

Doing Business in Russia | Russian Social and Business Culture

A Russian Overview

Fact File

- **Official name** - The Russian Federation
- **Population** - 140,041,247*
- **Official Language** - Russian
- **Currency** - Russian rouble (RUR)
- **Capital city** - Moscow
- **GDP** - purchasing power parity \$2.225 trillion*
- **GDP Per Capita** - purchasing power parity \$15, 800*



Overview

Russia, the largest country in the world, has a rich cultural identity that has been shaped and moulded by its distinguished history and vast geography. For those organisations wishing to develop a successful penetration strategy for the Russian business market or employees tasked with working in Russia, an understanding of Russian social and business culture is key to your success.

Russian Culture - Key Concepts and Values

Collectivism - Throughout its notable history, Russia has assumed a strong communal spirit that is still reflected in Russian business practices today. Russia's severe climatic conditions have also meant that co-operation and collaboration, rather than competition, have been vital for survival. This sense of togetherness is one of the traits that distinguish Russians from many Westerners. Russian collectivism dates back to the peasant farmers, who lived in agricultural villages known as 'mirs' or 'obshchina' and worked together in an organised and self-managed community.

Egalitarianism - An important concept related to the village milieu is 'egalitarianism', the social philosophy that supports the removal of inequity and promotes an equal distribution of benefits. In Russian business terms, this equates to important strategies of equality, reciprocity and mutual advantage. Russians are very status conscious and believe in co-equals. A "deal" is often thought of from the perspective of equally shared benefit.

Dusha - The famous and enigmatic Russian 'dusha' or 'soul' remains central to everyday Russian behaviour and as a result when building successful business relationships with Russians you will find that mutual liking and emotion will form a strong basis.

Doing Business in Russia

Russia is a vast and diverse nation that after several decades of communism continues to evolve politically and economically. With the world's largest resource of raw materials, oil and gas revenues heavily support Russia's economy. Recently, within the big cities, a consumer economy has been established. This, along with an improvement in the country's financial position has raised business and investor confidence in Russia's economic prospects. However, in order to conduct business successfully in Russia, there are a number of important issues to take into consideration both before and during your time there.

Russia Business Part 1 - Working in Russia (Pre-departure)

o Working practices in Russia

- The Russians attitude to time means that a few minutes delay on their part is of little importance. However, they will expect you to be punctual.
- Faxes and emails are the best way to communicate in Russia, as the post can often be unreliable. It is customary before making a trip to Russia to inform the prospective company of your intended business proposals and objectives.
- Paperwork and putting pen to paper is an essential part of all working practices in Russia. In general, they have little faith in unsigned documents.

o Structure and hierarchy in Russian companies

- The hierarchical structure in Russian business practices means that the decision makers higher up have authority over their subordinates. However, the nature of the collective good often encourages a flexible and democratic work ethos.
- Showing respect for seniority and recognising the hierarchical structure is vital for establishing and maintaining strong business relationships.

o Working relationships in Russia

- Personal and informal contact is a central part in doing business in Russia.
- Physical contact during business meetings, for example a simple hand on the arm or even embracing is a positive sign. There is no word for 'privacy' in Russia; therefore the notion of social space is much closer in Russia.
- In situations of conflict try to avoid taking an official stance and remember that Russians are 'people orientated' and will respond to a more personal approach.

Russia Business Part 2 - Doing Business in Russia

o Business practices in Russia

- Business cards are essential. If possible, ensure that one side is printed in Russian and one side in English.
- Presentations should be straightforward and comprehensible.
- Although many principal concerns are discussed in an informal environment final negotiations will be conducted in the office.
- Generally, when beginning a meeting, the head of the organisation will open the discussion and introductions should then be made in order of importance.

Russian Business Etiquette (Do's and Don'ts)

- ✓ DO shake hands firmly when greeting and leaving your Russian partners and make direct eye contact.
- ✓ DO partake in small talk, which normally involves talk of family and personal matters, before dealing with business.
- ✓ DO take a gift that symbolizes the stature of your company and the importance of the impending business deal, preferably an item characteristic of your local area or one that displays the company logo.
- ✗ DON'T be afraid to show some emotion, the Russians won't!
- ✗ DON'T as the Russian proverb states 'hurry to reply', but 'hurry to listen'.
- ✗ DON'T praise or reward anyone in public as it may be viewed with suspicion or cause envy and jealousy. Remember the collective rules over the individual.

Russian Culture Quiz - True or False

1. It is considered good luck to shake hands over the threshold of the doorstep.
2. When taking flowers as a gift you must only take an odd number.
3. If you leave something behind in Russia it means you're coming back.
4. In business negotiations Russians view compromise as a sign of weakness.
5. In Russia, the 'OK' symbol with the thumb and forefinger touching in a circle means 'everything is fine'.

Answers

1. False. It is considered bad luck to shake hands over a threshold and should be done either inside or outside.
2. True. Even numbers of flowers are only given at funerals and are a sign of bad luck.
3. True. A Russian superstition that is still present today.
4. True.
5. False. The Western sign for 'OK' is considered rude in Russia.

* Source: CIA World Factbook 2007

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