



# Russia

## Presentation in Comparative International Management

1st Semester 2005/2006  
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History

Geography

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# Team

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# Overview

- **Introduction**
- **History**
- **Geography**
- **Curiosities**
- **Stereotypes**
- **Hofstede**
- **Behavior**
- **Business**
- **Negotiating**
- **Conclusion**





# Introduction

- **9000 km from East to West and 5000 from North to South**
- **Ural mountains divide Russia into a European and Asian part**
- **Population of about 143 million (3/4 live in the European part)**
- **Moscow is the capital and the largest city**
- **Russian is official language but many others in component parts**
- **President is Vladimir Putin**



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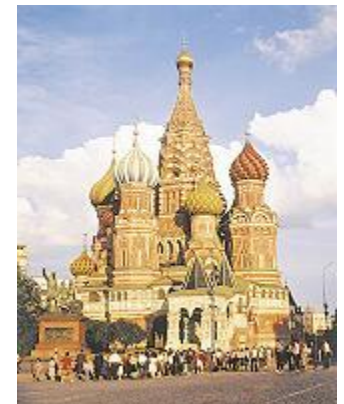
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# History of Russia

- **Founded in the 12th century**
- **Emerged from over 200 years of Mogol domination**
- **New Romanov Dynasty in the 17th century, policy of expansion from Siberia to the Pacific**
- **Peter I: hegemony was extended to the Baltic Sea; renamed the country Russian Empire**
- **Defeats of the Russian Army in World War I led to rioting and to the overthrow in 1917 of the imperial household**



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# History of Russia

- **Communist seized power soon after under Lenin and formed the USSR**
- **Rule of Stalin (1928-1953) strengthened Russian dominance of the Soviet Union under the costs of millions of lives**
- **Gorbachev (1985-1991) introduced glasnost (openness) and perestroika (restructuring) in an attempt to modernize Communism**
- **Initiatives released forces that in 1991 splintered the USSR into 15 independent states**



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# History of Russia

- **Russia struggles in its efforts to build a democratic political system and market economy to replace the strict social, economic and political controls of the Communist period**
- **Progress on the economic front**
- **Recentralization of powers under Putin and erosion of democratic institutions**
- **Guerilla conflict still going on between Russia and Chechnya**



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# Geography

- **Northern Asia (that part west of the Urals is included with Europe), bordering the Arctic Ocean, between Europe and the North Pacific Ocean**
- **Stretches across much of the north of the supercontinent of Eurasia**
- **Great variety of landscapes and climates**
- **Most of the land consists of large plains known as Siberia**
- **Extensive coastline of over 37,000 km**





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# Geography

- **Largest country in the world in terms of area (1.8 times the size of the US); despite its size, much of the country lacks proper soils and climates (either too cold or too dry) for agriculture**





# Curiosities in Russia

- **Russians are impressed with size and number, and much that they do is on a grand scale**
- **Things seldom go as planned with Russians. They often say, "In principle, it can be done," but in practice, it may be another matter**
- **Russians admire Americans as people, and generally bear no harm toward them**
- **Belief and pride in Russia as a great power with a special mission in the world**
- **Mocow is even more expensive to do business than New York or Tokyo**

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# Stereotypes about Russia

- **Way of life is very simple**
- **Russians love to eat rye bread with herring and drink vodka**
- **Fashion for fur coats and hats is at all times high**
- **Cold winters are impossible to survive**
- **University professors have to sell matryoshkas to foreigners, and former teachers work as security guards**
- **Average salary is \$150 per month**
- **President Putin is still loved by all the nation**

