



The Government of the Russian Federation
The Federal Government Autonomous Institution of Higher Education
National Research University Higher School of Economics

Educational Module' Programme

«DOING BUSINESS IN RUSSIA»

for the students within the programme “Russia in Practice” in the framework of the agreement between HSE and German Academic Exchange Service (DAAD) of the Embassy of the Federal Republic of Germany

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Approved by **A. Serova**
«_2_» September 2013
Head of the Office for Education Process,
Coordination and Monitoring

Moscow, 2013

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Syllabus of the module

"Doing Business in Russia"

Fall/spring semester 2013/2014

Module info:

432 hours; 12 ECTS credits

Module structure:

- Induction module (40 hours);
- Self – study (140 hours);
- Internship module (180 hours);
- Team projects (20 hours);
- Experience Sharing Module (16 hours).

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2. Module Description

The module is knowledge and skills oriented course alike. It is designed for studying contemporary issues of doing business in Russia.

Russia is one of the largest countries in the world in terms of land mass (17,080,000 km²), population (145 million), and GDP (1.9 trillion USD). In addition it is very rich in natural resources, and possesses a very well-educated and low cost labor force. However, despite a

century's long history of German - Russia cooperation, Russia presents a mysterious market with particular "rules of the game".

The module is focused on peculiarities of doing business in Russia from two perspectives: **business (external) environment in Russia** taking into account peculiarities of the political, legislative, economic, social - demographic and cultural environment issues and **internal companies' environment**, considering differences in national culture and its management implications on successful communications, team-building, leadership, decision making, motivation, and negotiation processes with Russians.

Knowledge of Russian peculiarities and their practical use will provide students with modern abilities & skills of entrepreneurship in Russia and successful companies' management which could be considered as one of the core competencies of global manager doing business in emerging markets.

3. Module goals

The **main goal** of the module "*Doing Business in Russia*" is studying the crucial issues of doing business in Russia, taking into consideration Russian peculiarities, and creating a system of knowledge necessary for successful entrepreneurship, business operation and company management in Russia.

Specific objectives of the module are:

- To train students to work in international companies, providing knowledge of the local business environment in Russia;
- To prepare students to deal with the cross cultural differences and equip them with cross functional competencies and management tools required by a general management role:
 - Fill in the gaps in cross cultural knowledge, with a specific focus on preparing participants to face the challenges of a general management role in Russia;
 - Make participants ready to take decision, having a clear view on the impacts on the overall value creation on Russian market;

- Understand the influences of Russian local competitive environment and its connections with daily activity.

As a **result** of completing this educational module, the student will acquire new understanding of key issues of doing business in Russia and develop skills in efficient communication, team-building, motivation, decision making and negotiation with Russians. It will also allow students to reflect upon their own attitudes and behaviour, and to acquire the cultural sensitivity necessary for successful manager in global context.

