

# The Change in Business Culture Caused by the Introduction of Anglo-American Business Concepts in Post-Soviet Russia : Linguistic Evidence of Paradigm Shift in Business

学位名	博士（商学）
学位授与機関	関西学院大学
学位授与番号	34504甲第622号
URL	<a href="http://hdl.handle.net/10236/00029071">http://hdl.handle.net/10236/00029071</a>

**THE CHANGE IN BUSINESS CULTURE CAUSED BY THE INTRODUCTION OF  
ANGLO-AMERICAN BUSINESS CONCEPTS IN POST-SOVIET RUSSIA:  
LINGUISTIC EVIDENCE OF PARADIGM SHIFT IN BUSINESS**

**EVGENY KISELEV**

2016年度  
関西学院大学大学院商学研究科  
博士学位論文  
学位 博士（商学）

論文提出者 キセリョフ エフゲーニ

論文題目 **THE CHANGE IN BUSINESS CULTURE CAUSED BY THE INTRODUCTION OF  
ANGLO-AMERICAN BUSINESS CONCEPTS IN POST-SOVIET RUSSIA:  
LINGUISTIC EVIDENCE OF PARADIGM SHIFT IN BUSINESS**

論文題目 英米のビジネス用語の導入により引き起こされたソビエト連邦  
(日本語訳) 以後のロシアにおけるビジネス文化の変化  
～ビジネス文化におけるパラダイムシフトの言語的検証～

論文審査委員  
主査 則定 隆男  
(関西学院大学商学部教授)  
副査 深山 明  
(関西学院大学商学部教授)  
副査 藤沢 武史  
(関西学院大学商学部教授)

## **ACKNOWLEDGEMENTS**

I am much indebted to my supervisor, Professor Takao Norisada for accepting me as research student at the Graduate School of Business Administration at Kwansei Gakuin University, and for offering me the opportunity to conduct this research. I am very appreciative for his persistence in encouraging me to retain focus on the dissertation and finish this research despite many challenges and delays along the way. The insightful discussions with him during last year were critical for this research to reach the goal. Most importantly, I want to sincerely thank him for endless patience and overwhelming help.

Besides my advisor, I would like to thank the members of my thesis committee: Professor Takeshi Fujisawa and Professor Akira Miyama. I am grateful for their constructive comments on the presentation, which helped me to improve the final version of the manuscript and provided me a great deal self-confidence.

This study could not have been completed without generous scholarship and financial support from Ministry of Education, Culture, Sports, Science and Technology of Japan.

I would like to thank the people closest to me. I am very grateful to my parents who gave me a chance at life and offered me a good foundation for my life. My deepest appreciation goes to Natsumi Hotta for her patience and endurance during these years, while I spend most of my time in order to finish this research.

## TABLE OF CONTENTS

<b>Chapter 1. Introduction</b> .....	4
1.1 Background of the study.....	4
1.2 Positioning the study and identifying research gap .....	7
1.3 The research purpose and objectives of the study .....	11
1.4 Theoretical framework of the study .....	12
1.5 The structure of the study .....	13
<b>Chapter 2. The History of Business in Russia</b> .....	15
2.1 The History of Business in pre-revolutionary Russia .....	15
2.2 Business in the Soviet Union (1918-1991).....	18
2.2.1 Command-based economy system .....	19
2.2.2 Soviet ideology and business.....	22
2.2.3 Soviet enterprise and managerial practices .....	27
2.3 Business in the post-Soviet Russia .....	29
2.3.1 From Soviet to post-Soviet.....	30
2.3.2 Liberalism and “neo-liberalism”.....	34
2.4 Summary.....	36
<b>Chapter 3. Previous Studies on Culture</b> .....	38
3.1 Kluckhohn’s cultural values and definition of culture .....	38
3.2 Hofstede’s 5 dimensions of culture .....	41
3.3 Trompenaars’ 7 dimensions of culture .....	46
3.4 GLOBE survey on leadership and culture.....	48
3.5 Hall’s 3 concepts of culture .....	53
3.6 Sapir-Whorf hypothesis of linguistic relativity .....	58
3.7 Summary.....	62
<b>Chapter 4. Russian Culture in Previous Studies</b> .....	63
4.1 Russian culture and Hofstede’s model .....	63
4.2 Russian culture in Trompenaars’ study.....	77
4.3 Russian culture in the GLOBE project.....	83
4.4 Summary.....	87
<b>Chapter 5. Business Concepts in the Russian Language</b> .....	89
5.1 Russia’s struggle with the language of business .....	89
5.2 Methodology and research approach .....	93
5.3 Data collection and analysis .....	97
5.3.1 Neologisms in form.....	100
5.3.2 Anglicisms .....	106
5.3.3 Restored terms .....	111
5.3.4 De-ideologised terms .....	116
5.4 Summary.....	122
<b>Chapter 6. Change in Business Education in Post-Soviet Russia</b> .....	124
6.1 Business education in the Soviet Union and Russia .....	124
6.2 Analysis of business education in post-Soviet Russia.....	129
6.2.1 New business schools in existing universities .....	131
6.2.2 Reorganised business schools .....	138
6.2.3 Newly established business schools .....	141
6.3 Summary.....	143

<b>Chapter 7. Conclusions and discussions.....</b>	<b>145</b>
<b>7.1 Summary and findings of the study.....</b>	<b>145</b>
7.1.1 Paradigm shift in post-Soviet Russia .....	149
7.1.2 Russia's change in cultural studies .....	149
7.1.3 Linguistic reflections of cultural change .....	150
<b>7.2 Theoretical and practical implications.....</b>	<b>151</b>
<b>7.3 Limitations of the study and directions for future research .....</b>	<b>152</b>
<b>References .....</b>	<b>154</b>

## **Chapter 1. Introduction**

In this chapter an introduction of the study is presented. First, it discusses the background to the study followed by positioning and objectives of the study. Next, theoretical framework of the study is introduced. Finally, it provides a brief description of the study's structure.

### ***1.1 Background of the study***

Rapid changes in socioeconomic and political environments, which were triggered by the collapse of the Soviet Union in 1991, are called the “paradigm shift” to imply the scale of changes in Russian society which accompanied this process. Surprisingly, to date there were no attempts to provide an integrated empirical evaluation of cultural impact of this paradigm shift by means of existing theoretical frameworks.

Before the collapse of the Soviet Union in 1991, there was a lack of understanding about Western business concepts among common Soviet citizens. The communist ideology developed a sharply negative perception towards business for many years. With the collapse of the Soviet Union in 1991, drastic changes in the socioeconomic environment occurred in post-Soviet Russia. Entrepreneurship, which had been an ideologically criticised and criminally punishable activity and which had had no place in the Soviet command economy, became a new reality for Russian people within a few years. The introduction of a market-economy system also brought often-underestimated changes to Russian business culture and education.

More than 25 years later, there is still a lack of understanding of the current state of modern Russian business culture. Foreign companies still find themselves struggling with

the Russian business environment and we can still see evidence of some being unable to comprehend Russian business culture. According to the *Financial Times* (2009) “Russian business culture remains puzzlingly alien to foreigners”. Some researchers even claim the Russian business environment to be a “hostile maze” (Puffer & McCarthy, 2001). This goes along with another article about Russian business published in the *Financial Times* in 1993, in which Russia was referred as “a cross-cultural minefield”.

Kuznetsov and Kuznetsova (2005) gave their explanation as to why modern Russian business remains “alien” and “hostile”. They hypothesised that the influence of business practices in countries with mature market economies on the development of Russia’s business is quite limited, in particular as far as small and medium businesses are concerned. According to them, Russia remains a rather closed economy. Actual business contact and direct collaboration with foreign firms may be seen as a particularly important form of exposure to modern market culture. However, while short-term episodic contacts are likely to have only moderate impact, the contribution of those foreign firms looking for serious and long-term success in the Russian market has its own limitations. Researchers conclude that “although there have been not so many examples of that kind, it is reasonable to predict that in such cases foreign firms are likely to be keen to adjust to local conditions rather than change them” (p. 29). This hypothesis is sufficient to explain why Russian business culture remains puzzling to foreign viewers, but it does not provide us with any assumptions about how Russian business culture is changing over time.

If the culture is indeed the “software of the mind”, as Geert Hofstede (1991) defines it, then how might this programming be changing, especially among younger generations of Russians who are just entering into the modern business environment or among senior



managers faced with the shock of a market-driven economy? Does the paradigm shift affect business culture and practices in modern Russia and can we find empirical arguments to prove it? Hofstede provided us with a helpful dimensional framework, which might answer some of our questions, although as it became apparent during this research, cultural dimensions do not reveal the entire picture, but can give us only a few snapshots and therefore further research is necessary.

There are a number of ways in which business people may be exposed to new concepts and ideas. One of them is a professional education. Numerous business and management courses built around standard western programmes are available to young Russian students as well as Russians managers and business people. They are instrumental in shaping their outlook and thus affecting their professional values and attitudes, which will eventually become part of their culture. Another way in which business concepts are imported is through the national language. Among many cultural factors a language is the fastest to reflect changes happening in society. Analysing how a language evolves over time can reveal even small changes in culture.

Any language may change in sound, structure, and meaning. According to Pateman (1987), “The most obvious cases of intentional actions changing a language state are lexical innovations and their acceptance” (p. 31). Hudson (1980) identified two kinds of lexical change in language. One is “by introducing a new form to carry the desired meanings”, and the other is by using “the existing resources of the language that can be used to ‘unpack’ the meaning to be expressed” (p. 85). By doing so, new sets of values and social reality are constructed. Once new values, perceptions, and ideas are fixed in a language, the language begins to play the role of facilitator of cultural change. Following the change

in language and the new meanings people attach to it, what was previously considered intolerable may become tolerable and acceptable. As will be discussed later, one of the most salient examples of such change in post-Soviet Russia is the concept of “business” itself. Therefore, examining the change in business culture through the introduction of foreign business concepts is important in order to understand the paradigm shift in business in post-Soviet Russia.

### ***1.2 Positioning the study and identifying research gap***

The study of culture has been approached from many different perspectives by anthropologists, linguists, and communication scholars. One of the shared aspects of culture is that culture is dynamic in nature and ever changing. As McDaniel, Samovar, and Porter (2006) indicate, “Despite its historical nature, culture is by no means static” (p. 11). According to Kluckhohn and Strodtbeck (1961), the basic change of culture is often “the result of interplay of internal variations and external force” (p. 43). The causes for cultural change are often attributed to factors such as social, economic, and technological transformation or ideological and political shifts taking place within a culture or influence from another culture. However, the obvious and dynamic interrelationship between language and culture as an impulse for cultural change has not been given a sufficient attention.

Hojjer (1964) indicated that the change in culture is faithfully reflected in language. Therefore, the study of linguistic changes will offer insights into our understanding and explication of cultural change. According to Hoijer (1964), such contributions are yet to be made, in part because of the linguists’ extreme concentration on language and their neglect of the problem of determining the role of language in the total culture. Although intercultural communication scholars are very much aware of the inseparable relationship

between language and culture, they tend to emphasise the pragmatic elements of language or the interpretation of symbolic meanings in different cultural contexts (e.g., Carbaugh, 1990; Ting-Toomey & Korzenny, 1993). Few studies have been devoted to how language change reflects, facilitates, and perpetuates cultural change (e.g. Lu, 2011). In this study we assume that linguistic change not only reflects cultural change, but also is responsible for cultural change. More importantly, the change in language and culture renews and creates infinite discursive possibilities as well as multi-dimensional human experiences. We will substantiate our argument in this dissertation by examining the change in Russian business culture in relation to the introduction of Western business terms in the Russian language.

A significant part of international business research revolves around culture and cultural differences (Hofstede, 1994; Tung, 2008). Quantitative culture studies rely on various frameworks, such as Hofstede (1980, and 2001), Schwartz (1994, and 2006), GLOBE (House et al., 2002; House et al., 2004), Trompenaars (1993), or the World Values Survey (Inglehart, 1990, and 1997). Although it has been often criticised (Ailon, 2008; Baskerville, 2003; McSweeney, 2002; Taras et al., 2009; Taras et al., 2010), Hofstede's framework in particular continues to dominate the field (Kirkman et al., 2006) The appeal of Hofstede's cultural framework is reflected in the very high number of citations to his studies, ranking his work among the most highly cited works in the social sciences.

The theoretical frameworks presented in the literature review for this study play two roles. First, they serve as conceptual tools to be applied in addressing the research question of the study. Second, the application of these constructs to the specific context of paradigm shift in post-Soviet Russia offers the opportunity to contribute to their further improvement.

This dissertation can first and foremost be positioned as one contributing to the field of international business. This study extends current theories by linking business culture and language change in the discourse of a paradigm shift in post-Soviet Russia. Although this study reviews the history and development of theories on business culture, the main focus of the study is to show linguistic evidence of cultural change caused by the introduction of Western business concepts in Russia.

This study supports the view that change in the Russian socioeconomic and political environment gave birth to a cultural and linguistic phenomenon, which is still waiting for its thoughtful historical evaluation. In this dissertation we are going to verify cultural change in post-Soviet Russia using traditional cultural frameworks and the analysis method from corpus linguistics. The Sapir-Whorf hypothesis is utilised to link together linguistic empirical results to culture. Even though the Sapir-Whorf hypothesis is grounded in the concept of linguistic relativity, which assumes that linguistic categories and usage only influence thought and certain kinds of non-linguistic behaviour, this study aims to examine whether changes in the semantic landscape can penetrate Russian business culture in the long term.

The review of the literature on Russian business culture revealed theoretical and empirical gaps. Existing studies on Russian business culture can be divided into three categories. First, Russian business culture is evaluated by applying existing theoretical frameworks without taking into consideration the paradigm shift in the socioeconomic environment (Hofstede, 1993; Naumov, 2000; Kuznetsov & Kuznetsova, 2005; Naumov & Petrovskaya, 2013). Second, a few studies discuss the linguistic and cultural aspects of business in post-Soviet Russia, but do not provide further analysis using the available empirical

evidence of cultural change (Lawrence et al., 1990; Lawrence & Vlachoutsicos, 1990; Holden et al., 1998). Third, there is a number of studies in the domain of linguistics, which focus on how changes in the Russian language occurred, rather than pointing out why these changes occurred (Vorobyiova, 2003; Ustinova, 2006; Thompson, 2008; Bogoroditskaya, 2008; Alieva, 2010; Ratmayr, 2013).

The first group of studies on Russian business culture have been conducted by several researchers using dimensional models. These include studies conducted by G. Hofstede (1993) based on referential data analysis, and other researchers in Russia who utilised Hofstede's method "in field". Similar framework was used in a more recent study of the GLOBE project (House et al., 2004). However, the review of their empirical findings shows mixed results and distinct inconsistencies among the studies depending on the target audience, which demonstrates one of the limitations of dimensional frameworks.

The second group of existing studies of Russian business culture includes contributions regarding the descriptive approach to culture. Studies conducted by this group of scholars (Holden et al., 1998; Fink & Holden, 2006; Lewis, 2006; Ledeneva, 2006; Holden, 2008) provide a wider picture of socioeconomic, cultural and communicational changes in post-Soviet Russia, although empirical evidence of these changes is rather fragmented.

The third group of existing studies primarily focuses on aspects of linguistic change. Most of them were conducted by Russian researchers, and the main focus of their studies falls on "how" the language is changed, rather than "why" (Vorobyiova, 2003; Ustinova, 2006; Thompson, 2008; Bogoroditskaya, 2008; Alieva, 2010; Ratmayr, 2013).

Thus far, theoretical and empirical research on Russian business culture has been aimed at an increased understanding of the relative position of Russian culture in comparison with other countries. Researchers devoted less attention to diachronic analysis, which leaves gaps to be filled. It also became clear that the literature on business culture requires a deeper understanding of how the cultural and linguistic frameworks can be used together in order to provide an empirically replicable approach to explain language and cultural change.

### ***1.3 The research purpose and objectives of the study***

The purpose of this dissertation is to analyse the consequences of the paradigm shift in post-Soviet Russia on business culture and the modern Russian language. From the viewpoint of international business, it is important to choose cultural change in Russia as an object of study. The Russian economy remains an attractive market for foreign companies regardless of its current political and economic fluctuations, although there is still lack of understanding of ongoing processes. Therefore, conducting a study on cultural change in modern Russia may help to provide better understanding of Russian business practices and their development. This leads us to the research objectives of the study, which are as follows:

The first objective is to explain the concept of Soviet economic and ideological systems and their effect on business in post-Soviet Russia. This objective will be achieved by comparing the business environments in Soviet and post-Soviet Russia.

The second objective is to testify how currently existing theoretical frameworks handle changes in culture and if these frameworks can be applied to the case of Russia's paradigm shift during the transition to a market economy.

The third objective is to examine our claim that language change reflects and promotes cultural change by a comparative examination of language and value orientations in Soviet and contemporary Russian culture. This objective suggests we should use corpus analysis to review how business concepts were introduced into the Russian language. This objective is to be achieved by empirical data analysis. In this study we examine both the linguistic aspect and the educational aspect in order to provide independent arguments to support our evaluations.

The fourth objective is to draw conclusions and provide implications on further cultural change in modern Russia based on our empirical evaluations. We will discuss the role of language in reflecting, communicating, and creating culture. This objective will be achieved by analysing and presenting the results of the study.

The fifth objective is to point out the limitations of the study and discuss directions for future research.

#### ***1.4 Theoretical framework of the study***

For this study focusing on the linguistic and cultural change as a result of paradigm shift in post-Soviet Russia, Sapir-Whorf's linguistic relativity hypothesis is utilised as a primary theoretical framework. The relationship between language and culture is considered interrelated and overlapping (e.g., Bright, 1976; Gao, 2005; Goodenough, 1956; Hymes, 1962; Hudson, 1980). Culture is shaped and transmitted through language; Language at the same time reflects culture. Sapir-Whorf hypothesis indicates that language is a guide to culture and social reality (Sapir, 1931; Whorf, 1959). Thus, on these grounds we can address the objectives of the study.

The Sapir-Whorf hypothesis has led to two interpretations: a weaker form of linguistic relativism (“language influences thinking”) and the stronger linguistic determinism (“language determines thinking”). Recent work of the cognitive sciences appears to refute the deterministic form (Pinker, 1994). However, there is ample theoretical support for the notion that language influences cultural values (Agar, 1994; Triandis, 1995; Usinier, 1998; Hofstede, 2001; Nisbett, 2003; Graham & West, 2004). Agar (1994) summarised recent notations of the linguistic relativism view, “Language carries with it patterns of seeing, knowing, talking, and acting. Not patterns that imprison you, but patterns that mark the easier trails for thought and perception and action” (p. 71).

This study incorporates business culture and language to illustrate the empirical evidence of cultural change as a result of paradigm shift in post-Soviet Russia through its influence on the Russian language. The selection of business culture and language change to be examined was guided by both the theoretical approach and empirical preferences. In theoretical terms, changes in culture are eventually reflected in the language. In other words, language usually indicates the changes that have already happened in culture. However, in a rapidly changing environment, where drastic institutional changes are happening simultaneously over several years, currently existing theoretical frameworks might not be able to provide consistent empirical results on cultural change, even though such changes can be traced using language.

### ***1.5 The structure of the study***

After this introductory chapter, the rest of the dissertation is organised as follows: Chapter 2 reviews the literature on the history of business in Russia and explores the historical and cultural background necessary for understanding the current state of Russian business



culture. This chapter explains the concept of paradigm shift, which occurred in Russian business after collapse of the Soviet Union. Chapter 3 discusses theoretical frameworks commonly utilised in cultural studies, including Hofstede's dimensional model, Trompenaars' study, the GLOBE survey, Hall's communicational theory and the Sapir-Whorf hypothesis. Chapter 4 reviews how Russian culture is covered in recent literature. In order to validate cultural change in post-Soviet Russia diachronic analysis of preceding studies is performed. Chapter 5 presents research methodology based on corpus linguistics and provides empirical analysis of the evaluated data. Chapter 6 presents the results of the review on business education in Soviet and post-Soviet Russia. Finally, Chapter 7 provides discussions and conclusions along with limitations of the study, and suggestions for future research.

## **Chapter 2. The History of Business in Russia**

The main purpose of this chapter is to explore the relevant literature on the history of business in Russia in order to gain a better understanding of the concept of paradigm shift, which occurred in Russian business after the collapse of the Soviet Union in 1991. Although the main theoretical framework for this study is grounded in the field of linguistics, it is necessary to review the historical development of business in Russia as a cultural background of the study. Thus, this chapter first briefly introduces the history of business in Russia before the Russian Revolution of 1917. Next, it discusses socio-economic factors of doing business in the Soviet Union (1918-1991) including the concepts of command-based economy system, the ideology of socialism and the managerial practices of Soviet enterprises. Then, it discusses the business environment in post-Soviet Russia (after 1991), including the concept of a market economy and its implementation in Russia. Finally, concludes with a review of some cases of foreign companies experiencing environmental challenges in modern Russia.

### ***2.1 The History of Business in pre-revolutionary Russia***

There is an extensive literature related to the development of business during the pre-revolutionary period in Russia, such as the memoirs of traders (*kuptsi*) in medieval centuries, books by Russian historians (Karamzin, 1892; Klyuchevski 1904; Soloviev, 1913), business records, documents, and papers on the industrial development of the late 19th and early 20th centuries. Based on reviewing this literature and relating it to the different periods of the nation's history, general features of business culture can be inferred.

The first independent Slavonic state – Kievan Rus – was founded in 862 with its capital in

Kiev. Later the centre of gravity had shifted to the cities of Novgorod and Vladimir. In the medieval Russian cities of Kiev and Novgorod, not only did merchants and artisans have political power and substantial wealth, but almost everyone above the lowest level of peasantry was engaged in one type of enterprise or another. Being subjugated by the Tatars, Russian development was seriously delayed from the 13th through 15th centuries until in 1480 Muscovy (Moscow State) succeeded in uniting all the Russian states. After liberation from the Tatars, Muscovy strengthened as the dominant principality, and Russian Tzars such as Ivan the Great (ruled in 1462-1505) and Boris Godunov (1598-1605) became respected historic figures. The Russian Orthodox Church was a great influence in society, and several spiritual leaders were deified and highly respected (such as St. Sergii of Radonezh).

Russian history was marked by repeated attempts to catch up with the West economically, politically, and culturally. At the same time the country's leaders pursued imperial ambitions to the South and East (Caucasus, Central Asia, Siberia, and Far East). Peter the Great (1696-1725) started "Westernisation" by autocratic and barbaric means, proclaiming Russia as an empire in 1721, and constructing St. Petersburg as its new capital. He was also an admired military leader, leading Russia to victory in several wars. Entrepreneurs in the time of Peter the Great were traders who created Europe's strongest military-industrial complex for Imperial Russia.

The imperial gains were later consolidated by Catherine the Great (1762-1796). The economic liberalism of Catherine the Great, in the late 18th century, had attracted the highest-ranking Russian nobles to entrepreneurial activities. After defeating Napoleon in 1812-1815 Russia was recognised as a great power, despite lagging behind the West

institutionally and economically. The autocratic state was based on a predominantly agrarian economy and a feudal serf system.

The Industrial Revolution (which started in Russia half a century later than it had started in England) brought to Russia the real spirit of private entrepreneurship. The economic reform of 1861 gave freedom to peasants and allowed different social groups to become active. Industrial policy led to the “Railway Fever” and created favourable conditions for the development of banking capital to be added to existing industrial capital. Talented Russian businessmen S. Morozov, L. Knopp, P. Ryabushinski, and others became founders of successful business empires in Russia and introduced many organisational innovations.

Through the centuries Russia absorbed the basic values of both the West and the East – reason and inspiration. It served as a bridge between Eastern and Western cultural traditions, with a certain psychological dependence on both. These characteristics attracted much attention from the 18th century to early 20th century. According to one of the best Russian historians of the 19th century, V. Klyuchevski, the national character combined, such qualities as the habit of patient struggle against misfortunes and hardships, the ability to concentrate effort, and the ability to cooperate over a large geographical space (Klyuchevski, 1904). The other famous intellectual, P. Chaadaev, defined the contradictory Russian national character by such features as brutality and inclination to violence, impersonal collectivism, messianism, internal freedom, kindness, humanism, gentleness, and the search for truth (Chaadaev, 1991).

As it has been shown, before the Russian Revolution of 1917 deep-rooted traditions of

entrepreneurship existed in Russia. From Peter the Great until the second half of the 19th century, merchandise and industrial business were developed under the aegis of the autocratic state. Later, it was permanently under state supervision. However, the attitude towards entrepreneurship in Russia was not always positive. Apressyan (1997) points out that traditional Russian elites – aristocracy and bureaucracy – strongly opposed the development of a third class in the 19th century. According to Apressyan (1997), “The development of capitalism also faced the psychological opposition of patriarchal peasants and, broadly, patriarchal psychology widespread in Russian society” (p. 1562). It is not an exaggeration to say that the socialist criticism of capitalism in 20th century borrowed its spiritual energy from the patriarchal, intellectual, bureaucratic, and aristocratic hostility towards business as a cultural phenomenon in general.

## ***2.2 Business in the Soviet Union (1918-1991)***

Russia’s history in the 20th century was full of tragedies and challenges. The disastrous war with Japan (1904-1905); participation in the Great War (1914-1918); the murder of the Tsar and his family (1918); the Civil War (1918-1922) which followed the Russian Revolution of 1917; collectivisation of agriculture (1928-1934); the surge of industrialisation in the 1930s, with mass forced labour; the Great Terror (1936-1938) and the Gulag; and the Great Patriotic War (1941-1945) – all these events played a part in shaping the Russian mindset in the 20th century.

In the 1930s Soviet Russia was being hailed as “the second America”. In less than 20 years the socialist form of government seemed to prove to the outside world that a society, based on scientific (i.e. Marxist-Leninist) principles, developed on the back of Five Year Plans, and guided by the advanced thinking of the Communist Party, could represent a viable alternative to the old social order of Europe and the USA.

After World War II, the Soviet Union emerged as the West's great ideological adversary, its armies and commissars controlling an empire that extended westwards to the heart of Berlin. These tensions were not reduced with the death of Stalin in 1953. In less than ten years, by 1962, the Soviet Union and the USA were on the brink of nuclear war over Cuba. Between those years, in 1957, the Soviet Union had launched the world's first artificial satellite.

Since the death of Stalin there had been a lot of experiments of economic management, but the Brezhnev years (1964-1982) became known as *zastoi* (lit. "stagnation"). When Gorbachev took up power in 1985, the Soviet economy was in "pre-crisis situation". He set about the task, using his famous catch-words *perestroika* (lit. "restructuring") and *glasnost* (lit. "openness").

### **2.2.1 Command-based economy system**

One of the most familiar features of the Soviet Union was the command economy system. The economy based on central planning and command put in place (during the Soviet Union) in the 1930s remained relatively unaltered "until the system virtually collapsed under simultaneous pressure for change from above and below in the late 1980s" (Smith, 1993, p. 36). To fully understand the challenges presented by the desire to transform the Russian economy into a modern market economy, it is necessary to understand how the command economy operated in the Soviet Union and the role that central planning played in it. This section briefly reviews functioning of the command economy system.

Each sector of the Soviet economy was carefully monitored by the central planning authority and Five Year Plans establishing priorities for resource use and allocation drawn

up. Lower level state planning authorities added progressively more details and growth targets for each enterprise. Implementation of these plans was carried out by state enterprises. The enterprises, however, received strict instructions regarding all possible aspects of their activities, including wages, revenue and profit levels. Costs were based on artificial prices established by government fiat.

Planning provided perverse incentives for enterprises to understate their manufacturing potential to planners so that they could easily achieve their productivity targets. Similarly, estimations of required inputs tended to be exaggerated in order to ensure that the enterprise received adequate supplies. Inputs were often over requested, since excess input, if reported, would alter resource allocations in future plans. Hence, planners depended on information provided by enterprises that had a clear incentive not to provide accurate information. Furthermore, central planners never had sufficient information to accurately assess consumer demand.

The monetary and financial governance structures within which socialist enterprises operated further contributed to the long term decay of the command economy by ignoring basic market principles for inter-enterprise relations. Individual enterprises were not required to ensure that revenues from output sold were sufficient to buy inputs and pay wages. Payments between enterprises were reflected in special accounts in the State Bank, the sole bank to administer and maintain financial affairs, and did not bear any relationship to the enterprise's financial reality. The State Bank credited or debited enterprises with the estimated value of outputs supplied or inputs received and had no power to declare an enterprise bankrupt. As a result, Soviet enterprises operated under a "soft budget constraint", whereby, irrespective of demand for the end product, credit was guaranteed in

order to achieve a given plan.

Similarly, consumers' demand had no direct impact on the level or structure of investment. Prices remained unchanged between the early 1950s and April 1991, with any shortfall between production cost and output revenues covered by subsidies from the state budget. Relatively low prices for subsidised goods increased demand for these goods, although the authorities did not automatically increase the supply to meet demand at fixed state-set prices. Lack of supply and fixed low prices meant shortages, and consumers were forced to hold more savings, relative to income, than they desired. Such involuntary savings resulted in a form of "repressed inflation". Disequilibria in goods markets were manifested in long queues for those wishing to purchase high-demand (mostly light industry) goods at the low "state" prices. Access to any kind of "luxury" was a privilege, which could be exchanged for numerous favours and or monetary bribes. Corruption and nepotism were a way of life.

The all-encompassing regulation of market responses to consumer demand was made possible by complete state control over foreign trade that prevented any inflow of imports becoming available to individuals or enterprises. Having no demand (or a "soft demand") constraint, enterprises in the Soviet Union did not welcome export additions to their output targets because they would require higher quality specification to be met and unwanted alterations in product engineering. Soviet enterprises preferred to concentrate production on low quality goods sold in domestic markets. Soviet exports consisted primarily of raw materials; such as crude oil, gas, and unprocessed goods and gold, rather than sophisticated manufactured goods.

However, it was necessary to finance a certain level of imports of machinery for the



industrial and military sectors, foodstuffs, and consumer goods in order to compensate for the deficiencies of those available in the domestic market. The inability of the Soviet economy to generate the exports required to obtain sufficient imports from Western economies led to the realisation among some Soviet officials that a deep structural reorganisation would be required before there could be any significant improvement in the economic situation.

It had become increasingly clear before the collapse of the Soviet Union that the command mechanism for resource allocation not only trapped the Soviet consumers in a stagnant environment consisting of low quality products, but had also inhibited technological advancement. The planners had no method for integrating new technology into the economy nor any way to encourage its development. A point was reached when the better performance of capitalist economies could no longer be ignored. By the early 1980s the Soviet economy was in a strong need for fundamental reforms.

### **2.2.2 Soviet ideology and business**

This section provides an explanation of the ideology of socialism in the Soviet Union. In general, socialism is an umbrella term for a number of ideologies and political movements emerging in the 19th century and is associated with such political thinkers as Robert Owen, Charles Fourier, and Pierre Leroux (Freeden, 2003, p. 84). Variations of socialism are unified by the underlying idea of an egalitarian distribution of wealth.