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# Stereotypes about Russia

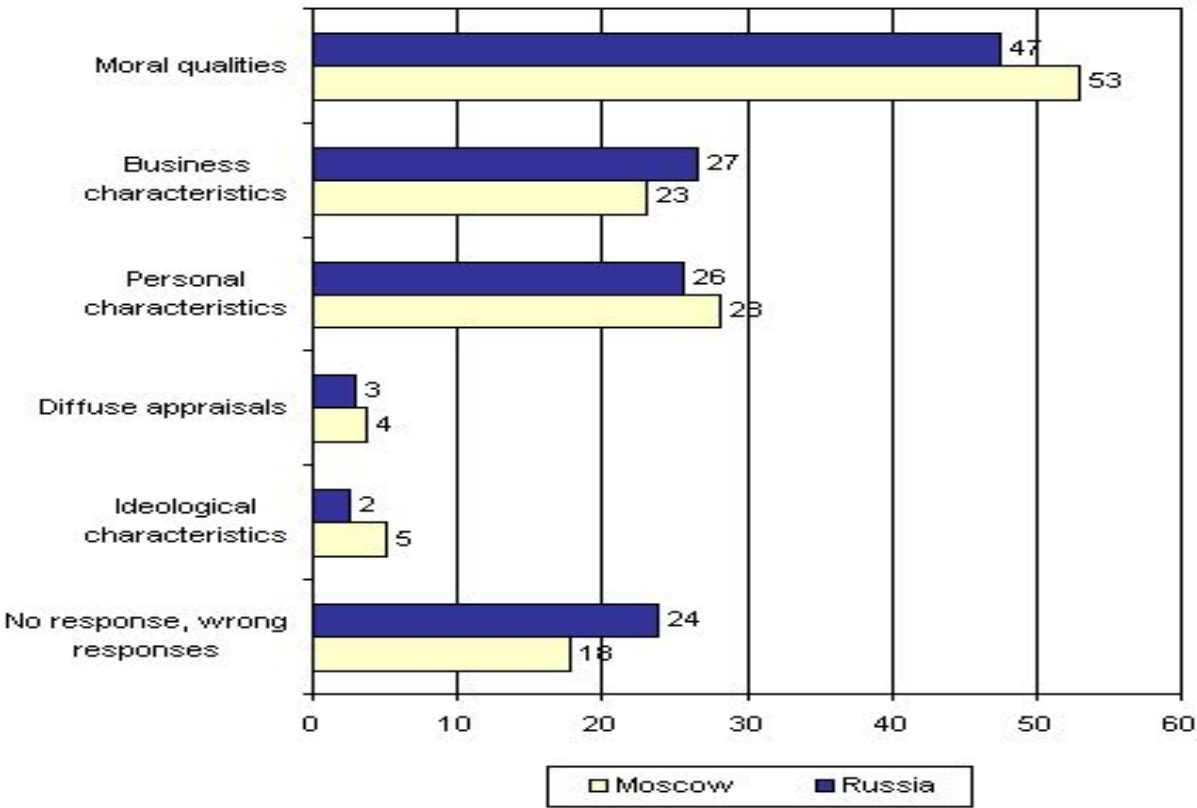
- **Playing balalaika and drinking vodka is their only entertainment**
- **Teenagers are keen fans of the band TaTu and dream of fleeing the country as soon as they are 18**
- **Few dozen people who managed to make some money on the oil fields now live in exile**
- **Russia will soon go back to communism**