4. Competences acquired within the course:

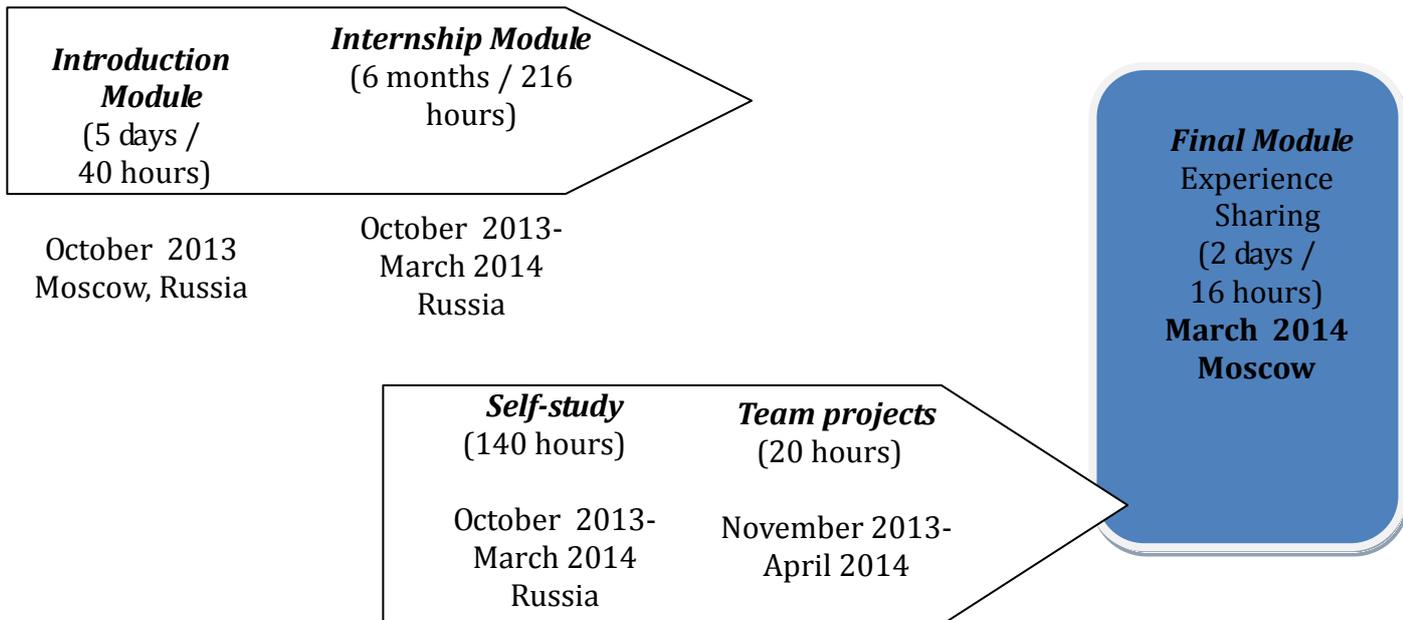
- Knowledge: of political, economic, legal and financial context of doing business in Russia and the unique opportunities and challenges of working in the Russian business environment.
- Ability: to use statistical data, analytical national and industry reviews, legislation and expert publications to analyze the current conditions of entering the Russian market and make strategic decisions regarding the ways of establishing a new business in Russia.
- Awareness: a conception of current problems facing foreign businesses in Russia, including their problems and possible methods of their resolution.

5. Teaching approach

The educational module is highly interactive and balances:

- Lectures;
- Experience learning situations;
- Business simulations;
- Case studies;
- Company internship;
- Team' projects.

6. Module schedule



7. Introduction module schedule

Date	1st day	2nd day	3rd day	4th day	5th day
Morning session 10.00 – 13.00	Introduction session	Entrepreneurship in Russia Prof. I.Kratko	Team building in Russia Prof. N. Guseva	Strategic & Innovation Management in Russia Prof. I.Gurkov	Negotiations in Russia Prof. N.Guseva
13.00 – 14.00	Lunch				
Afternoon session 14.00 – 17.00	Marketing in Russia Prof. M.Sheresheva	Cross-cultural Communication Prof. N. Guseva	Legal environment in Russia Prof. I.Kratko	Marketing in Russia Prof. M.Sheresheva	Strategic & Innovation Management in Russia Prof. I.Gurkov

8. Introduction Module Description (40 hours)

ENTREPRENEURSHIP & LEGAL ENVIRONMENT IN RUSSIA

The emphasis of the course is given for the issues related to initiating and doing a foreign business in Russia. It will cover a broad range of issues relevant to investing in business

operations in Russia. The knowledge and skills acquired during the course will be useful to anyone considering international career and in particular to those who prepare themselves to work as consultants and country experts in multinational companies operating in Russia.

The course objectives are:

- To help foreign businessmen and entrepreneurs receive the firsthand knowledge about the specifics of conducting business in Russia;
- To highlight pros and cons of doing business in Russia from a foreign investor's perspective;
- To develop an understanding of the Russian business environment;
- To show the potential of the Russian market, the role of the government and the main drivers of economic development;
- To identify opportunities for foreign entrepreneurs in Russia.

Course Minicases: Radius Group, E.ON, PepsiCo / Wimm-Bill-Dann, Wal-Mart, Achan

CROSS - CULTURAL COMMUNICATIONS, TEAMWORK ISSUES AND NEGOTIATIONS IN RUSSIA

The course is designed for studying peculiarities of effective cross-cultural collaboration in multinational companies. National culture is considered as a new knowledge. Special attention is paid to the development of successful German – Russian collaboration taking into account cross – cultural differences.

Particular emphasis is put on communication, teamwork issues and negotiations in the multicultural team. Main characteristics of high-context and low-context cultural communications styles will be discussed, as well as the impact of communications styles on creating the models of cross-cultural collaboration and synergetic team work.

The business game "Multicultural teamwork" is focused on the development of new practical skills and competencies for working in global environment with a particular focus on Russian reality nowadays.

