



UNDERSTANDING RUSSIA

HISTORY, CULTURE & MODERN SOCIETY

**Written by Y. Hasznos, for
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1. What is Russia:

→ A “bridge” between Europe and Asia

→ From Kamchatka to Sotchi

→ A journey through centuries

→ The path to Revolution

→ Collapse of the USSR and its reasons



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- The on-going Russian president
- A fragile social stability
- Still no respect for human rights
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- Russia in international geopolitics



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WHAT IS RUSSIA

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A "bridge" between Europe and Asia



The European part of Russia is only 25% of Russia's total area but about 80% of all-Russian population is concentrated there.

The Asian Russia includes Siberia and the Far East. Here are located 85% of Russian gas resources.

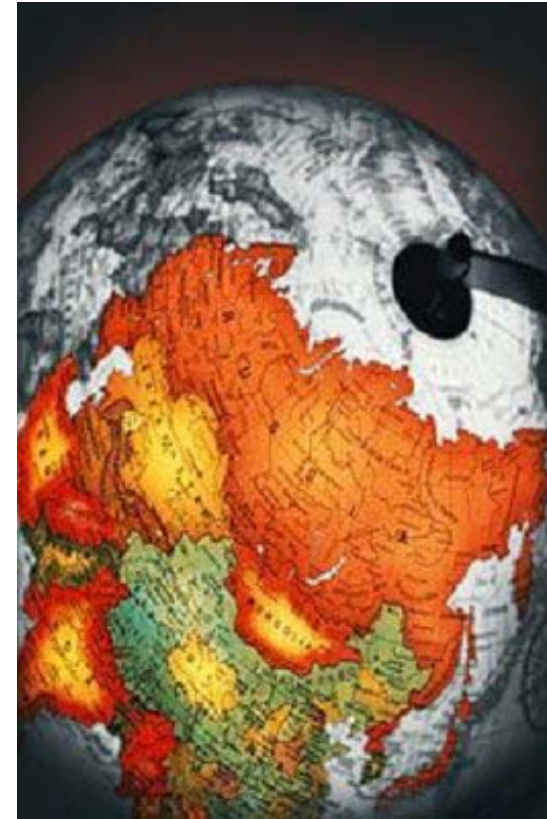


A "bridge" between Europe and Asia



A "bridge" between Europe and Asia

- Russia is almost twice bigger than the United States and 31 times than France. It has boundaries with fourteen countries.
- Russia is home to people of so many different nationalities and customs, that it is often called a "bridge" between Europe and Asia, both geographically and sociologically.



From Kamchatka to Sotchi

- In Russia climate ranges from cold Arctic conditions to hot subtropical lands.
- The extremely cold winter prevails almost in the whole country.
- The country temperatures in summer are quite warm, even during the short summers in northern and eastern Siberia.



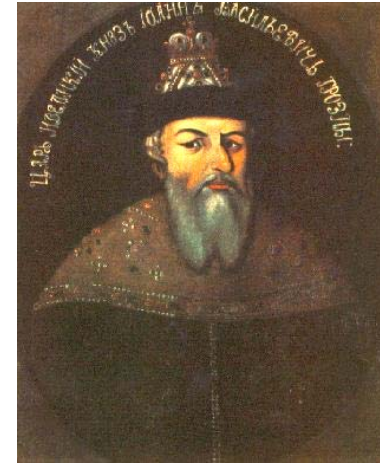
Reindeer herder, Kamchatka.



Sochi, Black Sea

A journey through centuries

- The Russians are very proud of their rich and complex history and consider their country the “centre of the Universe”.
- Historically and ethnically, the Russian state is directly related to Ukraine and Byelorussia. But long-lasting Scandinavian and later Mongolian-Tatar invasions have much influenced the Russian origins.



The first russian tsar, Ivan IV Vasiljevich, the Terrible (1530-1584).

Ancient
Russia

The Mongols
& the
Emergence
of Moscow

The
Romanovs

Napoleon's
Invasion

The Path
to
Revolution

The

A journey through centuries

- From *Kievan Rus*, the first Russian state, to the *Russian Federation*, territorial expansion and a relentless attempt to keep the acquired territories have been the major characteristic of the country's history.

- Under Peter the Great, Russia became a big Empire, open to Europe. These were years of remarkable modernisation and scientific development of Russia.