Socialism views the group as the basic unit of society and esteems equality, abandonment of hierarchical distinctions, and distributing goods based on human need (Freeden, 2003). Hence, according to socialism, collectivism is the ideal way of organising society. Under this ideology, private property is impossible; the land and the means of production are

owned collectively by the entire population, and the political organisation of society is aimed at creating a socio-economic system that embraces and makes these ideals a social reality. The socialised state's political objective is thus "...nationalisation of the means of production, distribution, and exchange..." (Freeden, 2003, p. 83). Prior to the collapse of the Soviet Union, for almost seventy years, the Marxism-Leninism version of socialism was the prevailing ideology of the Russian people, and the Communist Party was the political body that commanded the economy, among other social domains, whose goal was the creation of a truly socialist state.

One of the broadest definitions of the term "ideology" is a set of ideas and beliefs that, according to Freeden (2003, p. 3), "...map the political and social worlds for us". These maps do not correspond to external, universal, and objective reality, but simply bring forth a pattern to interpret political and social facts and events (Freedon, 2003). In other words, ideology is similar to an interpretive lens or a world view. This term originated in the nineteenth century with Antoine Destutt de Tracy, who was interested in a branch of study concerning ideas (Freedon, 2003). Various social theorists have expanded the range of the term's meanings since its coinage. For instance, Marx and Engels associated ideology with class and proposed that ideologies possess the power to create "... a framework within which decisions can be taken and make sense" (Freedon, 2003, p. 11). Gramsci's contribution to the concept was placing ideology in the domain of society, and proposing that intellectuals were "...the major formulators and conductors of ideology..." (Freedon 2003, p. 20) and that they engaged in "manufacturing consent" (Freedon 2003, p. 20) among the general population in order to reinforce the dominant ideology.

In this study "ideology" principally used as a shorthand for "political ideology" and

adheres to Freedman's (2003, p. 32) functional definition of political ideology: A political ideology is a set of ideas, beliefs, opinions and values that (1) exhibit a recurring pattern, (2) are held by significant groups, (3) compete over providing and controlling plans for public policy and (4) do so with the aim of justifying, contesting or changing the social and political arrangements and processes of a political community.

To illustrate the ideologically adjusted concept of business in the Soviet Union, we can refer to *Great Soviet Encyclopaedia (GSE)*, one of the largest and most comprehensive encyclopaedias in Russian issued by the Soviet State from 1926 to 1990. In the 1950s edition of the *GSE*, the term "business" is explained as follows:

Business (lit. - "work", "transaction", "commercial meditation"; businessman – "merchant", "rustler") – is a common term among capitalists in Great Britain and USA. Capitalists and their lackeys, bourgeois economists and politicians are spreading malicious illusion to stupefy masses that every person engaging in business in the future may become a capitalist, and even a millionaire. [...] During WWII American monopolies were "making business" and knocking out huge profits earned from human blood [...].

This explanation was aimed to explain to Soviet people that business is unethical and unfair activity. Moreover "making business" was shown as virtually "having blood on your hands". Such rhetoric was a common part of Soviet propaganda and could be expected in such an ideologically dependent book. Still, this definition is a good example of what Russian people were taught about business and how a negative attitude towards entrepreneurship was built. To analyse it even further, this explanation of business actually lacks the definition of business itself. The literal translation was given as *delo, sdelka* (work, transaction), which does not provide a reader with any concept of the nature of business. Individual profit was not even mentioned as an aim of business. According to

*Dictionary of Russian language by Ushakov (1935-1940)*, *delo* is defined as “work, activity, being busy with something”. Therefore, the word *delo*, which was used to translate the word “business”, has too wide a meaning and is not precise enough to give readers a proper explanation.

The next edition of *GSE (1970)* removed the definition of the word “business” entirely. The absence of this term from thirty volumes of *GSE* is a good indicator of its importance in the knowledge base of Soviet people. Since there was literally no “market” in the Soviet Union, the entire marketing “sphere” was absent in the Russian vocabulary too. The explanation of the word “marketing” in *GSE (1970)* was as short as four paragraphs, while the word “Marxism” spanned several pages. Still, the appearance of this concept in such an ideologically dependent work of reference in 1970s is significant. *GSE* defined “marketing” as “a system of managing capitalist enterprises by relying on the careful accounting of the processes occurring in the market in order to make economic decisions”. The definition of marketing was also affected by ideology. It was stated that “in reality, marketing is an attempt to eliminate some of the contradictions of capitalism” (*GSE, 1970*). As Jacobs (2001) has pointed out, “the Soviet system was constructed in such a way as to make Western notions of marketing irrelevant” (p. 149).

Another piece of evidence on the definition of business concepts in the Soviet Union is observed in *Soviet Criminal Code*. *Soviet Criminal Code* was the prime source of Law of the Soviet Russia concerning criminal offences. It was signed in 1960 and, with major amendments, it was in force until 1997. *Soviet Criminal Code's* chapter concerning economic crimes has two articles that define business and entrepreneurship as crimes:

**Article 153. Private entrepreneurship and commercial mediation**

Private entrepreneurship with state, cooperative or other social forms of property is a subject to imprisonment for up to five years with confiscation of property or exile for up to five years with confiscation of property.

Commercial mediation, carried out by individuals in the form of activity or for enrichment, shall be punished by imprisonment for a term of three years with confiscation of property or an exile to a period of three years with confiscation of property.

**Article 154. Speculation**

Speculation, that is, buying and reselling goods or other items for profit, shall be punished by imprisonment for a term not exceeding two years with confiscation of property or without it, or correctional labour for up to one year or a fine of up to three hundred roubles.

Speculation in the form of business or a large scale shall be punished by imprisonment for a term of two to seven years with confiscation of property.

Small speculation, done repeatedly, is punished with correctional labour for up to one year or a fine not exceeding two hundred roubles with confiscation of the subjects of speculation.

(Excerpts from Criminal Code of the RSFSR [Russian Soviet Federated Socialist Republic])

While the *Longman Dictionary of Contemporary English* defines “business” as “the activity of making money by producing or buying and selling goods, or providing services”, *Soviet Criminal Code* defines such kind of activity as “speculation”. Therefore, business as an activity was not only ideologically criticised in Soviet books, it was actually viewed as a crime and subject to imprisonment by the Soviet legal system.

Apressyan (1997) claims that three kinds of marginal and intrinsically alternative economic practices existed side by side (but not equally) with the state economy in the Soviet Union: first, individual activity in production of foodstuffs, and goods (mainly agricultural) and services; second, the activity of small collectives (artels) and cooperatives,

and third, the “shadow economy”, concentrated in the spheres of light industry, trade and services. According to Apressyan (1997), individual activity used to be relatively autonomous, being completely based on the efforts and individual property of its agents. The artel, the collective economy, though based on collective (in this case non-state) property, was strictly controlled by state institutions. The “shadow economy” was based more on entrepreneurial and efficient business. However, since it was dependent upon illegal usage of state material and financial resources, or thefts, it was essentially parasitic in its character.

### **2.2.3 Soviet enterprise and managerial practices**

The command economy system and Soviet ideology developed a specific type of enterprise, which was distinctively different from its Western analogues. An understanding of the principles which were used to make Soviet enterprise function is important to grasp the scale of further cultural change during the paradigm shift to the market economy. This section discusses the specific features of the Soviet enterprise in comparison to their Western counterparts.

In 1988 Lawrence and Vlachoutsicos conducted a comparative study of Soviet and American management systems. Research aimed to do qualitative, in-depth studies of two enterprises in each country and two factory sites at each enterprise. They focused on four decision-related issues: the formation and implementation of an annual business plan, the hiring and firing of managers, the acquisition of capital equipment, and the introduction of new products. To accomplish this task, they had to understand the culture of the Soviet period and the organisational structure of Soviet companies.

The core of the traditional managerial structure of Soviet enterprise is the structural task

unit (STU). The STU is a group charged with performing a specified task in the enterprise. Soviet enterprises are themselves STUs, and each contains as many STUs as are necessary to perform its assigned tasks. Each STU is a microcosm of all of the larger ones and a model for all smaller ones. Each STU has as many hierarchical levels as are necessary. The smallest STU of an enterprise is the brigade, which has only two levels: the workers and the brigade leader. The largest STU of the enterprise is the enterprise itself.

If an enterprise comprises more than one plant, it usually contains five hierarchical levels of line managers: the director general of the enterprise, the plant managers, the workshop managers in each plant, the foremen in each workshop, and the brigade under each foreman. Members of STUs refer to themselves as “we”, and show an astounding cohesion, solidarity, camaraderie, and loyalty to one another and to their leader. STU members are bound to one another by total confidentiality as to the inner workings of the group.

In their study Lawrence and Vlachoutsicos (1990) pointed out the basic principles of socialist management:

- 1) Combinations of “centralised leadership” and “grass-roots democracy”.
- 2) Pervasive state management wherein the state represents the whole society and manages everything and everything is managed on behalf of all the people.
- 3) Combination of party leadership with independent economic management.
- 4) Consideration of the numerous different interests (national, collective, individual).
- 5) Planning. Management activity must be organised by a plan; decisions should be made based on real economic facts and consequences must reflect both industrial and national interests.

According to Lawrence and Vlachoutsicos (1990), the concept of centralised leadership implies that all managerial decisions are conducted at the top level by a strong leader. The concept of grass-roots democracy is represented by a collective decision-making process at the level where necessary rights and responsibilities are provided by centralised leadership.

During the Soviet period a sharply negative attitude towards business was institutionalised. The state was the only employer legally capable of exploiting economic freedom. The Communist Party had monopolised responsibility for moral judgements and created standards by manufacturing economic “heroes”, such as politically loyal directors of state-owned enterprises or Party *Nomenklatura* leaders. Thus, entrepreneurship and business were seen either as an exploitation of labour when in the West, or as shady activity when carried out by individuals in the Soviet Union.

### ***2.3 Business in the post-Soviet Russia***

The end of the Cold War changed both the geopolitical and linguistic landscape. In the early 1980s, it became obvious that the Soviet central-planning economy system had failed and the stage was set for Mikhail Gorbachev’s *perestroika*. The new economic reforms of Gorbachev, who rose to supreme power in the Soviet Union in 1985, were predicated on sweeping changes, which would necessitate “the transfer of the centre of gravity from predominantly administrative to predominantly economic methods of management at all levels” (Gorbachev, 1988, cited in Holden, 1995, p. 3).

In President Yeltsin’s era (1991-2000), the question of the role of the state and large corporations in economic development became critical. Russia’s economy was run by a small number of financial-industrial groups, arguably more powerful than the state. The oligarchs – leaders of industrial and financial empires, such as M. Khodorkovsky, V.



Potinin, or R. Abramovich – displayed a new model of business and leadership in the Russian economy. The future of the country became largely dependent on the relationships between these major economic players and the government.

In the transitional economy under President Putin (2000-current), when the period of selling state property (“privatisation stage”) and rapid accumulation of capital is over, the discussions about the future of Russian business focus on interaction between large corporations and small businesses, on the role of the government in supporting large businesses, and on corporate governance. At this stage the main task for business is to manage capital effectively.

### **2.3.1 From Soviet to post-Soviet**

This section briefly examines the historical events through which the paradigm shift in Russian business occurred. It considers political and economic circumstances during the period of the country’s transition from the Soviet Union to modern Russia and the role of the West in this transformation.

The Soviet Union collapsed in 1991. This was an event of enormous proportions and of colossal importance because it brought to an end the capitalism versus socialism debate, and it established the West, headed by the United States, as the dominant ideological influence in the global arena of the early 1990s. This transformation in world politics has led to profound changes in numerous social spheres in Russia, including politics, economy, culture, education, and religion.

By the end of 1980, the Soviet economy was in a state of deep economic crisis. Some historians call the late Soviet Union’s economy “inefficient and wasteful” and “unable to

provide proper economic development of the country and a decent standard of living for its citizens” (Arbatov, 2001, p. 179). Mikhail Gorbachev’s vision was to found a country on a Swedish-like model of free market economy, known for its large public sector and high taxes: “...it is important that society itself comprehend and accepts the transition to the market” (Gorbachev, 2001, p. xiv). Many Soviet economists, including L. Abalkin, S. Shatalin, and G. Yavlinskiy, were in favour of a gradualist approach to the market economy transition (Pomer, 2001).

However, the participants of the Houston 1990 Group of Seven (US, UK, Japan, Germany, Italy, France, and Canada), presented the Soviet Union with the set of conditions for Western cooperation that encouraged considerably more rapid and liberal measures than what Gorbachev had in mind (Bogomolov, 2001). The West’s prescription amounted to Russia’s instantaneous acquisition of neoliberal economics, the “shock therapy” manoeuvre (Klein, 2007, p. 223). This plan was developed with the expertise of the International Monetary Fund, World Bank, the European bank for Reconstruction and Development, and the Organisation for Economic Cooperation and Development.

Hence, Boris Yeltsin - the first President of Russia in the post-Soviet context - undertook “immediate capitalist transformation” (Pomer, 2001, p. 154). The President’s Russian collaborators consisted of a team of economists, many of whom in the final years of the Soviet Union belonged to a so-called free market book club and were enthusiasts of Milton Friedman’s ideas (Klein, 2007). Among Yeltsin’s collaborators from the West were the neoliberal advocates Jeffrey Sachs from the Harvard University Economics Department, British Professor Richard Layard, and Swedish Professor Anders Aslund. The reform program - “shock therapy” - was directed by Western advisers holding official status in the

Russian government. They drew on the authority of international organisations and dominated Western public opinion. Proposals for more gradual phased transformation were branded as anti-reform or pro-communist (Bogomolov, 2001, p. 55).

One of the essential transitions was the removal of the authority of the Communist Party as recognised in Article 6 of the 1988 Soviet Constitution:

The leading and guiding force of the Soviet society and the nucleus of its political system, of all state organisations and public organisations, is the Communist Party of the Soviet Union.

In contrast to the Soviet political system, Article 1 of Russia's post-Soviet Constitution (Constitution of Russian Federation, Article 1) transforms the socialist autocratic totalitarian State into a "...democratic federal law-bound State with a republican form of government". Moreover, Article 3 bans any usurpation of power in the Russian Federation.

Another crucial consequence of the collapse of the Soviet Union was the radical remodelling of the economic system from the command economy model with state ownership and planning via Five Year Plans, into a market-based model, where free markets, rather than the government, regulate the distribution of goods and services. In contrast to Soviet State ownership, Article 35 of Russia's 1993 Constitution protects the right to private property. Similarly, Article 34 promotes competition by explicitly prohibiting "...economic activity aimed at monopolisation..." (Constitution of Russian Federation, Article 34).

The intention of Yeltsin's circle was to implement the "shock therapy" measures "...so suddenly and quickly that resistance would be impossible" (Klein, 2007, p. 223). The

range of shock therapy measures that took place shortly after the dismantling of the Soviet Union included rapid privatisation of the country's approximately 225,000 state-owned companies, abandoning price controls, liberalisation of international trade and currency flows, and stabilising the currency value by reducing State spending (Pomer, 2001). Thus, the entire decade of the 1990s in Russia was permeated by the West's encouragement, financial support, and ideological interference.

Measures taken during the first years of *perestroika* and "shock therapy" soon brought the population of the Soviet Union and Russia to completely unknown modes of existence and economic life. The outcome of the initial attempts of Western knowledge transfer was that words rather than the concepts they represent have penetrated the emerging Russian business context. Western representatives came with all too attractive sounding words, but the concepts behind the words were not understood clearly enough by an apprehensive and sceptical population (Holden et al., 2008). This situation contributed to the unpopular image of the entrepreneur and businessman. In contrast to other countries, in Russia there is a considerable degree of ambiguity regarding some of the most fundamental issues including ownership rights, role of contract, concept of legality, and the notion of business ethics, among others. Nuti (1992, cited in Kuznetsov & Kuznetsova, 2005, p. 27) pointed out:

Russia is currently in the stage of an "economic non-system", that is, a situation in which the old economic mechanisms have been demolished, but the new one haven't yet fully materialised. This leaves to the discretion of individuals many aspects of business, which under other conditions would be properly regulated by legal, professional, social and cultural conventions. Even the most meritorious of entrepreneurs find it difficult not to cross the line between legality and what is called sometimes 'shadow' economy.

Western management educators and consultants, when they first came to post-communist Russia, were then largely unaware of the implications of this state of affairs for the efficient transfer of management and market know-how. Their documentation was all too often not adapted but simply translated by Russians without any understanding of Western management concepts and terminologies. The entire knowledge transfer process “was studded with misleading translations and “crass, on the hoof” improvisations by armies of linguists” operating outside their competence zones (Holden et al., 1998).

### **2.3.2 Liberalism and “neo-liberalism”**

This section provides the explanation of the concepts of liberalism and “neo-liberalism”, which are often referred to as a dominating ideology in modern Russia. “Neo-liberalism” is frequently used synonymously with “capitalism” and is a set of economic practices heavily based on the 19th century classical liberal precepts of Adam Smith, who considered the market to be the most efficient allocator of resources, and that it regulated itself towards a balance between supply and demand (Steger, 2003). After World War II, governments of the West practised Keynesian capitalism that allowed the State, in addition to the private sector, to regulate the economy.

In the last quarter of the 20th century, Keynesianism was replaced by neo-liberalism, in which the State’s participation and guidance in the economy is significantly restricted (Bogomolov, 2001). This fairly recent phenomenon denationalises the economy through concrete measures such as privatising public enterprises, removing restrictions on trade, reducing taxes and social spending, downsizing the government, and abandoning controls on global financial flows (Steger, 2003). Neo-liberalism is associated with the name of the philosopher-economist Friedrich von Hayek from the University of Chicago and the names of his students, including Milton Friedman.

Neo-liberal economic practices are rooted in the ideology of liberalism. Similarly to socialism, liberalism is a term defining an array of various sets of ideas and political movements. In contrast to socialism, liberalism conceptualises the individual as the basic social unit (Freedon, 2003). While in socialism individual interests are insignificant and dismissable compared to the collective, liberalism advocates the freedom and choice of the individual, including freedom of ownership and freedom from economic and physical coercion and “entertains the idea of the open-ended development of human beings towards increasingly civilised states of existence” (Fulcher, 2004, p. 81). Notions of liberty and justice are the accompaniments of this ideology. The emphasis on the individual rights and equal opportunity for all presupposes the economic system, in which the means of production are in private ownership and are operated for profit, and in which it is the market, not the state, that commands the distribution of goods and services. Hence, socialism and liberalism fundamentally differ in how they conceptualise society, its organisation, its goals, and the roles of the individual and of the government.

The doctrine of free entrepreneurship contradicts everything that the Soviet system stood for. Yet we cannot expect modern Russian entrepreneurs to liberate themselves entirely from any social experience gained under socialism. As pointed out by Hampden-Turner and Trompenaars (1996), cultures are neither wrong nor right: hereditary cultural holdings provide orientations to issues “because there would be chaos unless they did so” (p. 144). Accordingly, in modern Russia, there is a pronounced tendency for informal rules, which previously existed as a superstructure over now extinct formal rules, to remain in service as temporary substitutes for more formal arrangements.

Undoubtedly, the fact that Russia has adopted neoliberal economic policies does not mean that it has immediately turned into a capitalist state with the ideals of liberalism. In fact, some political scientists are of the opinion that:

Russia is a capitalist country [only] to the extent that it is part of the global capitalist economy, of the world capital market and of the international capitalist division of labour...the difference is that “socialist” decorations have been taken down, and real elements of socialist that existed in Soviet society have been extirpated or weakened (Kagarlistky, 2002, p. 7).

Rather, what is of utmost significance is that these historical changes of the early 1990s introduced a radically different world view to the Russian people.

## ***2.4 Summary***

The paradigm shift in business which occurred in post-Soviet Russia is prominent in the literature on Russian business. The available literature suggests that business in Russia has a long and complex history. In early ages of the Russian State, entrepreneurship was an essential part of medieval Russian cities. Since the beginning of 18th century business was under the protection of the Imperial Russian State. However, it was also noticed that traditional elites in Russia opposed the development of entrepreneurship. In their claims elites often appealed to the patriarchal psychology widespread in Russia.

After the Russian Revolution of 1917 a negative attitude towards business was institutionalised. Eventually, the command economy system and state ownership were established. Entrepreneurship was banned through the Soviet legislative system and new managerial practices were introduced. Gorbachov’s *perestroika* and Yeltsin’s “shock therapy” triggered the collapse of the Soviet Union in 1991. Post-Soviet Russia abandoned

Socialist ideology and introduced a market economy system. As a result, the concept of neoliberalism has become the dominant ideology in modern Russia.



## **Chapter 3. Previous Studies on Culture**

This chapter of literature review introduces currently dominant cultural theories, which can be utilised to address cultural change in post-Soviet Russia. Within these theories, the main focus lies on describing the elements of culture (cultural values and symbols) and how they can be retrieved from culture. This chapter discusses several cultural theories, including dimensional frameworks based on Hofstede's study. Finally, this chapter also reviews the relationship between culture and language resulting from the Sapir-Whorf hypothesis.

### ***3.1 Kluckhohn's cultural values and definition of culture***

In the first place, it is necessary to provide a definition of culture. Culture can be construed as either a behavioural or semantic system, and as being either an independent, measurable entity or a nominal construct that exists only in the mind of the researcher (Rohner, 1984; Jahoda, 1984). One well-known anthropological consensus definition is as follows:

Culture consists in patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artefacts; the essential core of culture consists of traditional (i.e. historically derived and selected) ideas and especially their attached values (Kluckhohn, 1951, p. 86).

Another noteworthy definition of culture is suggested by Greet Hofstede, who determines culture as: "The collective programming of the mind that distinguishes the members of one group or category of people from another (Hofstede, 2001, p. 9).

Hofstede notices, that this is a shorthand definition; it implies everything in Kluckhohn's more extensive definition above. The "mind" by Hofstede stands for the head, heart, and

hands – that is, for thinking, feeling, and acting with consequences for beliefs, attitudes, and skills. As Kluckhohn has affirmed, culture in this sense includes values; systems of values are core elements of culture.

According to Hofstede (2001), values are invisible until they become evident in behaviour or visible artefacts. From the many terms used to describe visible artefacts of culture, the following three, together with their associated values, cover the total concept: symbols, heroes, and rituals. Symbols are words, gestures, pictures, and objects that carry often complex meanings which are recognised as such only by those who share the culture. Heroes are persons, alive or dead, real or imaginary, who possess characteristics that are highly prized in a culture and thus serve as models for behaviour. Rituals are collective activities that are technically unnecessary to the achievement of desired ends. However, rituals in a culture are considered essential to keep the individual bound within the norms of the collectivity.

The idea that there are basic human values, and that they are measurable, has been exciting researchers to investigate them for many years, from Allport, Vernon and Lindzey in 1931 to the present day. It has been widely accepted that uncovering those values, and devising means of measuring them, would facilitate valuable insight into the similarities and differences between human beings from differing cultural backgrounds.

One theory of basic human values, which has been very influential was introduced by Kluckhohn and Strodtbeck (1961). Florence Kluckhohn and Fred Strodtbeck set out to operationalise a theoretical approach to the values concept developed by Florence's husband, Clyde Kluckhohn (1949, 1952). He argued that humans share biological traits

and characteristics which form the basis for the development of culture, and that people typically feel their own cultural beliefs and practices are normal and natural, and those of others are strange, or even inferior or abnormal (Hills, 2002). Kluckhohn defined a value as: “A conception, explicit or implicit, distinctive of an individual or characteristic of a group, of the desirable which influences the selection from available modes, means and ends of action” (Kluckhohn, 1951, p. 395).

In his work Clyde Kluckhohn (1952) argued that there should be universal categories of culture:

In principle ... there is a generalised framework that underlies the more apparent and striking facts of cultural relativity. All cultures constitute so many somewhat distinct answers so essentially the same questions posed by human biology and by the generalities of the human situation.... Every society's patterns for living must provide approved and sanctioned ways for dealing with such universal circumstances as the existence of two sexes; the helplessness of infants; the need for satisfaction of the elementary biological requirements such as food, warmth, and sex; the presence of individuals of different ages and of differing physical and other capacities. (pp. 317-318)

Florence Kluckhohn and Fred Strodbeck (1961) developed a theory, which put the principles suggested above into action. They started with three basic assumptions:

- There are a limited number of common human problems for which all peoples must at all times find some solution;
- While there is variability in the solutions to all these problems, it is neither limitless nor random but is definitely variable within a range of possible solutions;
- All variations of all solutions are present in all societies at all times but are differentially preferred.

They suggested that the solutions to these problems preferred by a given society reflects that society's values. Consequently, the measurement of the preferred solutions would indicate the values espoused by that society. Kluckhohn and Strodtbeck (1961) suggested five basic types of problem to be solved by every society:

- On what aspect of time should we primarily focus – past, present or future?
- What is the relationship between Humanity and its natural environment – mastery, submission or harmony?
- How should individuals relate to others – hierarchically (which they called “Lineal”), as equals (“Collateral”), or according to their individual merit?
- What is the prime motivation for behaviour – to express one's self (“Being”), to grow (“Being-in-becoming”), or to achieve?
- What is the nature of human nature – good, bad (“Evil”) or a mixture?

The kind of framework Kluckhohn described must consist of empirically verifiable, more or less independent dimensions on which cultures can be meaningfully ordered. Such empirically discovered and validated dimensions were suggested by Dutch social psychologist Geert Hofstede in his large research project into differences in national culture among matched samples of business employees. While Kluckhohn suggested a new model for cross-cultural studies, Hofstede turned it into practice and applied it to the field of business.

### ***3.2 Hofstede's 5 dimensions of culture***

Hofstede's survey was the first attempt to get insight of culture through business. Hofstede collected the data for his study in a large multinational corporation: IBM. The company's international employee attitude survey program in two survey rounds between 1967 and 1973 produced answers from more than 116,000 questionnaires spanning 72 countries and

20 languages. The analysis focused on national differences in answers to questions about employee values. In addition to statistical analyses across individuals, an analysis of variance was performed using the criteria of country, occupation, gender, and age. But most crucial were correlation and factor analyses based on matched employee samples across countries. Using the analysed data, Hofstede (1980) developed four dimensions of culture: 1) power distance; 2) individualism vs. collectivism; 3) masculinity vs. femininity; and 4) uncertainty avoidance. He later added a fifth dimension: long-term vs. short-term orientation.

### **Power distance**

The first of the four dimensions of national culture revealed by the IBM data is called “power distance”. The basic issue involved, which is handled differently by different societies, is human inequality. Inequality can occur in areas such as prestige, wealth, and power; different societies put different weights on status consistency among these areas. Inside organisations, inequality in power is inevitable and functional: this inequality is usually formalised in boss-subordinate relationships.

The countries covered in the IBM study were each given a score on the Power Distance Index (PDI). This index was derived from national mean scores or percentages on three survey questions. These questions dealt with perceptions of subordinates’ fear of disagreeing with superiors and of the subordinates’ preferred decision-making style of their bosses.

### **Individualism vs. Collectivism**

The second dimension of national culture suggested by Hofstede is called “individualism”,

as opposed to “collectivism”. It describes the relationship between the individual and the collectivity that prevails in a given society. It is reflected in the way people live together and it has many implications for values and behaviours. In some cultures, individualism is seen as a blessing and a source of well-being; in others, it is seen as alienating.

The fundamental issue addressed by this Individualism/Collectivism dimension (IDV) is the degree of interdependence a society maintains among its members. Individualism pertains to societies in which the ties between individuals are loose: everyone is expected to look after him- or herself and his or her immediate family. Collectivism as its opposite pertains to societies in which people from birth onward are integrated into strong, cohesive in-groups, which throughout people’s lifetime continue to protect them in exchange for unquestioning loyalty (Hofstede, 2010, p. 92). Hofstede’s questions targeted personal time, freedom to adopt a worker’s own approach to the job, challenges, training opportunities, physical working conditions, and use of skills.

### **Masculinity vs. Femininity**

The third dimension along which national cultures differ systematically has been called “masculinity”, with its opposite pole, “femininity”. The duality of the sexes is a fundamental fact with which different societies cope in different ways; the issue is what implications the biological differences between the sexes should have for the emotional and social roles of the genders. Surveys on the importance of work goals, both inside IBM and elsewhere, showed that almost universally women attach more importance to social goals such as relationships, helping others, and the physical environment, and men attach more importance to ego goals such as careers and money.

A high score on the Masculinity dimension (MAS) indicates that the society will be driven by competition, achievement and success, with success being defined by the winner / best in field – a value system that starts in school and continues throughout organisational behaviour. A low score (feminine) on the dimension means that the dominant values in society are caring for others and quality of life. A feminine society is one where quality of life is the sign of success and standing out from the crowd is not admirable. The fundamental issue here is what motivates people, wanting to be the best (masculine) or enjoying what you do (feminine).

According to Hofstede (2010), a society is called “masculine” when “emotional gender roles are clearly distinct: men are supposed to be assertive, tough, and focused on material success, whereas women are supposed to be more modest, tender, and concerned with the quality of life” (p. 139). On the contrary, a society is called “feminine” when “emotional gender roles overlap: both men and women are supposed to be modest, tender, and concerned with the quality of life” (Hofstede, 2010, p. 139).

### **Uncertainty avoidance**

The fourth dimension of national culture described by Hofstede has been labelled “uncertainty avoidance”. Uncertainty about the future is a basic fact of human life with which we try to cope through the domains of technology, law, and religion. In organisations these take the form of technology, rules, and rituals. Uncertainty Avoidance Index (UAI) was derived from national mean scores or percentages on three survey questions dealing respectively with rule orientation, employment stability, and stress.

Different societies adapt to uncertainty in different ways. These ways differ not only

between traditional and modern societies, but also among modern societies. Ways of coping with uncertainty belong to the cultural heritages of societies, and they are transferred and reinforced through basic institutions such as the family, the school, and the state.

### **Long-Versus Short-Term orientation**

The new dimension, long-versus short-term orientation was found in the answers of student samples from 23 countries around 1985 to the Chinese Value Survey. The fact that this dimension was not found in the IBM data can be attributed to the Western perspective of the designers of the IBM questionnaire and other values lists used in international research so far. This survey was composed from a values inventory suggested by Eastern minds, which only partly covered the themes judged important in the West. In fact, the long-/short-term orientation dimension appears to be based on items reminiscent of the teachings of Confucius, on both of its extremes. It opposes long-term and short-term aspects of Confucian thinking; from persistence and thrift to personal stability and respect for tradition.

Long-Term Orientation Index (LTO) is closely related to the teachings of Confucius and can be interpreted as dealing with society's search for virtue, the extent to which a society shows a pragmatic future-oriented perspective rather than a conventional historical short-term point of view.

Hofstede's work continues to be the foundation of cultural studies and dimensions as it remains highly cited in the literature (Christiansen, 2012). However, his work has been challenged or enhanced by a number of other notable theorists, such as Schwartz (1994,



1999), Triandis (1995, 1996, 2002), Kirckman, Lower and Gibson (2006), and Trompenaars and Hampden-Turner (2010).

### ***3.3 Trompenaars' 7 dimensions of culture***

Fons Trompenaars is a Dutch cultural theorist, specialised in cross-cultural communication and international management. Trompenaars created his theory to help understanding and managing cultural differences. Based on questionnaire data from 15,000 managers in 47 countries, Trompenaars (1993) derived a seven-dimensional model of the differences between national cultures. As well as the orientation to time (past, present and future) Trompenaars' framework shares the Individualism/Collectivism dimension with Hofstede.

#### **Universalism vs. Particularism**

The first dimension is called “universalism”, as opposed to “particularism”. Universalism is about finding broad and general rules. When no rules fit, it finds the best rule. Particularism is about finding exceptions. When no rules fit, it judges the case on its own merits, rather than trying to force-fit an existing rule.

