 OUTSOURCING IN HR



2.3 HR Strategy and Performance

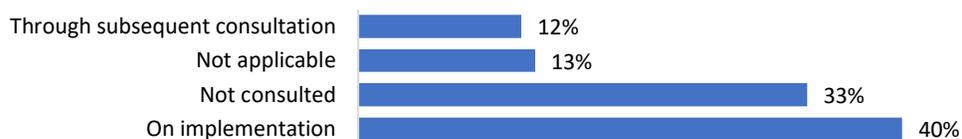
Figure 2.4 indicates that 68% of participating companies have a business/service strategy, 67% have a written HR recruitment strategy, 59% of the companies have a written mission statement, 55% have a documented HR training and development strategy, 51% have a written HR strategy, 34% have a written diversity statement, 33% have a written corporate social responsibility statement, and 9% none of the mentioned.

FIGURE 2.4 AVAILABILITY OF WRITTEN DOCUMENT



To identify the level of involvement of the HRM department in the company's business strategy development, respondents were asked to indicate at what stage of the business strategy development the HR was involved. The findings in Figure 2.5 suggest that in 40% of the sample companies, the HRM department was involved in the implementation stage, 33% of the companies did not consult with the HRM department at all, 12% involved the HRM department through subsequent consultation, none of the companies involved HRM department from the outset. Despite the importance of involving the HRM department in the company's business strategy development process, a big portion of the participating companies did not involve the HRM department (especially the head of HR) in the business development process.

FIGURE 2.5 INVOLVEMENT OF HRM DEPARTMENT AT THE STAGE OF BUSINESS/SERVICE STRATEGY DEVELOPMENT



The respondents were also asked to provide information on whether their companies evaluated the performance of the HRM department or not. The results reveal that 37% of the participating companies evaluate the HRM department's performance, while 41% do not evaluate the HRM department's performance.

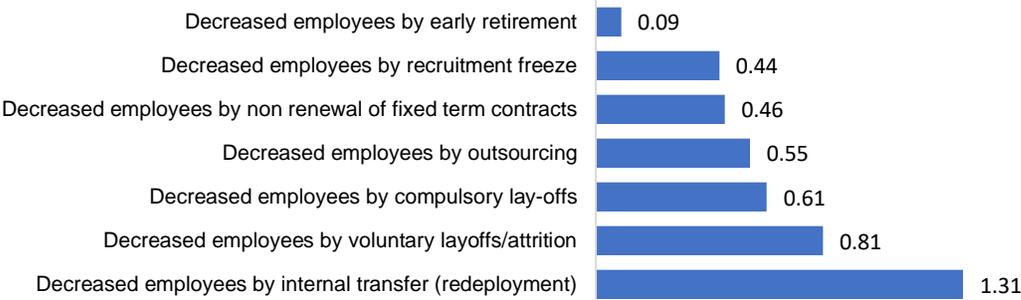
2.4 Challenges in HR

Companies may consider reducing the number of their employees for various reasons, often related to economic, operational, or strategic factors. Reducing the number of employees can be a challenging decision, and it should be carried out with care and compliance with the labour laws and regulations. Based on the study findings, over the past three (3) years, on average there was a 38% decrease in the number of employees within the participating companies. However, for 26% of the participating companies, the number of employees on average increased by 11%.

There are various methods and strategies for implementing downsizing. The choice of the method should align with the company's specific goals and circumstances. Internal transfer, voluntary attrition, and compulsory

layoffs have been revealed to be among the most common downsizing methods for companies that engaged in activities to change the composition of the workforce over the previous three (3) year period (see Figure 2.6).

FIGURE 2.6 WORKFORCE MANAGEMENT STRATEGY



(Scale: Not at all - “0”; to a very great extent - “3”; multiple selection is possible)

2.5 Recruitment

The choice of recruitment methods is a critical decision that can impact the quality of talent, cost, diversity, efficiency and overall effectiveness of the recruitment process. Careful consideration and strategic planning are necessary to select the methods that best align with the company’s goals and requirements. Among the top three (3) recruitment methods used by the participating companies are vacancies on commercial job websites (75%), word of mouth/employee referrals (70%), and internal recruitment (68%). 60% of the participating companies use walk-ins, 53% recruit employees through career fairs, and 48% recruit directly from educational institutions. Remarkably, 40% use social media platforms such as Facebook and Instagram to recruit employees (see Figure 2.7).

