



Russia

cultural note

western business people have learned how important restraint is when negotiating with the ""/Japanese; never lose your temper when dealing with Japanese. The Russians are the exact opposite. Russian negotiations almost always involve temper tantrums, dire threats, and walkouts. Loss of temper during negotiations is expected by the Russians. Only in one crucial area are the Russians and Japanese alike: They both have tremendous patience. Both cultures prize endurance, which often puts impatient North Americans at a disadvantage.

Country Background

cultural note

the breakup of the U.S.S.R. added fifteen new independent nations to the map of the world. Since Russia undeniably controlled the U.S.S.R., many nations that shared a border with the U.S.S.R. felt that they essentially shared a border with Russia. Since the breakup, this is no longer the case. Russia historically insulated itself from foreigners by creating client "buffer states" between Russia and the outside world. These buffer states are now independent. Thus, Russia today shares no borders with any former Warsaw Pact nation except Poland. Russia today shares no borders with Afghanistan, a nation in which thousands of Soviet troops fought during the 1980s. Russia today does not even share borders with six of the former republics of the U.S.S.R!

However, territorial disputes are widespread throughout the former U.S.S.R. Border adjustments may continue for years to come.

History

The U.S.S.R., also known as the Soviet Union, lasted from 1917 through 1991. Before 1917, most of the territory in the U.S.S.R. was part of the Russian Empire. The Russian Empire expanded outward from **MOSCOW**, the historic capital of the Russian Republic and of the Soviet Union itself. (Czar Peter the Great moved the capital in 1712 from Moscow to Saint Petersburg-Peter's "window on the West"but the Communists moved the capital back to Moscow in 1918.)

Russia was the most powerful of the fifteen republics in the U.S.S.R. Indeed, it is not incorrect to say that the U.S.S.R. was ruled by Russia for Russia's benefit.

The authoritarian, one-party rule of the Communists collapsed with surprising speed. Theories for this collapse abound, ranging from impoverishment caused by the arms race to the inability of any totalitarian government to control information in an era of computers, faxes, and modems. One thing is clear: The Communist leaders underestimated the bitterness the fourteen other republics felt toward Moscow's domination.

The precipitating event was the August 1991 coup attempt, when hard-line Communist leaders briefly imprisoned President Mikhail Gorbachev. Faced with resistance on all sides (from Gorbachev, who refused to acknowledge their authority; from Russian President Boris Yeltsin, who became a popular hero for facing down tanks in the streets; and from thousands of Russians who took to the streets in protest), the coup failed in less than a week. The coup attempt ended the careers of the coup leaders (the "gang of eight") and of Gorbachev as well; Gorbachev had appointed the very men who had plotted against him.

In disarray, Moscow was unable to prevent the non-Russian republics from leaving the Soviet Union. The U.S.S.R. ceased to exist on December 25, 1991. The Russian Federation is still the largest and most powerful of the former republics.

cultural note

despite their mistrust of Moscow, most of the former republics have united in a vague alliance called the Commonwealth of Independent States. (The exceptions are the three Baltic states of Lithuania, Latvia, and Estonia, which direct their attention toward Europe, not Moscow.) Thus, although Moscow no longer rules the U.S.S.R., it retains great influence (and responsibilities) in most of the former constituent republics.

The central Asian republics are particularly dependent upon Moscow for aid, both economic and military. Furthermore, the presence of ethnic Russians in every republic gives Moscow an excuse for intervention, as it did to "protect" ethnic Russians in Moldova.

Type of Government

Russia is nominally a federal republic, but many areas of Russia itself are in revolt against Moscow. Non-Russian ethnic enclaves within the Russian Federation are agitating for autonomy and even independence. The Russian president is the chief of state. The Russian prime minister is the head of the government.

The laws and policies of Russia are currently in a state of flux.

Language

Russian is the official language. Note that the use of Russian has become unpopular in those ethnically non-Russian areas of the Russian Federation that are clamoring for independence.

Education

Education is compulsory and free between the ages of seven and seventeen; literacy is almost 100 percent. Instruction is conducted in many languages, and English is sometimes taught as early as the third grade. Students must pass rigorous exams to gain admittance to college.

Religion

The U.S.S.R. was officially an atheist nation; religion was suppressed, and some 50 percent of the population considered themselves nonreligious or atheist. Religious worship is now permitted. Many religions are represented in Russia, including Russian Orthodoxy, Protestantism, Islam, and Judaism. Religious participation is increasing since the Communist system (which had several characteristics of a religious belief system) has been discredited.