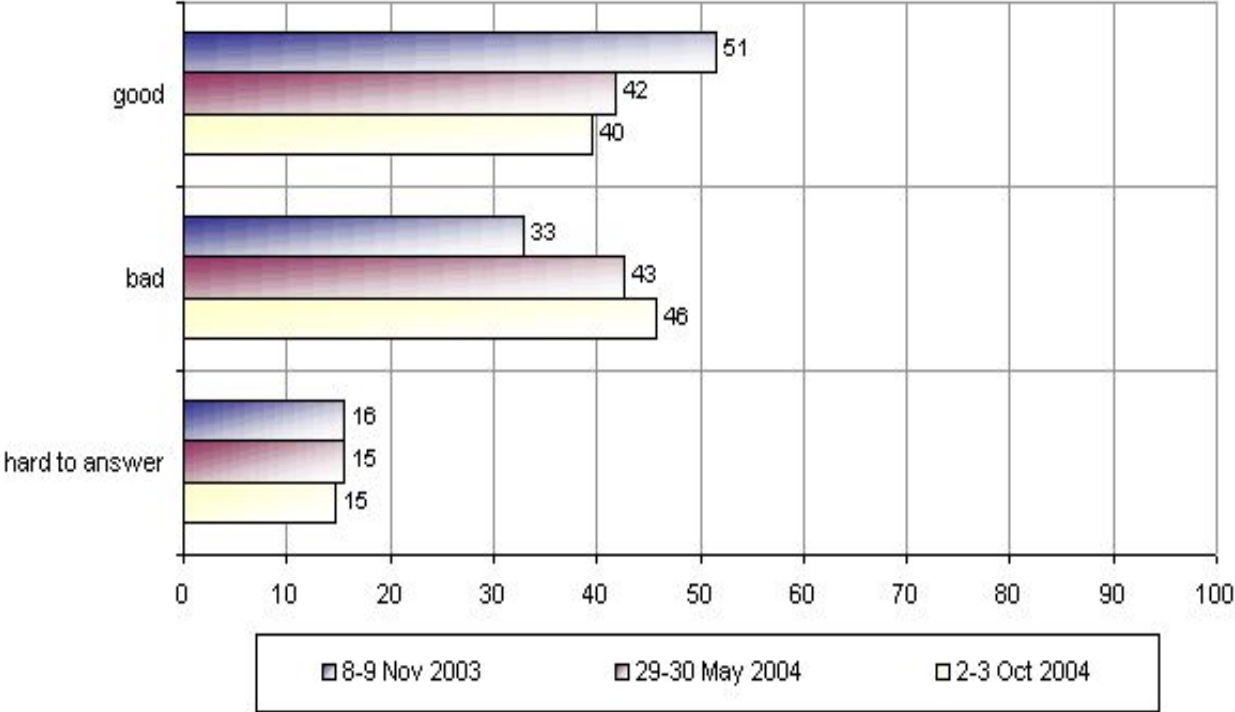
# „A typical Russian”

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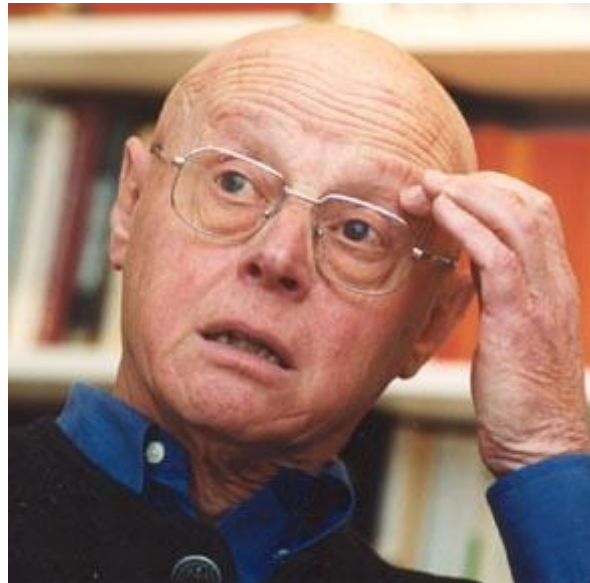
# The World's Attitude Towards Russia: Friends and Foes