Peter the Great, 1672-1725. Under his rule, Russia became a great European nation. Peter proclaimed Russia an Empire and was accorded the title of Emperor of All Russia.

Ancient
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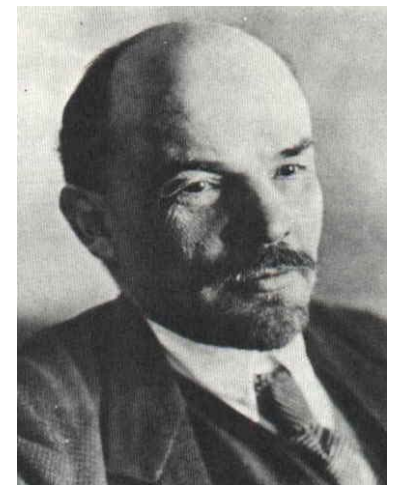
The

The path to Revolution

- The conqueror of Napoleon, Russia enjoyed its image of a great Empire in the XIXth c. But inside, the country suffered from poverty and lacked means of industrial development.
- Hard life and work conditions culminated in a spontaneous democratic uprising in 1917. But a popular revolution rapidly degenerated and descended into dictatorship of the Soviets and soon into the cult of personality.



« The Tsar, the Priest and the Rich Man on the Shoulders of the Labouring People » 1918, a Bolshevik propaganda poster.



Collapse of the USSR and its reasons

- Mikhail Gorbachev has a very positive image in the West. At home, he is accused to have destroyed the USSR.
- Many Russian people are still nostalgic about the Soviet Union times. They do not regret the breakdown of the Communist Party, but quiet stagnation times, social stability, patriotic feeling and national pride.



Mikhail Gorbachev. The last *First Secretary* of the Communist Party and the first *President* of the USSR.



POLITICAL SITUATION

2. Political situation:

- Origins of “managed democracy”
- The on-going Russian president
- A fragile social stability
- Still no respect for human rights
- Media in Russia
- Russia in international geopolitics



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Origins of “managed democracy”

- Russia's long history has been marked far more by authoritarian rule than by popular participation. Many of the characteristic of democratic systems have been weak or non-existent in recent memory.
- Today, democracy is, in theory, Russia's system of government. However, the actions of the on-going Russian President Vladimir Putin indicate a growing disregard for the most basic democratic principals.



People protesting against the Communist Party, Moscow, 1990.



Boris Yeltsin, the first Russian

The on-going Russian president

- Vladimir Putin's actions indicate a growing disrespect for the basic democratic rules. Using his strong-arm tactics, the President continues to reject the warnings received from the West.
- Recently, the President said in a nationally televised speech that "...the break-up of the Soviet Union is a national tragedy on an enormous scale."



Vladimir Putin, the President of the Russian Federation, 2000 - 2008.

A fragile social stability

- Since 2000, Russia seems to be experiencing a relatively calm period. The economic growth continues at a stable path and the living standards have globally improved.
- However, differences in incomes are huge across the country. Many Russian pensioners if not assisted by their children live for less than 3 dollars per day.



Roman Abramovich, a Russian billionaire and the owner of London Chelsea football club, his fortune is estimated at 11 billions USD (49th world position, Forbes magazine).



"We won't exchange privileges for thirty silver coins. Thousands of Russian pensioners were protesting the government's attempts to replace benefits with monetary payment. The average pension in Russia is estimated at 70 USD/month.

Still no respect for human rights

- In Russia, hazing in the armed forces remains a problem, prison conditions continue to be extremely difficult, ethnic minorities face widespread discrimination.

- In Chechnya, reports inform about the government involvement in politically motivated disappearances. Physical abuse by police officers occurs systematically both against the Chechens and the Russian people.



An old woman carrying the carpets on her back and a framed photo of her husband in her hand, Grozny, Chechnya.



The number of homeless children in Russia was estimated at 700,000 at the end of 2002, which is close to the number registered in the Soviet Union.

Media in Russia

- Boris Eltsin promised to give Russia “as much freedom as she can swallow”. The Russian mass media were freed of any kind of censor and prohibitions.
- Vladimir Putin takes control over the mass-media which occur nowadays to be rather pro-presidential (with few exceptions).
- Pressure over journalists and even assassinations are present in Russia.



Grigory Pasko, Winner of the 2002 Reporters Without Borders.

A Russian journalist and ecologist from Vladivostok was jailed for treason (in fact, he revealed how the Russian military fleet dumped nuclear pollution in the Sea of Japan).