Demographics

Russia is not only the largest nation on earth, it is also one of the most populous, with some 150 million citizens. Its largest cities have populations exceeding those of some small European countries: 8.7 million in Moscow and 4.5 million in Saint Petersburg.

Cultural Orientation

Cognitive Styles: How Russians Organize and Process Information

Historically, Russians have not been open to outside information. With the breakup of the U.S.S.R. and the downfall of Communism, many Russians acknowledge that they must learn new ways. But it is a struggle, and they may once again close themselves off from outside information. Their tendency is to process information subjectively and associatively. Their experience teaches them to follow the universal rules and laws of the Communist Party line. Some Russians are able to transfer this allegiance to the abstract rules of science and technology.

Negotiation Strategies: What Russians Accept as Evidence

The more educated managers will let objective facts dictate the truth. However, many will still look to faith in some ideology or their Own personal feelings to guide them to the truth.

Value Systems: The Basis for Behavior

Russia is currently going through a tremendous struggle to exchange the values of Communism for those of a free-market economy and democracy. The following three sections identify the Value Systems in the predominant culture-their methods of dividing right from wrong, good from evil, and so forth.

Locus of Decision Making

Although the Russians are by nature collectivistic, Communist Party rule put decision making in the hands of the party. Soviet executives made their decisions in line with party policy; as long as the party rules were followed, the decision could not be wrong. Now these individuals have to make decisions on their own-and even take responsibility for those decisions! In many instances, executives are delegating this authority to the group as a whole or to specialists within the group.

Sources of Anxiety Reduction

The demise of Communism has abolished many of the structures the people depended upon for stability. This stability is now being sought in the church, social groups, the family, or elsewhere. The transition to a free-market economy and democracy will not succeed unless the people can be shown that these changes provide increased security and stability.

Issues of Equality / Inequality

Despite the Communist premise of equality, there has always been a great deal of inequality in this culture. There is currently a power struggle between free-market economists and extremist nationalists in Russia. Since the nationalists are xenophobic and racist, the Russian people seem to have a choice of promoting equality or inequality.

Ethnic differences are also coming to the fore and threatening to disrupt social stability. And, while there is a semblance of legal equality of the sexes, Russian women still

struggle for equality with men. Sexual harrasment is rampant in business and government.

Business Practices

Appointments



punctuality

- Always be punctual, but do not be surprised if the Russians are not. It is not unusual for Russians to be one or two hours late to an appointment.
- Punctuality was not considered essential under the Soviet system, since employment was guaranteed and no one could be fired for tardiness.
- Even today, patience, not punctuality, is considered a virtue in Russia.
- Allow plenty of time for each appointment. Not only may they start late, but they may run two to three times longer than originally planned.
- Remember that the date is written differently in many countries. In Russia and the CIS, the day is normally listed first, then the month, then the year. For example, 3.12.99 or 03.12.99 means December 3, 1999, not March 12, 1999.
- Obtaining an appointment can be laborious. Be patient and persistent. Once your appointment is scheduled, make every effort to avoid a cancellation.
- Business hours are generally from 9:00 A.M. to 5:00 P.M., Monday through Friday.



Negotiating

- It is said that Russians are great "sitters" during negotiations. Russians regard compromise as a sign of weakness; compromise is morally incorrect. Russians would rather out-sit the other negotiator-and gain more concessions from the other side.
- Be certain that all members of your negotiating team know and agree on exactly what you want out of the deal. Write this down (perhaps adding a few "itnices to have" that can be given away later) and bring it with you. Do not show the Russians anything other than unity among your team.
- Be factual and include all levels of technical detail.
- You may be asked to sign a *Protokol* after each meeting. This is a joint statement that delineates what was discussed. It is not a formal agreement.
- "Final offers" are never final during initial negotiations. Be prepared to wait; the offer will be made more attractive if you can hold out.
- If you or your negotiators have not walked out of the negotiating room in high dudgeon at least twice during the negotiations, you're being too easy. Russians expect walkouts and dire proclamations that the deal is off. Think of how often the Soviet delegation to the United Nations walked out in a huff but always came back. Play hardball; they will.
- Until you have a signed, formal agreement, do not get overconfident about the deal at hand. And never expect that you can renegotiate later for a better deal. This contract is as advantageous as you will ever get.