Students are encouraged to solve a micro-case-study describing various problems related to multicultural team management in Russia. By working in small groups students have to build



up a business model of efficient cross – cultural collaboration taking into account cross-cultural differences between Russians and Germans in order to obtain synergy effect.

MARKETING IN RUSSIA: THE RUSSIAN ECONOMIC MIRACLE AND CONTEMPORARY MARKETING PRACTICES

The course will discuss marketing practices of the «Russian economic miracle» period and contemporary marketing practices of local and foreign companies in the Russian market. The discussions will touch upon the need to adapt basic concepts, marketing strategies and marketing programmes to the specifics of the Russian market, with still imperfect institutional environment but fast and promising changes in B2C and B2B relationships.

The course will demonstrate that Russia, being one of the emergent economies with huge market potential, plays an ever growing role in the in the 21-century and offers significant market opportunities. However, to benefit from these opportunities, companies need to understand specific features of the local institutional environment and local consumer.

The case PODRUZHKI.ru dealing with the problems of brand value creation through social networks will be discussed. The case investigates the problems of brand development of new Russian social network PODRUZHKI.ru. It gives students the opportunity to analyze a number of strategic marketing issues. The main are as follows: the way of potential users attracting and involvement; ethical issues of moderating site for teens; the way(s) to create a business model that will make the internet project successful in the long run.

STRATEGIC AND INNOVATION MANAGEMENT IN RUSSIA: NEW OPPORTUNITIES AND CHALLENGES FOR GERMAN FIRMS

The aim of this course is to provide the general orientation in the Russian economy and the problems local and foreign companies face in conducting business in very specific legal, institutional and economic environments.

The course includes elements of lectures, seminars, case discussion and computer-assisted business simulation.



Part 1. Business environment in Russia

Presentation of the last statistical data on economic dynamics in various sectors, overview of ownership structure (major holding companies and business groups), the role of foreign companies in the Russian economy.

Part 2. Behavior of Russian and foreign firms in Russia.

Major types of firms in Russia (state monopolies and quasi-monopolies, large corporations, SME, subsidiaries of MNCs). Using a stakeholder model to understand the patterns of behavior of the firms of each type. German firms in Russia: early entrants and newcomers, review of their experience and current actions.

Part 3. Course assignment

Computer-assisted strategic diagnosis of a Russian company using Organizational Consultant educational software and a specially designed case HEM Ltd. (ecch No. 312-033-1)

9. Internship Module Description

To develop practical skills and competencies students have an internship module in the global companies successfully operating in Russia (216 hours).

The general objectives of the internship module:

- Getting acquainted with the Company, its fields of activities, products, and business management;
- Introduction to the business processes of the Company,
- Obtaining knowledge about cross-cultural Russian - German company management features;
- Understand the peculiarities of the process of cross-cultural management and be able to use cross-cultural differences in the company' management;
- Develop skill in communication, team-building, motivation leadership and negotiation in order to allow students to reflect upon their own attitudes and behaviour;
- Obtaining knowledge and observation of the conducting marketing research, performing tasks relevant employees of the Company;

- Acquire the cultural sensitivity necessary for successful managers in European and international context;
- Learn the practical applicability of foreign experience in cross-cultural management.
- Develop specific technical skills.

10. Team projects

For the **team assignment and presentation** students are:

- expected to analyse business practices, examples and draw adequate and singular conclusions, involving their theoretical and practical knowledge.
- required to know major business models, and peculiarities of external and internal environment in Russia;
- required to know major concepts in cross-cultural management and cross-cultural interactions' business models in order to be able to develop an effective multicultural teamwork on an example of a global company;

The team assignment consists of in-field research project and its presentation. Students are proposed to conduct a study on *"The impact of Russian national culture on doing business, entrepreneurship, and company management"*.

Samples for team projects:

- Multinational companies' best practices of doing business in Russia;
- Multinational companies' best practices of entrepreneurship in Russia;
- Multinational companies' best practices of forming teams;
- Examples of successful leadership of multinational companies.
- Examples of efficient decision-making (for multinational companies).
- The process of staff motivation: best/interesting practices of multinational companies.
- Building efficient communication: best/interesting practices of multinational companies.
- The process of negotiating and resolving corporate conflicts: best/interesting practices of multinational companies.