#### **Analysing vs. Integrating**

The second dimension is labelled “analysing”, with its opposite pole, “integrating”. Analysing decomposes to find the detail. It assumes that God is in the details and that decomposition is the way to success. It sees people who look at the big picture as being out of touch with reality. Integrating brings things together to build the big picture. It assumes that if you have your head in the weeds you will miss the true understanding.

#### **Individualism vs. Communitarianism**

The third dimension resembles Hofstede's “individualism vs. collectivism” dimension.

“Individualism” is about the rights of the individual. It seeks to let each person grow or fail on their own, and sees group-focus as denuding the individual of their inalienable rights. “Communitarianism” is about the rights of the group or society. It seeks to put the family, group, company and country before the individual. It sees individualism as selfish and short-sighted.

### **Inner-directed vs. Outer-directed**

The fourth dimension is called “inner-directed”, as opposed to “outer-directed”. Inner-directed is about thinking and personal judgement, “in our heads”. It assumes that thinking is the most powerful tool and that considered ideas and intuitive approaches are the best way. Outer-directed is seeking data in the outer world. It assumes that we live in the ‘real world’ and that is where we should look for our information and decisions.

### **Time as sequence vs. Time as synchronisation**

The fifth dimension describes time “as a sequence”, with its opposite position, “synchronisation”. Time as a sequence sees events as separate items in time, in sequence one after another. It finds order in a sequential array of actions that happen one after the other. Time as synchronisation sees events in parallel, synchronised together. It finds order in coordination of multiple efforts.

### **Achieved status vs. Ascribed status**

The sixth dimension defines “achieved” and “ascribed” statuses. Achieved status is about gaining status through performance. It assumes individuals and organisations earn and lose their status every day, and that other approaches are recipes for failure. Ascribed status is about gaining status through other means, such as seniority. It assumes status is acquired

by right rather than through day-to-day performance, which may be as much luck as judgement. It finds order and security in knowing where status is and where it stays.

### **Equality vs. Hierarchy**

The last dimension is called “equality”, as opposed to “hierarchy”. Equality is about all people having equal status. It assumes we all have equal rights, irrespective of birth or other gifts. Hierarchy is about people being superior to others. It assumes that order happens when few are in charge and others obey through the immediate chain of command.

The results of Trompenaars’ research are presented in his best-selling book *Riding the Waves of Culture, Understanding Cultural Diversity in Business*. The book has been translated to nine languages, and has sold over 120,000 copies worldwide.

### ***3.4 GLOBE survey on leadership and culture***

A new approach in cross-cultural business studies is taken by the GLOBE study project. GLOBE (House et al., 2004) is the acronym for “Global Leadership and Organisational Behaviour Effectiveness”, the name of a cross-cultural research effort which exceeds all others in scope, depth, duration, and sophistication. The study introduces the cultural values of 61 “societal cultures” assessed by GLOBE ranging from Albania to Zimbabwe.

The major question addressed by the GLOBE researchers was which measurement standards to use so that they could be precise about the similarities and differences among various societal and organisational cultures. After a thoroughgoing literature review as well as two pilot studies, the team identified nine “cultural dimensions” that would serve as their units of measurement.

Another key point about GLOBE's cultural dimensions is the fact that each one was conceptualised in two ways: practices or "As Is", and values or "Should Be". The 17,300 respondents were separately asked about their perception of the current practices ("actual") and cultural values ("ideal"), which led to some intriguing findings because the values and practices scores were rarely similar.

The nine dimensions of GLOBE's study resemble Hofstede's and Trompenaars' and includes: 1) performance orientation; 2) future orientation; 3) gender egalitarianism; 4) assertiveness; 5) institutional collectivism; 6) in-group collectivism; 7) power distance; 8) humane orientation; and 9) uncertainty avoidance.

### **Performance orientation**

This dimension reflects the extent to which a community encourages and rewards innovation, high standards, excellence, and performance improvement. A higher rank means that a culture values competitiveness and materialism. A lower score shows that people of that society value harmony with the environment.

### **Future orientation**

"Future orientation" is the degree to which a collectivity encourages and rewards future-oriented behaviours such as planning and delaying gratification. High rank cultures emphasise people to work for long-term success. They tend to view material success and spiritual fulfilment as an integrated whole.

### **Gender egalitarianism**

“Gender egalitarianism” is the degree to which a collective minimises gender inequality. A higher rank means more women in positions of authority and possessing a greater decision-making role in community affairs. A lower level means more occupational sex segregation and a lower level of women’s educational achievement compared to that of males.

### **Assertiveness**

“Assertiveness” is the degree to which individuals are assertive, confrontational, and aggressive in their relationships with others. High assertiveness cultures value competition, success, and progress. Low assertiveness means more cooperation and warm relationships.

### **Institutional collectivism**

“Institutional collectivism” is defined as a degree to which organisational and societal institutional practices encourage and reward collective distribution of resources and collective action. Members assume that they are highly interdependent with the organisation in societies with a high institutional collectivism level. In organisations with low collectivism, pursuit of individual goals is encouraged, even at the expense of group loyalty.

### **In-Group collectivism**

“In-Group collectivism” is a part of Individualism/Collectivism dimension and describes the degree to which individuals express pride, loyalty, and interdependence in their families. GLOBE measured whether children take pride in the individual accomplishments of their parents and vice versa, whether ageing parents live at home with their children, and whether children live at home with their parents until they get married.

### **Power distance**

“Power distance” is the extent to which a community accepts and endorses authority, power differences, and status privileges. A higher score means that society is differentiated into classes and social mobility is limited. On the other hand, lower power distance means that power is linked to corruption.

### **Humane orientation**

“Humane orientation” is defined as the degree to which an organisation or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others. A high humane orientation means that the interests of others are important. Low score in humane orientation shows that one’s own self-interest is primarily important.

### **Uncertainty avoidance**

The cultural dimension “uncertainty avoidance” resembles Hofstede’s definition and represents the extent to which a society, organisation or group relies on social norms, rules, and procedures to alleviate the unpredictability of future events.

There are a number of similarities as well as differences between Hofstede’s and GLOBE models in the way the concept of national culture is measured. For example, both studies include the dimensions of uncertainty avoidance and power distance. However, Hofstede’s masculinity dimension is measured with the two dimensions of gender egalitarianism and assertiveness in the GLOBE study. Similarly, Hofstede’s collectivism is measured with two constructs: institutional collectivism (collectivism I) and In-Group collectivism

(collectivism II). Finally, whereas Hofstede's long-term orientation is similar to GLOBE's future orientation, there are two additional dimensions of culture in GLOBE – performance orientation and humane orientation – that are not measured by Hofstede.

As already noticed, Hofstede and GLOBE both incorporate uncertainty avoidance as a common cultural dimension. However there is a disagreement between the two studies on how it should be measured. Hofstede (2001) describes uncertainty avoidance as follows: “on the national cultural level, tendencies toward prejudice, rigidity and dogmatism, intolerance of different opinions, traditionalism, superstition, racism, and ethnocentrism all relate to a norm for intolerance of ambiguity that I have measured and expressed in a national Uncertainty Avoidance Index” (p. 146). He emphasises that uncertainty avoidance is different from risk avoidance. Hofstede's measure of UA was based on responses to the following three questions on a scale of 1 to 5:

- How often do you feel nervous at work? (from I always feel this way to I never feel this way);
- How long do you think you will continue working for this company? (from two years at the most to until I retire);
- Company rules should not be broken, even when the employee thinks it is in the company's best interests (from strongly agree to strongly disagree).

GLOBE (House et al., 2004) defines uncertainty avoidance as “the extent to which members of collectives seek orderliness, consistency, structure, formalised procedures and laws to cover situations in their daily lives” (p. 603). The study adds that there is a positive and significant correlation between uncertainty avoidance and intolerance of ambiguity. The GLOBE group argues that Hofstede's questions 2 and 3 above are of very low face

validity and uses the following four questions in its study on society practices. UA society values are assessed using the same questions but with “should be” substituted for “are”. All items are measured on seven-point scales. The first three items range from strongly agree to strongly disagree, and the last item from almost all situations to very few situations.

- In this society, orderliness and consistency are stressed, even at the expense of experimentation and innovation.
- In this society, most people lead highly structured lives with few unexpected events.
- In this society, societal requirements and instructions are spelled out in detail so citizens know what they are expected to do.
- This society has rules or laws to cover situations.

Cantwell et al. (2008) confirmed that there are contradictions between definition and measurement of uncertainty avoidance dimension in the two studies. Therefore, particular attention should be paid to this cultural dimension as it is commonly accepted as one of the most important elements of culture in international management.

### ***3.5 Hall's 3 concepts of culture***

Prominent conceptualisations of cultural differences across nations such as the works of Hofstede (1980, 2001), Trompenaars (1993), and the GLOBE-project proposed by House et al. (2004) all acknowledge the relevance of communication across cultural borders. However, most conceptualisations of national culture and national cultural differences do not explicitly relate culture and communication in the first instance. American anthropologist and cross-cultural researcher, Edward T. Hall (1976), offers a communication-oriented perspective on culture. Hall (1992) justifies this focus: “We



believed that culture is communication and no communication by humans can be divorced from culture” (p. 212).

Work on different communication patterns across cultures place Hall in the group of the most influential authors in intercultural research (Hart, 1999). Hall’s work is acknowledged to have popularised and conceptualised the idea of intercultural communication (Leeds-Hurwitz, 1990; Rogers et al., 2002). According to Hall (1976), cultures differ in their use of context and information to create meaning. Hall illustrates his concept using a number of nationalities (e.g. US Americans, Germans and Japanese). In addition to these example nationalities in Hall’s original work, other authors classify further national cultures as high-or low-context.

### **The concept of Time**

Hall’s concept of “polychronic” vs. “monochronic” time orientation describes how cultures structure their time. The monochronic time concept follows the notion of “one thing at a time”, while the polychronic concept focuses on multiple tasks being handled at one time, and time being subordinate to interpersonal relations. The following table gives a brief overview of the two different time concepts, and their resultant behaviour.

While Hall’s publications indicated countries or societies in each group, he did not conduct systematic research to provide scores for individual countries or regions on a “dimension” similar to Hofstede’s work. The direct observation of behaviour in a society will readily identify the time orientation that is likely to predominate in an organisation. Features of monochronic and polychronic cultures are summarised in Table 3.5.1.

Table 3.5.1 Monochronic and Polychronic Cultures by E.Hall

	<b>Monochronic Culture</b>	<b>Polychronic Culture</b>
<b>Interpersonal Relations</b>	Interpersonal relations are subordinate to present schedule	Present schedule is subordinate to interpersonal relations
<b>Activity Co-ordination</b>	Schedule co-ordinates activity; appointment time is rigid.	Interpersonal relations coordinate activity; appointment time is flexible
<b>Task Handling</b>	One task at a time	Many tasks are handled simultaneously
<b>Breaks and Personal Time</b>	Breaks and personal time are sacrosanct regardless of personal ties.	Breaks and personal time are subordinate to personal ties.
<b>Temporal Structure</b>	Time is inflexible; time is tangible	Time is flexible; time is fluid
<b>Work/personal time separability</b>	Work time is clearly separable from personal time	Work time is not clearly separable from personal time
<b>Organisational Perception</b>	Activities are isolated from organisation as a whole; tasks are measured by output in time (activity per hour or minute)	Activities are integrated into organisation as a whole; tasks are measured as part of overall organisational goal

### **The concept of Proxemics**

The next cultural distinction to be examined is “proxemics” or the use of space. As Hall observed among animals and then humans, territoriality can be used to send a message. Hall observes a four-level distinction in the use of space. Each distinction or distance varies according to culture and is used only in culturally appropriate contexts. The four distances are intimate, personal, social, and public space. If one does not use the proper communication distance, a cultural incident can occur. For example, if the normal social conversation distance in the host culture is several feet and a foreigner is used to a conversation distance of mere inches, the native may feel threatened as he perceives the foreigner to be “in his face” rather than respecting his personal distance. In this way, space can be used to send a message.

Hall (1992) points out that body movement uncannily accompanies language. The body often gives away the true intentions of the words. The process of body movement following and expressing a speaker's true intent is called syncing. Syncing is much more than simply using body movement to accentuate and reinforce the spoken message. Hall's research reveals that people have an extremely difficult time masking their body movement and expressions when they are attempting to lie or hide true feelings.

Hall's most famous innovation has to do with the definition of the informal or personal spaces that surround individuals (Brown, 2009):

- Intimate space – the closest “bubble” of space surrounding a person. Entry into this space is acceptable only for the closest friends and intimates.
- Social and consultative spaces – the spaces in which people feel comfortable conducting routine social interactions with acquaintances as well as strangers.
- Public space – the area of space beyond which people will perceive interactions as impersonal and relatively anonymous.

### **The concept of Context**

“High context” cultures are those where most of the information is either in the physical context or internalised in the persons engaging in communication. Little information is coded in the explicit, transmitted message. For example, to be literate in Chinese, one has to be versed in Chinese history. The characters and words carry so much implicit historical meaning that one would make a fool of oneself by not understanding the unspoken contexts. Information is shared widely between individuals in a high context culture, so much so that little by way of details is needed or even expected when discussing a matter.

Older, well-established cultures like China, Japan, and many indigenous peoples operate out of a high context.

“Low context” cultures are those where most of the information needing to be communicated is included in the explicit code. Low context cultures are usually young or very blended so there is little shared background. Networks and relationships have not been developed over centuries but perhaps only days, weeks, or months. Reference to the past and how things have always been done is not possible so new details must be supplied. It may take longer to get the information across but changes can be made more quickly because members are not attached to a high context. High context or low, culture can aid or hinder one’s attempt to communicate and must be understood and accommodated.

In some cultures, communication occurs predominantly through explicit statements in text and speech and they are thus categorised as low context cultures. Low context cultures communicate in direct, explicit and informative ways. In low context communication, information is more important than context. Knowledge is public, external, and accessible, and communication is clear and short. Human relationships begin easily and end quickly. One’s identity is rooted in one’s accomplishment instead of family backgrounds. Communication is seen as a way of exchanging information, ideas, and opinion. The differences of high and low context cultures in Hall’s model are summarised in Table 3.5.2.

Table 3.5.2 High and low context cultures by E.Hall

	<b>High context culture</b>	<b>Low context culture</b>
<b>Overtness of messages</b>	Many covert and implicit messages, with use of metaphor and reading between the lines	Many overt and explicit messages that are simple and clear
<b>Focus of control and attribution for failure</b>	Inner focus of control and personal acceptance for failure	Outer focus of control and blame of others for failure
<b>Use of non-verbal communication</b>	Much non-verbal communication	More focus on verbal communication than body language
<b>Expression of reaction</b>	Reserved, inward reactions	Visible, external, outward reaction
<b>Cohesion and separation of groups</b>	Strong distinction between in-group and out-group. Strong sense of family	Flexible and open grouping patterns, changing as needed
<b>People bonds</b>	Strong people bonds with affiliation to family and community	Fragile bonds between people with little sense of loyalty
<b>Level of commitment to relationships</b>	High commitment to long-term relationships. Relationship more important than task	Low commitment to relationship. Task more important than relationships
<b>Flexibility of time</b>	Time is open and flexible. Process is more important than product	Time is highly organised. Product is more important than process

### ***3.6 Sapir-Whorf hypothesis of linguistic relativity***

Edward Sapir, in his studies with Benjamin Lee Who Whorf, recognised the close relationship between language and culture. Sapir (1929) acknowledges that language and culture are inextricably related so that you cannot understand or appreciate one without knowledge of the other. Wardhaugh (2002) concluded that there appear to be two claims to the relationship between language and culture:

- The structure of a language determines the way in which speakers of that language

view the world or, as a weaker view, the structure does not determine the world-view but is still extremely influential in predisposing speakers of a language toward a particular world-view.

- The culture of a people finds reflection in the language they employ: because they value certain things and do them in a certain way, they come to use their language in ways that reflect what they value and what they do.

The idea that language, to some extent, determines the way we think about the world around us is known as linguistic determinism, with “strong” determinism stating that language actually determines thought, and “weak” linguistic relativism implying that our thought is merely influenced by our language.

### **Linguistic determinism**

Although its definitive phrasing is disputed by many sociolinguists, linguistic determinism is commonly associated with Sapir and Whorf and is the basis for much research on the relationship between language and culture. Strong linguistic determinism and the idea that difference in language results in difference in thought were the basic propositions for the Sapir-Whorf hypothesis. The hypothesis claims that we see and hear and otherwise experience as we do largely because the language habits of our community predispose certain choices of interpretation (Sapir, 1929). In consideration of the varied research, it does appear that the structure of a language determines how speakers of that language view their world. A look at how users of different languages view colour, linguistic etiquette and kinship systems helps to illustrate this statement.

Lucy (1996) reported that Hanunóo, a language from the Philippines, has four terms that

seem to refer to what we would call white, black, green, and red but which under further analysis turn out to mean roughly lightness, darkness, wetness, and dryness. Such observations imply that some cultures interpret colours based on their language, such as with Hanunóo, where it appears that speakers view the colour red as more of a feeling than a colour. However, recent work in the cognitive sciences appears to refute this form of Sapir-Whorf hypothesis (e.g. Pinker, 1994).

### **Linguistic relativism**

Linguistic relativism suggests that people in a culture use language that reflects their particular culture's values. This claim implies that cultures employ languages that are as different as the cultures that speak them and therefore linguistic functions differ in terms of, for example, a culture's level of technological development.

Whereas “strong” linguistic determinism states that language determines thought, “weak” linguistic relativism allows the “needed” room for additional influences to enter into the relationship between language and culture. Regardless of individual cognitive processes or general knowledge, linguistic relativism assumes that world-views may be influenced by culture and not just language. Although language structure provides us with phrasings for our understanding and can manipulate our thoughts in this respect, if pre-existing knowledge does not provide a foundation for general understanding, the ways in which we define and evaluate each individual concept would be left solely to linguistic knowledge.

When a person encounters something familiar, they can categorise it quite easily and with some degree of confidence due to pre-acquired knowledge (Nishida, 1999). Nishida explains that when we enter a familiar situation, we retrieve a stock of knowledge of

appropriate behaviour and or appropriate roles we should play in that situation. Hudson (1996) similarly suggests that when a person hears something new, they associate it with who it may typically be used by and in what kind of occasion it is appears to be typically used. Human interpretations of observations in life are guided by how someone can classify those experiences both linguistically and culturally.

Turner et al. (1994) states that people use pre-acquainted knowledge to help recognise situations, create strategies for addressing them, apply the strategies, and then deal with the resulting actions in the same manner. If a person was supposed to verbalise this actual process, it would obviously be the language that would restrict how that person would express themselves, but the fact that we are not able to express every thought and feeling involved in every situation does not imply that we lack those thoughts and feelings. Since this type of process is encountered repeatedly in daily life, it might be over-simplistic to assume that it is only language that restricts us from thinking a particular way. Therefore, we must assume that meaning and intelligibility are at least partially determined by the situation, and the prior experience of speakers (Gumperz, 1977).

Another linkage between language and cultural values is suggested by Triandis' (1995) hierarchy of subjective culture. Based on his international empirical study, Triandis proposed that values are derived from elemental cognitive structures, which in turn are derived from lower-level abstractions of language: words, morphemes, and phonemes. Language is also one of several proximal antecedents to various cognitive processes, which in turn are the antecedents of values in his subjective culture model. Most recently, Usunier (1998) provides an excellent in-depth discussion of language's influence on "world views and attitudes". Hofstede (2001) is also quite clear in his support of the



Sapir-Whorf hypothesis: “Our thinking is affected by the categories and words available in our language” (p. 21).

### ***3.7 Summary***

This chapter reviewed current cultural theories, which are dominating cross-cultural research. A review of this literature indicates the existence of extensive cultural frameworks. Specifically, dimensional models inspired by Kluckhohn’s (1951) study were gradually developed by Hofstede (1980), Trompenaars (1993), GLOBE (House et al., 2004) and others and are broadly used in replication studies. Edward Hall (1976) created his own model of “hidden dimensions” of culture, which targets cultural values from a different angle to Hofstede’s. Hall focused his research on the communicational aspect of culture and conceptualised the idea of intercultural communication. Finally, the literature review shows one more perspective of cultural study, which suggests conducting cultural research from a linguistic point of view based on Sapir-Whorf hypothesis of linguistic relativity.

## **Chapter 4. Russian Culture in Previous Studies**

The previous chapter introduced several theoretical models, which are commonly utilised to measure cultural values (e.g. Hofstede, 1980; Trompenaars & Hampden-Turner, 1997; House et al., 2004). This chapter attempts to provide a diachronic review of previous studies conducted by Russian and foreign researchers in order to point out cultural change in post-Soviet Russia. This analysis is necessary to identify theoretical and empirical gaps in previous studies and to provide us with a starting point for further empirical research.

### ***4.1 Russian culture and Hofstede's model***

The literature review suggests that in the context of Russia researchers tend to utilise Hofstede's model for replication studies. Aside from Hofstede (1993, 2001), data on Russian culture using Hofstede's model was collected by foreign researchers Bollinger (1994), Fernandez et al. (1997) and Elenkov (1998). Among Russian researchers the most notable studies were conducted by Naumov (1996, 2006) and Latov and Latova (2003, 2007).

Hofstede's original study in the early 1970s included only one Eastern Bloc country (Yugoslavia). Hofstede (1993) later provided estimates for Russia derived through the study of national statistics, regional cultural studies and archetypes found in literature and history. Bollinger (1994) undertook the first study applying Hofstede's methodology in a Russian setting, with 55 executives from the Higher Commercial Management School of Moscow. In a much larger study Fernandez et al. (1997) surveyed 1,236 Russian managers, using a slightly different instrument developed by Dorfman and Howell (1988) to obtain scores along Hofstede's dimensions. Elenkov (1998) obtained responses from a variety of nationalities, including 178 Russian managers, and Naumov and Puffer (2000) surveyed

250 Russian respondents. Latov and Latova (2003, 2007) targeted 195 business school students in the European part of Russia (Moscow, Tula, Krasnodar). The summarised data gathered from the literature is represented in Table 4.1.1.

Table 4.1.1 Russian Culture in Studies Based on Hofstede’s Model

Research	PDI	IDV	MAS	UAI	LTO
Hofstede (1993)	90	50	40	90	49
Bollinger (1994)	76	26	28	92	- *
Naumov and Puffer (1996)	40	41	55	68	59
Fernandes et al. (1997)	72	38	58	88	- *
Elenkov (1998)	88	45	59	80	- *
Hofstede (2001)	93	39	36	95	81
Latov and Latova (2003)	43	65	37	97	46
Naumov and Petrovskaya (2006)	33	36	48	70	62
Latov and Latova (2007)	50	67	60	75	45

\* Some scores are not available for reviewed studies.

## Power distance

Figure 4.1.1 Russia’s Results in the Power Distance Index

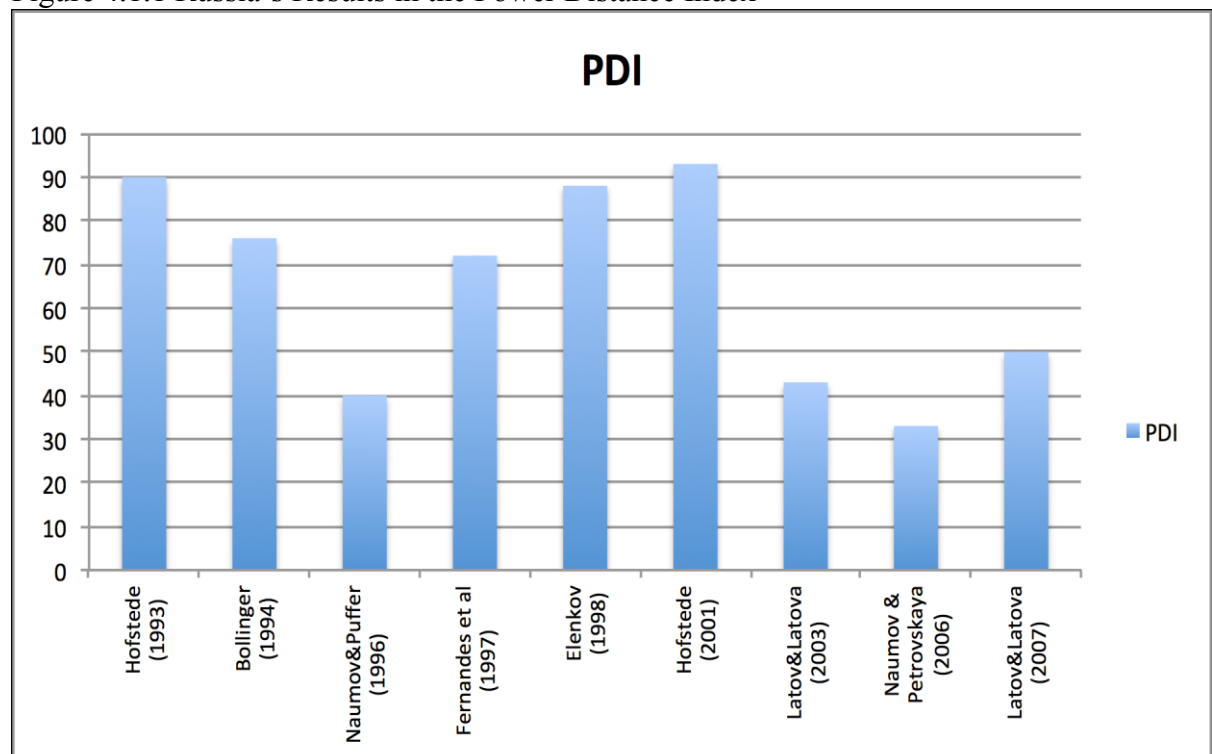


Figure 4.1.1 demonstrates a decent discrepancy of results in the Power Distance Index. The majority of studies found Russia to be high on Power Distance. Bollinger (1994) proposes that high Power Distance Index might be explained by a long history of Russian superiors possessing a very high degree of power over their subordinates' destinies. Given the history of the former Soviet Union and keeping in mind the dramatic social and political change in progress during the early 1990s, it is perhaps unsurprising that Fernandez et al. (1997) found Russian respondents expected a large disparity between those in power and those not in power. However, in their surveys Latov and Latova (2003) demonstrate lower results in Power Distance in comparison to other studies among younger Russians.

According to Hofstede (2001), Russia is among the 10% of the most power distant societies in the world, scoring 93. This is underlined by the fact that the largest country in the world is extremely centralised: 2/3 of all foreign investments go into Moscow, where 80% of all financial potential is concentrated. The huge discrepancy between the less and the more powerful people leads to a great importance of status symbols. Behaviour has to reflect and represent the status roles in all areas of business interactions: be it visits, negotiations or cooperation; the approach should be top-down and provide clear mandates for any task.

Hofstede (1980) argues the following features are found in cultures with high PDI.

- National elites hold relatively authoritarian values
- Equality is more important than freedom
- Authority is based on tradition

- Top leaders are older
- People have negative association with “power” and “wealth”
- Power holders are entitled to privileges
- Powerful people should try to look as powerful as possible
- A few should be independent; most should be dependent

In work organisations, high PDI is reflected by the following:

- Centralised decision structures; more concentration of authority
- Tall organisation pyramids
- Large proportion of supervisory personnel
- The ideal boss is a well-meaning autocrat or good father; sees self as a benevolent decision maker
- Managers rely on formal rules
- Subordinates expect to be told
- Subordinate-superior relations polarised, often emotional
- Information constrained by hierarchy

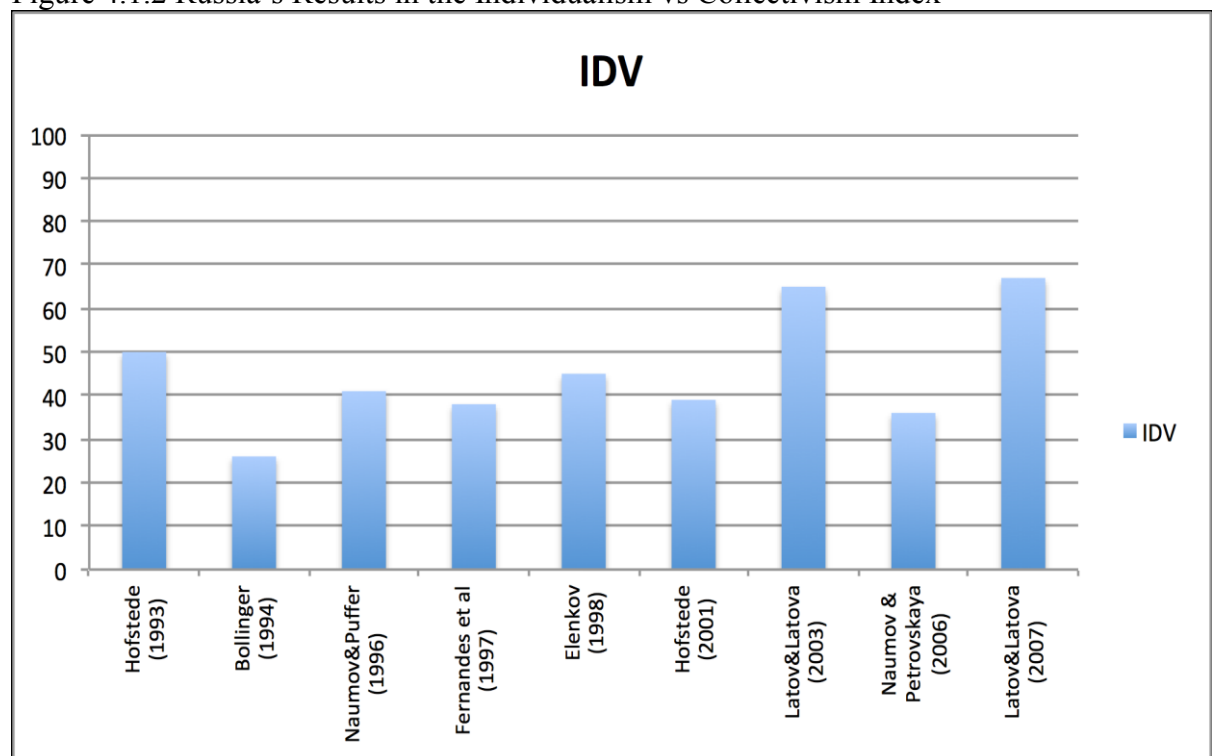
A high PDI may also affect means of communication in Russia. Employees in Russia are likely to be afraid to express their disagreement with their managers. Subordinates’ preference for their boss’s decision-making style is expected to be based on an autocratic or paternalistic style.

Elenkov (1998) suggests the high score on this dimension is related to a long history of authoritarian leadership and centralisation of authority in Russia. Russian culture, over the centuries, was full of ruling authority figures who tightly controlled society and suppressed

personal freedom. Among these were the Orthodox Church, Tsars, landowners, and the communist party elite. The clearest evidence of the unequal distribution of power in Russian society was the Table of Ranks instituted by Tsar Peter the Great in the 18th century. This system, which assigned status and privileges in society according to 14 ranks, remained in effect until 1917.