75%

of respondents recruit from commercial job websites.

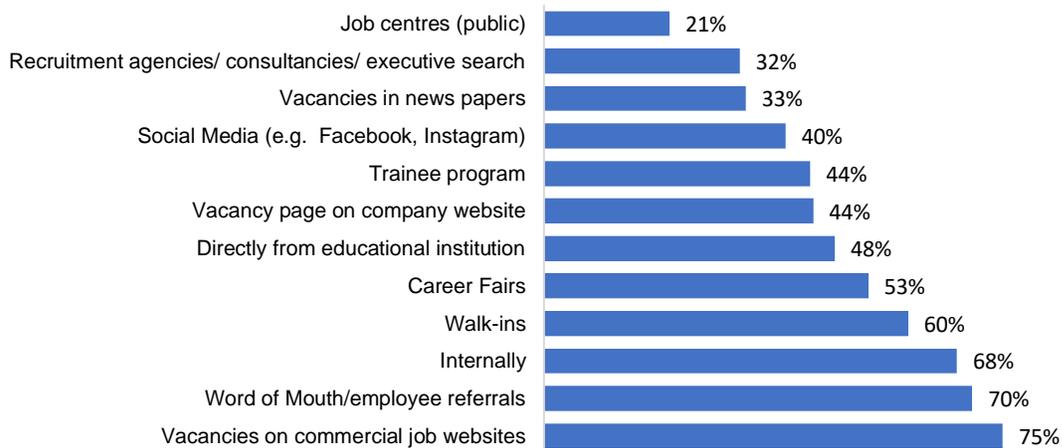
70%

of respondents recruit via employee referrals/word of mouth.

68%

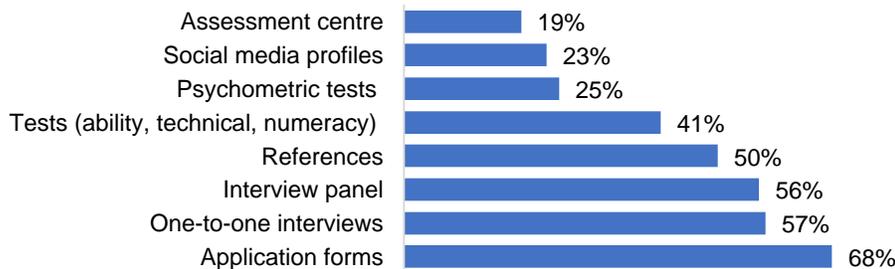
of respondents recruit internally.

FIGURE 2.7 RECRUITMENT METHODS



Among the top three (3) selection methods used by the participating companies are application forms (68%), one-to-one interviews (57%), and interview panels (56%). Assessment centres are used by 19% of participating companies, while psychometric tests are used by 25% of the participating companies. 41% use various types of tests (numeric, technical, ability). See Figure 2.8.

FIGURE 2.8 SELECTION METHODS



2.6 Work Arrangements

Various work arrangements are essential for HRM to meet the diverse needs of the employees and adapt to the changing landscape of the world. By offering multiple work options, companies can better attract, retain, and manage their employees effectively. Based on the findings of the study, work arrangements such as flexi-time (64%), temporary/casual (63%), and part-time work (58%) are not used at all by sample companies. 72% of the companies did not use remote work before COVID-19, and 70% did not use remote work after COVID-19. Notably, 82% of the companies used remote work during COVID-19. However, it can be inferred that 62% of

