

Syllabus of the course «Russian and European Business Context»

Approved by
Academic council of the Global Business
Master's programme
Protocol № as of «__»____20__

Author(s)	Mikhail Plotnikov
ECTS	2 taught at HSE (out of 6 in total)
Contact hours	24 taught at HSE
Self-study	72
Year	1
Teaching format	Full time learning

I. COURSE AIM, LEARNING OUTCOMES AND PREREQUISITES

The course goal is to study main issues of doing business in Russia and to make students understand Russian business reality not only with theoretical, but also with practical knowledge. The course contains of the topics covering cultural, economic and political issues in Russia.

Upon the completion of the course the student should:

know:

- the peculiarities of Russian business as well as doing business in Russia and with Russian.
- how to understand Russian business reality with help of external factors such as economic and political issues.
- how Russian companies work

be able to:

- cultural understanding of business aspects in Russia
- understanding of negotiations, relations and competition in Russian business
- acquisition of the necessary knowledge how to work with people from Russia, especially what motivates them and how to communicate.

have skills in:

- cultural issues, which are quite important to achieve the understanding of negotiations in Russia
- practical understanding of Russian companies

To successfully complete this course the student should have the following knowledge and competence:

- foundations of management
- basic understanding of economic context, its components and their impact on the way the business is done in different countries.

II. COURSE CONTENT

Topic 1. The structure of Russian Economy

An overview of the country. Brief history of Russian business and entrepreneurship. Political Russia. How politics influence business. Project introduction.

General information about the country. Introduction to Russian culture, history of the country. During the very first class students (especially international) should understand what is Russia

not only from general point of view (like history, geography), but also from business point. During this class, it is very important to keep conversation mode – students should tell their thoughts about Russia, their concerns and their observations. They also should present their questions about the course and also their expectations.

A highly important class, because during this lecture students will be given main historical aspects of Russian business. Political situation will be also discussed during this class. We will compare Russia and other countries in terms of political influence on business. Usually this class opens a good and useful discussion among students. All the pros and cons of political influence will be discussed.

Topic 2. The legal issues of Russian Economy

Forming a legal entity in Russia. Types of entities. Customs regulations and taxes in Russia. Ice Fili case discussion.

Going deeper in the mix of Russian economy and law regulations, we will talk about what kinds of entities exist in Russia. What are advantages and disadvantages of every type? Corporate governance in Russia is also discussed during this class.

HOMEWORK for the class: read the case “Ice-Fili” and be ready to discuss it.

Topic 3. The difficulties of doing business in Russia

Difficulties of doing business in Russia. Lenta and GM-AvtoVAZ cases discussion

We will define the main difficulties of doing business in Russia and try to point out the following steps to make it easier for foreign and local entrepreneurs to either start a new business or continue the current activity.

HOMEWORK for the class: read the cases

“Lenta”

“General motors and AvtoVAZ”

and be ready to discuss them.

Topic 4. The cultural differences in Russian business

Cultural differences. Hofstede dimensions theory. Fons Trompenaars criterias. Communications and negotiations in Russia. Pierre Frankel case discussion.

During this class we will talk about Russian culture and compare it to other countries culture. As the class is international, the topic is usually good discussed as we can discuss real examples of the differences. How all these differences influence business? Is the way of doing management in Italy or Austria or some other region differs from the Russian one? How can Hofstede theory can be used to avoid culture clashes?

Because of Russian peculiarities it is very important to pay attention to communications and negotiations in Russia. Do you know that in terms of communication Russians are very close to European? And do you know that they're also close enough to Asians in terms of negotiations?

And do you know that Russians are ab-solutely different? One class is not enough to cover this topic, so we wil dedicate two classes to it. During these classes there will be business games.

HOMEWORK for the class: read the case “Pierre Frankel in Moscow. Unfreezing change” and be ready to discuss it.

III. GRADING

The course grade consists of the following criteria:

60% of the grade – participation and midterm test

40% - exam (final presentation)

Final grade = $0,6 * \text{Participation} + 0,4 * \text{exam}$

IV. SAMPLE ASSESSMENT TOOLS

Current control:

Test will cover the topics learnt in class. It will be a multiple choice test with one open-end question about the case previously discussed in the class.

The scale of scores is divided by two: for multiple choice part and for open-end question. The total score is an average of two scores.

9-10 – 100% of the multiple choice questions answered correctly. Open-end question is answered correctly with all necessary points covered.

8 – 90% of the multiple choice questions answered correctly. Open-end question is answered not fully, thoughts are in a right way, but miss any important point.

6-7 – 70-80% of the multiple choice questions answered correctly. Open-end question is answered not fully, thoughts are in a quite right way, but miss some important points.

4-5 – 60% of the multiple choice questions answered correctly. Open-end question is answered not fully, thoughts are in a slightly right way and miss most important points.

3 and lower – 50% or less of the multiple choice questions answered correctly. Open-end question is not answered, thoughts are in a wrong way.

Final control:

The final project is to make a business plan for the local company. The details to be announced on the very first class.

Cases and questions provided by instructor.

1. Ice-Fili, HBS

Short description:

Designed as an overview of all aspects of the strategy process: industry analysis, positioning, dynamics and sustainability, and scope issues of corporate strategy, including vertical integration, horizontal diversification, and location issues. Ice-Fili is the largest ice cream producer in Russia in 2002, but is facing strong competition from Nestle despite its success over other multinational competitors. Contains detailed exhibits, allowing deeper analyses.