### Individualism vs. Collectivism

Figure 4.1.2 Russia's Results in the Individualism vs Collectivism Index



All studies suggest Russia is moderate to low on this dimension (except for Latov and Latova who focused on business school students) (Figure 4.1.2). It is difficult to disentangle the effects of the recent Soviet past in this area. Elenkov (1998) suggests that in Russia individual success still arouses feelings of envy because of ingrained beliefs that wealth and success are achieved at the expense of those who have less. As a result, many

Russians feel exasperation rather than admiration for people who earn more, even if success is gained through hard work. Negative attitudes towards individual success are deeply rooted. Russians seeking to realise their ambitions may encounter public scorn and their own guilt from violating the values they were raised with.

According to Hofstede (2001), Russia scored 39 in the Individualism vs Collectivism Index and belongs to a collectivistic group of countries along with Brazil, Turkey and some Arab countries. Family, friends and often the neighbourhood are extremely important to overcome the challenges of everyday life. Relationships are crucial in obtaining information, getting introductions or being successful in negotiations. They need to be personal, authentic and trusting before one can focus on tasks and cultivate a subtle communication style carefully tailored to the recipient.

Hofstede (2001) argues that collectivist societies tend to have the following features:

- The first person pronoun “I” is avoided.
- On personality tests, members are scored as more introverted.
- Showing sadness is encouraged, and showing happiness is discouraged.
- Slower walking speed.
- Consumption patterns show dependence on others.
- One’s social network is the primary source of information.
- A smaller share of both private and public income is spent on health care.
- People with disabilities bring shame on the family and should be kept out of sight.

In business interactions, collectivist culture reveals following features:

- Employees perform best in in-groups.

- Relationships with colleagues are cooperative for in-group members, hostile for out-group.
- Treating friends better than others is normal and ethical; particularism.
- In business, personal relationships prevail over tasks and company.
- Management is the management of groups.
- The employee has to be seen in family and social context.

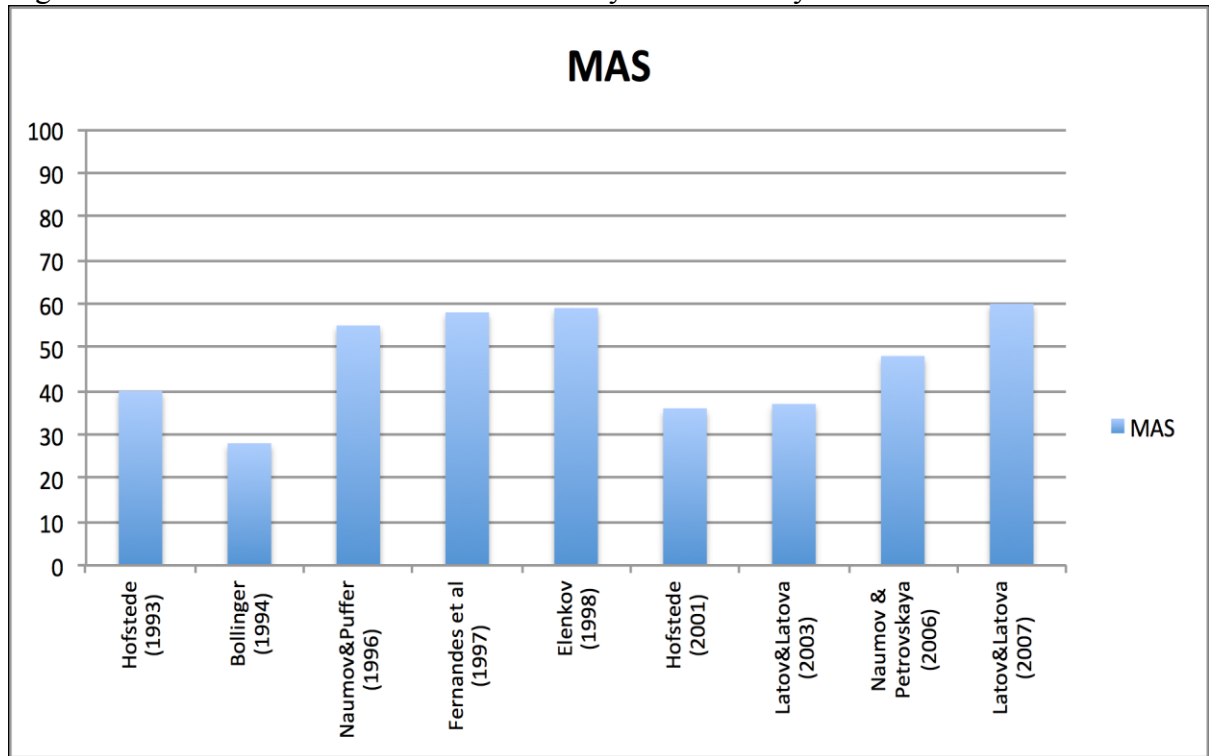
Russian Economic Trends (2000) found that the process of redistribution of state property in Russia has led to extreme inequalities in wealth, along with rising poverty and an overall decline of incomes. These developments run counter to communitarian values such as egalitarianism and collectivism and it is easy to understand why the new distribution of property rights is perceived as illegitimate by the vast majority of Russians.

Naumov and Puffer (2000) suggest that it is debatable whether Russians are group oriented or actually extreme individualists. The Russian expression “Don’t live worse than your neighbour” combines hostility towards, and envy of, those who have more than oneself. In the West the same expression (captured perhaps in the idea of keeping up with the Joneses) means that individuals must exploit their own potential in a competitive society. It is generally recognised that the Russian communal collective had already started to disintegrate in the late 19th century, and was shattered by Communism in the 1920s. This led to an individualistic approach to a Communist system that was unable to meet the basic needs of the population. The limited relevance of collectivism for the average Russian was further reduced by *perestroika* and later economic reforms.



## Masculinity vs. Femininity

Figure 4.1.3 Russia's Results in the Masculinity vs Femininity Index



According to Hofstede (2001), Russia's relatively low score of 36 might be surprising with regard to its preference for status symbols, but in Russia these are related to the high power distance. At second glance one can see that Russians in the workplace actually understate their personal achievements, contributions or capacities. The same tendency can be observed when meeting a stranger. Russians talk modestly about themselves. Moreover, scientists, researchers or doctors are most often expected to live with a very modest standard of living. Dominant behaviour might be accepted when it comes from the boss, but is not appreciated among peers.

Other results on this dimension vary quite considerably, although they tend to be in the middle group (Figure 4.1.3). Bollinger's (1994) results placed Russia close to the

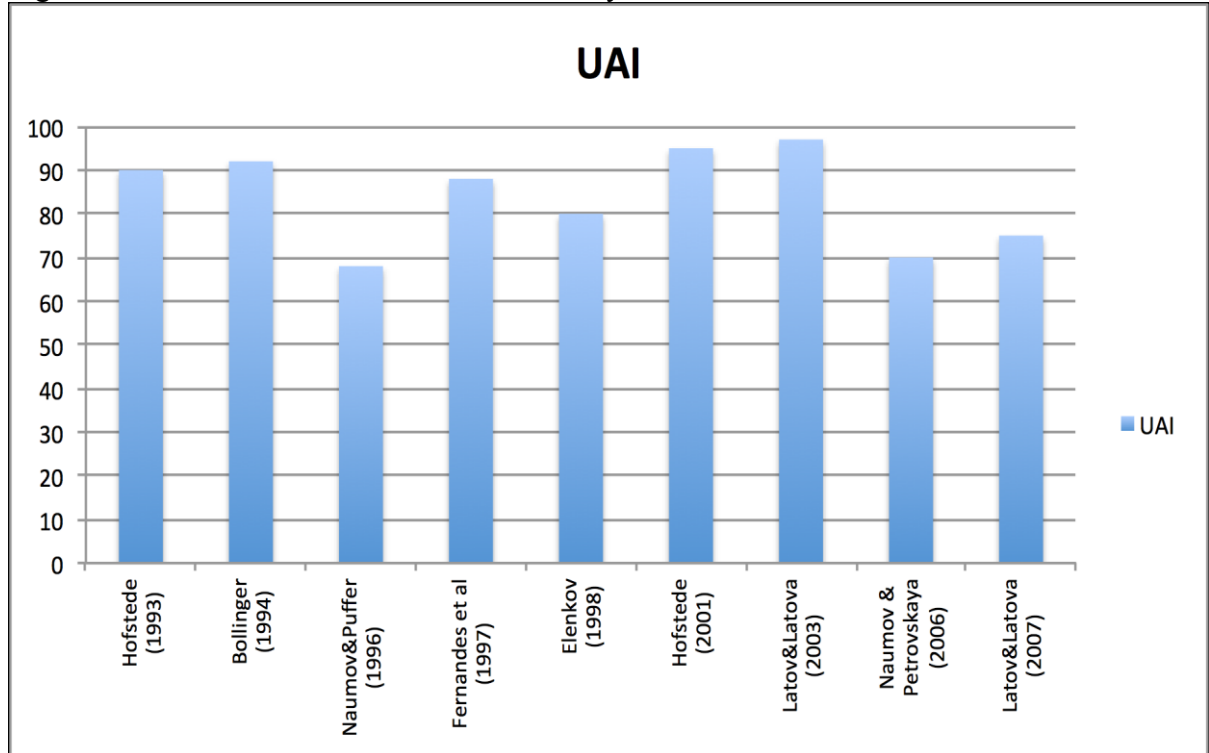
traditionally feminine Scandinavian countries. He suggests that centuries of serfdom followed by Communist dictatorship have prevented men from developing a sense of initiative. Successive wars also contributed to Russia's low rate on masculinity in that many widows were forced to take their destinies into their own hands in order to survive. That independence, which women have managed to protect in their small domestic dominions, has helped them feel equal to men and perhaps even superior to them. By contrast Fernandez et al. (1997) and Elenkov (1998) found Russia to be above the mean on the masculinity dimension. Despite the fact that women work alongside men in Russia, men hold the more senior positions, and they suggest that traditionally masculine values hold sway.

According to Hofstede (2001), lower MAS in the workplace shows the following features:

- Work in order to live
- More women in management
- Successful managers are seen as having both male and female characteristics
- The meaning of work for workers: relations and working conditions
- Smaller wage gap between genders

### **Uncertainty avoidance**

Figure 4.1.4 Russia's Results in the Uncertainty Avoidance Index



All studies found Russians to be fairly high in the Uncertainty Avoidance Index (Figure 4.1.4). Bollinger (1994) attributes this result to the geo-politics of Russia's size, citing famous Russian philosopher N. Berdyaev:

The Russian soul is tortured by space; it feels no boundaries. It is not liberated by this absence of limits; on the contrary, it is enslaved by it (Berdyaev, 1962, p. 40).

Elenkov (1998) notes that since the beginning of the Russian centralised state, policies and procedures for virtually every aspect of organisational life were dictated by officials in central government. Compliance with rules was rewarded, while taking risk was discouraged and often punished.

In Hofstede's terms Russians feel very much threatened by ambiguous situations, so they have established one of the most complex bureaucracies in the world. Presentations are

either not prepared, e.g. when negotiations are being started and the focus is on building relationships, or extremely detailed and well prepared. Also detailed planning and briefing is very common. Russians prefer to have context and background information. As long as Russians interact with people considered to be strangers, they appear very formal and distant. At the same time formality is used as a sign of respect.

Hofstede (2001) pointed out the following features of cultures with a high UAI.

- Expression of emotions normal
- Preference for larger organisations
- Company rules should not be broken
- One can't be careful enough with other people, not even with family
- Suspicion of foreigners as managers

An organisation with a high UAI displays:

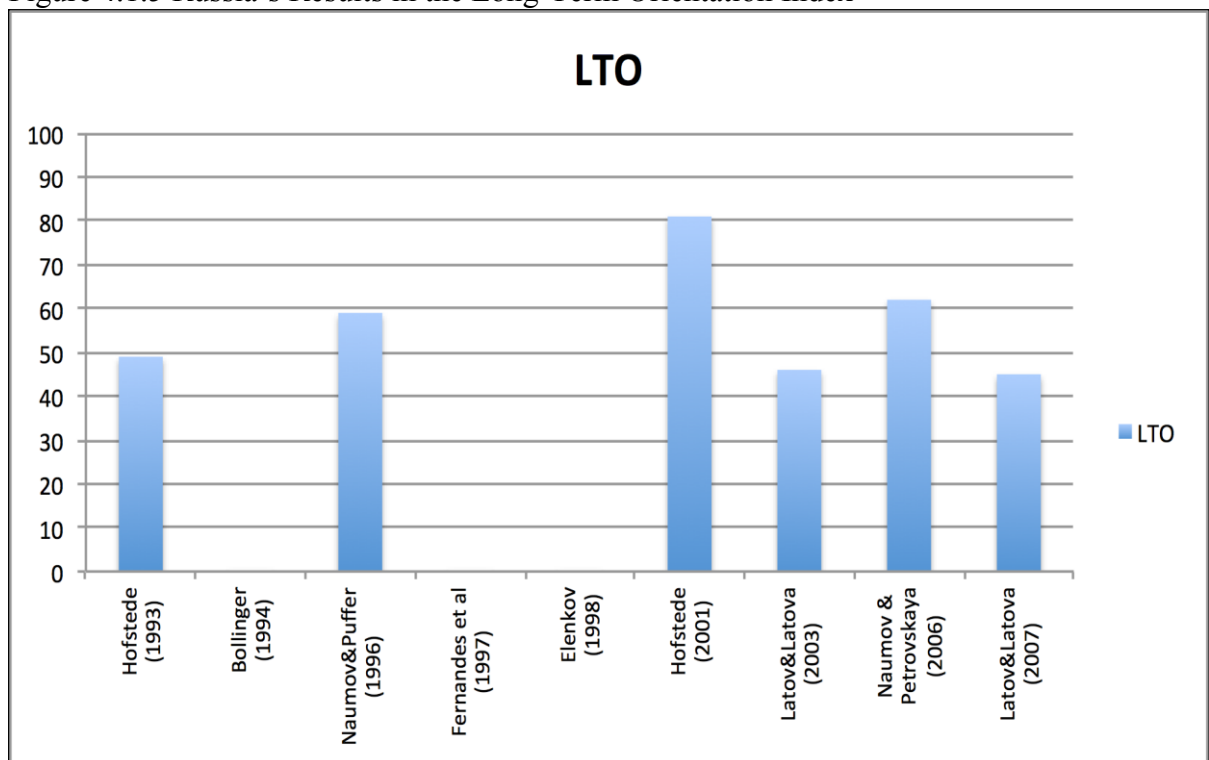
- Strong loyalty to employer, long average duration of employment
- Top managers are involved in operations
- Highly formalised conception of management
- Appeal of hierarchical control role
- Precision and punctuality come naturally
- Task orientation
- Flexible working hours are popular

The extremely high scores in this dimension may relate to the period of economic and political stagnation in the 1980s. Russian citizens were virtually guaranteed a job and a modest standard of living if they did not challenge the status quo. In contrast, the

transformation of Russian society into a market-oriented society gave rise to greater uncertainty and forced decision-making to be taken on by individuals. Russians are now less able to avoid uncertainty and thus might be expected to achieve some greater degree of tolerance, although the underlying cultural preference remains in place.

### Long-Versus Short-Term orientation

Figure 4.1.5 Russia's Results in the Long-Term Orientation Index



The data for this dimension is available only for a limited number of studies (Figure 4.1.5). According to Hofstede (2001), Russia's long-term orientation index is 81, and therefore Russia belongs to a group of long-oriented countries together with Belgium, Germany, China and Japan.

Hofstede (2001) suggests the following features of cultures with a high LTO index:

- Main work values to include learning, honesty, adaptiveness, accountability, and self-discipline
- Leisure time is not important
- Focus is on market position
- Importance of profits ten years from now
- Owner-managers and workers share the same aspirations
- Wide social and economic differences are undesirable
- Investment in lifelong personal networks
- Ethical concern
- What is good and evil depends on the circumstances
- Satisfaction with one's own contributions to daily human relations and to correcting injustice
- Matter and spirit are integrated
- If A is true, its opposite B can also be true
- Priority is given to common sense
- Disagreement does not hurt

Figure 4.1.6 Time Series Comparison of Hofstede’s Results for Russia (1993, 2001)

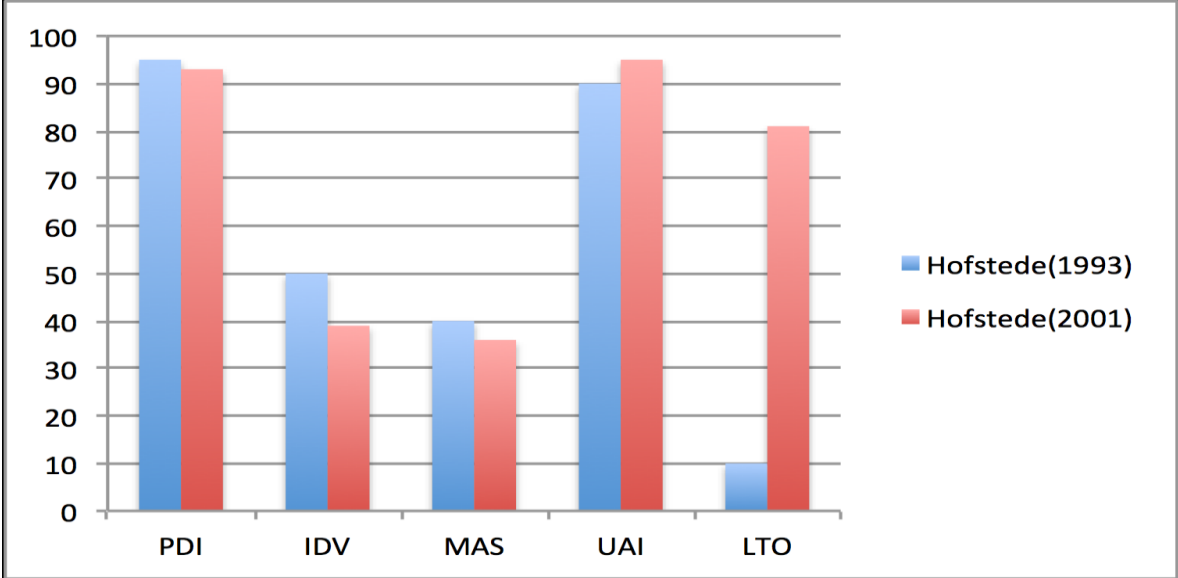


Figure 4.1.7 Time Series Comparison of Naumov’s Results for Russia (1996, 2006)

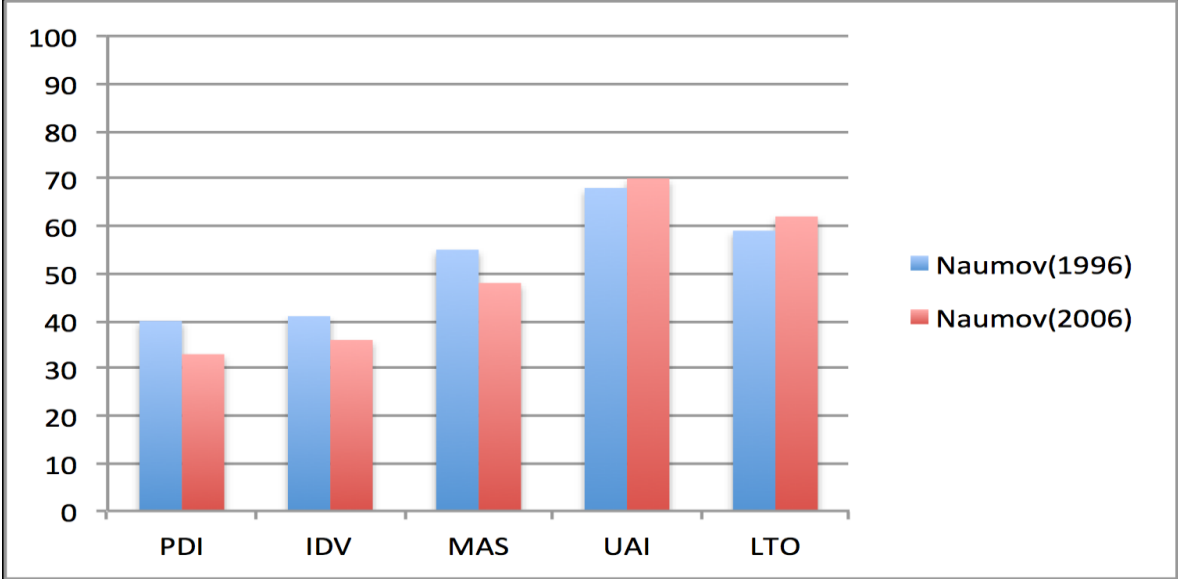
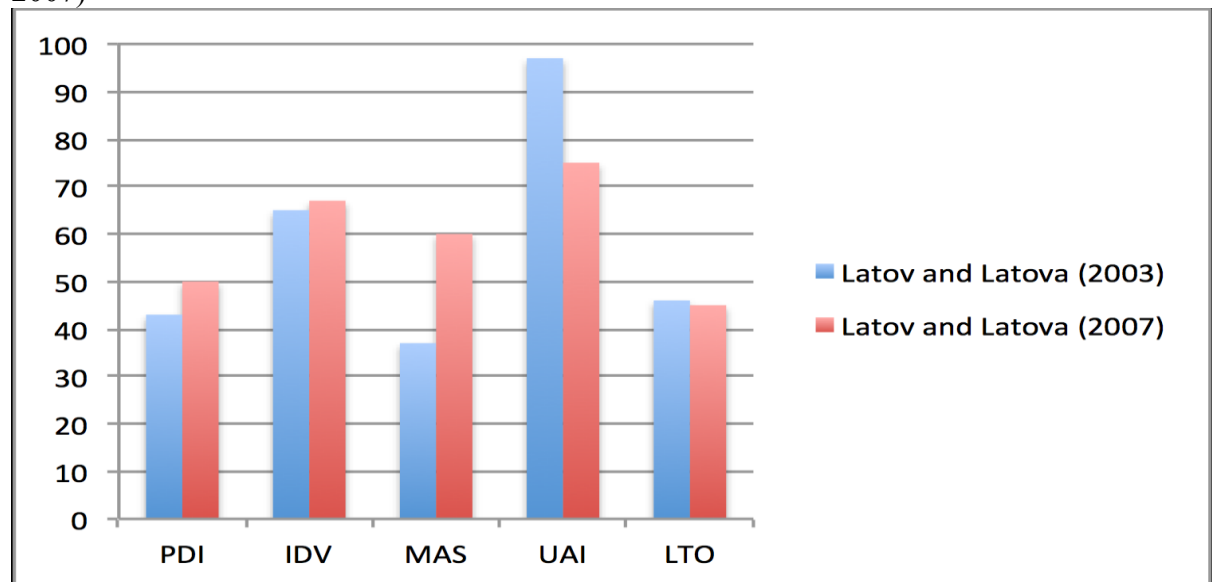


Figure 4.1.8 Time Series Comparison of Latov and Latova's Results for Russia (2003, 2007)



As can be seen above, the literature shows no consensus on Russian cultural values among a number of cultural dimensions (e.g. PDI, LTO), which means that further research may be necessary on this subject. Figures 4.1.6, 4.1.7 and 4.1.8 demonstrate diachronic comparison of the results, conducted by the same researchers. As can be seen on Figure 4.1.6. and Figure 4.1.7, Hofstede's and Naumov's results demonstrate similar trends (vectors) of changes across the scale. Both studies reveal decreasing scores in PDI, IDV, MAS and increasing values in UAI and LTO. However, there is no further supporting evidence of such trends, because Latov and Latova's results demonstrate the opposite trend. Surprisingly, Latov and Latova's studies indicate increasing scores in PDI, IDV and MAS, while UAI and LTO are show to decrease. The key question is whether these earlier findings suggest further convergence. As shown above, existing studies based on Hofstede's model do not demonstrate an obvious pattern, which would confirm cultural change.

#### ***4.2 Russian culture in Trompenaars' study***

Fons Trompenaars of the Netherlands has been in the forefront of research into



intercultural management since the early 1990s, as attested by his publications (Trompenaars, 1993). His studies have focused primarily on the effects of intercultural communication on company management and business life. Trompenaars' results regarding Russia are summarised in Table 4.2.1.

Table 4.2.1 Russia's result in Trompenaars' Study

<b>Dimension</b>	<b>Result</b>	<b>Score</b>
Universalism vs. Particularism	Extreme Particularism	44
Analysing vs. Integrating	Integrating	85
Individualism vs. Communitarianism	Individualistic	60
Inner-directed vs. Outer-directed	Outer-directed	69
Sequential vs. Synchronous	Sequential	18
Achieved status vs. Ascribed status	Ascription	74
Equality vs. Hierarchy	Affective	24

### **Universalism vs. Particularism**

Hidasi and Lukinykh (2009) pointed that Russian government was traditionally very powerful, and with every critical period it got stronger. It seemed like the only protection from the enemies, guarantee of order and safety in the society. People used to think that it was only possible to obtain justice and defence from a person with authority but not from the law. To achieve success in Russia people should trust each other, because it is difficult to find clear professional rules and criteria. Unfortunately, in business relations people are convinced that to get success (signing a contract, getting a profitable order, etc.) it is important to find the "necessary key" people and "come to an agreement".

Consequently, according to Trompenaars (1993), Russia is considered a country of particularism and in doing business with Russians one shouldn't trust or rely on the legislation of the country, documents, inspection agencies, laws, etc. One may rely only on their personal relations with people, which should be constantly reviewed.

### **Analysing vs. Integrating**

Considering the fact that personal relations in Russia are more important than business, Hidasi and Lukinykh (2009) argue about the integrating nature of Russian culture. Employees often consider their organisation as a part of their personal space and expect their country to be interested in their problems and care about their lives. One of the questions in Trompenaars' research was the following: "Should an organisation help its employees to solve their habitation problems?" A negative answer was given by approximately 85% of Americans, Englishmen, Dutch and Swiss, and 22% of Russians. Thus, we can conclude that the Russians tend to expect care and understanding from their leaders. Russians value a leader who is able to put himself in an employee's place, to look into their problems and, if necessary, support him not only at work, but in personal matters as well.

### **Individualism vs. Communitarianism**

There is a generally accepted viewpoint that Russia is a collectivist country. But at the present time the statement that "collectivism is an inborn Russian feature" seems doubtful. According to Hidasi and Lukinykh (2009), researchers often make one and the same mistake, changing the notions: they call "collectivism" a mutual "gravitation" of Russians to each other, their openness in the process of communication, necessity "to be like everybody", although all these may be called "publicity". But this is more to do with lifestyle, external behavioural stereotypes, forms of collaboration and traditions in Russian communication. Real collectivism needs a world view where one does feel himself as a valuable "detail" in the common machine, but the consciousness that this machine would stop without him. Some researches (Ilyin, 1993; Shiharev, 2008) believe that such

consciousness is not typical for Russians; one can notice in their behaviour traces of past real collectivism. Russians have another competing feature – individualism instinct, i.e. disposition to do everything by yourself, to have your own opinion, etc.

According to Trompenaars (1993), Russians are big individualists. Individualism in the Russian business sphere is revealing in leadership – most firms are organised for an individual leader to satisfy his interests and they have a distinct mark of his personality. Some top managers still interfere with all operations of their company at all levels. Employees' relations in these organisations are abstract, legalised and regulated by a contract. Organisation is a tool to reach what its employees want for themselves. If they are ready to collaborate, it means their personal interests are involved. Everybody fulfils their own function and gets a reward.

However, it should be noted that despite the extreme individualism in some parts of the country (megalopolises and cities with over one million population), people consider that a group is the most important part of social and economic system. Because a large group's opinion is always taken into consideration, the group may make a leader change something. For any Russian a group is protection and this can explain Russian's orientation firstly toward people, then to business.

### **Inner-directed vs. Outer-directed**

According to Trompenaars' research, Russian business culture is outer-directed. Although in the questionnaire, about 49%, that is a half, of the respondents answered that “what is happening with them is their personal achievement, “it is rather low in comparison with the USA, for example (82%). Characteristics of outer-directed cultures such as a flexible

attitude to the environment, a desire to find a compromise, generosity, a focus on customers and partners are typical in Russian business culture.

### **Time as sequence vs. Time as synchronisation**

According to Hidasi and Lukinykh (2009), Russians have special perception of time. Firstly, they are more inclined to discuss the traversed path than to make plans for future, which means that they look back more often than forward. It is connected to the fact that Russians look to the past not only for the underlying reasons behind their future actions, but also for moral support, consolation, justification for their own actions and the reasons behind their decision-making. Russians are not so self-confident in their plans for the future, because they are sure that it is impossible to manage the future, as it is predetermined by fate. That is why according to Russian logic, it is better to think twice than to act rashly. Generally, it is better to postpone the final decision as, according to a Russian saying, “the morning is wiser than the evening”.

Secondly, the priority of accomplishing tasks at any point is more determined by mood, emotions, subjective feelings or way of life than by logic. Distribution of time is more likely to be subjugated to human feelings, that is why Russians do not rate highly such values as punctuality, formalism or accuracy of performing to schedules and plans. According to Hidasi and Lukinykh (2009), they pretend to keep to the latter, but they are sure at heart that real life, with its constantly changing circumstances, is more important than different agreements and schedules.

### **Achieved status vs. Ascribed status**

According to Trompenaars (1993), Russia is a country highly oriented on status. But a

person's status in Russia mostly depends on various external factors (social environment or social context of their business), which are not connected with his actions or behaviour (origin, elite education, heritage, religion, etc.). In other words, very little depends upon the actual person themselves. More important than that are their clothes, their car, expensive flats, sports, previous working experience in authorities. As Russia lies on the crossroads of western and eastern cultures, Hidasi and Lukinykh (2009) conclude that it takes intermediate position in the achievement – ascription parameter, but with a level of preference toward ascription.

### **Equality vs. Hierarchy**

Hidasi and Lukinykh (2009) note that Russians are very sociable, that they like to gather in groups and discuss not only work, but personal issues. They are very democratic in the process of communication. They can ask any question that is interesting for them, ask your advice or give advice themselves - whether you want it or not. There is very little difference between an acquaintance and a stranger for them, and they are able to overcome this barrier very quickly. This could have something to do with the fact that they do not take into consideration any social, professional or age distance.

From a European's point of view, attitudes toward smiling in Russia are too serious (Sterin, 2006). It is widely considered that Russians smile very rarely, and that their faces are concentrated and gloomy. But this fact has its reasons: life was hard for a long period of time (invasions, wars, revolutions and their consequences); natural conditions, because Russian nature is more severe than in Europe; people being more reserved. Formal, polite smiles at official meetings are sometimes hardly perceived. Excessive smiles or gaiety seem suspicious in terms of stupidity or inferiority. Smiling for the Russian is different

than for other nationalities. It must be sensible and have emotional reasons; it must express feelings like cordiality, confidence, friendliness and sometimes gratitude. The Russian smile has nothing to do with etiquette.

According to Hidasi and Lukinykh (2009), Russians' life perception is expressed in the fact that they need close human contacts and are emotionally dependant on the environment. Such things as routine, monotony, repetition, triviality are very hard for them. In other words, things which mean peace and stability for any European may chill any Russian. This fact can explain the tendency more toward eastern irrationality than western rationality in Russians. Emotions often prevail over reason and passions prevail over material interests. While solving a problem, a Russian would listen to his heart, but not to his mind. It is difficult to expect objectivity, rationality, clear logic, or an easy-tempered approach to any business.