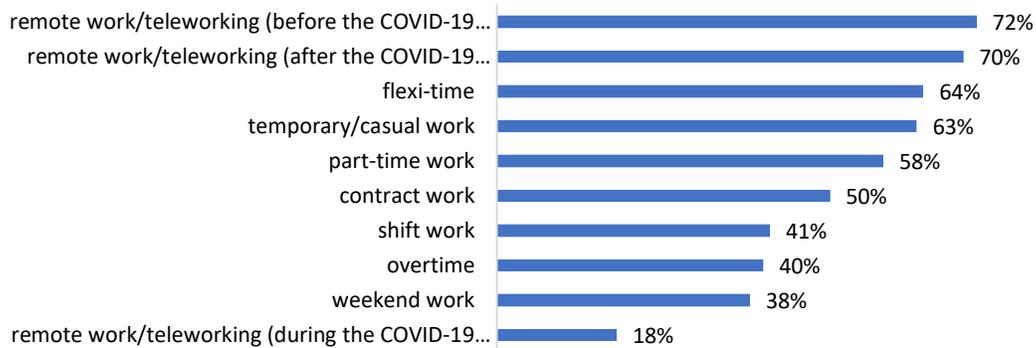
40%

of companies use social media for recruitment of employees.



companies had weekend work, 60% used overtime, 59% used shift work, 50% used contract work, and 42% used part-time work (see Figure 2.9).

FIGURE 2.9 WORK ARRANGEMENTS NOT USED BY COMPANIES



2.7 Performance Appraisals

Performance appraisals are a valuable tool for companies to manage, motivate and develop their employees. Performance appraisals help to establish a performance-oriented culture and ensure that employees are aligned with the company's strategic goals and core values. Effective performance appraisals contribute to the growth and success of both employees and the company.

The results show that 63% of the participating companies have a formal employee appraisal system. 64% of the participating companies use appraisal data for career moves, 57% for training and development, 52% for workforce planning, and 51% for decision-making regarding pay (see Figure 2.10).

63%

of companies have a formal employee appraisal system.

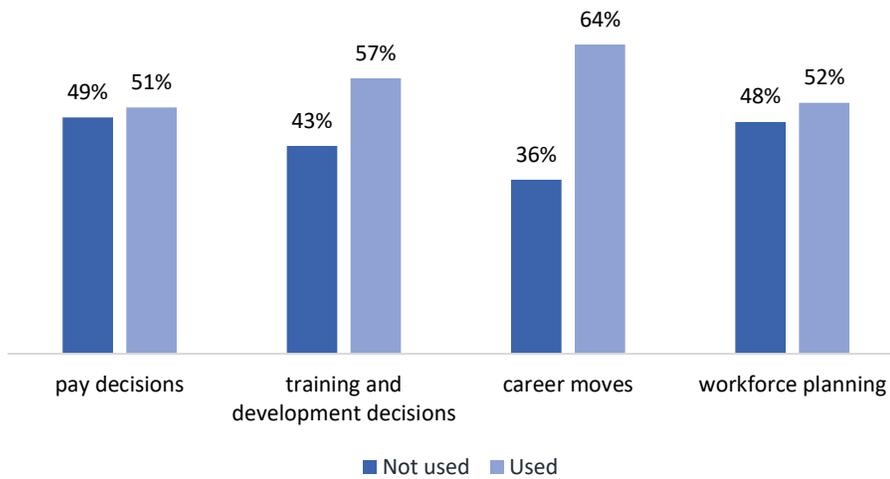
64%

of companies use appraisal for career moves.

57%

of companies use appraisal for training & development.

FIGURE 2.10 APPRAISAL DATA USED FOR:



Therefore, it can be concluded that appraisal systems are mainly used for making decisions regarding employee career moves.

The respondents were also asked about employees' involvement in the appraisal process. The results reveal that the appraisal process includes the immediate supervisor (63%) and supervisor's superior (49%). The involvement of the employees in the appraisal process takes place in 30% of the participating companies, the involvement of peers in 25% and the involvement of subordinates in 23% of the participating companies (see Figure 2.11).