Questions:

1. Analyze Porter five forces of the ice cream market in Russia.

2. How structurally attractive is the Russian ice cream market?
3. How well positioned is Ice-Fili relative to its key competitors?
4. What strategic options does Ice-Fili have? What strategy would you recommend to Anatoly Shamanov? Be specific

2. General Motors and AvtoVaz, Thunderbird school of global management

Short description:

General Motors (US) and Avto VAZ (Russia) are, in the spring of 2001, in the final stages of forming a joint venture (JV) for the manufacture of a new automobile in Russia, the Chevy Niva. The car would be largely the result of Russian engineering and construction with limited GM input and the GM Chevrolet badge. The JV, if completed, would represent a \$300 million combined investment by the parties and be a totally new approach used by Western investors in penetrating emerging markets.

Questions:

1. Describe the common situation in automobile market in Russia. What are VAZ and GM for the time?
2. Why do GM and AvtoVAZ need each other to build and market the Niva?
3. Why can't VAZ build the new Niva on its own?
4. What industrial or institutional factors continue to make the Russian auto-mobile market so difficult to compete in?
5. How should the deal be structured? What needs to be resolved in order for the final agreement to be concluded by the two parties?
6. What are the implications for GM concerning the complex and confusing ownership structure of AvtoVAZ? Does this threaten the ability of the two parties to successfully create a JV?

3. Lenta of Saint-Petersburg, Russia, Babson

Short description:

Lenta is a cash and carry retail business located in St. Petersburg, Russia. At the time of the case, it was operating nine stores and generating over \$500 million in gross sales. The case is set at the end of 2005, after a very successful year. Lenta's founder and CEO, Oleg Zherebtsov, is faced with a dilemma: Where does he take Lenta from here?

Questions:

1. Where does Oleg Zherebtsov lead Lenta? There're actually several options:
 - Slow down/ Stop growth. Consolidate Lenta's position in St. Petersburg market.
 - Grow, but only in St.Petersburg.
 - Grow, by entering the nearest cities surrounding St.Petersburg.
 - Grow, and especially target the biggest and richest city in Russia, Moscow.

- Grow, and especially target large but underdeveloped cities in southern Russia and/or western Siberia.

For each choice students can figure out several options of pros and cons.

4. Pierre Frankel in Moscow: unfreezing change, HBS

Short description:

A young and upcoming French executive in a global technology company is sent to Moscow as deputy managing director to turn around the Russia subsidiary. He must report to the subsidiary's managing director (a large reason for the organization's underperformance) and to corporate. In his first three months, he took steps to prepare the organization for change. Yet the lack of more tangible actions and results leaves him open to criticism from subsidiary employees and pressure from corporate executives. How can the young executive unfreeze the situation and get movement?

Questions:

1. What obstacles does Frankel face, and how can he remove them?
2. Who should be in Frankel's coalition? Who should be ignored or neutralized? How?
3. What should Frankel do next?

V. RESOURCES

5.1 Main literature

1. Managing Cultural differences: Global leadership Strategies for Cross – Cultural Business Success [Электронный ресурс] / Robert N. Morgan, Phillip R.Harris , Sarah V.Morgan; БД Books24x7. - Taylor & Frances, 2011. - ISBN 9781856179232. - Режим доступа: <http://library.books24x7.com/searchresults.aspx>. - Загл. с экрана.
2. Gaeta, Gordian. Opportunities emerging Markets: investing in the economics of tomorrow [Электронный ресурс] / Gordian Gaeta; БД Books 24x7. - John Wiley & Sons, 2013. - ISBN 9781118247174. - Режим доступа: <http://library.books24x7.com/searchresults.aspx>. - Загл. с экрана.

5.2 Further readings

1. Gaeta, Gordian. Opportunities emerging Markets: investing in the economics of tomorrow [Электронный ресурс] / Gordian Gaeta; БД Books 24x7. - John Wiley & Sons, 2013. - ISBN 9781118247174. - Режим доступа: <http://library.books24x7.com/searchresults.aspx>. - Загл. с экрана.
2. Pacek, Nenad. Emerging Markets: lessons for business success and outlook for different markets [Электронный ресурс] / Nenad Pacek, Daniel Thornily; БД Books 24x7. - Profile books, 2007. - ISBN 978 196 197 8431. - Режим доступа: <http://library.books24x7.com/searchresults.aspx>. - Загл. с экрана.
3. Terterov, Marat. Doing Business with Russia: A Guide to investment opportunities & business practice [Электронный ресурс] / Marat Terterov; БД Books 24x7. - Global market Briefings, 2005. - ISBN 978 190 505 0017. - Режим доступа: <http://library.books24x7.com/searchresults.aspx>. - Загл. с экрана

5.3 Software

№	Name	Access
1.	Microsoft Windows 7 Professional RUS Microsoft Windows 10 Microsoft Windows 8.1 Professional RUS	<i>Из внутренней сети университета (договор)</i>
2.	Microsoft Office Professional Plus 2010	<i>Из внутренней сети университета (договор)</i>

5.4 Professional database, enquiry systems, internet sources (electronic educational resources)

Not required

5.5 Course support

Lecture rooms for the course classes are equipped with the necessary tools for the course visual aids demonstration:

- computer with access to the internet (operational system, office software packages, antivirus software);
- multimedia projector with remote control.