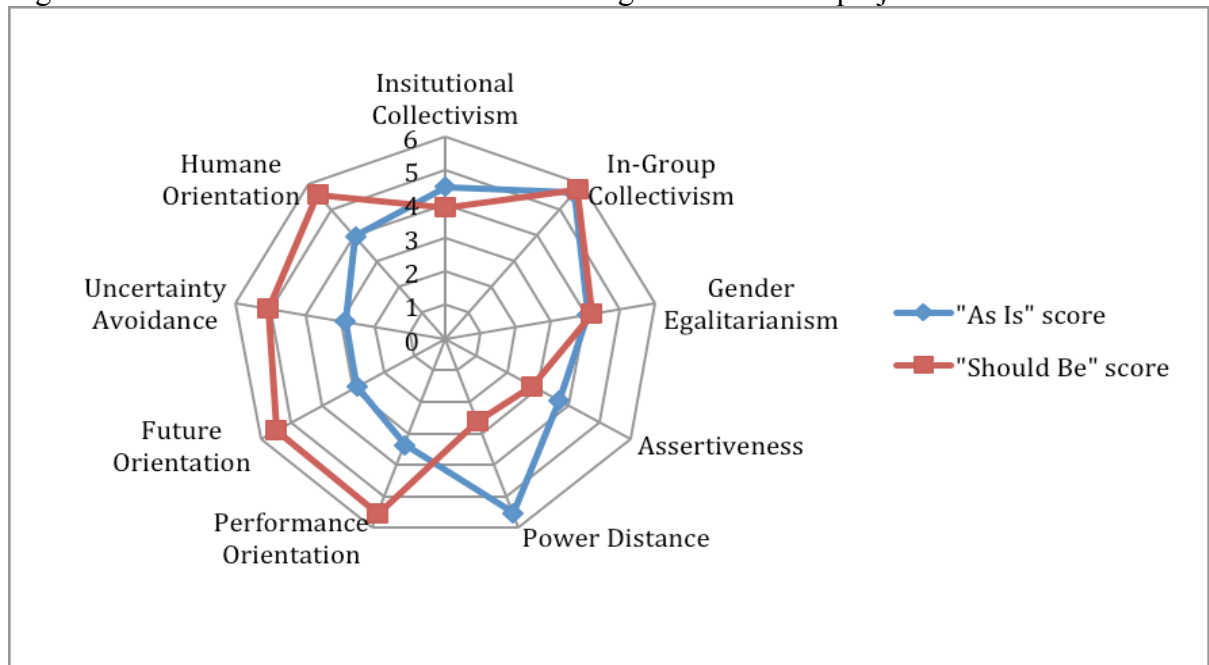
In conclusion, Trompenaars' results showed a surprising level of individualism in the respondents from Russia scoring in the top quartile for individualism. Given that other studies have tended to support (or assume) an inherent and deep tendency towards collectivism in Russia, it is open to speculation whether there may be something unsure about the validity of the questionnaire items. Trompenaars asked his respondents whether they preferred to make decisions alone or in a group, where everybody "has a say in the decisions that are made". Given that the respondents were managers, a marked preference for individual decision-making is empirical evidence of the tradition of *edinonachalie*, or "one-man management".

### ***4.3 Russian culture in the GLOBE project***

The GLOBE project was the first attempt to collect a Russian data set using internationally

recognised and reliable research methods, to provide cross-cultural comparisons between 61 nations. This section reviews the results of the GLOBE project in relation to Russian culture. The score on the nine dimensions of the GLOBE survey is summarised in Figure 4.3.1.

Figure 4.3.1 Russia's Cultural Values According to the GLOBE project



### Performance Orientation

Russia's result in the Performance Orientation dimension is below the average, which brings Russia into a group of countries with a low Performance Orientation. The Russian result shows us that social and family relationships are very important, and that loyalty and belongingness is emphasised in society.

### Future Orientation

The Russian score in Future Orientation was the lowest among all countries listed by GLOBE. This fact can be explained as a sum of several factors, such as the rapid change of the Russian economy and society in 1990s, as well as high growth in 2000s, followed

by high inflation and other risks (including political risks and bureaucracy), which in the end made long-term development unpredictable.

### **Assertiveness**

Russia has low Assertiveness practices, which means that Russians view assertiveness as socially unacceptable and instead value modesty and tenderness. A lower result in this dimension points to a higher value of cooperation and warm relationships.

### **In-Group Collectivism**

In the values of In-Group Collectivism, Russia scores higher than average. Higher In-Group Collectivism practices mean that there are close ties among family members and people are concerned with others and are respectful of authority and have fewer rules.

### **Power Distance**

Russia can be described as a high Power Distance culture, which means that society is differentiated into classes on several criteria, power is seen as providing social order, relational harmony, and role stability. Another characteristic of high Power Distance cultures is weak civil liberties and high public corruption.

### **Human Orientation**

In the dimension of Human Orientation the Russian result is a bit below average. In Russia self-interest is important, and the related values of pleasure, comfort, and self-enjoyment have high priority; power and material possessions motivate people. These factors can be found in modern Russian society as a result of transition from the Soviet Union planned economy to a free market.



### **Uncertainty Avoidance**

The Russian score in Uncertainty Avoidance is extreme, and the lowest in the whole GLOBE study. It means that there is a strong tendency to be more informal in interactions with others; rely on word of others, rather than contractual arrangements; rely on informal interactions and informal norms rather than formalised policies, procedures and rules. In addition to this, societies with a lower Uncertainty Avoidance score tend to be less calculating when taking risks and to show more tolerance for breaking rules. Evidence of such behaviour can be found in Russian business and this is another characteristic of modern Russian business culture.

### **Gender Egalitarianism**

Russia has one of the highest scores for Gender Egalitarianism. It means that women in society have a more prominent role, a greater role in community decision making, and less sex segregation. Such a high rank can be explained as a result of the social policy of the Soviet Union, where equal rights were provided for men and women.

### **Institutional Collectivism**

The Russian result in Institutional Collectivism is above the average level. It means Russia should be considered a collectivist society, and managerial practices to some extent should be close to Asian cultures.

In conclusion, the GLOBE survey positions Russians very low in Uncertainty Avoidance, Future Orientation, Performance Orientation, and Humane Orientation, but very high on Power Distance. Whereas Institutional and In-group Collectivism, Egalitarianism, and

Assertiveness dimensions displayed some agreement between the “As Is” and “Should Be” sections scores, dimensions such as Power Distance, Performance Orientation, Future Orientation, Uncertainty Avoidance, and Humane Orientation – primarily linked to current social transformation – showed the visible gap between the “As Is” and “Should Be” scores.

#### ***4.4 Summary***

A diachronic review of the studies on Russian culture, conducted by different scholars using Hofstede’s model, revealed notable discrepancy across their results. Moreover, Hofstede’s scores of Russian culture did not reveal a serious change in culture before and after the collapse of the Soviet Union. We can hypothesise on two possible outcomes of such results:

- The cultural values of Russian culture remained unchanged
- Any change in Russian culture has not yet been revealed by any previous studies based on Hofstede’s model

Therefore, it is impossible to put forward the claim that the observed discrepancy among dimensions reveals an actual cultural change in post-Soviet Russia.

Moreover, despite the efforts of Hofstede, Trompenaars, and others, there are at least three limitations to the application of their measures to other cross-cultural studies. First, theoretical concerns have been raised about how representative the focus groups are to their respective national populations. Such concerns could also be raised for the Trompenaars’ studies, primarily those based on educated managers. Second, when it comes time to apply these studies, even the largest cross-cultural studies will leave gaps in national coverage. This is particularly important in the case of such a *multicultural* country as Russia. Third, how can we measure cultural change using the dimensions of culture?

The ideal cultural measure would be the one that is theoretically representative of an entire culture, and would be readily available for any given culture at any moment of time. According to Sapir-Whorf hypothesis, one such measure may be based on language, which is closely linked to both national and cultural boundaries and can be diachronically analysed.

## **Chapter 5. Business Concepts in the Russian Language**

This chapter introduces the research methodology and analysis of collected data. The chapter starts by explaining Russia's struggle with the language of business, which occurred during the transition to a market economy. Next, it presents the corpus analysis method and the Russian National Corpus as a data-source. Finally, the data collected in the study are presented and discussed in the following sub-sections.

### ***5.1 Russia's struggle with the language of business***

As it was discussed in Chapter 4, preceding studies, which were conducted using cultural frameworks, did not indicate a significant change in cultural values in post-Soviet Russia. However, there is a rapidly growing literature on language change in modern Russia, especially in the field of business, which supports the view that cultural change may actually have occurred. This section discusses this linguistic aspect of paradigm shift in business in post-Soviet Russia and prepares ground for the introduction of research design in the following section.

One of the problems Russia faced during transition to a market economy and capitalism was a struggle with the Western language of business. Holden, Kuznetsov and Whitelock (2008) pointed out that "The end of communism marked a new linguistic beginning in that a) the language that described Soviet economic practices and procedures became instantly redundant and b) there followed massive borrowing from the West of business and management terminology" (p. 116). Holden and his colleagues were not alone in their view that paradigm shift in post-Soviet Russia triggered extensive change in the Russian language. Linguistic change and the influence of the English language in Russia has recently become a topic of interest for a number of linguists (e.g. Kostomarov, 1994;

Krysin, 1996; Kolesov, 1998; Shaposhnikov, 1998; Ryazanova-Clarke & Wade, 1999; Romanov, 2000; Rathmayar, 2004; Proshina & Etkin, 2005; Rivlina, 2005; Ustinova, 2005; Yelenevskaya, 2008). However, as noted in Rivlina (2005), "...the Russian language has not been investigated in its interaction with English as thoroughly as have many other languages with a longer history of language contact (with English), for example, East-Asian languages, or Indian languages" (p. 478). As observed by Proshina and Etkin (2005), "...there is something of an English language boom in Russia" (p. 443). They define the period of time since the 1990s through to the present as the latest stage of intensified contact between the two languages, characterised by the "...flow of loans, especially in information technology, advertising, and mass media" (Proshina & Etkin, 2005, p. 444). Ustinova (2005) reports an estimated 10,000 English words are present in Russian today, of which hundreds are in common usage and are familiar to average Russians. An article in *BBC News* (2007) states that *imidzh-mejker* (image-maker), *tinehjjdzher* (teenager), and *overdraft* (overdraft) are among many English words that are regularly seen and heard in modern Moscow. This evolving language is sometimes described as *russgliskii* (Rathmayar, 2004). *Russgliskii* is a hybrid language of Russian and English; it is a response to the new linguistic demands caused by Russia's political and economic change.

Since the collapse of the Soviet Union, considerable research has investigated the proliferation of terms from English in Russian language discourse, although not all of the lexical changes were actually borrowings. Different ideologies between the Soviet Union and the West caused Russians during the Soviet period to misunderstand many concepts, particularly in business. While some basic terms of Western economy were actually imported into the Russian language, they possessed negative connotations. Foreign

business-related terms were often used to demonstrate the overwhelming superiority of the Soviet system over the West.

For example, three generic words of the business lexicon, namely the nouns “manager” and “management” and the verb “to manage” posed enormous problems to translators and interpreters alike. In the Soviet period, the transliterated forms borrowed from English, *menedzher* and *menedzhment* applied strictly to “the lesser” capitalist species. These words were not used with reference to Soviet managers, who might be designated with terms such as *upravlenets* (nominal meaning: “manager”), *ekspert*, director and, especially in industry, “chief engineer”. However, the Soviet “manager”, as he was designated in the Russian language, was a cog in a vast machine. As Holden (2008) pointed out “At best, he was an organiser for the centralised system; he was never an independent decision-maker“ (p. 117). The Soviet manager was in charge of implementation of decisions issued by the Communist Party and Gosplan. Thus, the basic functions of the Soviet manager included resource management and information flow, which provided a certain flexibility in how the work had to be organised (Table 5.1.1). Nevertheless, the Soviet manager was always guided by a basic tenet of following the rules and the Party line.

Table 5.1.1 The Difference between Soviet and Western managers

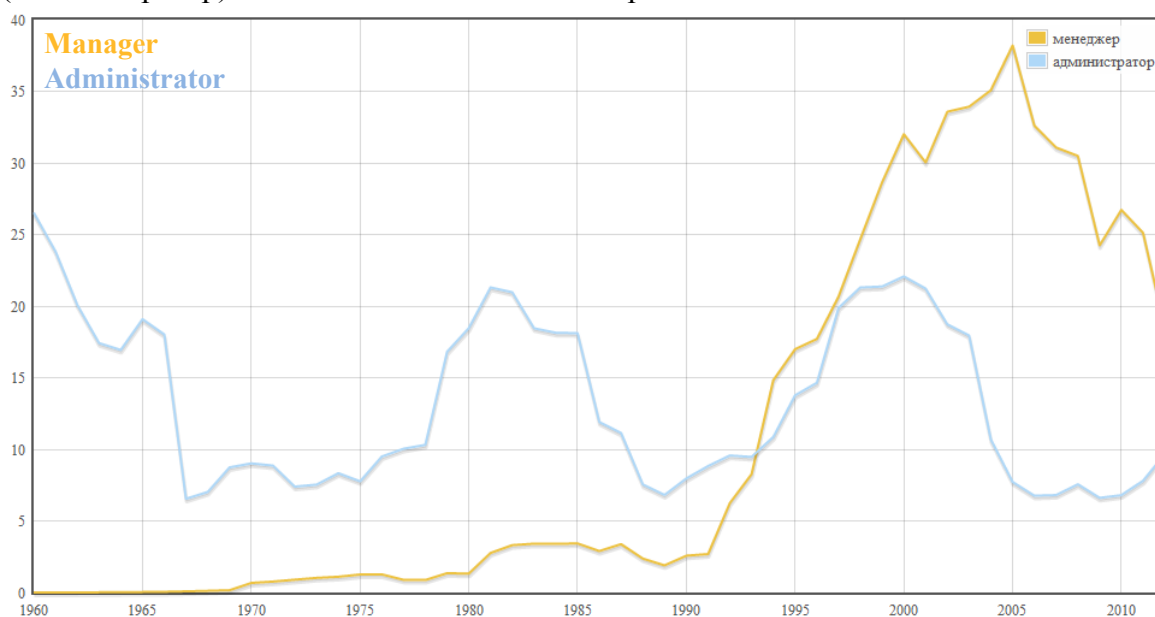
Basic roles	Upravlenets (Soviet manager)	Menedzher (Western Manager)
Interpersonal	+	+
Informational	+	+
Decisional	-	+

The Russian-language professional journal *Top-Manager* devoted an entire issue (2006) to a discussion about the emerging role of the manager in Russia. This publication makes

clear that there remains a problem in Russia of understanding the nature of management as professional work, since it does not easily apply to a country where the manager as communicator, mentor and decision-maker all rolled into one was an unknown quantity.

Similarly, in the Soviet period the corresponding verb *upravlyat'* denoted decision implementation rather than decision-making. Hence a frequent translation of this word is “to administer”. Today *upravlyat'* and its related terms (i.e., *upravleniye* and *upravlenets*) do not seem to resonate with the nature of the market economy. The modern business Russian gives preference to the term *menedzhment* rather than *upravlenie* and *menedzher* instead of *upravlenets*. The latter word has not disappeared, but it has more the flavour of director rather than of manager. Thus the words *menedzher* and *menedzhment* occupy semantic space, which is new to the Russian language and its speakers (Holden et al., 1998).

Graph 5.1.1 Relative usage frequency of terms “manager” (менеджер) and “administrator” (администратор) found in National Russian Corpus



Graph 5.1.1 shows comparable changes in the usage of the words “manager” and “administrator”. As described above, the term “manager” is new for the Russian language and is becoming more popular in modern Russia in comparison to the old-fashioned Soviet term with the same meaning.

The introduction of new concepts from the English language and the semantic shift of existing concepts as a result of cultural pressure from the West are considered to be main facilitators of language change in post-Soviet Russia. Edward Sapir’s *Language* (1921) pointed out the importance of language contact and influence in his chapter on “How Languages Influence One Another”. He noted how Chinese flooded Korean and Japanese with vocabulary and how English borrowed an immense number of words and productive affixes from French, yet in neither case was the borrowing “returned”. Carefully studying loanwords provides an interesting insight into the history of cultures across the world. In the broadest terms, classical Chinese, Sanskrit, Arabic, Greek and Latin were the five languages that had an overwhelming significance as carriers of culture. Therefore, we can argue that a change in a mindset of Russian people may happen through acquiring and incorporating Western business concepts and vocabulary into the Russian language as a result of Russia’s transition to a market economy. However, to justify this statement, it is necessary to understand the extent to which English business concepts are penetrating Russian language. Analysis of business terms in Soviet and post-Soviet discourse can help to provide the necessary evidence and support our claim.

## ***5.2 Methodology and research approach***

The present study can be said to adopt corpus linguistics analysis method primarily based on statistical probing and generalising from the selected glossary, with the results (linguistic changes) being interpreted from the linguistic relativity perspective. An obvious



relation exists between semantic change and cultural change. As people acquire, by invention or borrowing, cultural innovations of any sort, there are inevitable additions to their vocabulary (Hoijer, 1948). In some cases, especially when the cultural innovations come by diffusion, the linguistic additions consist of borrowed terms, often taken from the same sources as the borrowed cultural items. Therefore, adoption of such borrowed terms facilitates cultural change. Cultural innovations may also result in shifts of meaning in older native (existing) terms. Such changes in connotation of existing terms is often referred to as “semantic shift”. A third way in which vocabulary reflects cultural change is by the formation of compounds and similar derivations to express newly acquired elements of culture. In linguistic literature such concepts are referred as “neologisms”. On these grounds, we can argue that diachronic analysis of business terms in the Russian language focused on such lexical and semantic changes can provide confirmatory evidence of cultural change in Russian business.

At present, corpus-based study is one of the major research paradigms in linguistics and should be appropriate to address research questions. A relatively young discipline of corpus linguistics that relies on electronically stored texts to perform automated searches and frequency calculations has become widely popular, as it allows an unprecedented access to vast collections of naturally occurring data. In previous decades, corpus linguistics was mostly employed in the service of lexicography and language teaching. More recently, its methods have been used in a number of other areas of linguistic inquiry such as language description, language variation studies and forensic linguistics. These studies have demonstrated that a corpus linguistic framework offers reliable and replicable techniques that can be successfully applied to explore various facets of language use.

A corpus is a reference system based on an electronic collection of texts composed in a certain language. A national corpus represents that language at a stage (or several stages) of its development in every variety of genres, styles, territorial and social variants of usage, etc. A national corpus is created by linguists (specialists in corpus linguistics, a fast-developing discipline) for academic research and language teaching. Most of the major world languages have their own corpora. A well-recognised example is the British National Corpus, which is used as a model for many modern corpora. Among the Slavic languages, the Czech National Corpus (compiled at the Charles University of Prague) is also notable.

The Russian National Corpus (RNC) is a corpus of the Russian language that has been partially accessible through a query interface online since 2004. It is being created by the Institute of Russian Language, Russian Academy of Sciences and is considered the most advanced corpora of Russian language to date. The RNC covers primarily the period from the middle of the 18th to the early 21st centuries. This period represents the Russian language of both the past and the present in a wide range of sociolinguistic contexts. The corpus includes original (non-translated) works of fiction (prose, drama and poetry) of cultural importance which are interesting from a linguistic point of view. Apart from fiction, the corpus includes a large volume of other sources of written (and, for the later period, spoken) language: memoirs, essays, journalistic works, scientific and popular scientific literature, public speeches, letters, diaries, documents, etc. The entire main corpus amounts to 265 million tokens.

According to Plotnitskaya (2012) a national corpus is distinguished by two features. Firstly, it is characterised by representative and well-balanced collections of texts. This means that

such a corpus contains, if possible, every type of written and oral text present in the language (various genres of fiction, journalistic, academic, and business, as well as dialectal and sociolectal, texts). The proportion of text types in the corpus is based on their share in real-life usage at the time of composition. A representative corpus is necessarily a large one (containing up to several million tokens). Secondly, a corpus contains additional information on the properties of the texts that are included. This is achieved by means of annotation. The annotation is a principal feature of the corpus, distinguishing the corpus from simple collections (also known as “libraries”) of texts on the Internet, such as, in Russian, the Maksim Moshkov library or the Russian Virtual Library. Such libraries are not well suited to academic work on the nature of language; they tend to focus on the content of texts rather than their language properties, while the creators of the corpus recognise the importance of the literary or scientific value of the texts, but see it as a secondary feature. Unlike an electronic library, the national corpus is not a collection of texts which are deemed “interesting” or “useful” of themselves; the texts in the corpus are interesting and useful for the study of language. Such texts might include not only great works of literature, but also works of a “secondary” writer, or a transcription of an ordinary conversation.

The main purpose of the corpus is to facilitate academic research on the lexicon and grammar of a language, as well as the subtle but constant processes of language change within a relatively short period of time: from one to two centuries. The other purpose of the corpus is to serve as a reference point for lexical, grammatical, and accentological questions, and the history of the language. Modern IT-technologies make the processing of large volumes of text significantly simpler and faster, which creates the possibility for mass statistical analysis of texts. As a result, language research now yields results which

could only be guessed at previously. Nowadays, truly scientific descriptions of grammars and academic dictionaries must be based on corpora of their respective languages. The use of corpus data is also desirable in other, more specialised language research.

In summary, this research approach was designed to answer research questions of the study and to provide linguistic evidence of a paradigm shift in business in post-Soviet Russia. This study utilised the RNC as a primary data source and conducted corpus analysis of common business terminology by the evaluation of terms' appearance in the corpus between 1900 and 2010. A fixed time-frame was selected to cover the pre-revolutionary Russia, Soviet and post-Soviet periods and to facilitate the collection of representative data. The results for each year were retrieved from the RNC and represent a number of insertions for a term per 1 million words during 1 year.

### ***5.3 Data collection and analysis***

The study applies a replicable methodology by collecting and analysing common business terms based on their appearance in the RNC and reference glossaries of the Soviet and post-Soviet periods. The data collection was conducted in two consecutive steps. An objective of the first step was a selection of sample business terms for corpus analysis. In order to achieve this objective, several dictionaries of business terminology were considered. Among them, a dictionary titled “This is Business: Glossary of Business Terms” (Konoplitskiy & Filina, 1996) was chosen as a primary source of business terms due to its wide coverage of common business terms (about 1500 glossary entries) and overall recognition in academic circles.

The second step was in a corpus analysis of business terms derived from the glossary based on their appearance in RNC. An initial list of business terms extracted from the

dictionary consisted of 1440 terms, which were researched in the RNC. Among terms from the initial list, only 495 terms could be confirmed in the RNC during the selected time frame. This step also revealed the most common business terms in the Russian vocabulary, whose appearance in the language is significant. The remaining terms could not be found in the RNC, thus confirming their lack of significance in the language.

Collected business terms were grouped by their features into two groups: neologisms and common terms. According to *Webster's New World Dictionary*, a neologism is a new word or a new meaning for an established word; the use of, or the practice of creating, new words or new meanings for established words. In this study, the term neologism is based on a broader definition by Bowker and Pearson (2002). They include in this concept not only “an entirely new lexical item” but also “a pre-existent word whose meaning has been altered”, resulting in a semantic shift (p. 214). The gathered data appear to suggest that neologisms account for 79.39% of analysed business terms (Table 5.4.1). The remaining terms (21.61% of the glossary) did not exhibit any specific features of neologisms.

Table 5.3.1. Summarised data on the analysed business terms

Type	#	%
Neologisms	393	79.39
Common terms	102	20,61

A closer look at the neologisms indicates that they can be arranged into four major categories from the standpoint of their formation (Table 5.3.2):

1. Neologisms in form (e.g. derivations, compounds, phrases, shortenings)
2. Borrowed neologisms or “phonetic” borrowings
3. Functional neologisms (e.g. archaic or obsolete terms coming back into general use)
4. Semantic neologisms (semantic shift: amelioration or change of the meaning of the

base form)

Table 5.3.2. Detailed data on analysed business terms

Type	#	%
Neologisms		
- Neologisms in form	214	43,23
- Borrowed neologisms (anglicisms)	88	17,78
- Functional neologisms (restored terms)	76	15,35
- Semantic neologisms (de-ideologised terms)	15	3,03
Common terms	102	20,61

Neologisms in form include terms, which appear in the RNC in the late 1980s and are typically derivations, compounds, phrases or shortenings from existing lexical items. The available data suggests that neologisms of this type are the largest category of business terms in the modern Russian language. Borrowed neologisms are loan-words, which were introduced into the Russian language in the 1980s or later. They are also referred to as “anglicisms” here due to their recognisably English origin. Such neologisms are borrowed along with their spelling, pronunciation and meaning. They then undergo assimilation. Each sound in the borrowed word is substituted for the corresponding sound in the Russian language. Functional neologisms or “restored” terms are represented by concepts, which had become archaic or obsolete during Soviet period due to a nature of planned-economy system. However, now these terms are coming back into general use as a linguistic response to socio-economic changes in post-Soviet Russia. Functional neologisms here are neologisms in the sense that their importance (frequency of usage) in language has changed and thus such terms have acquired a new role in language (or returned to an older one), although there is no other observed change in form or semantics. Finally, semantic neologisms include business terms undergoing amelioration (upgrading or elevation of a

word's meaning, for example, when a word with a negative sense develops a positive one) or a change in the meaning of the base form of the term. Semantic neologisms are also called “de-ideologised” terms to point out that semantic shift occurred as a result of de-ideologisation in the Russian language after the collapse of the Soviet Union. Based on the structure suggested above, the results of the research are further discussed in the following sub-sections.

### **5.3.1 Neologisms in form**

The radical changes in the Russian environment since the collapse of Soviet Union, the sudden great increase in exposure to Western influence, and the introduction of large numbers of new institutions, habits and concepts, have led to the flooding of the Russian language with neologisms. Examples can be found in Graph 5.3.1, which illustrate the usage frequencies for this category of business vocabulary retrieved from the RNC. A closer look at the data indicates that many neologisms in the Russian business vocabulary are derived from existing resources by various means, including compounds, composition of acronyms, affixation and polysemanticisation on the basis of some foreign model. Such neologisms may also contain elements that were originally borrowed (e.g. “marketing mix”, “marketing research”). Due to the described features of such neologisms, they are referred as “neologisms in form” and represent the largest category among business terms.

Graph 5.3.1 Usage frequency change for terms *tse novaya politika* (price policy - ценовая политика), *struktura rynka* (market structure - структура рынка), *nalog na pribyl'* (income tax - налог на прибыль)



One of the most noticeable characteristics of neologisms in form is their fundamental importance for business. There are a remarkable number of business concepts in this category, which are essential for the market economy. To the extent that the term “market economy” itself also belongs to this group. *Rynochnaya ekonomika* (market economy) first appears in the Russian corpora in late 1980s. A soviet journalist was wondering “does a market economy require a democracy?” (*Technika-Molodeji*, 1989a). At the moment of publication the Soviet transition to market economy had just begun and it was unclear what kind of changes in political and economical life were about to happen. Another article utilised the term market economy in the context of an opposition to the existing Soviet system:

There is a new alternative way – the way of market economy, personal profit, entrepreneurship. (*Technika-Molodeji*, 1989)

Another example from the corpus is a phrase by the Nobel prize-winning Russian novelist and outspoken critic of the Soviet system, Aleksander Solzhenitsyn, who warned Russian people as early as 1990 about the introduction of the market economy:



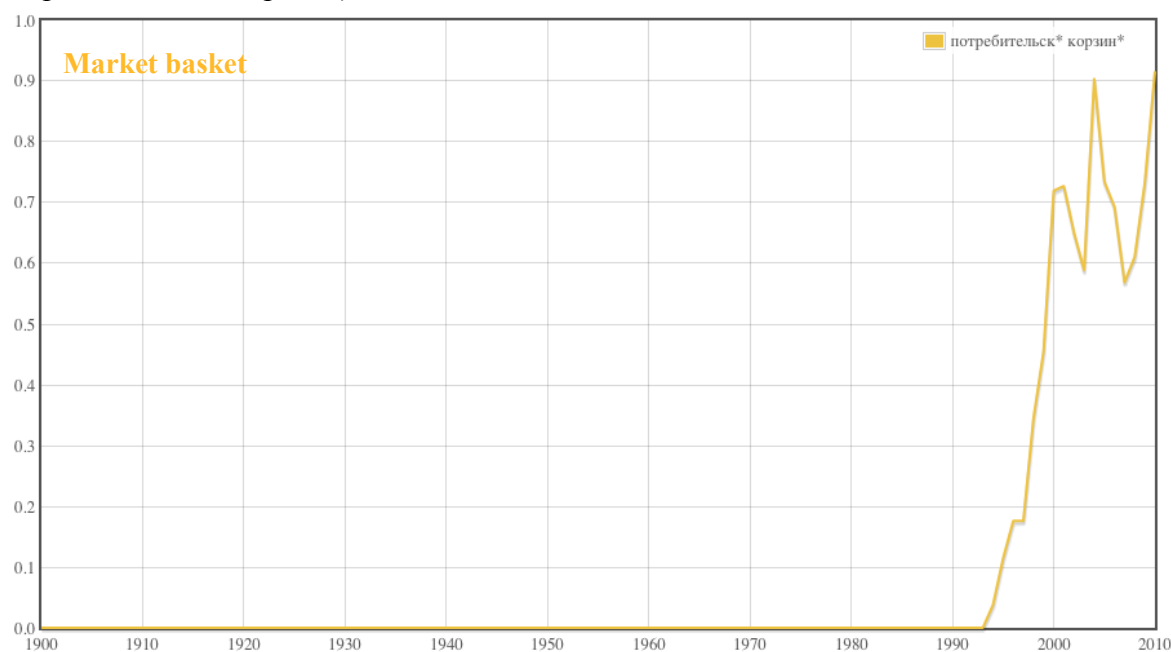
Of course, the stress, which millions of unprepared people will experience during the transition to a market economy should be softened. (Solzhenitsyn, 1990)

Among the other essential terms, which appeared in the Russian language in the early 1990s, a considerable number are related to stock and currency trading. *Valyutniy rynok* (foreign exchange market) was first mentioned in a Soviet newspaper in 1989 in regard that "...finally an effective foreign exchange market has been created as a result of the reformation of the monetary system in the USSR..." (*Gorizont*, 1989). Other noticeable examples include "stock market", "financial market" and "interbank market".

Obviously, the introduction of new business terms was a reflection of the current situation in the Russian economy. Many business terms confirm this. *Begstvo kapitala* (capital flight), *antiinfljacionnaya politika* (anti-inflationary measures), *nozhnicy tsen* (price scissors) were terms used to explain processes happening in a post-Soviet economy. One more example, *potrebitelskaya korzyna* (market basket) used as a concept required to track the progress of inflation in the economy first appears in the RNC in the late 1990s. Newspapers and periodicals rapidly started to apply this term to reflect increased inflation risks in the Russian economy:

Last year, the market basket in Russia grew by 185 roubles (*AiF*, 2001).