FIGURE 2.11 EMPLOYEES INVOLVED IN THE APPRAISAL PROCESS



2.8 Training Investment

On average, participating companies spend about 15 days on training their employees annually, with about 8.7% of their annual payroll costs spent on training. It is essential to mention that 55% of the companies systematically perform the training needs analysis, and 60% evaluate the effectiveness of the conducted training.

Among the most frequently used techniques to measure the effectiveness of the training are informal feedback from line managers (45%), job performance before and after training (41%), meeting objectives (41%), and informal feedback from employees (40%). It is crucial to highlight that return on investment (ROI) is used only by 10% of the companies to evaluate the effectiveness of the training. 36% of companies indicate it is not applicable (see Figure 2.12).

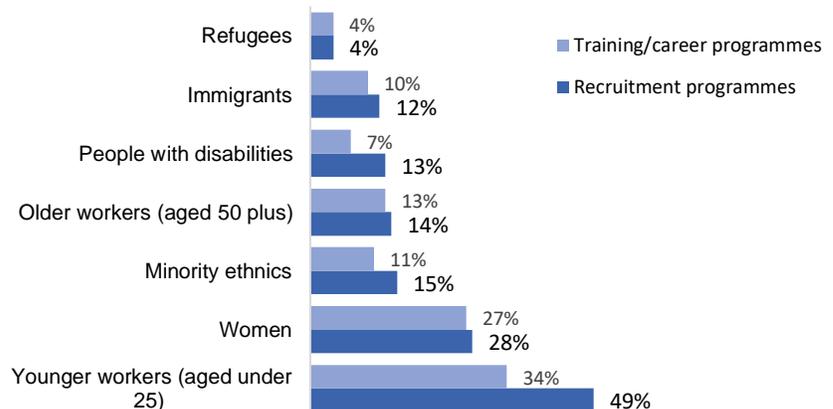
FIGURE 2.12 TECHNIQUES TO EVALUATE TRAINING EFFECTIVENESS



2.9 Diversity and Inclusion

Participating companies were asked whether their organisations have action programmes focusing on different groups to improve their workforce participation. The findings show that 49% of companies have recruitment programmes, and 34% have training or career programmes for younger workers (under 25). Also, 28% of companies have recruitment programmes, and 27% have training or career programmes for women. 15% of companies have recruitment programmes for minority ethnics, and 11% have training or career programmes for minority ethnics. 14% of companies have recruitment programmes, and 13% have training or career programmes for older workers. 7% of companies have training or career programmes for people with disabilities, and 13% have recruitment programmes for people with disabilities. Lastly, 4% of companies have training and development and recruitment programmes for refugees (see Figure 2.13).