- The Russians may request that some funds be paid to them directly in cash, or to an account in a foreign bank. This is because of their concern over the oppressive Russian tax system and the rarity of being paid in cash. Be prepared to propose various options, since very few Russians will be familiar with Western trade, banking, and business regulations.
- One current Russian tactic is to allow (after long negotiation) the foreign partner to own 51 percent of a joint venture. However, contracts usually require unanimity among the partners for major decisions anyway, so 51 percent is not a controlling interest.
- Include a clause requiring the joint venture partners to submit to arbitration in a neutral country if they can't come to an agreement. Sweden is the most popular choice for third-country arbitration.
- Russian regulations represent the biggest liability to a successful joint venture. Since these regulations are in constant flux (reforms are being made all the time), don't count on your Russian partner to have a full grasp of the legal issues involved. Get your own expert in Russian law. Don't be surprised when something you did yesterday is disallowed tomorrow; many laws are nebulous, and their interpretation is subject to change.
- Appearances can be deceiving. Russian firms may try to make themselves look prosperous and full of potential. Select a partner based upon full knowledge of the assets it owns or controls.

cultural note

be sure to take enough business cards. They are very important, especially since telephone books are not easily available; the phone book published in Moscow in 1990 issued only 250,000 copies obviously not sufficient for a city of 9 million! Therefore, many people depend upon their business card files. There are now a variety of telephone books available, but their scope and circulation are narrow.

Do not be surprised if you do not receive a Russian's business card in exchange for yours. They may not have them.

- In many countries-such as Japan-people tend to respond to a question by saying "yes." In the U.S.S.R. the tendency used to be just the opposite; managers and bureaucrats said "no" at every opportunity. However, Russian businessmen now often say "yes" to proposals-even if they lack the authority to arrange the project. They make promises in order to continue the contacts they want with foreigners.
- Historically, there were many reasons why Russians said "no" to business proposals. One was that innovation had been discouraged. People were afraid that if they gave the go-ahead and a project failed, they would be held responsible. Another reason had to do with the position of an individual in a rigid, hierarchical bureaucracy. You rarely met a Russian bureaucrat who had the power to push a project forward without the agreement of others. But one individual could cancel a project, all by himself or herself. The ability to say "no" was the only real power many bureaucrats possessed; not surprisingly, they used it frequently.

cultural note

peace, international relations, the changes in Russia, and difficult economic situations are all common topics of conversation.

People will ask what you think of Russia and what life is like in the United States. The questions may sound somewhat bizarre, but they are usually sincere. For example, visitors were asked to verify something that had been broadcast on Russian television: a documentary on U.S. farm life that showed a veterinarian inoculating pigs with disposable needles. This astonished the Russians, who don't have enough disposable needles to use for humans!



Business Entertaining

- Always have a good supply of soft drinks, tea, coffee (not in plastic cups!), dansh, cookies, snacks, and so forth, on the meeting table. Russians try hard to provide a variety of refreshments when conducting business, and appreciate your reciprocating in kind.
- At Russian hotels and restaurants, the doormen must try to let in only certain people. Don't be surprised if they are not friendly.
- In restaurants, you may have a long wait for food. Ignore the menus; perhaps only a third of the items listed will actually be available. You must ask the waiter (if he or she speaks English) what is being served that day. Restaurants tend to have large tables set for many people. If your party consists of just two or three people, you may have to share a table with others.

cultural note

two bottles will be on the table: one has water, the other vodka. Be aware that once you open a bottle of vodka, the concept is to drink it all at one sitting! Many vodka bottles do not have label caps.

Russians are very confident of their ability to drink heavily and still remain "clear." They may prefer conducting business when you are drunk. Mixed drinks are not popular.

- Dinners are held early (about 6:00 p.m.).
- It is a great honor to be invited to a Russian home. It is also a great burden for the host. Russian tradition demands that you be served a lunch or dinner that far exceeds everyone's appetite and, often, the financial capabilities of the hosts. For example, caviar might be served with huge spoons.
- It is good to know a few toasts. The most common is *Nah-zda-ROE-vee-ah*.
- In a restaurant or nightclub, Russians may invite you to dance or to come over to their table. It is best to accept graciously.