Graph 5.3.2 Usage frequency change for the term *potrebitelskaya korzyna* (market basket - потребительская корзина)



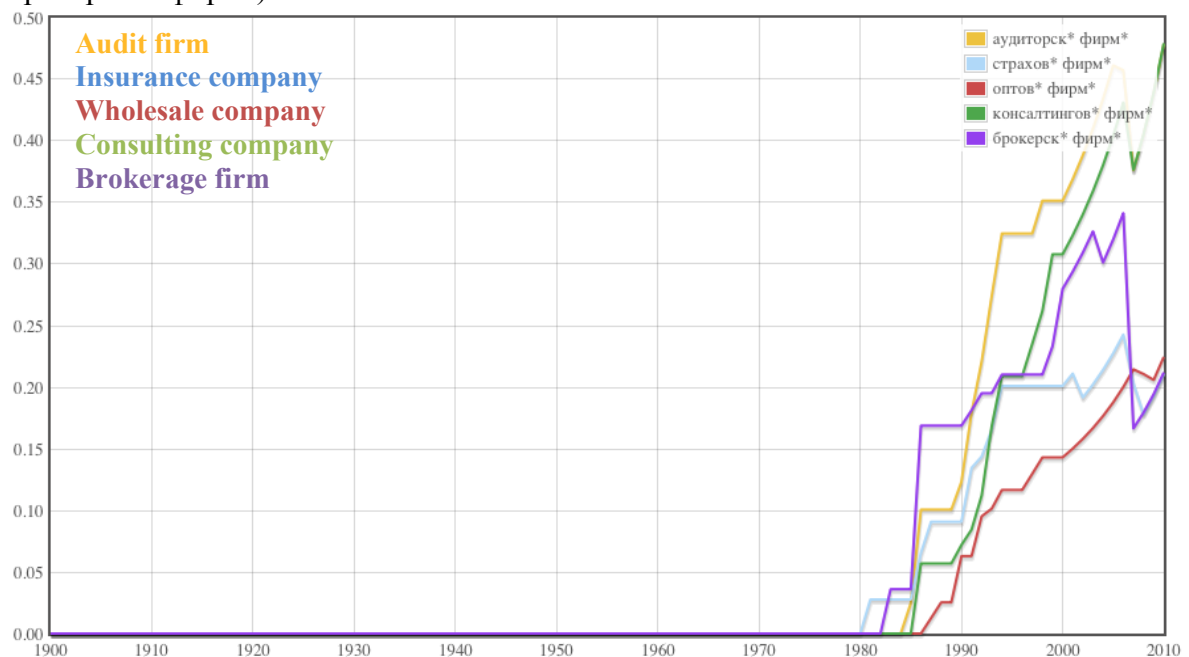
Furthermore, the concept of a market basket was later institutionalised in the Russian legislative system as a Federal Law entitled “*O potrebitelskoy korzine v Rossiyskoy Federatsyi*” (About Market Basket in Russian Federation) in 2012.

Analysed neologisms can be easily grouped by their “semantic field”, which is a set of words grouped by their meaning and referring to a specific subject. The data appears to suggest that not only single lexemes were missing, but in some cases, entire fields of business vocabulary. For example, many terms from the semantic field “company type” are discovered among the neologisms: *auditorskaya firma* (audit firm), *strahovaya firma* (insurance company), *optovaya firma* (wholesale company), *konsultacionnaya firma* (consulting company), *brokerskaya firma* (brokerage firm). Therefore, based on Graph 5.3.3 it is not a big exaggeration to say that these type of firms virtually did not exist in Russia before the 1980s. However, in less than 10 years, by 1996 the Russian business oriented newspaper *Commersant* reported “... some Russian audit firms are already giving

guarantees of their responsibility for possible losses” (*Commersant-Daily, 1996*). This and the following examples illustrate how a new concept becomes integrated in Russian business. Another news article describes an ordinary business day in Russia:

The main demand for stocks yesterday continued to impose Russian investors and brokerage firms (*Commersant-Daily, 1996*).

Graph 5.3.3 Usage frequency change for the terms *auditorskaya firma* (audit firm - аудиторская фирма), *strahovaya firma* (insurance company - страховая фирма), *optovaya firma* (wholesale company - оптовая фирма), *konsultacionnaya firma* (consulting company - консалтинговая фирма), *brokerskaya firma* (brokerage firm - брокерская фирма)

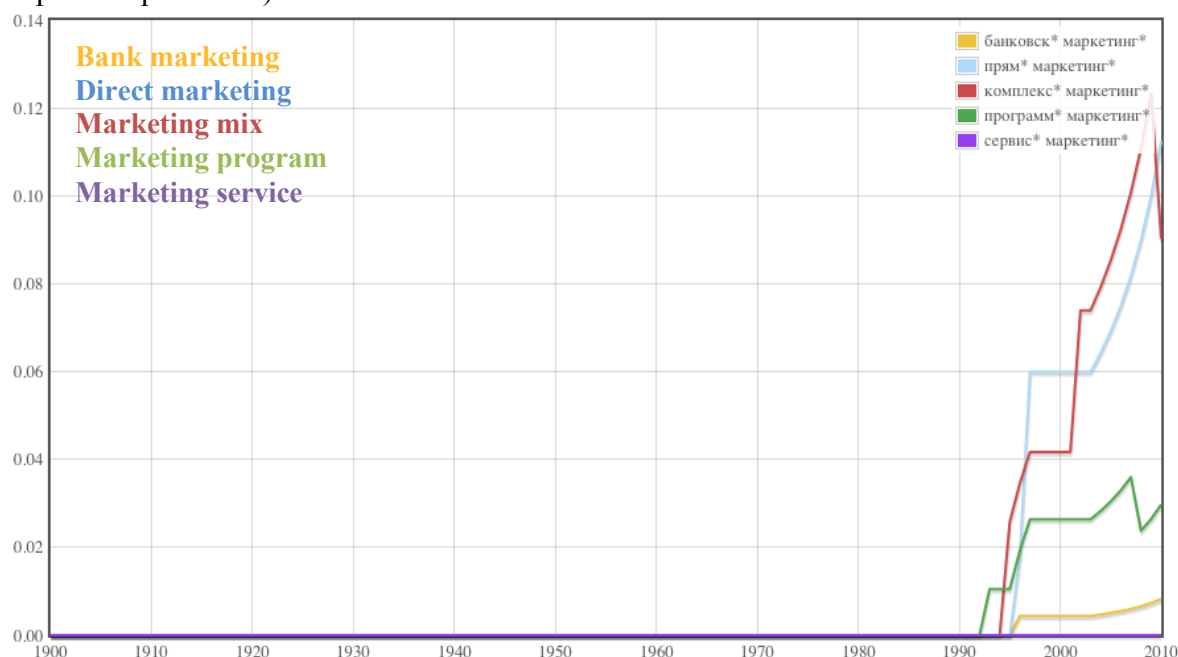


It is also well-known that the Russian language was missing a lot of business terms in the field of marketing. There were a vast number of marketing-related terms among the neologisms, such as: *bankovskiy marketing* (bank marketing), *pryamoy marketing* (direct marketing), *kompleks marketinga* (marketing mix), *programma marketinga* (marketing program), *servis marketinga* (marketing service) etc. For example, a Russian newspaper introduces the concept of marketing mix as follows:

A company can preserve or increase sales by managing some elements of marketing mix: product, price, place, promotion (**4 P: Product, Price, Place, Promotion** [bold text was left in English in the source]) (*Vitrina Chitayushei Rossii*, 2002).

It is remarkable, that after the given definition, the English text in brackets (“4 P” and following “Product”, “Price”, “Place”, “Promotion”) is provided untranslated, assuming that a reader would be able to grasp the concept with that context. As a side note, English does not have an official status in Russia, “... neither is it developed to the stage of an institutionalised variety, nor is it used as a means of communication internal to the community” (Ustinova, 2005, p. 239). Thus, no laws are written in English and no public school instruction takes place in English. Foreign language learning in general is a mandatory requirement in public education, but it is not restricted to English. It has been suggested that “... of Russia’s estimated 150 million population, it is thought that over 81% speak the official language of Russian as their first and only language” (BBC, 2007). There are millions of Russians who have never had any academic exposure to English.

Graph 5.3.4 Usage frequency change for the terms *bankovskiy marketing* (bank marketing - банковский маркетинг), *pryamoy marketing* (direct marketing - прямой маркетинг), *kompleks marketinga* (marketing mix - комплекс маркетинга), *programma marketinga* (marketing program - программа маркетинга), *servis marketinga* (marketing service - сервис маркетинга)



Neologisms from this category represent 43% of the analysed glossary and clearly illustrate semantic gaps, which existed in the Russian language after the collapse of the Soviet Union. Other notable fields of business terms which show a large number of neologisms are taxes (e.g. revenue-based tax, value added tax, wealth tax, income tax, dual taxation, securities transactions tax etc) and currency (e.g. exchange rate, currency difference, reserve currency, exchange controls etc). It is hard to argue that the introduction of basic business concepts like “consumer products” or “marketing mix” will instantly change the Russian mindset. However, there is no doubt that in a few years these terms have gone from absolutely unknown to becoming a part of the Russian vocabulary and thus will further facilitate the spread of these concepts among Russian speakers.

### 5.3.2 Anglicisms

Russian linguists have adopted various terms to describe the presence of English words in

the Russian language, such as “anglicisms”, “englishisms”, “english-based innovations”, “Russian-English convergence”, and “foreignisms”. The classification of words as anglicisms follows Gorlach’s (2003, p. 1) definition: “An anglicism is a word or idiom that is recognisably English in its form (spelling, pronunciation, morphology, or at least one of the three), but is accepted as an item in the vocabulary of the receptor language”. Anglicisms can be partly considered a synonym of the term “loan word”. While neologisms in form, which were described in the previous sub-section, are derived from existing lexical resources, anglicisms typically resemble the pronunciation and appearance of the original word in English. In Russian linguistic literature today, the term “americanisms” is also frequently used, as language borrowings are seen as a part of American cultural expansion.

According to Polivanov (1968), the rate of shift in languages is closely associated with social upheaval. This was the case with the Russian language in the first decade after the Russian Revolution of 1917 and in the first post-Soviet decade. Virtually all Russian linguists analysing recent foreign borrowings agree that they mostly appeared to reflect new phenomena in Russian life. The main reasons for borrowing are the same irrespective of place and time (e.g. Comrie et al., 1996; Krysin, 1996; Ryazanova-Clarke & Wade, 1999). All of them can be observed in post-Soviet Russian and can be summarised as four distinct cases; the need to name new activities, concepts, social phenomena or products; the need to differentiate semantically close concepts; language economy; and socio-psychological factors (Yelenevskaya, 2008).

Similarly to common neologisms, concepts which were recently introduced by anglicisms tend to represent distinctive semantic fields. For example, the field of business activities

acquired such terms as *franchaizing, reeksport, reimport, remarking, menedzhement* (franchising, re-export, re-import, re-marketing, management) etc. The semantic field of business development borrowed the terms *biznes plan, investitsiya, marzha, nou-hau, offerata, pablisiti* (business plan, investment, margin, know-how, offer, publicity) etc. Various economic and social processes, such as privatisation, expansion of services and entertainment industries, triggered new employment opportunities, hence the emergence and wide use of such words as *distribiuter, marketolog, surveier, rielter, diler, franchaizer* (distributor, marketing expert, surveyor, real-estate agent, dealer, franchise).

Differentiation of semantically close concepts is a salient feature of scientific terminology. However, there are examples of business terms where the native word in each pair is neutral while the borrowed one is used in a business context:

*spad - retsessia* (slump, recession, decrease - recession, economics)

*torgovets - treider* (bargainer, dealer, merchant - trader in stock market)

*nabludenie - monitoring* (supervision, watch, observation - monitoring social sciences, economics)

Among the English terms introduced for the sake of language economy, there are words, which denote new concepts that could previously only be rendered in Russian by descriptive paraphrases; and words, which replace native phrases that were in use but remained on the periphery of the lexical system:

*beneficiar* (beneficiary) -> *poluchatel' vygody*

*licensiar* (licensor) -> *sobstvennik patenta*

*uchastnik oprosa/perepisi* -> *respondent* (respondent)

*vkladyvat' den'gi* -> *investirovat'* (to invest)

The major socio-psychological factors that trigger the introduction of English words are communicative significance of concepts they denote and the prestige of English. Examples of this phenomenon include the concept *tovarniy znak* (trade mark, product mark), which turned into *brend* (brand); *imidzh*, which replaced generic term *obraz* (character, appearance, image); the pair *diskaunt* - *skidka* (discount); *leazing* - *arenda* (leasing); *reiting* - *otsenka* (rating); *konsalting* - *konsultirovanie* (consulting); *prezentatsiya* - *predstavlenie* (presentation) etc.

It has been observed that the process of integration of newly borrowed Russian words is two-stage. First a new word is phonetically adapted. The Russian language uses the Cyrillic alphabet, which is significantly different from Latin script. Hence, transliteration is a commonly used method to introduce borrowed words. Ultimately, new words enter the system of conjugation and declension and come to be perceived as native. And although the adaptation of foreign words is a gradual process, the majority of the nouns borrowed in the last two decades are derivable (Krysin, 2004), primarily along these patterns:

Noun -> noun

*promoushn* -> *promouter* (promotion -> promoter)

Noun -> adjective

*konsalting* -> *konsaltingovy* (consulting -> consulting adj.)

Noun -> verb

*sponsor* -> *sponsirovat'* (sponsor -> to sponsor)

Among the best examples of fully integrated borrowings of the last decade is the



abbreviation “PR”, for “public relations”. First it was used in the Latin script in inverted commas and was supplied with a translation or explanation of the meaning (Leichik, 2002). Later it turned into an acronym *piar* with inflections of a masculine noun. The process of derivation produced additional nouns: *piarschik*, *piarovets* (a person engaged in PR). Compound nouns were formed: *piar-aktsia* (promotion event), *samopiar* (self-advertising). The adjective *piarovskii* modifies such nouns as “activity”, “efforts”, and the verb is used in the imperfective form *piarit’* (to advertise) and in the perfective form with the appropriate prefixes: *otpiarit’*, *propiarit’*. Phonological and morphological adaptation has been followed by semantic expansion. In Russian *piar* can be used as a connotation-free noun, but it has also acquired additional connotations that are often emphasised. While in English the goal of public relations is to promote goodwill between various parties, such as a company and customers, the government and an individual, etc., Russian *piar* sometimes implies the opposite - defaming others. In this case the modifier *chernyi* (black), which has strong negative connotations in the Russian culture, is used:

*Chernyi i belyi piar*

Black and White PR (*Mir Novostei*, 2003)

*Kak nam otPIARit’ Rodinu?*

How can we Improve the Image of our Motherland? (*AiF*, 2002)

*Militsiu propiarili. Po-Chernomu*

The militia got a blaze of publicity. It was negative, it was black (*AiF*, 2003).

Russian linguists observe that throughout history, the overall attitude of Russian society to massive borrowings from other languages has been negative (Yelenevskaya, 2008). In the period of social change there may be a connection between people’s attitudes to new social

phenomena and innovations in the language. The young, who are often the driving force of political and social reforms, are more willing to accept the infiltration of new concepts and words than people of a more advanced age. Today, urban citizens and people from the Russian capital have more contact with Western culture than those who live in villages and on the periphery, so they are more tolerant of the expansion of anglicisms. Krysin (2004) observes that the higher the level of education, the faster the language adaptation. Moreover, people in humanities dealing with culture professionally are more tolerant of foreign borrowings than others.

### **5.3.3 Restored terms**

The policy of *glasnost* launched by Gorbachev in the middle of the 1980s and the subsequent attempts of post-Soviet Russia to enter the community of developed nations created favourable conditions for another linguistic change, which is not as monumental in scale compared to massive appearance of neologisms and anglicisms. However it is still very remarkable as part of the processes happening in Russian culture. In the “historical” dimension, words previously considered as historical (archaism) or obsolete are making a comeback.

In the first years of Soviet Union, the use of many business-related terms was artificially suspended, for purely ideological reasons or as a response to the introduction of a command economy system. In some cases this created lexical gaps. Now, as the scale of values in Russian society is changing, these words are coming back into general use after an age of “oblivion”. Russian linguists (e.g. Krysin, 1996, 2004; Kostomarov, 1997) also point to the activation of lexical items that were previously considered obsolete in such spheres as religion and culture, as well as a reactivation of the pre-Revolutionary lexis of business and the economy, as became evident from an increasing popularity of such words

as, for example, *aktsioner* (share-holder) or *bankrotstvo* (bankruptcy). In a linguistic sense, such terms are considered functional neologisms, since there is no obvious morphological, phonetic or semantic change.

The majority of terms from this category represent classic concepts of market economy from the semantic field of trade: *tsena* (price), *tovar* (product), *ssuda* (loan), *torgovlya* (trade), *torgovaya firma* (trading company), *roznichnaya torgovlya* (retail), *optovaya tsena* (wholesale price), *roznichnaya tsena* (retail price), *usloviya platezha* (payment terms) etc. The reason behind the fading of these terms during the Soviet period is obvious: in the Soviet Union the monetary system and trade were under strong governmental control and thus old terms suddenly became irrelevant to the Soviet reality.

Graph 5.3.6 Usage frequency change for the terms *tsena* (price - цена), *tovar* (product - товар), *ssuda* (loan - ссуда), *torgovlya* (trade - торговля)



Some restored terms are represented by loan-words, although, unlike concepts from the previous sub-sections, restored loan-words point to concepts which were introduced into

the Russian language prior to the Soviet period. Examples of such terms include *banknoti* (banknotes), *broker* (broker), *dividend* (dividend) or *subsidiya* (subsidy). However, one of the most typical examples from this group is the term “bank”. In the Soviet Union only one bank existed (e.g. “State Bank of the USSR”). Usage frequency data point out that the lack of linguistic demand for this term lead to 4.1 times reduced usage frequency in the RNC for the term “bank” in 1964 compared to pre-Revolutionary 1907. Unsurprisingly, after the collapse of the Soviet Union this term demonstrates rapidly growing popularity.

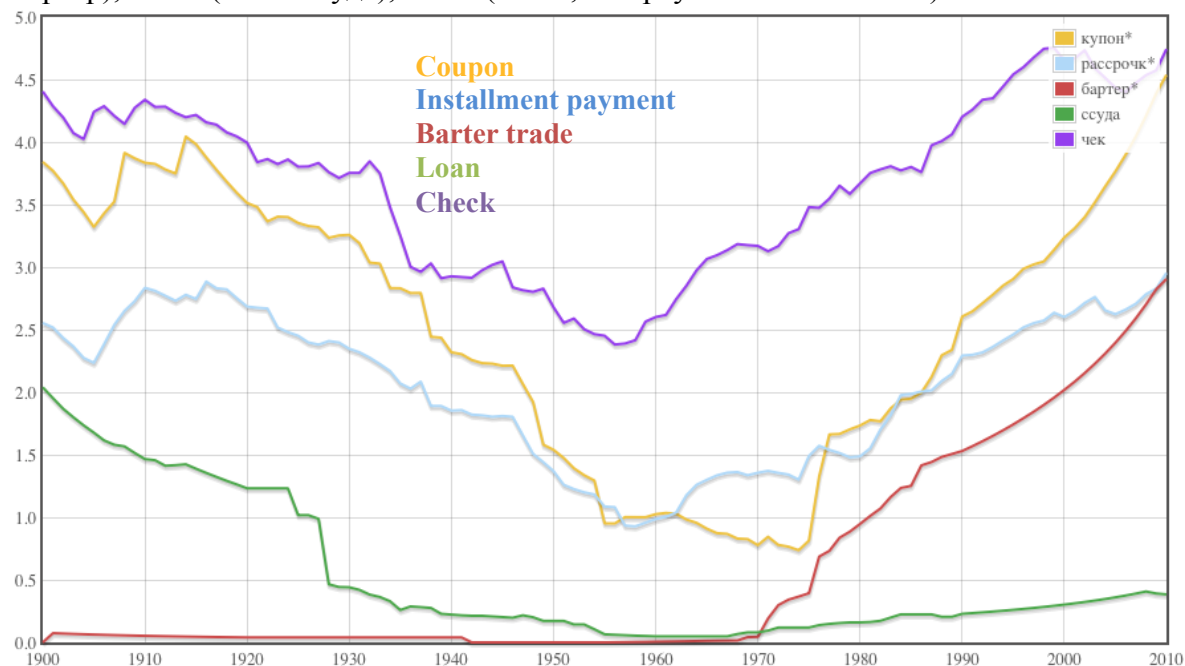
Graph 5.3.7 Usage frequency change for the term *bank* (bank - банк)



Restored terms can be grouped by semantic field into: payment methods; assets; trade regulations; and company types.

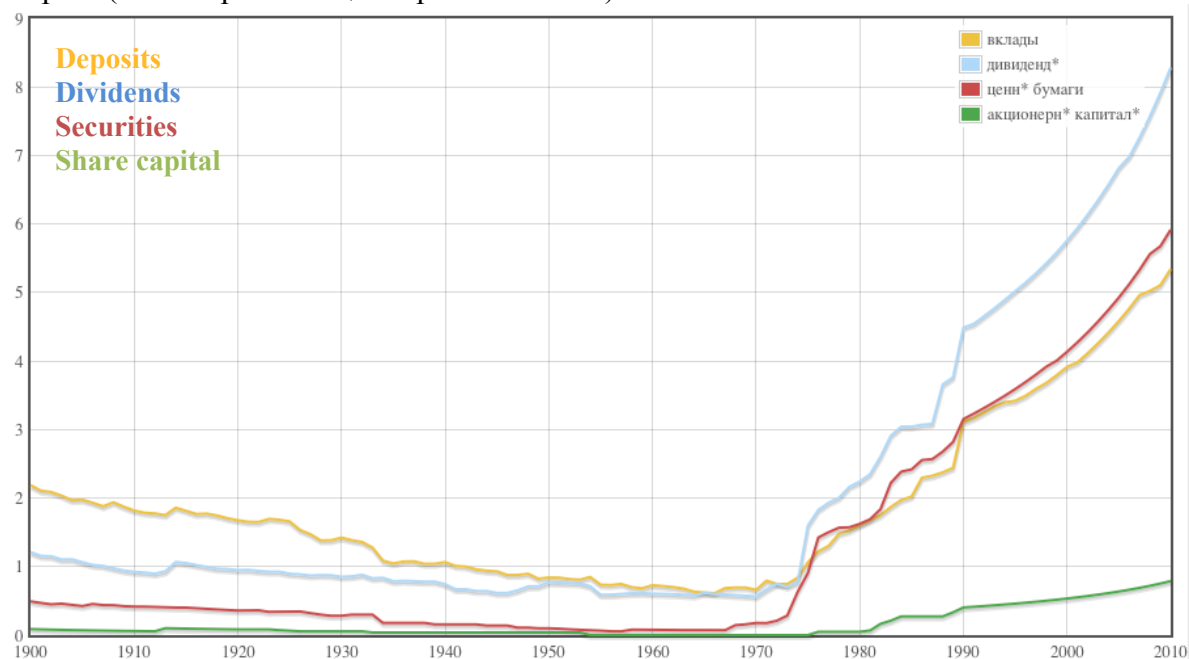
Among business concepts, which demonstrate a change in usage frequency, there are a lot of payment related terms: *kupon* (coupon); *rassrochka platezha* (instalment payment); *barternaya sdelka* (barter trade); *ssuda* (loan); *check* (check, as a payment method) etc.

Graph 5.3.8 Usage frequency change for the terms *kupon* (coupon - купон), *rassrochka platezha* (installment payment - рассрочка платежа), *barternaya sdelka* (barter trade - бартер), *ssuda* (loan - ссуда), *check* (check, as a payment method - чек)



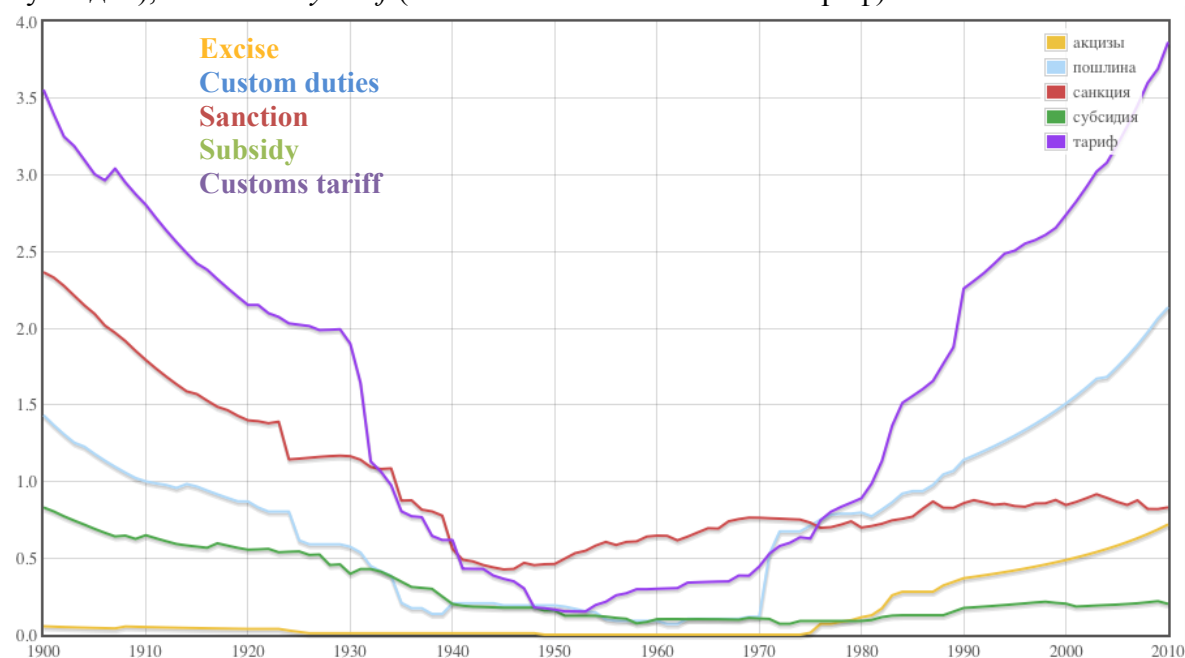
Terms which refer to assets include: *vkłady* (deposits); *dividend* (dividends); *tsenniye bumagi* (securities); and *aktsionerniy kapital* (share capital).

Graph 5.3.9 Usage frequency change for the terms *vkłady* (deposits - вклады), *dividend* (dividends - дивиденды), *tsenniye bumagi* (securities - ценные бумаги) and *aktsionerniy kapital* (share capital - акционерный капитал)



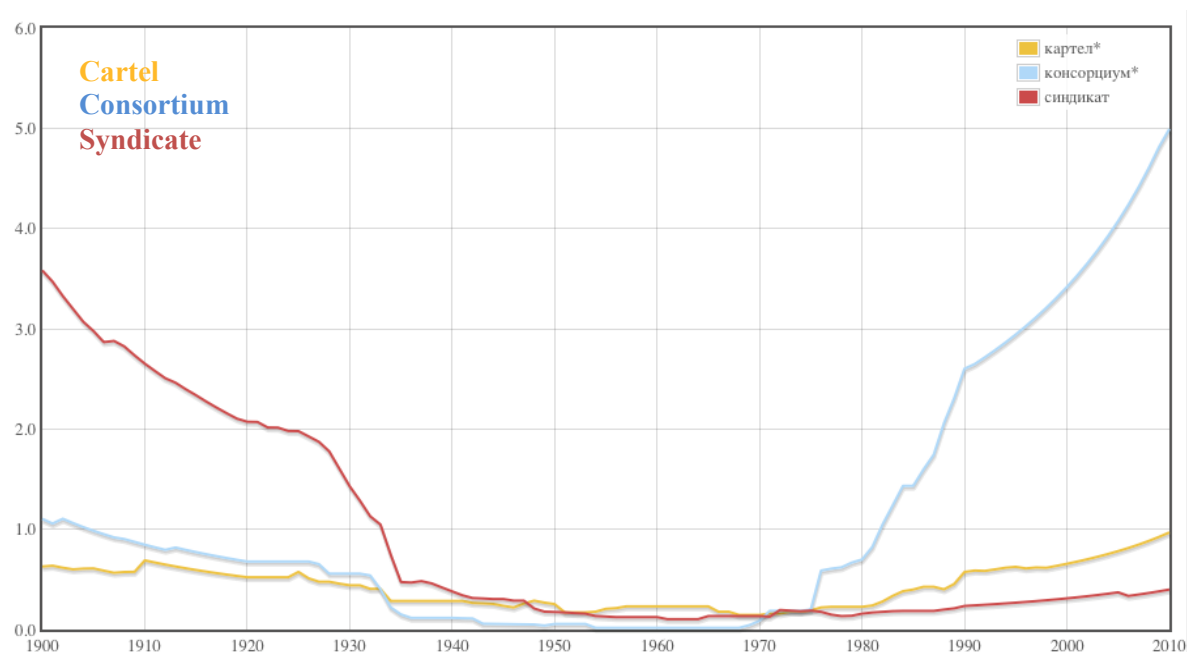
Trade regulation terms are represented by: *aktsizi* (excise); *tamozhennaya poshlina* (customs duties); *sanktsiya* (sanction); *subsidiya* (subsidy); *tamozhenniy tarif* (customs tariff); *embargo* (embargo).

Graph 5.3.10 Usage frequency change for terms *aktsizi* (excise - акцизы), *tamozhennaya poshlina* (customs duties - пошлина), *sanktsiya* (sanction - санкция), *subsidiya* (subsidy - субсидия), *tamozhenniy tarif* (customs tariff - таможенный тариф)



The semantic field of company types includes: *cartel'* (cartel); *konsortsium* (consortium); *syndikat* (syndicate).

Graph 5.3.11 Usage frequency change for terms *cartel* (cartel - картель), *konsortsium* (consortium - консорциум), *syndikat* (syndicate - синдикат)



Two other noticeable semantic fields are: markets (e.g. exchange market, job market, stock market, currency exchange etc) and insurance (e.g. insurance policy, insured sum, insurance premium etc).

As it has been observed, business concepts in different semantic fields had been marginalised during the Soviet period. These utilised the same semantic fields, which had been occupied by a vocabulary of Soviet discourse. Now these terms have experienced a renaissance, as Russian society rediscovers the concepts of a market economy, as opposed to a plan-based economy system.

#### 5.3.4 De-ideologised terms

It is well known that until Gorbachev's *perestroika* the Soviet Union had a clearly built ideological structure of a socialist society, which was led by the main ideological

organisation - the Communist Party. Following the policy of *glasnost*, an intensive process of naming and renaming the new sociopolitical realities began, accompanied by the questioning of previous ideological concepts. The Communist Party lost its status as the ruling, leading, and guiding ideological force of the Soviet Union. As a result of this and following the abolition of censorship in official discourse, the boundaries between different spheres of speech that were strictly regulated during the Soviet period suddenly became malleable. Corpus analysis revealed a category of business terms, which experienced a noticeable semantic shift during this period. The concept of “business”, which was already introduced in Chapter 2, according to the definition provided by the *GSE* (1950) showed distinctively negative connotations. However, a comparison of the ideology-affected definition with one that appeared in a new edition of the *Great Russian Encyclopaedia*, the successor of *GSE* in 2004, points out that the style and connotation of the term had changed from sharply negative to neutral. The *Great Russian Encyclopaedia* provides readers with an explanation as follows:

Business – economic activity in a market economy aiming to make a profit. Business can be carried out in the sphere of material production, and in industries that produce services. A businessman is an independent subject of the market, in contrast to the manager (an employee), acting on his own risk [...] (*Great Russian Encyclopaedia*,2004).