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# Dimensions of cultures



## How Hofstede evaluates Russia?

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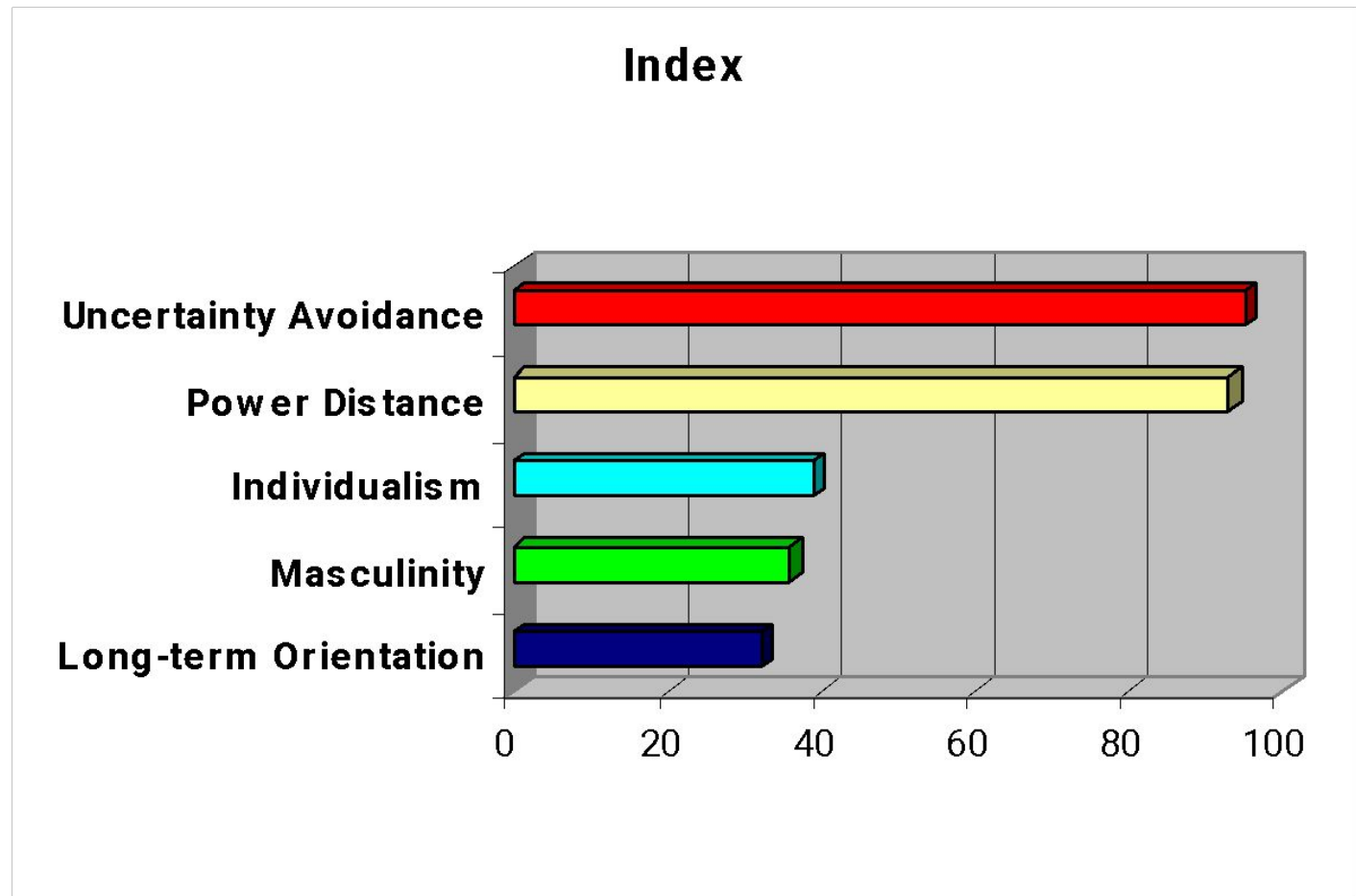
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# Index Scores of Russia





# High Uncertainty Avoidance

**„Will it be any better??  
No, it had already been better.”**

**(Russian Finance Minister, asked by an investor about the economic future of Russia)**

**Results according to:**

- Hofstede 95
- Globe 98
- Noumov 68

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## High Uncertainty Avoidance

- **Low tolerance for uncertainty and ambiguity**
- **Rule-oriented society, which institutes a lot of laws, rules, regulations, and controls**
- **Time is money**
- **Emotional need to be busy**
- **Suppression of deviant ideas and behaviour, resistance to innovations**
- **Motivation by security and esteem of belongingness**
- **Belief in experts and specialization**



# Large Power Distance

**“Subordinate should always look foolish and flimsy.  
In order not to shame with their wisdom the  
superior”**

**(Decree of Tsar Peter I)**

**Results according to:**

- Hofstede **93**
- Globe **77**
- Noumov **40**

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# Large Power Distance

- **Prevailing religions and philosophical systems stress hierarchy and stratification**
- **Prevailing political ideologies stress and practice power struggle**
- **Hierarchy in organizations reflects the existential inequality between higher-ups and lower-downs**
- **Subordinates expect to be told what to do, superior unavailable**
- **Powerful people try to look as impressive as possible**
- **Centralization is popular**

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# Factors of Large Power Distance