West versus Russia

- The West should not take the images of certain disorder, Mafia and the war in Chechnya as the sole features of contemporary Russia.
- During the last decade, much was done institutionally and privately to advance understanding of the West among the Russians. Unfortunately, less was done the other way round.



Presidents Clinton and Yeltsin shake hands at the official state dinner.



Lyudmila Putina, George W. Bush, Vladimir Putin, Lora Bush at Mariinsky Theatre, Moscow.

Russia in international geopolitics

- 25% of the world's fresh water, 20% of the world's known oil reserves, the world's largest natural gas reserves, the largest diamond reserves, and the second largest coal reserves are in Russia.

- Russia was the first country to put humans into outer space and has currently more experience than any other nation in long-term space habitation. Russia has also enormous nuclear weapons reserves.



UN Security Council. Russia is a permanent member of the UN Security Council and thus has the right of veto.



G8 Members. In 2006, Russia will assume the presidency of the Group of Eight industrialized Powers and host its annual Summit.



CULTURE & SOCIETY

3. Culture and Society

- Today's ethnic composition
- Social structure
- The Russian language
- Education: the Soviet heritage
- The place of religion
- Beliefs and rituals
- Everyday life
- Security and organised crime
- Touristic attractions



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Today's ethnic composition

- In the Soviet Union, the Russian Soviet Federated Socialist Republic (RSFSR) contained thirty-one autonomous, ethnically based administrative units.
- Today, Besides the Slavs (Russians, Ukrainians, and Belarusians), who constitute about 85 % of the population, three main ethnic groups (Altaic, Uralic, Caucasus) and a handful of isolated smaller groups reside within the Federation.



A Chuvash woman in traditional costume.



A traditional dance of Buryat Mongolian shamanism

Social structure

- Ideology no longer determines social status. But the post-communist society is characterised by a wide disparity in wealth.
- 20 % of all Russian households can be referred to as middle class. They are mostly represented in Moscow and St. Petersburg. Wages in these cities are much higher and there are also more available working places. The Russians call Moscow “ a state in the state”.



A village, Middle Russia.

The Russian language

- Russian is one of five official languages of the UN. It belongs to the group of Indo-European languages, and is therefore related to Greek and Latin. Russian is written in a non-Latin script - the Cyrillic alphabet.
- There are also a lot of minority languages in Russia, some of them are officially recognised.

А а (A)	Р р (R)
Б б (B)	С с (S)
В в (V)	Т т (T)
Г г (G)	У у (U)
Д д (D)	Ф ф (F)
Е е (E)	Х х (KH)
Ё ё (YO)	Ц ц (TS)
Ж ж (ZH)	Ч ч (CH)
З з (Z)	Ш ш (SH)
И и (I)	Щ щ (SHCH)
Й й (Y)	Ь (-)
К к (K)	ы (Y)
Л л (L)	ь (')
М м (M)	Э э (E)
Н н (N)	Ю ю (YU or IU)
О о (O)	Я я (YA or IA)
П п (P)	

The Cyrillic Alphabet was named for St. Cyril, a Greek monk who, with Methodius, brought written language to Christian converts in the mid-9th century. The Cyrillic alphabet is closely based on the Greek alphabet, with some additional letters invented to represent Slavic specific sounds.

Education: the Soviet heritage

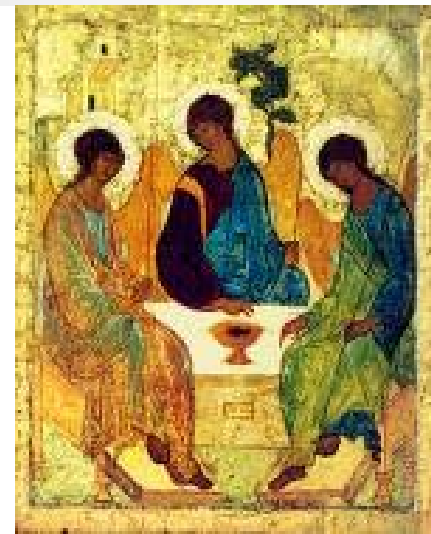
- The average level of education is high. And it is recognised for its completeness and excellence.
- The 5-year University system established by the Communist party works today. One has to have a higher education even to get a not highly qualified job.
- The higher education has become very expensive and getting a scholarship – almost impossible.