There are different ways in which semantic shift can occur. In the case of socio-economic concepts in post-Soviet Russia, linguists tend to use terms “revaluation” and “de-ideologisation”. Revaluation of the socialist ideological values here is understood as the destruction of the ideological core of the socialist society. Thus, the de-ideologised definitions of business terminology in post-Soviet Russia lack those negative connotations, which were introduced by socialist ideology.



The term *kommertsiya* (commerce) is among salient examples of restored terms. In *St. Petersburg's Bolshaya Encyclopaedia* (1896), commerce is defined as “the subject in trade schools, which includes basic knowledge of political economy, trade law and related laws, measurements and packaging”. In the *GSE* (1950) the word “commerce” is mentioned only in relation to capitalism and presents negative connotation:

[...] In a wider meaning, “commerce” is used in capitalistic states in order to specify activities, aiming to receive profits (*GSE*, 1950).

A modern business dictionary describes commerce as:

Commerce - activities aiming to sell goods and services for a profit (*This is Business: Glossary of Business Terms*, 1996).

Another remarkable example of revalued terms is the concept of the “business struggle” (economic competition). According to the *GSE* (1978), business struggle is explained as follows:

*Konkurentsia* (business struggle) is an antagonistic fight between manufacturers in order to gain more profitable conditions for production and sale of their products. *Konkurentsia* is typically based on private property as a means of commercial production manufacturing. In capitalism it is the fight between capitalists in order to gain the highest profits (*GSE*, 1978).

The article on business struggle is concluded with a quotation from Lenin:

[...] On the one hand, *konkurentsia* speeds up the development of research and technology, organisational and structural changes. On the other hand, it sharpens existing contradictions of

capitalism. “This combination of controversial principles: business struggle and monopoly is essential for imperialism; this is preparing its collapse: a socialistic revolution” - as V. Lenin pointed it out (*GSE*, 1978).

Unsurprisingly the article stated that there is no business struggle in Soviet society. Although, it references “socialistic competition”, which is defined as the opposite extreme of business struggle. To the contrary, the modern definition of business struggle in a business reference book is straightforward:

*Konkurentsia* is a competition between manufacturers in order to gain better sales or market share. To achieve this target each company utilises the strategies and tactics of marketing, as well as different marketing structures (*This is Business: Glossary of Business Terms*, 1996).

In Chapter 2 we already introduced the term “marketing” and its connotations in the Soviet period. However, even the explanation of the term “advertisement” in the *GSE* (1978), which in a nationalised form co-existed in the Soviet system, reveals a serious ideological influence:

*Reklama* (advertisement) - is the information about consumer qualities of goods, different services in order to promote their sales and create demand. [...] In capitalist countries *reklama* apart from pure economical means, is also utilised to achieve political and ideological brainwashing. *Reklama*, which shapes needs and life standards of bourgeois society is a social weapon of the exploitative class [...] (*GSE*, 1978).

On the contrary, advertisement in the Soviet Union was introduced in the same article as reliable and faithful:

[...] In socialist countries, *reklama* is conducted according to a plan and is remarkably faithful. It

stimulates demand, promotes the formation of new social needs, improves consumption, and furthers the development of the socialist economy and culture (*GSE*, 1978).

Similarly, advertisements can be found with negative connotations in literature as well:

*Reklama* not only imperiously injects itself into every American TV program, not only puts itself on two thirds of of newspapers surface, but also it comes out of the stage curtain in the theatre, it follows you persistently in the subway, it rushes under your steps with text on the pavement, it catches your eyes from the bottom of an ashtray, from the ceiling in the toilet [...] (Kassil, 1964).

In post-Soviet Russia the sphere of marketing and advertisement was one of the fastest-growing both economically and linguistically. The modern definition of advertisement lost its ideological attitude and is stated as follows:

*Reklama* is commercial information about products, services etc, which is used in order to inform consumers and create demand for these products and services. *Reklama* is one of the parts of marketing, which promotes products to the market. *Reklama* is conducted by a specialised type of manufacturers or by independent advertisement agencies (*This is Business: Glossary of Business Terms*, 1996).

One more remarkable example of the ideologically affected business concept, which is totally institutionalised in post-Soviet Russia, is the term *akcionernoye obshestvo* (corporation, joint-stock company). The *GSE* (1978) contains a detailed article about the history and nature of corporations in the West. The main purpose of the article, however, is to provide the reader with the ideologically “correct” view of corporations, for example:

The development of corporations facilitates the gigantic concentration of production, capital and monopolisation of capitalistic economies, which in turn increase the main contradictions of capitalism - socialist character of production and private capital’s conversion (*GSE*, 1978).

Soviet newspapers also referenced corporations only in order to demonstrate the “collapse” of the capitalist economy:

With a sudden fall of income level of workers in Denmark and bankruptcy of small entrepreneurs, profits of big corporations and banks simultaneously showed remarkable growth (*Vechernaya Moskva*, 1953).

Founded by English dealers, the corporation in South-East Africa shamefully failed (*Nauka I Zhizn'*, 1950).

Ideologically affected business concepts typically describe “activities” (e.g. business, commerce, marketing, advertisement etc). However, the same connotations can be found in terms which represent occupations: businessman, merchant, entrepreneur, capitalist or beneficiary.

The presence of de-ideologised terms among business terms confirms that recent changes in the Russian language are not only limited to neologisms and borrowings. The remarkable revaluation of basic business concepts provides confirmatory linguistic evidence of paradigm shift in business in post-Soviet Russia. In summary, the analysis has showed that terms which have changed their usage since the collapse of the Soviet Union, cover about 3% of the analysed glossary. Still, their cultural impact should be considered. Semantic shift of core business concepts such as “business” or “commerce”, in particular their de-ideologisation, supports a view of language change as linguistic evidence of a paradigm shift in business.

## 5.4 Summary

This study was conducted for the purpose of determining the change in business terms in post-Soviet Russia. The corpus analysis method was used for gathering data. The Russian National Corpus served as a data-source for collecting data. Common business terms derived from representative business dictionaries were used as a sample glossary for corpus analysis.

Of 1440 business terms, 495 were found in the Russian National Corpus and analysed. More than half of the analysed terms, 393 or 79.39 percent were neologisms. The rest, 102 or 20.61 percent, were neither new to the Russian language nor revealed any semantic shifts. Among neologisms, neologisms in form were the largest in number and accounted for 214 terms or 43.23 percent of the analysed glossary. Borrowed neologisms, or Anglicisms, accounted for 88 terms or 17.78 percent. Functional neologisms, or restored terms accounted for 76 lexemes or 15.35 percent. 15 terms or 3.03 percent were semantic neologisms or de-ideologised concepts.

Economic reforms made Russian citizens willing or reluctant participants in these processes and introduced an abundance of economic and business terms into the lexis: *rynochnaya ekonomika, issledovaniya rynka, kompleks marketinga, tsenaobrazovanie, kreditnaya karta, ekonomicheskaya integratsiya* (market economy, market research, marketing mix, pricing, credit card, economical integration) and so on. A lot of new business concepts were imported from the English language during this period: *retsessia, defolt, depozit, tender, holdingi, bondy, vauchery* (recession, default, deposit, tender, holdings, bonds, vouchers), and so on. What had previously been rare or obsolete lexis during the Soviet period now moved to the centre of the language system: *bank, birzha,*

*broker, litsenzia, spros, roznichnaya tsena* (bank, exchange, broker, license, demand, retail price) and so on. Business terms, such as marketing, manager, businessman and joint-stock company, had appeared in the Russian language earlier, but acquired pejorative (negative) connotations in the Soviet period, particularly when applied to foreign life and people. During *perestroika* the process of de-ideologisation of the society began and was reflected in the language. Thus, some common business terms lost their negative ideological connotations or even reversed them.

The data gathered by this study provides convincing evidence that there is strong change of business terms in Russia. Both lexical and semantic changes are observed during and after *perestroika* period (1985-1991), which allows us to put forward the claim that these changes are reflections of paradigm shift in business in post-Soviet Russia.

## **Chapter 6. Change in Business Education in Post-Soviet Russia**

This chapter looks at the development of business education in post-Soviet Russia. First, it describes the main features of business education during the Soviet period. Next, it analyses the leading business schools in post-Soviet Russia. Finally, it provides a summary of the discussion.

### ***6.1 Business education in the Soviet Union and Russia***

Holden, Kuznetsov and Whitelock (2008) noted that “despite the efforts of Western experts, educators and advisors, and the eagerness on the part of many Russians to embrace this new vocabulary and the skills it represented, the introduction of new terms has not been a smooth process” (p. 114). The Soviet educational system is considered one of the obstacles on Russia’s way towards a market economy. There are two key factors, which determined the structure and content of Soviet business education: the command-based economy system and socialist ideology. This section discusses both of them in relation to post-Soviet business education.

Each country has its own style of educational system, which reflects both the country’s and educational system’s history, traditions, and mode of operations. Russia, a vast country with a centralised political system in place for many centuries, has developed in a certain isolation. This isolation was especially profound during the 75 years of the Soviet period, when contact between Russian students and faculty and their peers outside the Soviet Union’s borders were minimal. In an effort to compete with the entire world, Soviet academic policy was twofold (Kiregian, 2015). First, the Soviet establishment had always recognised the importance of science and education and did its best to provide for adequate support to academia. Consequently, Soviet successes in many fields were well-known, and

the Soviet educational system was held in high regard both inside the country and abroad. Second, due to the centralised nature of the command economy and the limited resources, the Soviet state did its best to keep the academic system not only competitive, but also highly efficient. The main tool for achieving those two goals was a high degree of specialisation and concentration of academic resources, a practice which had consequences, in particular, the way that the education system was organised in Russia (Mechitov & Moshkovich, 2004).

Traditionally, Russian universities and colleges were more specialised than their western counterparts. Before the *perestroika*, few universities in Russia offered a wide variety of academic programs in the way American schools did (Kiregian, 2015). Those universities were located only in large population centres, with not more than one per city. Other institutions of higher education focused on serving different areas of the national economy. For example, the Moscow Institute for Metallurgy was a large university in Moscow, with more than 18,000 students that prepared all types of specialists for the steel industry, including economists, chemists, ecologists, etc. (Mechitov, Schellenberger & Taylor, 1995). All graduates of this school received a substantial background in metallurgy and were expected to find jobs in the numerous research and manufacturing enterprises of the Soviet Ministry of Metallurgy, a policy that was not always implemented.

Such was a typical structure of the Soviet universities. Each industry and federal ministry, including the Ministry of Health and the Ministry of Culture, had their own higher education institutions, preparing specialists to suit their needs. As a result, as far as business programs are concerned, all of these universities had their own business colleges (usually termed economic colleges) with substantially different programs. In addition to



core business classes they covered topics in different areas depending on their area of specialisation, from oil and coal mining to art and electronics. In addition to these colleges of business, separate large universities existed, specialising in business and economics, like the Moscow School of Economics, Statistics and Informatics, or the Saint Petersburg Financial Academy. These schools prepared specialists with a broader background for the Ministry of Finance, the Central State Planning Committee, and other federal economic and financial institutions.

Although the high level of specialisation in order to meet the needs of the Soviet command economy was one of the main features of Soviet education, the influence of socialist ideology was another key factor which shaped Soviet education, especially in business-related fields. Moscow State University is a salient example of such an ideological influence. As noted in detail by Judy (1960) and summarised by Blodgett and Schnitzer (1965), in the 1950s and 1960s, all members of the economics faculty at Moscow State University belonged to one of seven semi-independent *kafederi* (chairs of departments). In 1960, these chairs were Accounting and Analysis of the Economic Activity of Socialist Enterprises, Economics of Industrial Planning, Economics of Agriculture, Economies of Foreign Countries, Soviet Economic History and History of Thought, Political Economy, and Statistics.

From the 1960s through to the 1980s, the courses offered by these *kafederi* made up the study of socialist political economy. The courses were confined to the detailed analysis of the works of Marx and Lenin, the application of their ideas to specific sectors of the economy, and the criticism of other economies and other economic theories. The Seven-Year Research Plan of 1959-1965 helps describe the content of the political

economy of socialism during this period, and for that matter, the decades that followed. The plan assigned several research topics to the economics faculty, including Laws of Development in Socialist Society, Criticisms of Contemporary Bourgeois Political Economy and the Struggle with Revisionism of Economic Theory in the Contemporary Period, and The Further Strengthening and Development of *Kolkhoz* (collective farm) Production. The Seven-Year Research Plan of 1959-1965 also established that 12 economics textbooks were to be produced. Among them were a textbook on political economy and a study aid to Marx's *Capital* (Blodgett & Schnitzer, 1965).

Another example of ideologically-driven education is a Soviet alternative to the Western MBA program - Higher Party School (also known as Leadership Academy). The first courses for Soviet "commanders of production" were introduced in 1925. Their purpose was to prepare managers for key economic sectors, such as mining, chemistry or transport. By the 1950s about 2,000 people were yearly taking part in short-term training in the Soviet Union. This training was offered by industrial academies. In principle, it could be seen as postgraduate business education for managers from specific sectors of the economy. However, the scientific approach to economics and management was replaced with political economy and ideology. Such an approach cannot be referred to as "business education" in the Western sense, because the main emphasis was on production and technical progress, and only minor considerations related to the behaviour of people and organisations were included.

The first Department of Management was established in 1965 at the Moscow Engineering-Economic Institute. From that point until the late 1980s, management departments existed primarily as divisions of institutions that prepared specialists for

specific sectors of the economy. Actually, neither management nor business administration as independent academic specialities existed in the Soviet Union, nor was a manager considered to be a stand-alone profession. Mechitov and Moshkovich (2004) point out: “In the past, business programs in Russia rarely included classes on organisational behaviour, labour relations, or human resource management. All of these topics were covered in the general management course and had a highly ideological flavour”.

Another feature of Soviet education is that the Russian higher education system did not use the Western Master’s and Bachelor’s degrees. Soviet programs were teaching “specialists” (equivalent to a bachelor in the Western system) and took 5 years. The Soviet State was also reluctant to allow students to change majors or to pursue another profession, considering it a waste of resources. As a result, it was considered a luxury to support a two-level higher education system, and colleges allowed enrolment in undergraduate programs after the age of thirty five only in exceptional cases (Kiregian, 2015). Such organisation corresponded well with the philosophy of a central-planning society, but it substantially hampered the development of entrepreneurship and the mobility of the labour force.

Thus, business education in the Soviet Union did not exist in the sense which is generally accepted on the West. The Soviet economy, dominated by large state-owned enterprises, did not have a high demand for business specialists; consequently, before 1990, the prestige and salary of graduates with “business” degrees was at best only at average industry levels (Metchitov, Peper, & Taylor, 1998). Enrolment in business schools was comparatively low and not very competitive, with the exception of a few Moscow universities that prepared specialists for the high echelons of the federal agencies.

## ***6.2 Analysis of business education in post-Soviet Russia***

The early 1990s reveal rapid change in many aspects of Russian higher education. Mechitov and Moshkovich (2004) describe the principal trends in Russian business education since the beginning of market reforms in 1992. Major changes span the business programs' content, budgeting, and enrolment. In addition, the structure of Russian business education changed with the addition of a large number of new, private business schools that incorporate western business education models and instruction materials, and with the introduction of Master of Business Administration (MBA) programs. Even so, business education in Russia continued to adhere to the peculiarities of the old Soviet academic system. In particular, an older faculty unfamiliar with new concepts and learning methodologies remained in place. They slowed the dynamics of the ongoing transformation.

Management became the second most popular business major in the 1990s. It was offered only in a few universities before *perestroika*, but it rapidly obtained almost the same popularity and scale as it had always held in American colleges (Kiregian, 2015). Both existing state schools and newly founded private schools founded many additional management departments and incorporated brand new management courses into other business programs. The exceptional speed of the new programs' development, in addition to changes in the Russian economy's management styles, led Puffer to title his book "Russian management revolution" (Puffer, 2003).

Kriegan (2015) argues, that Western influence was so powerful that only recently textbooks in the Russian language have been introduced. Since the 1990s, Russian colleges have relied on Western textbooks, mostly written in English for many new

academic areas such as management, finance, and marketing. However, English education in the Soviet Union was primarily oriented to teach students to read classical literature in English, not to use the English language in real life situations. Thus, it is considered another obstacle (apart from the lexical gaps in business concepts, which were discussed in the previous chapter) for Russian people to understand the Western concept of business. Replacing foreign textbooks with Russian translations is helping to combine theory with local business cases and making teaching more practically oriented. It also facilitates the spread of business concepts among Russians, after the language barrier disappears.

This process of adapting of western business education is quite interesting and raises the question of which priorities emerged. In an interesting paper by Michael Czinkota (1997), he notes what he called the “lack of relevance of the education offered” in Russia and identifies the top four specific business concepts needed, in order of importance: Marketing; Strategic Planning; International Business; and Business Law. Czinkota (1997) also identifies four business skills that relate more to the overall attitudes of students rather than the specific content of courses. Those four business skills are: Problem Solving; Decision making; Customer Orientation; Team Building and Communication.

A brief review of an MBA program curriculum in the US - and now in Russia - would find these topics identified as basic or “core” courses. Their insight is interesting because it focuses on the human resources aspects of the curriculum. This was not one of the top priorities reported by Czinkota (1997). However, issues such as how to manage employees, how to solve problems and how to make decisions - two concepts identified by Czinkota as important MBA specialities - imply that Russia was beginning to involve and value its human resources in a manner quite different from the Communist style of previous

decades. Whereas Communism emphasises the value of labour, western business practices emphasise the role of the individual employee in improving quality. In this new approach for Russian business, individual employees began to be valued not only for their physical labour but for their insight into how to improve quality.

Thus, an analysis of leading business schools in post-Soviet Russia may support our claim that paradigm shift in Russian business was not solely a linguistic phenomena. A list of top-rated Russian business schools (according to the RA-Expert rating) was reviewed and split into three groups based on their characteristics: 1) new faculties at traditional educational institutions; 2) reorganised faculties and institutions; 3) newly founded business schools. The following sub-sections will discuss each business school in more detail.

### **6.2.1 New business schools in existing universities**

Among leading business schools in post-Soviet Russia the majority is represented by new faculties or departments opened in existing universities in the beginning of the 1990s. Nine out of fifteen business schools analysed belong to this category. This is confirmatory evidence that, in most cases, the introduction of western business education in post-Soviet Russia required a new faculty to be built, rather than just the reorganisation of the existing economic or managerial departments. Among Russian business schools two are of particular interest: Lomonosov Moscow State University Business School and Graduate School of Management at Saint Petersburg State University. Both business schools belong to the most prestigious Russian State universities. Both universities were always in the mainstream of Russian education and have always played the role of leaders in a wide range of sciences.

Lomonosov Moscow State University Business School (MSU BS) was founded in 1989 in Moscow State University. Among Russia's elite universities, Moscow State University, which was founded in the eighteenth century, is probably most the well-known and prestigious university in Russia. MSU BS's programs (Bachelor of Management, Master in International Business, MBA, Executive MBA Programmes and Doctoral Programme) are designed to meet the most sophisticated needs of modern Russian and foreign students. MSU BS successfully integrates the traditional approach with new approaches that view teaching management as a contemporary art of doing business.

Table 6.2.1 A list of available courses for Bachelor of Management programme (MSU BS)

Semester 1	Semester 2	Semester 3	Semester 4
Higher mathematics	Macroeconomics	Accounting	Marketing
Concepts of Contemporary Natural Sciences	Higher Mathematics	Higher Mathematics	Organisational Behaviour
Psychology	History of Russia	English Language	Business English I
English Language	Fundamentals of Management	Practice of Business	Econometrics
History of Russia	English Language	Econometrics	English Language
Life Safety	Practice of Business	Theory of Organisation	Practice of Business
Physical training course	Physical training course	Physical training course	Jurisprudence
Computer Science	Business English I	Sociology	Political Science
Business English I	Business English II	Business English I	Social Psychology
	Cultural studies (elective course)	History of Art	Physical training course
	Logic and Culture of Speech	Historical Aspects of Society and Business. XX century	Business English II
	Fundamentals of Demography		Doing Business in Asia
Semester 5	Semester 6	Semester 7	Semester 8
Strategic Management	Financial Markets and Institutions	Information Technologies in Business	Change Management
Philosophy	International Business	Methodology of Empirical Research	Managerial Skills and Decision Making
Practice Business	Practice of Business	Career Management	Project Management
International Economics	Corporate Social Responsibility	Financial Markets and Institutions	Innovation Management
Human Resource Management	Global Limits to Economic Growth	Financial Management	Relations Between Public Service and Business
Financial Accounting, Analysis and Audit	Public Relations	Management Accounting	Fundamentals of entrepreneurship (elective course)

State and Municipal Management	Marketing Communications	Banks, Money Circulation and Credit	Financial Engineering
Regional Economics	Business Legal Environment	Taxation	
Urban Economics	Management Consulting	Operations Management	
Visual Communications	International Management	Business Valuation	
Cross-Cultural Management		Effective Strategies for Growth	
Economic and Geographic Fundamentals of Business		US business management (elective course)	
Russian Economy Overview		Insurance and Risks	
		Geographical Aspects of Business	
		Industrial Marketing	

MSU BS states its mission to be an internationally recognised agent of change in business and society as a school that creates a new way of thinking among its students and opens up broad prospects for them. The MSU BS's goal is to support the art, theory and technology of business and management. By preparing strategically focused, skilful and ethical managers, the School wants to contribute to the development of a civilised, competitive business reality in Russia and around the world.

MSU BS has a highly selective admissions policy and an optimised annual intake of 80 students to guarantee an individualised approach to all undergraduates. In order to help bachelor students become a valuable part of the global business environment and to facilitate the integration of international students, the majority of the courses held during the third and fourth years of the programme are taught in English. Whenever possible, professors use active methods of teaching: practical exercises, case studies, business games, and team projects.

Designed specially for the Bachelor of Management programme, the Practice of Business course is a compulsory part of the curriculum. It starts in the second semester (first year of



study) and finishes in the sixth semester (third year of study). Throughout the course, undergraduates work in a real business environment under the guidance of the professional managers and consultants. After testing the knowledge and skills they receive at the MSU BS programme in the “real” world, students come back to class to share and analyse their experience with their professors and classmates. Courses available in the Bachelor of Management programme in MSU BS are shown in Table 6.2.1.

Another prominent example of a newly established business school inside an existing university is the Graduate School of Management at Saint Petersburg State University (GSOM SpbSU). GSOM SpbSU is one of the 24 faculties of the oldest Russian university (founded in 1724) — a leading national centre of education and research. GSOM SpbSU was founded in 1993 in partnership with the Haas School of Business, UC Berkeley, with active support of the Government of Russia as well as the national and international business community. GSOM SpbSU during 20 years of its dynamic growth has gained the reputation of the leading Russian business school.

GSOM SpbSU is a full profile university as well as a business school and it gives unique competitive advantages in the field of cross-cultural and cross-disciplinary communications. The business school develops a full spectrum of degree programs in management: Bachelor, Master, Doctoral programs, Executive MBA as well as corporate training programs. All these programs are designed and delivered in collaboration with leading international business schools. The bachelor program in International Management is performed completely in English. Moreover, each student enrolled on this program is eligible to take part in a one semester exchange program in foreign business schools (60 partnership programs are available). Each year GSOM SpbSU opens its doors to about 200

new students. Other bachelor programs include Management and Public Administration. GSOM SpbSU claims that all their programs feature a fusion of classical university education and innovative approaches to training professional managers for the global economy.

GSOM SpbSU provides a list of the core disciplines taught in the Bachelor of Management programme:

- Management
- Strategic Management
- Financial Management
- Financial Accounting
- Marketing
- Corporate social responsibility
- Organisational Behaviour
- Human Resource Management
- Operations Management
- Macroeconomics
- Microeconomics
- International Economics
- Institutional Economics
- Managerial Accounting
- Information Technology in Management
- Marketing Communications
- History of Business

The success of the school was confirmed in 2012 by obtaining institutional accreditation EQUIS (European Quality Improvement System). GSOM SpbSU was the first business school in Russia to be awarded this international accreditation. The high quality of educational programs is approved by the following reputable program accreditations: AMBA (Executive MBA) and EPAS (Bachelor).

Aside from the Lomonosov Moscow State University and Saint Petersburg State University, which are top Russian universities offering a wide variety of other academic programs, there are a number of specialist or local business schools in Russia. A few of them provide only MBA programs, yet are still considered leading providers of modern

business education.

The Moscow State Institute of International Relations (MGIMO) is Russia's best known and most prestigious humanities institution. It promotes itself as "world class in every sense of the term" – renowned for being excellent, independent, coeducational, and publicly endowed. The School of International Business and Business Administration in MGIMO was founded in 1992. It trains specialists in external economic activity management, with a strong theoretical background in economics and an applied knowledge of management, marketing and commercial activities.

The education program of the school includes all major management disciplines: management basics, marketing, strategic management, production management, HR management, financial management, organisational behaviour, and language programs (English, French, German, Spanish and Italian). However, the business school at MGIMO focuses on MBA and Executive-MBA programs as well as vocational training and re-training courses, thus no bachelor programs are provided.

The Higher Commercial Management School is a structural division of the professional programs faculty of the Russian Foreign Trade Academy of the Ministry for Economic Development of Russia (RFTA). It was established by a special Government Decree in 1988 and was one of the first business schools in Russia. Similarly, this business school also focuses on MBA and Executive MBA programs.

The Higher Commercial Management School has regularly been ranked among the best ten Russian business schools carrying out educational work in MBA, EMBA, DBA and

other professional retraining programs. The school declares its mission to be individual training of highly qualified managers in accordance with Russian and international standards, and the creation of conditions providing mobility of education which opens up new opportunities for the formation of the European labour market and common educational space.

The Peoples' Friendship University of Russia (PFUR) is one of the leading state higher educational institutions in Russia. It is the only university in Russia, which unites students from 140 countries every year. The Institute of World Economy and Business (IWEB) was founded there in 1990 and qualifies top specialists, capable of efficient business and management activity in the context of the modern market economy. PFUR IWEB provides two bachelor's programs: Economics, and Advertising and Public Relations. Both programs are taught in Russian, though curricula emphasises linguistic courses provided for Russian students.

The Institute has been a member of the Russian Business Education Association practically since the very moment of its creation and is also a member of the Business School Association of Central and Eastern Europe. One of the principal features of IWEB is its commitment to the needs of business education not only in Russia, but in ex-Soviet countries, Asia, Africa and Latin America. PFUR IWEB pursues a broad international policy. It actively develops collaboration with universities in the USA, France, Great Britain, Mexico, Chile, Brazil, and Spain.

Tomsk State University (TSU) is the oldest university in the Russian Asia, in Siberia, which was founded in 1878 in Tomsk, Russia. It was the first Siberian Imperial University.

TSU was opened in 1888 with only one department, the medical school. Their Business School and International Department of Management were established in 1991 and 1992 respectively. They made their goal to follow the educational standards of leading world universities. TSU provides bachelor's programmes in Economics and Management and accepts about 300 new students every year. Master's courses are available in Management, Economics, Finances and Public Administration.

The Institute of Public Administration and Entrepreneurship of Ural Federal University (IPAE UFU), dedicated to the first President of Russia B.N.Yeltsin, was formed on the basis of two departments: the Institute of Management and Business and the Public Relation and Advertising department. The Institute of Management and Business was founded in 1997 to train managerial personnel and to provide consultation for various institutions and organisations. IPAE UFU provides three bachelor's programmes in Russian: Public Administration; Commerce; Advertising and PR. Each year IPAE UFU accepts 300 new students.

### **6.2.2 Reorganised business schools**

Although new departments and faculties in existing universities account for the majority of leading business schools in Russia, another approach has been observed as well. Some existing universities refrained from the establishment of a new faculty in order to introduce new educational programs. The most recognised business schools which preferred to reorganise existing faculties are Plekhanov Russian University of Economics, the Financial University under the Government of the Russian Federation, the Russian Presidential Academy of National Economy and Public Administration, and the State University of Management. Interestingly, all of these universities were specialised in Soviet economy and management during the Soviet period. After the end of the Soviet

period, they had to entirely rework their educational programs in order to respond to a new educational demand in Russia. Offering new courses must have been a challenge for these Russian universities, where the old guard among the faculties was likely against the trend toward American-style business education, while the younger members must have advocated the power of changing times and the need for new skills.

The Plekhanov Russian University of Economics (PRUE) dates back to 1907, when the Commercial Institute of the Moscow Society for Spreading Commercial Education was opened. In 1919 it was renamed as the Moscow Plekhanov Institute of National Economy. In 1991 it became the Plekhanov Russian Academy of Economics and in 2010 it obtained the status of university. In 2012 the Russian State University of Trade and Economics was affiliated with PRUE under the order of the Ministry of Education and Science of the Russian Federation. The University was one of the first to start the implementation of the two-level system of training experts in the field of economics (Bachelor's and Master's degree). Thus, the first Bachelor degree programs in two fields: "Economy" and "Management" were introduced in 1993.

Today PRUE provides two bachelor's courses in English (Marketing, Finance and Credit) and over 40 courses in Russian. The main faculties in PRUE are Finance, Marketing, Management, General Economics, Engineering and Economics, Mathematical Economics and Informatics. PRUE currently enrolls 13,000 students and is the biggest university specialised on business and economics in Russia.

The Financial University under the Government of the Russian Federation (Financial University) is one of the oldest Russian institutions of higher education training

economists, financiers and legal experts in finance law. The history of the Financial University started on December 1918 when the People's Finance Commissar decided to create a specialised financial higher education institution – the first in the history of Russia – the Moscow Institute of Economics and Finance. In September 1946, the Institute was consolidated with the Moscow Credit-Economic Institute which had been training students since 1931. As a result of this merger of these two higher education institutions, Moscow Finance Institute was formed. It began with two thousand students and six faculties: Finance, Economic, Accounting, Credit, Monetary Economics, International Economic Relations.

In 1992 the Moscow Finance Institute was renamed as the Finance Academy under the Government of Russian Federation giving governmental status to the institution. Today the Financial University provides 11 bachelor's programmes, including: Economics, Management, Human Resource Management, Public Administration, Tourism, Business Informatics, Applied Informatics, Informational Security and more.

The Russian Presidential Academy of National Economy and Public Administration (RANEPA) was founded by presidential order on September 20, 2010. This foundation involved the merger of two previously existing academies: The Academy of National Economy (ANE), which was established in 1977, and the Russian Academy of Public Administration (RAGS), established in 1991. The merger also brought together 12 other state educational institutions.

Both of the merged academies had already earned reputations as leaders in training the nation's political elite. From the moment of its creation in 1977, ANE prided itself as the

breeding ground for future ministers. With the fall of the Soviet Union, ANE changed its strategic model from training members of the *Nomenklatura* to providing high-quality business education for a new generation of leaders by becoming an institute of higher education that offers all types of education services in the field of management. Meanwhile, RAGS has traditionally been a leader in training staff for state and municipal services. Today RANEPa offers 80 degree programs in the areas of social science, economics and humanities, including 21 programs at the bachelors level.

The State University of Management (SUM) is the leading Russian state university in the field of management education. Today SUM is the largest management university in Russia, with over 15,000 students in 17 bachelor's and 8 master's programs, 24 majors and 55 specialisations. There are 20 courses of postgraduate study with more than 800 students. The University was the initiator of new directions of management education in the country in response to market economy demand, having organised versatile professional training for industrial, social, state and municipal management.