FIGURE 2.13 ACTION PROGRAMMES

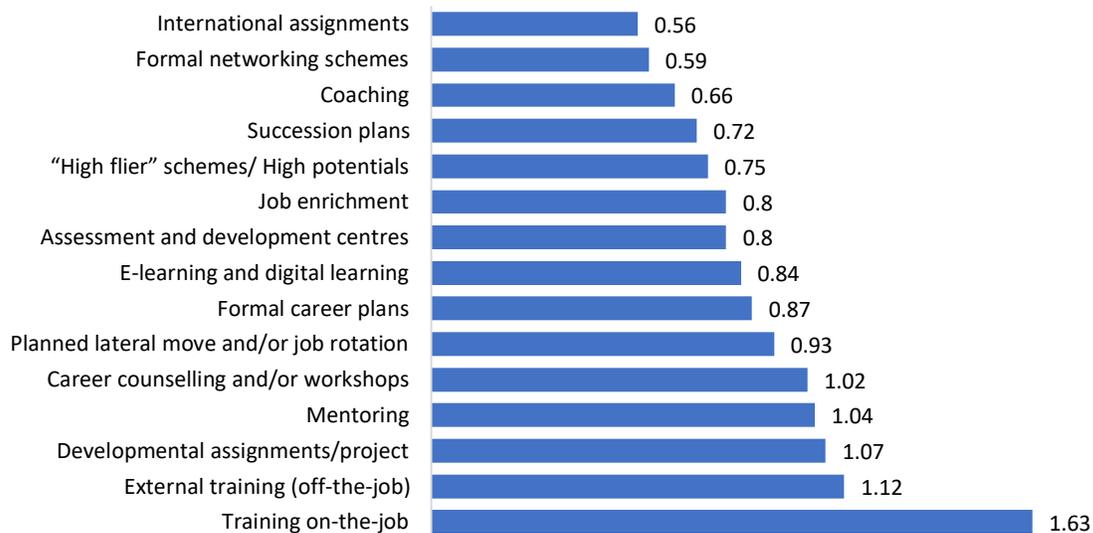


2.10 Career Management Methods

Career management methods are essential because they help promote employees' personal and professional growth, increase job satisfaction and engagement, enhance productivity, and support a company's ability to attract, retain, and develop the best talent. Effective career management contributes to individuals' and organisations' success and longevity. Therefore, the respondents were asked to indicate the extent to which they used various career management methods.

The findings indicate that among the most frequently used methods to support career management are training on-the-job (1.63), external training (off-the-job) (1.12), developmental assignments/project (1.07), and mentoring (1.04). Among the least used methods for career management are international assignments (0.56) and formal networking schemes (0.59), as indicated in Figure 2.14.

FIGURE 2.14 CAREER MANAGEMENT METHODS



(Scale: Not at all - "0"; to a very great extent - "3"; multiple selection is possible)

2.11 Compensation and Benefits

Among the top compensation schemes used by the companies participating in the survey are bonuses based on individual goals/performance for managers (35%), professionals (55%), and clerical/manual employees (35%); individual performance-related pay for managers (30%), professionals (62%), clerical and manual workers (30%); non-monetary incentives for managers (25%), professionals (72%), and clerical/manual employees (25%). See Figure 2.15.

Stock options, employee share schemes, and flexible benefits are among the least used compensation schemes.

FIGURE 2.15 COMPENSATION SCHEMES (BY JOB LEVELS)

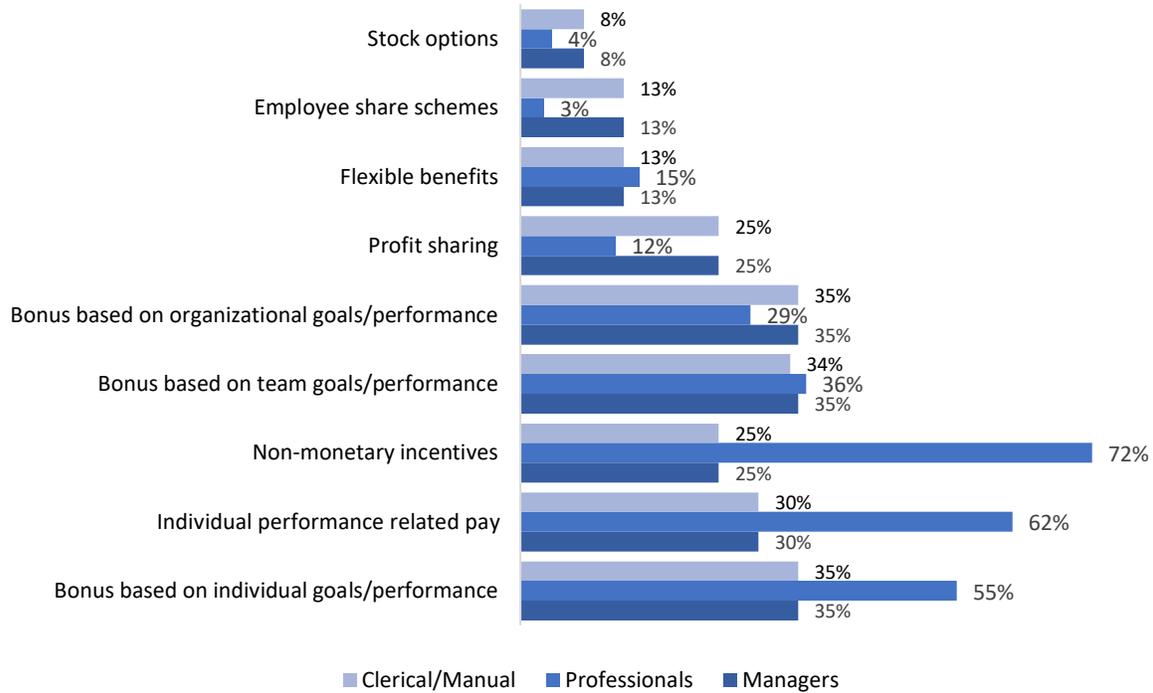
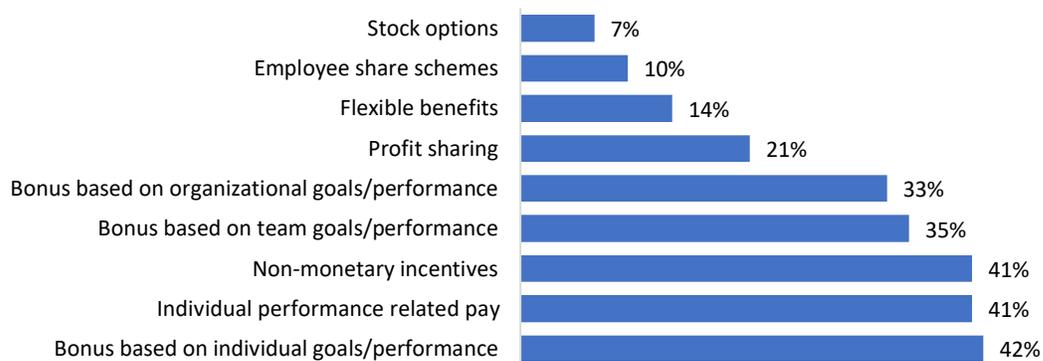