The Far Eastern National University,
Vladivostok.

The place of religion

- The chief religion of Russia is Russian Orthodox Christianity (75 % of citizens).
- Since the collapse of the atheist Communist regime, statisticians estimate the percentage of true believers at 40 % of the entire Russian Federation.
- Islam is professed by about 19 % of the citizens. There are also catholic, protestants and jewish minorities in Russia.



Saint Trinity, Rublev,
Tretyakov gallery, Moscow.



Alexy II, Patriarch of Moscow
and All Russia.

Beliefs and rituals

- Many Russians are superstitious. They follow old traditions and rituals on a special occasion and in everyday life.
- Russian marriages are famous for their traditions : breaking of glasses, kidnapping of fiancée, drinking of salted water, etc.



An ancient russian tradition: the most precious guests are greeted with “bread and salt”.

Everyday life

- Today, there are less “technical” difficulties in everyday life than in early 1990 (like no hot water in summer, electricity cutting off...), and there are more leisure activities.
- At the same time, there are a lot of people who are “not required” in the new system and who are just trying to survive.



Zeppelin, a fashionable night club in Moscow, has a solid reputation for attracting Moscow's most glamorous club goers and for practising a very strict “face control”.



Heating cutting-off : an old pensioner relies on her gas

Security and organised crime

- Many foreign people think that Russia is filled with Mafia and it's very dangerous to travel here. There is Mafia, but if you stay away from “ bad ” places, it is not much more dangerous than anywhere else.
- There are still many small organised gangs and street crimes. An alarming trend is the growing police involvement in crimes.



The Russian police (Militia): an officer checks the documents of young men . En effect, on arrival in any city of Russia everybody is obliged to be registered in a place of residing within 3 days.

Touristic attractions

- The most popular touristic attractions are Moscow and St. Petersburg. But if you want to see the true Russia, you should go to see other cities.
- The Trans-Siberian Railway (TransSib) is becoming more and more popular within foreigners since some highly comfortable trains have been set for usage.



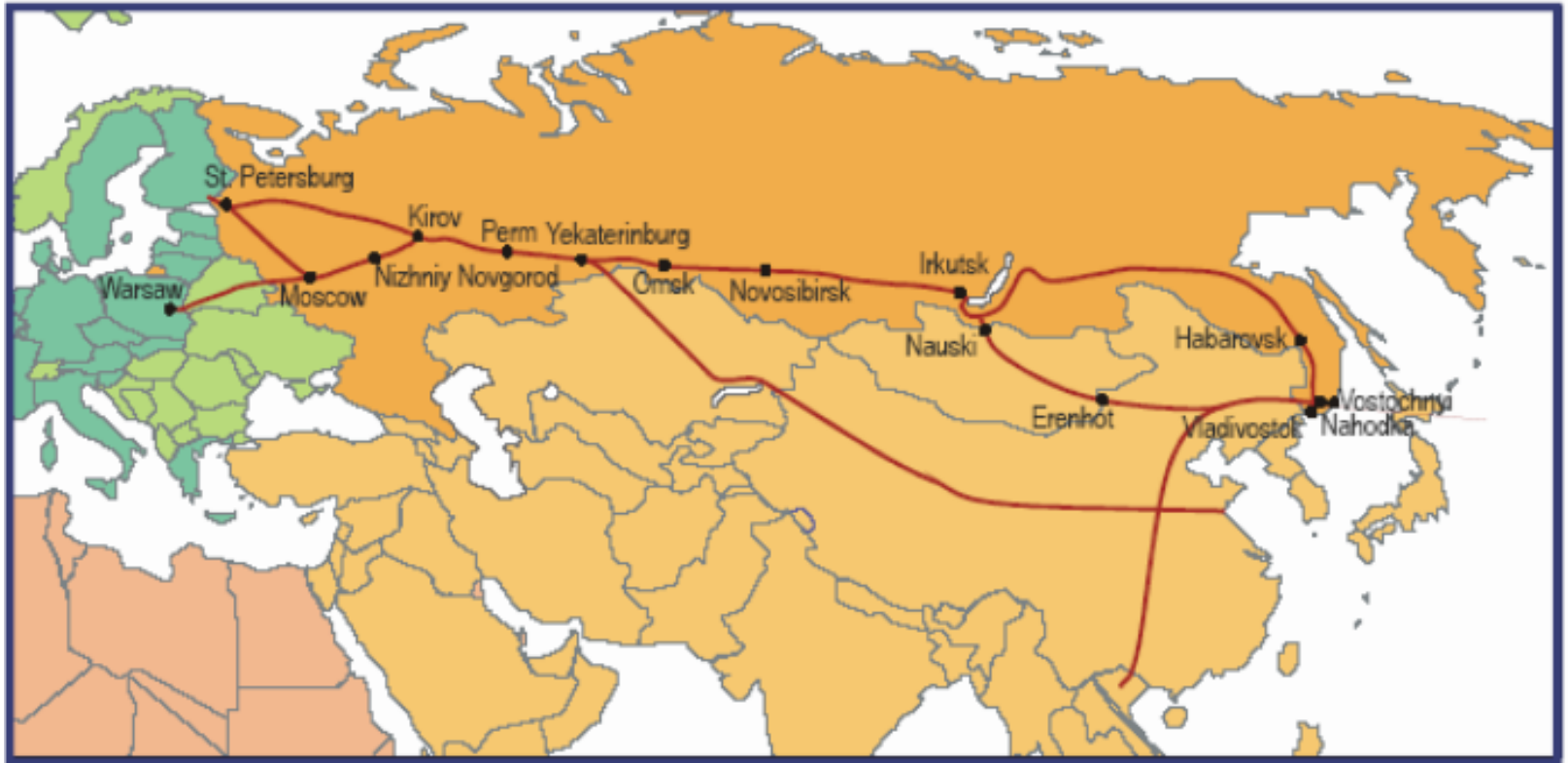
St. Petersburg, Naval Monument, Aurora cruiser. The cruiser participated in the October revolution of 1917.