- **Geographical condition**
- **Small number of the social stratum**
- **Small number of people with higher education**
- **Lack of advanced technology**
- **State politics**

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## Low Individualism

**“My address is not a house and the street.  
My address is the USSR.”**

**(Words in a famous Russian song)**

**Results according to:**

- Hofstede 39
- Globe 36
- Noumov 41



# Low Individualism

- **Ideologies of equality prevail over ideologies of individual freedom**
- **Collective interests prevail over individual interests**
- **Opinions are predetermined by group membership**
- **Laws and rights differ by group**
- **Press controlled by the state**
- **Hiring and promotion decisions take employees' ingroup into account**
- **Dominant role of the state in the economic system**

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# Low Masculinity

**“How many divisions does the Pope lead?”**

**(Joseph Stalin, at Postdam conference)**

**Results according to:**

- Hofstede 36
- Globe 47
- Noumov 55



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## Low Masculinity

- **Dominant values in society are caring for others and preservation**
- **People and warm relationships are important**
- **Work in order to live**
- **Stress on equality, solidarity and quality of work life**
- **Managers use intuition and strive for consensus**
- **Resolution of conflicts by compromise and negotiation.**



# Russia's position in Gesteland classification

## Features of Russian culture:

- **Relationship-oriented**
- **Formal**
- **Fluid-time , polychronic**
- **Expressive**

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## General business rule

**"In Russia daily work conditions can be compared to a jungle where you really don't know what can fall on your head in the next minute."**



# Behaviour

- **Comrade!!! – Never!!!**
- **Connections, influences (gifts, money)**
- **Personal relations**

## Women

- **Scepticism, friends**
- **Be feminine**
- **Advantage**
- **Relaxing (lunch, theater etc.)**

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# Business

- **Shaking hands, hugs, kissing**
- **Formal & Conservative (Men, Women)**
- **Punctuality**
- **Business cards (Plenty!!!)**

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# Informal Meetings

- **Theater**
- **Casual dressing at home dinners (dacha) & gifts**
- **Small talk (English, Russian, current events, music, art...)**
- **Sauna**

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# Legal situation

- **Fiscal obscurities**
- **Legal issues**
- **Difficult dealings with the Russian public authorities**

**!!! Be careful !!! some licences – especially for export are hard to obtain**

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# How to prepare to the negotiations?

- **Financial situation must be examined**
- **Study the hierarchial structure of the company**
- **Mutual friends wanted**
- **Professional interpreter necessary**



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# How to select the appropriate negotiation team?

- **Status of the team members of great importance**
- **Same idea of every raised issue**
- **Clear leader**
- **Desired features of group members - patient, highly tolerant and resistant to provocations**
- **“uniform front”**
- **Business ethics essential**



# First meeting

- **A formality**
- **Opportunity to get to know each other well and to outline the proposal at most**
- **Calm and formal**
- **Be self-confident, patient and simultaneously create the atmosphere of warmth**

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# Negotiation rules (1)

- **Serious matter and should be treated accordingly**
- **Personal relationships are very important in Russia**
- **Visualisation**
- **Make sure they understand what you are offering!**
- **Problems with agreeing to compromises**

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## Negotiation rules (2)

- **Write down all the results**
- **General impression is what counts the most**
- **Patience is crucial**
- **Direct talk is welcomed**
- **Exclusivity**
- **When a deal is struck is often sealed off with a glass of vodka – do not refuse 😊**

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# Specific negotiation tactics with Russian business partners (1)

- **Find out who is who?**
- **Describe complex subjects as clearly as possible**
- **Be prepared for a long negotiation**
- **Distinguish between your behaviour inside and outside the negotiations**



# Specific negotiation tactics with Russian business partners (2)

- Use “white-black” method
- “lack of competencies” method should not be applied
- Even if you have strong arguments, do not overemphasise them

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# Conclusion

**Many new things are happening politically, but "whatever happens, and whatever restructuring of the Soviet society, Russia is, and is going to remain a country very different from our own. We should not look for this difference to be overcome in any short space of time."**

**by George Kennan (American)**

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**-Thank you for your attention! -**

If you have any questions or suggestions please do not hesitate to tell us!



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