Figure 2.16 provides a summary of the various compensation schemes generally used by the sample companies.

FIGURE 2.16 COMPENSATION SCHEMES

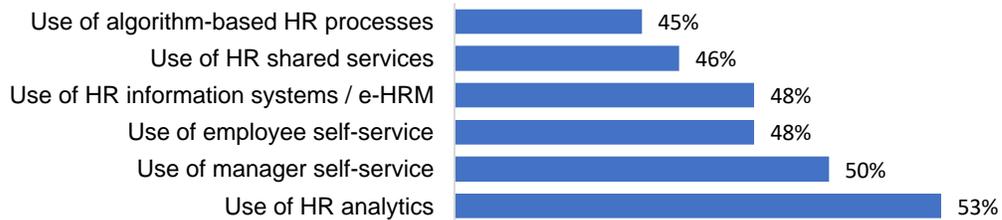


2.12 The Use of e-HRM

The integration of digital technologies and software solutions to manage various HR functions and processes has become crucial due to its advantages in terms of efficiency, accessibility, and data management. The findings indicate that 53% of participating companies use HR analytics

(e.g., HR data-based decision support); 50% use manager self-service; 48% use employee self-service; 48% use HR information systems / e-HRM; 46% use HR shared services; and 45% use algorithm-based HR processes (e.g., automation, robotics). See Figure 2.17.

FIGURE 2.17 USE OF E-HRM



When obtaining data regarding the use of social media in recruitment and selection, findings reveal that 43% and 36% of companies used social media to recruit managers and manual workers. At the same time, 24% and 21% of companies use social media platforms for the selection of managers and manual workers.

24%

of companies use social media for selection of managers.

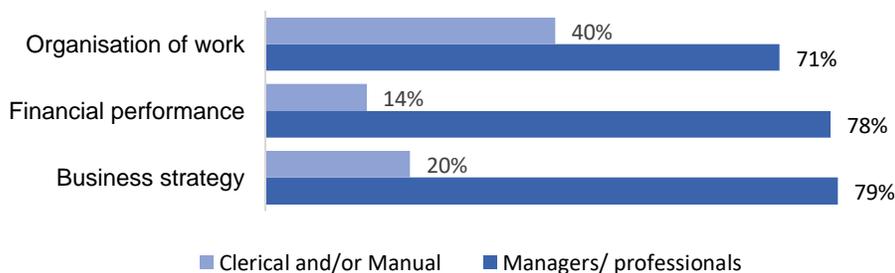
21%

of companies use social media for selection of manual workers.