Lake Baikal in winter. Baikal holds 20% of the earth's fresh water and is fed by 336 rivers and streams.

Touristic attractions

Trans-Siberian railway





UNDERSTANDING THE RUSSIANS

4. Understanding the Russians

- Russian values
- The Russian character
- Common stereotypes
- The family and the role of women
- The Russian kitchen
- The Russian wealth
- The Russian holidays



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Russian values

- Some Russian traditional values may seem strange for foreigners: the Russians do not think that cheating is bad, often develop and maintain close relationships with their neighbours...
- An eternal hope for a better future and prolonged patience are a constant subject of the Russian literature : the Russians have a critically ironical attitude to their country, laugh at their difficulties and hope that once “ every dog has its day ”.



Mikhail Zadornov, a very popular Russian humorist. Famous for his ironical critics of the government and funny stories about everyday life difficulties.

The Russian character

- The Russian character has often been described as complex and irrational.
- Going to extremes & emotivity, generosity & hospitality, collectivism & leisure orientation have been always presented as the main features of the Russians.
- Nationalism is also a part of the Russian character.



“ Russia will continue do dance and to cry after under a fence ! ”.

A writer, film director, actor Vasili Shukshin. His last novel and film “ Kalina Krasnaya ” (The Red snowball tree, 1974) brightly described the national Russian character.

Common stereotypes

- Cold climate, vodka, poverty, Mafia, corruption are the common stereotypes. These elements are present but they are emphasised by mass media and are often reflected in a misleading way. Surprisingly, still now many foreigners don't distinguish between Russia and the Soviet Union.



The family and the role of women

- There is a striking contrast in family relationships in Russia. United and friendly families where solidarity is the key-word come up against complex relationships where financial conflicts persist. The first victims of these conflicts are old people.
- The family is an important value for Russian women who are more often family and not career oriented. Feminism is present but not widespread in the society.



A Russian family enjoying meal.

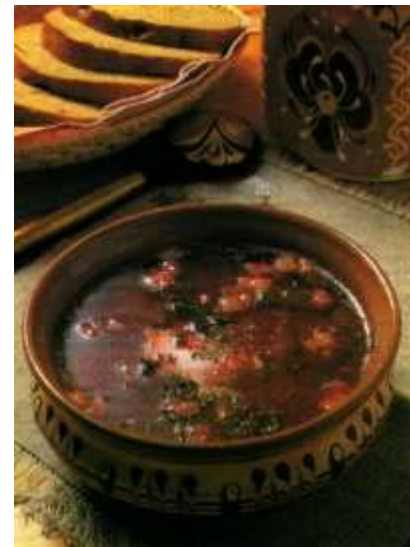
The Russian kitchen

- Russian cuisine is original and varied. It's famous for its exotic soups (cabbage /beetroot soup – *borsch*, pickles soup – *rassolnik*), *pirojki* (meat, fish or jam pies) and *pelmeni* (ravioli generally served with sour cream).