- Problems of building effective communication in multinational companies.
- Problems of forming an effective staff motivation system in multinational companies.
- Problems of decision-making and resolving conflicts in multinational companies.
- Cross-cultural analysis of building an effective xxxxxxxxxx management process: East and West.

Size: Project description 15 - 18 pages, cambria/collibri font 12, spacing 1,5;

Power Point presentation of the project: 20-25 slides.

Deadlines: Students are strictly recommended to follow the deadlines of the assignments. Failure to comply with deadlines reduces the grades by 20% (1 – 3 days) up to 50% (after 7 days).

11. Final Module

Final module involves presentation and defense of group projects and exchange of students experience gained during internships in the companies successfully operating in Russia. Special attention is paid for crucial issues of doing business in Russia, taking into consideration Russian peculiarities, and creating a system of practical oriented knowledge necessary for successful entrepreneurship, business operation and company management in Russia.

12. Literature

Suggested readings:

Handouts by “the big four”: Price Waterhouse Coopers, KPMG, Delloite, and Baker & McKenzie:

- Doing business and investing in the Russian Federation. Price Waterhouse LLP, 2012.
- Doing Business in Russia 2012. Baker & McKenzie, 2012.
- Doing Business in Russia 2012. KPMG, 2012.
- Doing Business in Russia 2012. Delloite & Touche CIS, 2012.



Additional readings:

1. Doing business and investing in the Russian Federation. Price Waterhouse LLP, 2011.
2. Organization and development of Russian business. New York Palgrave Macmillan, 2009.
3. Russian bureaucracy and the state. New York Palgrave Macmillan, 2009.
4. Picturing Russia. New Haven Yale University Press, 2008.
5. Anghel, G. Doomed to Internationalization and Modernization of Corporate Culture: The Russian Experience of German Firms. Wiesbaden: Gabler Verlag, 2012.
6. Holtbrugge, D., Puck, J. F. Stakeholder Networks of Foreign Investors in Russia: An Empirical Study Among German Firms // Journal for East European Management Studies. 2009. - Vol. 14. Is. 4.
7. Gurkov, I. Why Some Russian Industrial Companies Innovate Regularly: Determinants of Firms' Decisions to Innovate and Associated Routines // Journal for East European Management Studies. 2013 - Vol. 18. Is. 1.
8. larke, S. The development of capitalism in Russia. London; New York Routledge, 2009. - 250 c.
9. R. Moran, Ph. Harris, S. Moran. Managing Cultural Differences. - Elsevier Inc. (7th Edition). - 2011.
10. Hampden-Turner CH., Trompenaars F. (2004): Building Cross-Cultural Competence : How to create wealth from conflicting values . McGraw-Hill.
11. Gesteland, R. (2002). Cross-Cultural Business Behavior: Marketing, Negotiating, Sourcing and Managing Across Cultures. Copenhagen: Copenhagen Business School Press.
12. Russian Federal laws.

On line resources:

- <http://russian.doingbusiness.org/data/exploreeconomies/russia/>
- <http://www.russian-civil-code.com/>
- <http://www.russian-customs-code.com/>
- <http://www.russian-tax-code.com/>
- <http://www.russian-customs-tariff.com/>



- <http://www.russian-customs.org/>
- <http://www.russian-offences-code.com/>

On-line databases: The World Bank: Doing Business Survey, Global Entrepreneurship Monitor, etc.

13. Academic integrity

13.1 Each student in this module is expected to abide by the Higher School of Economics' Academic Honesty Policy. Any work submitted by a student in this module for academic credit will be the student's personal work. For this module, collaboration is allowed in the following instances: group discussion in class, group projects and presentations.

13.2 Students are encouraged to study together and to discuss information and concepts covered in lecture and the sections with other students. You can give "consulting" help to or receive "consulting" help from such students. However, this permissible cooperation should never involve one student having possession of a copy of all or part of work done by someone else, in the form of an e-mail, an e-mail attachment file, a diskette, or a hard copy. Should copying occur, both the student who copied work from another student and the student who gave material to be copied will automatically receive a zero for the assignment. Penalty for violation of this Policy can also be extended to include failure of the course and University disciplinary action.

14. Accommodation for students with disabilities

The Higher School of Economics is committed to ensuring equal academic opportunities and inclusion for students with disabilities based on the principles of independent living, accessible universal design and diversity. It is available to discuss appropriate academic accommodations that may be required for student with disabilities. Students are encouraged to register with Disability Services Center to verify their eligibility for appropriate accommodation.