2.13 Employee Relations and Communication

Most companies (79%) formally brief their managers and professionals on business strategy; 78% officially inform about financial performance; 71% formally brief about the organisation of work. Lower proportions formally inform the clerical and manual employees about business strategy (20%), financial performance (14%) and organisation of work (40%). See Figure 2.18.

FIGURE 2.18 FORMAL BRIEFING OF EMPLOYEES



Results show that among the most frequent channels used to communicate information top-down to employees are informing top-down directly from senior managers (85%) and informing top-down through

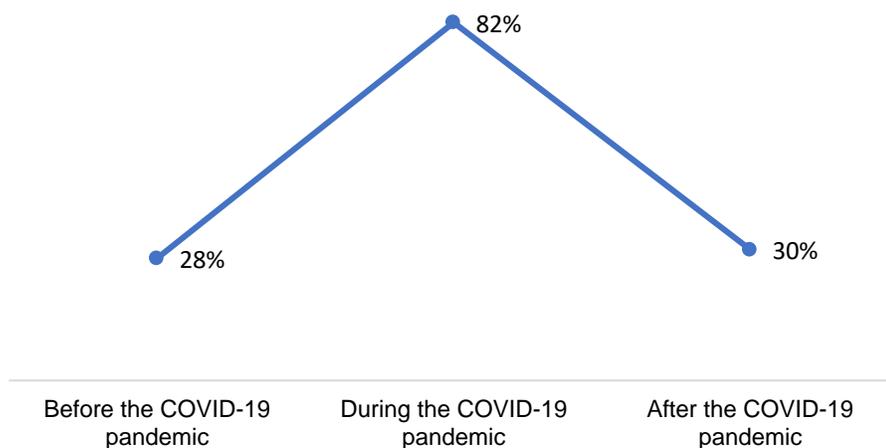
immediate superiors (68%). While 23% of companies are consulting bottom-up through employee/ attitude surveys, and 16% are consulting bottom-up through suggestion schemes.

2.14 The Effects of the Pandemic

The impact of the COVID-19 pandemic on work in Uzbekistan, as in many countries worldwide, has had significant effects. The government, employers, and employees have had to adapt to changing circumstances and prioritise health and safety while maintaining economic stability and growth.

Before the COVID-19 pandemic, as results indicate, only 28% of participating companies in Uzbekistan would offer remote work arrangements for their employees, 82% of the companies provided remote work arrangements for their employees during the pandemic, while 30% of companies offered remote work arrangements for their employees after the pandemic. It indicates a 2% increase in offering remote work arrangements after the pandemic for employees (see Figure 2.19).

FIGURE 2.19 REMOTE WORK



3. INFORMATION ON QUESTIONNAIRE, CONFIDENTIALITY & PRACTICAL BENEFIT

3.1 CRANET Questionnaire

The CRANET questionnaire was used as the main instrument for data collection from the respondents. It includes 66 items within the questionnaire and has been translated into Uzbek and Russian languages along with the back translation. The questionnaire was available in three (3) languages: Uzbek, English and Russian.

3.2 Data Collection

Online questionnaires were distributed via an online tool (surveyMonkey.com) for data collection. Hard copies were also used in the data collection process.

3.3 Confidentiality

The respondents comprised of HRM professionals and the companies they represented were guaranteed that their responses would be handled with the utmost confidentiality.

3.4 Practical Benefit

The CRANET questionnaire used to collect data for this report covers various aspects of the role and practices of the HRM department in companies. The results demonstrate valuable information and can be used by HRM practitioners, academics and policymakers. Similarly, the research helps to explore the HRM practices in Uzbekistan that will contribute to the knowledge and put Uzbekistan on the map of the CRANET research and its dashboard.

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