Pelmeni

- When a holiday, the Russian custom is to cook a lot of dishes (usually, several salads, zakuski), the menu like one first dish - main dish - dessert is rare.



Borsch

The Russian wealth

- The Russians are very proud of immense contributions which their country has made to world literature, music and paintings. And they are very offended and even shocked if foreign people don't know their favourites. The Russians read much and the classic literature is present in their everyday life. The Russians are culture oriented.



“If stars are lit, it means - there is someone who needs it”.

Vladimir Vladimirovich Mayakovsky. A Russian poet. Troubled by critics, disappointment in love and in communism, he shot himself with a revolver in 1930. He was 37 years old.

Russian holidays

- The New Year's Eve is the most important holiday in Russia . Many celebrate it twice : the 31 December and the 14 January (according to the old calendar). Anyway, each occasion is welcome to organise a party in Russia.
- The International Women's Day (March 8) is also very important : it's a free day and women receive flowers and presents.



A traditional New Year postcard. Father Frost with his grand-daughter Snegurochka.



ECONOMIC SITUATION

5. Economic situation

→ Historical background:
the eras of Lenin and Stalin

→ The post-war growth
period

→ Gorbachev's ambitions

→ The country's transition
to a market economy

→ A slight economic
recovery

→ Economic relationships
with other countries



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Historical background: the eras of Lenin and Stalin

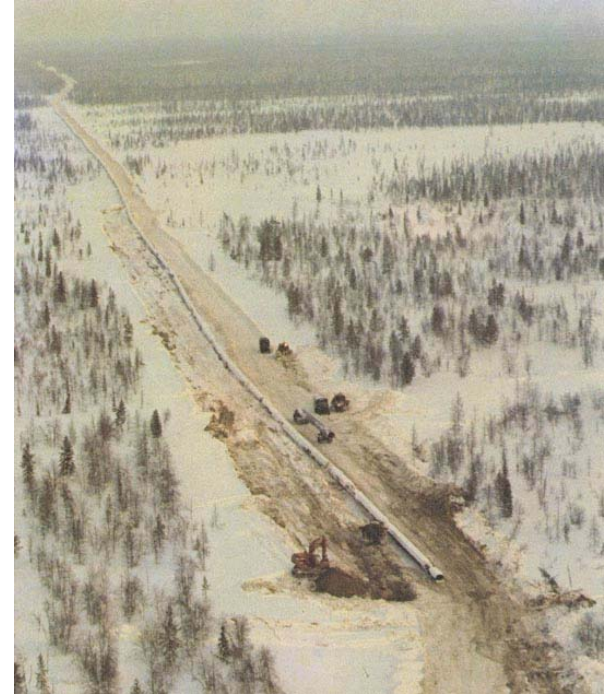
- Lenin's New Economic Politics permitted existence of private ownership and small entrepreneurs.
- Stalin's centrally planned economy was based on state ownership, collectivism, stakhanovism and self-sacrifice for benefit of the state.
- The ambitious five-years plans were accompanied by severe starvation.



“50 years of Stakhanovism!”, a post card picture. In 1935, the worker Aleksei Stakhanov extracted 105 tons of coal in 6 hours (the norm was fixed at 7 tons). Stalin's propaganda encouraged people to follow this example.

The post-war growth period

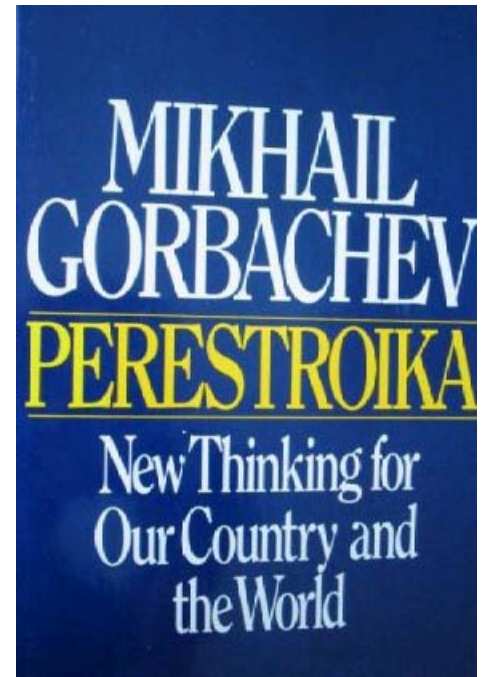
- The Soviet Union lost officially 20 billion people in the World War II.
- The country's economy was destroyed and the number of workers limited.
- The Cold War and Arm race incited the government to develop heavy industrial production giving up light, food and consumer goods industries.