Time

- Moscow and Saint Petersburg are both in the westernmost time zone, three hours ahead of Greenwich Mean Time (G.M.T + 3), or eight hours ahead of U.S. Eastern Standard Time (E.S.T. + 8).
- The huge Russian federation spans eleven time zones. Daylight saving time changes usually occur on a Saturday night at the end of March and October.

cultural note

the Russian word *nyekulturny* (literally, "uncultured" or "bad mannered") signifies the wrong way to do something. Foreigners are often judged by the same standards Russians apply to themselves. Some *nyekulturny* behaviors are

- wearing your coat (and heavy boots) when you enter a public building-particularly the theater. You are expected to leave your coat in the *garderob* (*cloakroom*). One does not sit on one's coat at a concert, restaurant, and so forth. Many office buildings also have a *garderob*.
- Standing with your hands in your pockets, or generally lounging around. This is especially true in public buildings.
- Wearing business clothes that are less than conservative-for example, pastel shirts with white collars.
- Speaking or laughing loudly in public.
- Not only is whistling indoors considered *nyekulturny*, but there is a superstition that it will cause a loss of money.



Greetings

- Only during greetings do Russians display affection in public. Relatives and good friends will engage in a noisy embrace and kiss each other on the cheeks.
- Except at formal or state occasions, Russians usually greet a stranger by shaking hands and stating their name, rather than uttering a polite phrase (such as "How do you do?"). Respond in the same way.



Titles / Forms of Address

- Russian names are listed in the same order as in the West, but the Russian middle name is a patronymic (a name derived from the first name of one's father). Thus, Fyodor Nikolaievich Medvedev's first name is Fyodor (a Russian version of Theodore), his last name is Medvedev, and his middle name means "son of Nikolai."
- Russian women add the letter "a" on the end of their surnames; Medvedev's wife would be Mrs. Medvedeva.
- Unless invited to do so, do not use first names. If a Russian has a professional title, use the title followed by the surname. If he or she has no title, use Mr., Miss, Mrs., or Ms. plus the surname.
- Among themselves, Russians use a bewildering variety of diminutives and nicknames. They also address each other by first name and patronymic, which can be quite a mouthful. As you establish a relationship with them, you will be invited to call them by one of these. This is the time to invite them to call you by your first name.
- Despite the length of their names, there are relatively few variations of first names and surnames in Russia. Indeed, some names (e.g., Ivan Ivanovich Ivanov) are so common that you will need additional information to be able to identify the correct person. In official circles, Russians use a person's birth date to differentiate between identically named individuals.



Gestures

- Russian is a language abundant in curses, and there are quite a number of obscene gestures as well. Both the American "O.K." sign (thumb and forefinger touching in a circle) and any shaken-fist gesture will be interpreted as vulgar.
- Whistling is not taken as a sign of approval in a concert hall; it means you did not like the performance.
- The "thumbs up" gesture indicates approval among Russians.
- Do not sit with the legs splayed apart or with one ankle resting upon the knee.

cultural note

as a society historically subject to Police surveillance, the Russians evolved gestures that would foil eavesdroppers. For example, to avoid saying the name of Brezhnev, Russians would touch a finger to an eyebrow (a reference to Brezhnev's hairy eyebrows). The free speech that has accompanied glasnost has reduced the need for such gestures, but they have not entirely disappeared. Nowadays, a gesture may be used to refer to a member of the Russian Mafia.

- Some common traditions or superstitions include sitting for a minute before leaving a home, knocking three times on wood to avoid bad luck, and spitting three times behind the shoulder to prevent bad news.



Gifts

- Not surprisingly, items in demand make prized gifts; these often include baseball caps, rock or country and western cassettes, ballpoint pens, picture books or art books, perfume, good soaps, American cigarettes, lighters, plastic bags, and gum. Other good gifts include solar-powered calculators, well-made business card holders, VCR tapes, cameras, watches, and inexpensive jewelry.
- Take flowers, liquor, or a food item currently in scarce supply if invited to a Russian home.
- Feasting is also a part of religious holidays. Remember that the Russian Orthodox church follows the Julian calendar, not the Gregorian calendar in official use throughout the Western world. Currently, the Julian calendar is generally running thirteen days behind the Gregorian one.



Dress

- If you go to Russia during the winter, bring very warm clothes or buy Russianstyle hats and gloves upon arrival. In addition, bring a pair of shoes or boots with skid-resistant soles.
- Bring your own shoe polish, since Russian streets can be muddy all year round. Women in high heels will have a difficult time if they have to run around outside on many errands.
- When buying Russian clothes, keep in mind that it is generally advantageous to look like a foreigner, as foreigners get preferential treatment almost everywhere.

- Since Russian buildings are usually well heated, a layered approach is best in clothing, allowing you to take off clothes to be comfortable while inside.
- Business dress is conservative. Russian clothing styles tend to lag years behind the West.
- While shorts are frowned upon for casual wear, you will note that Russians strip down to as little as possible on those rare days when it is sunny enough to sunbathe.