Construction of a gas pipeline, Siberia.

Gorbachev's ambitions

- In late 1980s, the economic resources of the USSR were exhausted.
- Mikhail Gorbachev introduced policies of restructuring (*Perestroika*) in order to reform the poorly performing Soviet economy.
- Numerous small private ownerships (*Cooperative*) appeared in the sphere of construction industry and of consumer goods. Their particularity was a very low quality of produced goods.



Gorbachev's book. Published for the first time in 1987.

The country's transition to a market economy

- The transition to a market economy has been extremely painful.
- Massive privatisation programmes were accompanied by criminal, dishonest deals.
- In nineties, the level of industrial production was lower than that during the World War II.
- “*Bespredel*” (general disorder) is the key word of this period.



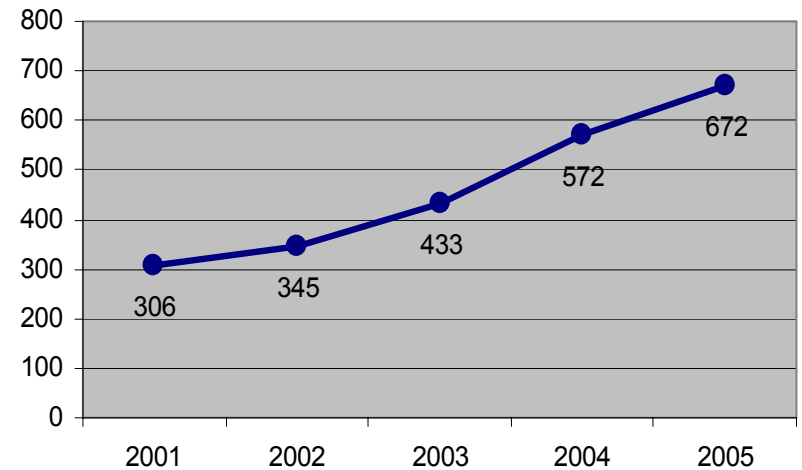
Financial crisis, 1998. Workers demand unpaid wages.

The country's transition to a market economy

- The impoverishment of the population was spectacularly rapid.
- The country's difficult situation was weighed down by systematic disappearance of international financial aid.
- There appeared a new class of “New Russians” having high disposable incomes, ready to consume the most expensive goods and to exhibit proudly their wealth in public.

A slight economic recovery

- In 2005, Russia is not a stable market economy yet. But its development is considerable and rapid.
- Market relationships regulate the economy. Foreign capital investments are growing.



Since 2001, the Russian GDP has doubled (in USD, Bn).
Source : World Economic Database, IMF.

- The Russian market is far from saturated and offers a huge number of business opportunities.
- The part of services in the GDP is growing and constitutes about 60%

Economic relationships with other countries

- Since 1993, Russia has been successfully fulfilling requirements to join the World Trade Organisation.
- Russia's goal is to become an irreplaceable oil supplier of the USA and UE ("*Christian oil*").
- The BRIC (Brazil-Russia-India-China) coalition becomes more and more important.
- Russia's main export products are natural resources and main import products are consumer goods, machinery and food.



DOING BUSINESS IN RUSSIA

6. Doing business in Russia

- Foreign & local firms
- Wages & Worker protection
- Taxation
- Banking & Finance
- Local consumer
- Challenges to overcome



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Foreign & local firms

- State companies lost their lead by the end of 1990s. They continue to persist in natural resources sphere.
- The entrepreneurial spirit is not strong yet but is developing very fast.
- Russian private companies are numerous, service oriented, aims principally the huge domestic market and are rather competitive.



Concern “Kalina”, a leading manufacturer in the Russian Perfumery and Cosmetics Market.

Foreign & local firms

- Given Russia's immense size, there is a great market potential.
- Foreign-owned firms and joint-ventures are active both in services and industry.
- Foreign firms establish their presence to gain the huge local market and not to enjoy lower costs.
- The Russians are highly motivated to work in foreign-owned firms known for better wages.

Wages & Worker protection

- Russia has a large base of highly-educated professionals.
- The market is globally lower cost; it is higher but comparable to the Philippines and India.
- Workers are motivated and appreciate non-monetary benefits in enterprises.
- Labour law is flexible as for employment/dismissal.
- Trade unions do not exist for the majority of small businesses.

- The Russian tax system is immature and poorly performing.
- Business taxation is lower than in Europe; small businesses can enjoy a “simplified accounting system”.
- The Russian state has big difficulties as for collecting taxes.
- Tax evasion is frequent both for firms and the citizens.
- Many companies have a double accounting.

Banking & Finance

- Today's financial sector is more reliable than it was in 1990s.
- The Russians do not trust banks and prefer to keep their money converted into dollars at home.
- The system of credit is young and complex. The interest rates are high.
- Foreign banks have increased their presence.



The office of the HSBC Groupe in Moscow.

Local consumer

- After years of shortage, the Russian consumer is eager to shop.
- The average Russian consumer spends 90-95% of his earnings and does not do savings.
- Spendings on consumer goods, leisure activities can often go to extremes.
- The average Russian consumer is fascinated by foreign goods.



Street sellers in Volgograd.

Local consumer

- The local consumer is systematically confronted to forgery.
- He is appearance oriented and demanding.



“Goods in credit for pensioners”.

- The common place for shopping is open market both for food and clothes.
- Supermarkets are more expensive and are often reserved for upper-income consumers.

Challenges to overcome

- Many say that Russia is not a good market for beginners.
- The Russian business environment is globally positive, offering many opportunities.
- It is however hindered by organised crime and bribery problem.
- Partnership is highly recommended, especially for small and middle-size businesses. Personal contacts are vital.

Challenges to overcome

- Infrastructures in Russia are satisfactory except roads.
- Government bureaucracy and poorly performing rule of law affect establishing business in Russia.
- Russian market is both expensive and cheap: one will pay lower wages but a very high office rent (especially, in the capital).
- Financial resources of Russian buyers may have doubtful origins.



MANAGEMENT & NEGOTIATIONS IN RUSSIA

7. Management and negotiations in Russia

- Business team relationships
- Business ethics
- Effective management
- Breaking communication barriers
- Negotiate efficiently
- Mistakes to avoid



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Business team relationship

- Collectivism and the importance of the group make of Russians good team workers.
- Hierarchy is highly respected.
- Subordinates rarely participate in the decision making progress.
- Trust and not qualification is the key of career growth.



A Russian firm « Automatika & Service » business team.

Business ethics

- Bribery is widely “tolerated”.
- Small presents and gifts are welcome.
- Establishing of friendly relationship

between partners is beneficial for establishing business.



- The Russians like to use office equipment in their personal needs.

Effective management

- Non-monetary benefits, free meals, social activities, bonuses, friendly relationship in the company are necessary to satisfy/retain employees.

- Training programs are motivating; Russians enjoy receiving training.

- Business trips abroad, credits offered by companies to their employees are highly appreciated.



Maxim Nogotkov, A 28-year founder of “Maxus”, a successful electronic goods wholesaler, promotes team-based bonuses and thus team-oriented corporate culture.

Breaking communication barriers

- The Russians listen attentively and do not interrupt.
- Questions are avoided as a sign of lack of knowledge.
- Meetings can last for hours without any solution taken at the end.
- Humour manifestation and emotions are common during a business meeting.
- Smiling by politeness is not common and does not show respect.
- Handshake is an universal greeting; kisses are rare.

Negotiate efficiently

- Having common friends is valuable.
- Good relationship and mutual sympathy is a foundation for trust.
- Exclusiveness of the offer or special exceptions are appreciated.
- Compromise is seen as a weakness; for the Russians it is important to win.
- Time reserves and patience are necessary since time is not valued as it is in the West.

“If a Russian business partner says that something is “impossible”, it is still “negotiable”.

Mistakes to avoid

- Subjects to avoid:
 - Chechnya
 - Reasons of the USSR collapse
 - Jewish “pogroms”
- One should avoid to say that the USA won the World War II
- One should not confuse the URSS with the Russian Federation
- One should not affirm that Russia is a poor country
- It is important to be polite and to follow cultural codes



СПАСИБО!
(THANK YOU!)