### **6.2.3 Newly established business schools**

Among the leading business schools in post-Soviet Russia, two schools particularly stand out. Unlike universities, which were discussed earlier in this section, the New Economic School and Moscow International Higher Business School were founded before the end of Soviet period and represent the newest business schools in Russia.

The New Economic School (NES), founded in 1992, is a private graduate school of economics in Moscow. NES's degrees are highly valued both in Russia and abroad. The proposed mission of the New Economic School is to benefit Russia's private and public sectors through excellence in economics education and research. In 2014 NES enrolled



400 students, although the number of teaching staff exceeds 60 people.

The NES faculty represents Russia in the global economic community, participating in international research conferences and publishing articles in top peer-reviewed international journals.

NES is ranked the best economics institution in the former communist countries in the research ranking by RePEc (Research Papers in Economics). SSRN (Social Science Research Network) ranks NES in the top 30 economics departments in the world. NES's think tank CEFIR (Centre of Economic and Financial Research) is ranked in the top 25 economic think tanks in the world by RePEc.

NES offers three academic programs: a two-year master's program in economics, a professional development program in finance, and an undergraduate program jointly with the Higher School of Economics. NES is also active in executive education. NES is committed to building a sustainable economic community capable of prominently representing Russia in the global economics profession. NES points out that the school's goals are: training of new academic economists for Russia, conducting globally competitive economics research, and facilitating return of foreign-trained Russian economists to work in Russia.

Another example of a new business school established just a few years prior to the collapse of Soviet Union is the Moscow International Higher Business School (MIRBIS). In 1988 a new style of private business school MIRBIS was founded by the agreement between the governments of the USSR and Italy. Its founders were the Moscow Plekhanov Institute of National Economy and the Italian Association of Economic Research

“NOMISMA”. In 1990, for the first time, the program of Master of Business Administration (MBA) was developed in Russia. Leading scientists from 8 countries took part in this process. In 1998 MIRBIS was involved in the implementation of the state program for training specialists in national economy of the Russian Federation (Presidential decree N2774 dated 23.07.97). MIRBIS passed the strategic audit conducted by the International committee of the European Education Fund, within the framework of an EU project in Russia and Central Europe aimed at verifying compliance to the requirements of international business schools.

In 1999 MIRBIS was among 15 Russian higher educational institutions entitled to grant state diplomas to graduates of the Master of Business Administration program. The main objective of MIRBIS is to train managers and executives who are capable of adapting themselves to the needs of the Russian market as well as to the trends in the global economy and become agents of innovation and change in their organisations. MIRBIS provides two programs as bachelor’s degree: Economics and Management. Up to 25% of the courses in each program are taught in English and use textbooks in English.

### ***6.3 Summary***

Analysis of business education in post-Soviet Russia suggests that all leading business schools provide similar educational programs, with a strong emphasis on management and economics. It is also observed, that many business schools provide programs in English and utilise foreign textbooks. This feature of the curriculum is not specific to newly established business schools. New business departments and reorganised faculties in existing universities exhibit the same tendencies, which shows the domination of Western concepts of business education in post-Soviet Russia. A group of new private business schools emerged in post-Soviet Russia, providing the high level of education that meets

the highest western standards. Following from what is described above, we can conclude that the change in business education in post-Soviet Russia can be characterised as:

- 1) Tendency of the leading universities to establish new departments and business schools, which meet the standards of Western education
- 2) Efforts of Russian business schools to receive accreditation and recognition as facilitators of Western education through compliance with international educational standards
- 3) Extensive usage of English language and international textbooks in business education
- 4) Restructuring of business schools, which used to be specialised in soviet economy during the Soviet period

Available evidence supports the view that these changes in business education shape Russia more fundamentally than the linguistic introduction of foreign business concepts alone. Younger Russians are now far more likely to speak English, to hold personal investment portfolios and to be able to work outside of Russia in global businesses. Western education has penetrated the leading Russian universities. On these grounds we can argue that the spread of Western business education will further facilitate cultural change in younger Russians.

## **Chapter 7. Conclusions and discussions**

In this chapter the discussion and conclusion of the study is covered. First, the summary of results and findings is presented. Second, implications of the study are offered. Third, limitations of the study are pointed out. Finally, a direction for the future research is suggested.

### ***7.1 Summary and findings of the study***

Based on the grounds of the Linguistic Relativism Hypothesis and by utilising the Russian National Corpus for analysis, the study empirically investigated the cultural consequences of language change in post-Soviet Russia. The study attempted to answer research questions, which were: (1) What is the paradigm shift in business, which occurred during the transition from the Soviet Union to a market economy? (2) How are Russian culture and cultural change depicted in the modern studies on cultural values? (3) What empirical findings may serve as evidence of cultural change in business in the post-Soviet Russia? To answer these questions, the following design of the study was utilised.

Chapter 1 discussed the background of the study and defined research questions. Then, this chapter provided a discussion of cultural change as an object of study. Finally, the chapter introduced the Linguistic Relativism Hypothesis as the theoretical framework of the study.

Chapter 2 presented the first part of the literature review, which focused on cultural background of the study. It started with an introduction of the history of business and entrepreneurship in Russia and a basic understanding of the historical development of business in Russia. Then it reviewed literature on the socio-economical environment in the Soviet Union and the influence of socialist ideology on attitude towards business. Finally,

there was a discussion of business in post-Soviet Russia and an introduction of the concept of paradigm shift, which occurred during Russia's transition to the market economy.

Chapter 3 provided the second part of the literature review for this study and discussed theoretical cultural frameworks, which are usually utilised in cultural studies. First, it introduced Kluckhohn's concept of cultural values. Then Hofstede's dimensional framework and other similar models were discussed. Finally, it reviewed the development and premises of Sapir-Whorf's linguistic relativism hypothesis.

Chapter 4 reviewed the results of prior studies on Russian business culture in order to validate cultural change. First, Hofstede's framework was considered and available data was diachronically analysed. Then the results derived from Trompenaars' and the GLOBE studies were also presented. Finally, a summary of the findings was provided.

Chapter 5 discussed research methodology and presented the empirical findings of the study. First, Russia's struggle with business concepts was discussed. Then corpus analyses as a research method was suggested. Then the Russian National Corpus was utilised to analyse business terms and categorise them based on findings derived from the corpus. Finally, a summary of findings was provided.

Chapter 6 looked at the changes in Russian business education. First, the system of business education in the Soviet Union was discussed. Then examples of leading Russian business schools were suggested and their curriculum analysed. Finally, a summary of findings was provided.

Trompenaars' layers of culture model is suggested to review the findings of the study.

Trompenaars (1993) noticed that culture may be compared with an onion (Graph 7.1.1).

The culture, like an onion, consists of layers, which can be "peeled" off. According to

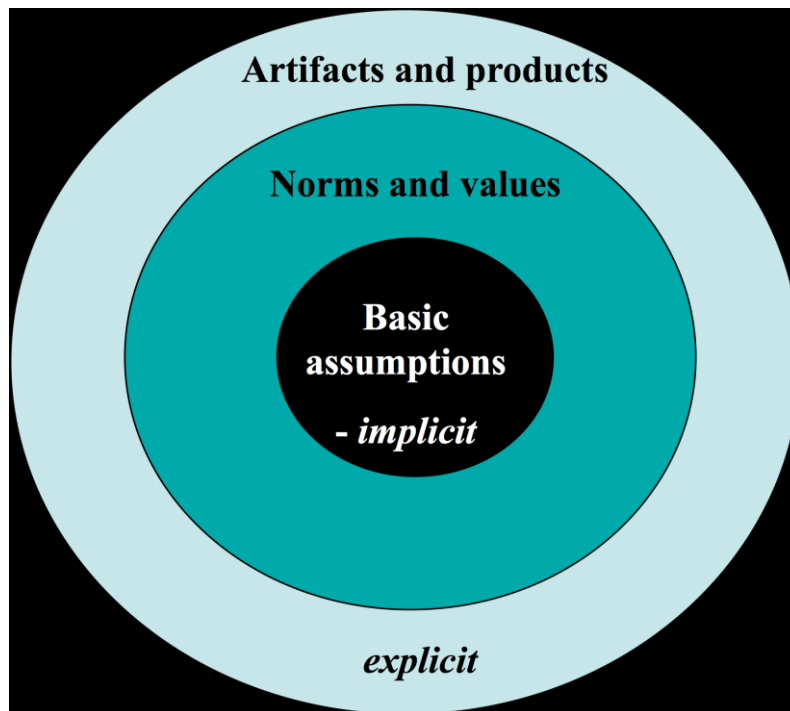
Trompenaars, there are three distinguishable layers in culture:

1) The outer layer is what people primarily associate with culture: the visual reality of behaviour, clothes, food, language, housing, etc. This is the level of explicit culture.

2) The middle layer refers to the norms and values which a community holds: what is considered right and wrong (norms) or good and bad (values). Norms are often external and reinforced by social control. Values tend to be more internal than norms. Society does not have many means of controlling their enforcement. Values and norms structure the way that people in a particular culture behave. But they are not visible, despite their influence on what happens on the observable surface.

3) The inner layer is the deepest: the level of implicit culture. Understanding the core of the culture onion is the key to successfully working with other cultures. The core consists of basic assumptions, series of rules and methods to deal with the regular problems that the culture faces. These methods of problem-solving have become so basic that, like breathing, we no longer think about how we do them. For an outsider these basic assumptions are very difficult to recognise.

Graph 7.1.1 Layers of culture by Trompenaars (1993)



Trompenaars (1993) clarifies that every culture has developed its own set of basic assumptions. These basic assumptions can be measured by cultural dimensions. Based on the literature review, this study suggests that available evidence on change in cultural dimensions in post-Soviet Russia is inconclusive. However, strong language change, which was observed in the empirical analysis of this study, provides confirmatory evidence of change in the outer layer of culture. Moreover, the change in attitude towards business and the introduction of western standards of education, which were also confirmed by this study, can be viewed as the beginning of a change on the next level of culture: the level of norms and values. Since language and education are great facilitators of cultural change, it is possible to argue that Anglo-American business concepts, which were recently imported into Russian language, will be absorbed by culture through modern business education. Thus, it validates the view that the introduction of new business concepts may eventually build grounds for further changes in implicit culture and will

create new opportunities for international business.

### **7.1.1 Paradigm shift in post-Soviet Russia**

The first research question of the study was to determine whether rapid changes in Russian business after the collapse of the Soviet Union can be considered a paradigm shift. Relevant literature on the history of business in Russia was reviewed and key factors of paradigm shift in business were presented. The available literature supports a view that the change in attitude towards business, which happened as a result of de-ideologisation of society and a transition to the market economy, triggered deeper changes in Russian business. It has been observed that a paradigm shift in post-Soviet Russia has proved to be one of those rare historical events in which both the culture and economy experience rapid radical changes simultaneously.

Measures taken during the first years of *perestroika* in the 1980s and the “shock therapy” of the early 1990s quickly thrust the population of the Soviet Union and Russia into a completely unknown economic life. Accordingly, paradigm shift in business in post-Soviet Russia is characterised by two key factors:

- 1) Remodelling of the economic system from the command economy model into a market-based economy system and the recovery of the private property;
- 2) Removal of the authority of the Communist Party and the de-ideologisation of business discourse.

### **7.1.2 Russia's change in cultural studies**

The second research question was to identify how Russian culture and cultural change are depicted in the existing studies on business culture. To answer this question, several cultural frameworks were considered. Hofstede's cultural dimensions model is currently



the dominant model in cultural studies. Replication studies based on Hofstede's model were diachronically analysed in order to confirm or disprove change in cultural values of post-Soviet Russia. Trompenaars' study and the GLOBE project were also utilised to observe cultural values from a wider angle. Analysis of available studies showed no consensus on change in cultural values in post-Soviet Russia. We can hypothesise on two possible outcomes of such results:

- Cultural values of Russian culture remained unchanged.
- Change in Russian culture is not yet revealed by previous studies based on existing models.

Therefore, it is impossible to put forward the claim that observed discrepancy among dimensions reveals the actual cultural change in post-Soviet Russia.

### **7.1.3 Linguistic reflections of cultural change**

The third research question of the study inquires into the linguistic evidence of cultural change in post-Soviet Russia. A corpus analysis method was applied to identify how business concepts evolved in the Russian language over time, particularly focusing on post-Soviet changes. The results this analysis provide confirmatory evidence of a strong change in business concepts in the post-Soviet Russian language.

On the basis of the evidence currently available, it seems fair to suggest that a paradigm shift in Russian business, which happened as a result of Russia's transition to a market economy and the de-ideologisation of society, triggered cultural changes in the Russian language and in education. The previous studies show no consensus on any change in cultural values in post-Soviet Russia, which means that further research in this area may be required. Discussing the relationship between language change and culturally-transmitted

beliefs (such as cultural values), it is possible to suggest a causal linkage of language influencing beliefs. This linkage can be derived from Sapir-Whorf's linguistic relativity hypothesis, which points out that language influences cognition. Hofstede (2001) is also quite clear on his support of the Sapir-Whorf hypothesis: "Our thinking is affected by the categories and words available in our language" (p. 21).

Another possible linkage between language and cultural values is offered by Triandis' (1972) hierarchy of subjective culture. Triandis proposed that values are derived from elemental cognitive structures, which in turn are derived from the lower-level abstractions of language: words, morphemes, and phonemes. Language is also one of several proximal antecedents to various cognitive processes, which in turn are the antecedents of values in his subjective culture model.

## ***7.2 Theoretical and practical implications***

The key theoretical contribution of this study is to point out the cultural change as a result of paradigm shift in business by analysing business concepts in Russian. First, given the growing importance of the English language as a global business phenomenon, there has been relatively little research on the relationship between Anglo-American business concepts and post-Soviet business.

Second, this study extends the current literature on Russian business culture by providing empirical data for the linguistic change based on the analysis method of corpus linguistics. This study discusses the cultural consequences of linguistic change, thus linking dimensional findings on cultural values with language.

Third, this study contributes to research in international business by demonstrating how

social-economic and ideological factors may affect the perception of business concepts and create lexical and semantic gaps in business culture.

Fourth, the empirical contribution of this study is new knowledge on how the attitude towards basic business concepts may change over time. This study also shows that language and education are playing the roles of reflectors and facilitators of cultural change.

Finally, the findings of this study are important to the international business literature due to the prominence of context (i.e., Russia, cultural values, Anglo-American business concepts, and import of business culture) as a phenomenon of the globalisation process.

### ***7.3 Limitations of the study and directions for future research***

As with any study, this study has some limitations. The first limitation of the study is in relation to the conceptualisation of linguistic change. This study focuses mainly on changes in common business concepts, but the other changes in language can be also determinants of cultural consequences.

Second, the choice of common business terms for empirical analysis was affected by the chosen glossary list. To date there is no commonly recognised glossary for the most essential business terms in the Russian language. Usage of the glossary terms based on their relevance to business may provide a deeper understanding of the cultural consequences of linguistic change.

Third, the Russian National Corpus was chosen for this study as the most advanced corpus of the Russian language available to date, although it was unable to provide representative

data for the entire glossary list. Obviously, the absence of business terms in Russian National Corpus itself indicates their relative insignificance in the language. However, a manually created corpus (i.e. in a business context) may give a sharper image of the relative significance of each business concept. In this study this limitation was overcome by focusing only the usage trends, rather than the relative use of business terms across the corpora. Therefore, further research based on a specially selected set of linguistic sources may provide better accuracy and more detailed results.

Finally, this study does not fully address the relationship between language change and cultural values. The issue of the extent to which linguistic change reflects the change in cultural values remains unresolved.

Further research may offer opportunities to compare linguistic change and its relevance to implicit culture. Further theoretical development may suggest a new cultural dimension, based on language, which would in turn be more dynamic than those currently available. On the other hand, research based on corpus analysis may be easily expanded by increasing the number of business terms to be analysed or by creating a contextual corpus of business language in order to realise the relative significance of business concepts across culture.

## References

- Adler, N.J. (1991). *International Dimensions of Organizational Behavior*. 2nd ed. Boston, MA: PWS-KENT Publishing Company.
- Agar, M. (1993). *Language shock: Understanding the culture of conversation*. New York: Wm. Morrow.
- Ageev, A. I., Gratchev, M. V., & Hisrich, R. D. (1995). Entrepreneurship in the Soviet Union and post-socialist Russia. *Small Business Economics*, 7(5), 365-376.
- Ailon, G. (2008). Mirror, mirror on the wall: Culture's consequences in a value test of its own design. *Academy of Management Review*, 33(4), 885-904.
- Alieva V. N. (2010). Adopted economic terms in lexical system of modern Russian language. *Scientific Notes of Taurida V. I. Vernadsky National University*, 23(62), 191-195.
- Anderson, D., & Shikhirev, P. (1994). "Akuli" i "delfini". *Psykologiya i etika rusko-amerikanskogo biznes partnerstva* ["Sharks" and "Dolphins". Psychology and ethics of Russian-American Business Partnership]. Moscow: Delo.
- Apressyan, R. G. (1997). Business ethics in Russia. *Journal of Business Ethics*, 16(14), 1561-1570.
- Arbatov, G. (2001). Origins and consequences of "Shock therapy". In L. Klein & M. Pomer (Eds.), *The new Russia: Transition gone awry* (pp. 171-178). Stanford: Stanford University Press.
- Axley, S. R. (1986). *A Survey Profile of Communication Consultants and Consulting*. Macomb, Ill.: Center for Business and Economic Research, Western Illinois University.
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1), 99-120.

- Baskerville, R. F. (2003). Hofstede never studied culture. *Accounting, organizations and society*, 28(1), 1-14.
- Berliner, J. S. (1976). *The innovation decision in Soviet industry*. Cambridge, Mass.: MIT Press Books.
- Blackwell, W. L. (1982). *The industrialization of Russia: An historical perspective*. Arlington Heights, Ill.: Harlan Davidson.
- Blodgett, R., & M. Schnitzer. 1965. *Soviet teaching and research in economics*. Washington, D.C.: Government Printing Office.
- Bogomolov, O. (2001). Neo-liberalism. In L. Klein & M. Pomer (Eds.), *The new Russia: Transition gone awry* (pp. 53-60). Stanford: Stanford University Press.
- Bogoroditskaya, V. (2008). Core business terminology of the modern English language in synchrony: wordlists and dictionaries. *Herzen University Journal of Humanities & Sciences*, 85, 192-200.
- Bollinger, D. (1994). The four cornerstones and three pillars in the “House of Russia” management system. *Journal of Management Development*, 13(2), 49-54.
- Bowker, L., & Pearson, J. (2002). *Working with specialized language: a practical guide to using corpora*. New York: Routledge.
- Boyacigiller, N. A., Goodman, R. A., & Phillips, M. E. (Eds.). (2004). *Crossing cultures: Insights from master teachers*. New York: Routledge.
- Brady, R. (1999). *Kapitalizm: Russia's struggle to free its economy*. New Haven, Conn: Yale University Press.
- Bright, W. (1976). *Variation and change in language: essays* (Vol. 10). Stanford: Stanford University Press.
- Brosnahan, L. (1998). *Russian and English nonverbal communication*. Moscow: Bilingua.

- Brown, N. (2001). *Edward T. Hall, Proxemic Theory, 1966. CSISS Classics*. UC Santa Barbara: Center for Spatially Integrated Social Science.
- Cantwell, J., Kiyak, T., Venaik S., & Brewer, P. A. (2008). Contradictions in national culture: Hofstede vs GLOBE. *Academy of International Business, 30*, 1-27.
- Carbaugh, D. (Eds.). (1990). *Cultural communication and intercultural contact*. Hillsdale, NJ: Lawrence Erlbaum Associates.
- Carmeli, A., & Tishler, A. (2004). Resources, capabilities, and the performances of industrial firms: A multivariate analyses. *Managerial and Decision Economics, 25*(6-7), 299-315.
- Chaadaev, P. (1991). *Philosophical Works of Peter Chaadaev*. Boston: Kluwer Academic Publishers.
- Christiansen, B. (2012). *Cultural variations and business performance: Contemporary globalism*. Hershey, PA: Business Science Reference.
- Comrie, B., & Stone, G. (1978). *The Russian language since the revolution*. Oxford: Clarendon Press.
- Czinkota, M. R. (1997). Russia's transition to a market economy: Learning about business. *Journal of International Marketing, 5*(4), 73-93.
- De Vries, M. (2000). A Journey into the "Wild East": Leadership Style and Organizational Practices in Russia. *Organizational Dynamics, 28*(4), 67-81.
- Doney, P. M., Cannon, J. P., & Mullen, M. R. (1998). Understanding the influence of national culture on the development of trust. *Academy of management review, 23*(3), 601-620.
- Dorfman, P. W., & Howell, J. P. (1988). Dimensions of national culture and effective leadership patterns: Hofstede revisited. *Advances in international comparative management, 3*(1), 127-150.

- Elenkov, D. (1998). Can American management concepts work in Russia? A cross-cultural comparative study. *California Management Review*, 40(4), 133-156.
- Fernandez, D. R., Carlson, D. S., Stepina, L. P., & Nicholson, J. D. (1997). Hofstede's country classification 25 years later. *Journal of Social Psychology*, 137(1), 43-55.
- Fey, C., & Denison D. (1998). *Organizational Culture and Effectiveness: the Case of Foreign Firms in Russia*. Stockholm: Institute of International Business, Stockholm School of Economics.
- Fey, C. F., Nordahl, C., & Zatterstrom, H. (1999). Organisational Culture in Russia: The Secret to Success. *Business Horizons*, 42(6), 47.
- Freeden, M. (2003). *Ideology: A very short introduction*. Oxford: Oxford University Press.
- Fulcher, J. (2004). *Capitalism: A very short introduction*. Oxford: Oxford University Press.
- Gao, Y. (2005). Sociocultural contexts and English language learning in China: Retaining and reforming the cultural habitus. *The Journal of Chinese Sociolinguistics*, 2(5), 60-84.
- Gerhard, G. (1974). *The Russian's World: Life and Language*. New York: Harcourt Brace Jovanovich.
- George, S. (1999). *A short history of neoliberalism*. New York: Global Policy Forum.
- Gilbert, K. (2001). *In Search of Russian Culture: the interplay of organisational, environmental and cultural factors in Russian-Western partnerships*. Telford: Management Research Centre, Wolverhampton Business School.
- Goodenough, W. H. (1956). Componential analysis and the study of meaning. *Language*, 32, 195-216.
- Gorbachev, M. (2001). In L. Klein & M. Pomer (Eds.), *The new Russia: Transition gone awry* (pp. xiv-xxiii). Stanford: Stanford University Press.



- Gorbachev, M. S. (1989). *Perestroika i novoye myshleniye dlia nashei strany i dlya vsego mira* [Perestroika and new thinking for our country and the entire world]. Moscow: Izdatel'stvo politicheskoi literatury.
- Görlach, M. (2003). *English words abroad*. Amsterdam: Benjamins.
- Gumperz, J. J. (1996). On teaching language in its sociocultural context. In D. I. Slobin, J. Gerhardt, A. Kyratzis, & J. Guo (Eds.), *Social interaction, social context, and language* (pp. 469-480). Mahay, New Jersey: Lawrence Erlbaum Associates.
- Gumperz, J. J. (1977). The sociolinguistic significance of conversational code-switching. *RELC journal*, 8(2), 1-34.
- Guroff, G., & Carstensen, F. V., (Eds.). (2014). *Entrepreneurship in imperial Russia and the Soviet Union*. Princeton, N.J: Princeton University Press.
- Halborg, A., & Adcock, D. (1993). Management education and perestroika. *Journal of European Business Education*, 3(1), 21-35.
- Hall, E. T. (1976). *Beyond Culture*. Garden City, NY; Anchor Books.
- Hall, B. J. (1992). Theories of culture and communication. *Communication Theory*, 2(1), 50-70.
- Hampden-turner, C. M., & Trompenaars, F. (1996). A world turned upside down: doing business in Asia. In P. Joynt & M. Warner (Eds.), *Managing across cultures: issues and perspective*. London and Boston: International Thompson Business Press.
- Harman, R. C., & Briggs, N. E. (1991). SIETAR survey: Perceived contributions of the social sciences to intercultural communication. *International Journal of Intercultural Relations*, 15(1), 19-28.
- Hart, L. K. (1999). Culture, civilization, and demarcation at the northwest borders of Greece. *American Ethnologist*, 26(1), 196-220.
- Hills, M. (2002). *Fan cultures*. London: Routledge.

- Hingley, R. (1977). *The Russian Mind*. New York: Charles Scribner's Sons.
- Hisrich, R., & Gratchev, M. (1993). The Russian Entrepreneur. *Journal of Business Venturing*, 8(6), 487-498.
- Hisrich, R., & Gratchev, M. (1997). Russian vs. American Entrepreneurs: Where are the Ethics? In P. Reynolds (Eds.), *Frontiers of Entrepreneurship Research* (pp. 256-257). Boston: Babson College.
- Hofstede, G. (2001). *Culture's consequences: Comparing values, behaviors, institutions, and organizations across nations*. 2nd ed. Thousand Oaks, CA: Sage Publications.
- Hofstede, G. (2006). What did GLOBE really measure? Researchers' minds versus respondents' minds. *Journal of International Business Studies*, 37, 882-896.
- Hofstede, G., & Bond, M. H. (1988). The Confucius connection: From cultural roots to economic growth. *Organizational Dynamics*, 16(4), 4-21.
- Hofstede, G. (1980). *Culture's consequences*. Newbury Park, CA: Sage.
- Hofstede, G., Hofstede, G. J., & Minkov, M. (1991). *Cultures and organizations: Software of the mind*. 2nd ed. London: McGraw-Hill.
- Hofstede, G. (1994). The business of international business is culture. *International Business Review*, 3, 1-14.
- Hoijer, H. (1948). Linguistic and Cultural Change. *Language*, 24(4), 335-345.
- Hoijer, H. (1964). Linguistic and Cultural Change. In D. Hymes (Ed.), *Language in culture and society* (pp. 455-466). New York: Harper & Row.
- Hoijer, H. (1994). The Sapir-Whorf hypothesis. In L. A. Samovar & R. E. Porter (Eds.), *Intercultural communication: A reader* (pp. 194-201). Belmont, CA: Wadsworth.
- Hsieh.

- Holden, N., Kuznetsov, A., & Whitelock, J. (2008). Russia's struggle with the language of marketing in the communist and post-communist eras. *Business History*, 50(4), 474-488.
- Holden, N. J. (2002). *Cross-cultural Management: A Knowledge Management Perspective*. Harlow: Financial Times/Prentice Hall.
- Holden, N., Cooper, C., & Carr, J. (1998). *Dealing with the new Russia: management cultures in collision*. Chichester, UK: John Wiley and sons.
- Holden, Nigel. (2008). Reflections of a Cross Cultural Scholar Context and Language in Management Thought. *International Journal of Cross Cultural Management*, 8(2), 239-251.
- Holden, N., Kuznetsova, O., & Fink, G. (2008). Russia's long struggle with Western terms of management and the concepts behind them. In S. Tietze (ed.), *International management and language* (pp. 114-127). London: Taylor and Francis.
- House, R., Javidan, M., Hanges, P., & Dorfman, P. (2002). Understanding cultures and implicit leadership theories across the globe: An introduction to project GLOBE. *Journal of World Business*, 37, 3-10.
- House, R. J., Hanges, P. J., Javidan, M., Dorfman, P. W., & Gupta, V. (2004). *Culture, Leadership and Organizations: the GLOBE Study of 62 Societies*. London: Sage.
- Hudson, R. A. (1996). *Sociolinguistics*. Cambridge: Cambridge University Press.
- Hunter, J. (2011). A study of consumer perception of smiling customer service within the airline industry. *Journal of Transportation Security*, 4(1), 35-36.
- Hymes, D. H. (1962). The Ethnography of Speaking. In T. Gladwin & W. C. Sturtevant (Eds.), *Anthropology and human behavior* (pp. 13-53). Washington, D.C.: Anthropological Society of Washington.
- Ilyin, I. (1993). *About future Russia: Selected Articles*. Moscow: Voenizdat.

- Inglehart, R., & Baker, W. (2000). Modernization, cultural change, and the persistence of traditional values. *American Sociological Review*, 65, 19-51.
- Inglehart, R. (1990). *Culture shift in advanced industrial society*. Princeton, NJ: Princeton University Press.
- Inglehart, R. (1997). *Modernization and Postmodernization: Cultural, Economic and Political Change in 43 Societies*. Princeton, NJ: Princeton University Press.
- Inkeles, A. (1960). Industrial man: The relations of status to experience, perception, and value. *American Journal of Sociology*, 66, 1-31.
- Jacobs, E. M. (2001). The influence of Western concepts on Russian marketing theory. *British Journal of Management*, 12(2), 149-157.
- Jahoda, G. (1984). Do we need a concept of culture? *Journal of Cross-Cultural Psychology*, 15(2), 139-151.
- Hidasi, J., & Lukinykh, Y. (2009). A comparison of Russian and Hungarian Business Cultures. Available at: [http://elib.kkf.hu/okt\\_publ/tek\\_2009\\_10.pdf](http://elib.kkf.hu/okt_publ/tek_2009_10.pdf) [29 Aug. 2016].
- Judy, R. (1960). *Economics at Moscow State University*. Cambridge: Russian Research Center, Harvard University
- Kagarlitsky, B. (2002). *Russia under Yeltsin and Putin: Neo-liberal autocracy*. London: Pluto Press.
- Karamzin, N. (1892). *Istoriia gosudarstva Rossiiskago* [History of the Russian State]. Saint Peterburg: Izd. Evg. Evdokimova.
- Kasper, G. (1997). Linguistic Etiquette. In F. Coulmas (Ed.), *The handbook of sociolinguistics* (pp. 374-385). United Kingdom: Blackwell Publishers.
- Kiregian, E. (2015). *The Transformation of Russian Business Education from 1993 to 2013* (Doctoral dissertation, St. John's University).

- Kirkman, B. L., Lowe, K. B., & Gibson, C. B. (2006). A quarter century of “Culture’s Consequences”: A review of empirical research incorporating Hofstede’s cultural values framework. *Journal of International Business Studies*, 37, 285-320.
- Klein, N. (2007). *The shock doctrine: The rise of disaster capitalism*. New York: Metropolitan Books/Henry Holt.
- Kluckhohn, F. R., & Strodtbeck, F. L. (1961). *Variations in value orientations*. Evanston, Ill.: Row, Peterson.
- Kluckhohn, C. (1949). *Mirror for man*. New York: McGraw-Hill.
- Kluckhohn, Clyde. 1951. Values and Value-Orientations in the Theory of Action. In T. Parsons & E. A. Shils (Eds.), *Toward a General Theory of Action*. Cambridge: Harvard University Press.
- Kluckhohn, F. R., & Strodtbeck F. L. (1961). *Variations in value orientations*. Chicago, IL: Row, Peterson and Company.
- Kluchevskii, V. (1904). *Kurs Russkoi istorii* [The Course in Russian History]. Moscow: Sinodalnaya Tipografiya.
- Kolesov, V. (1998). *Russkaia rech’: Vchera, segodnia, zavtra* [The Russian language: Yesterday, today, tomorrow]. Saint Peterburg: Una.
- Kolesov, V. (2000). *Zhizn’ proiskhodit ot slova* [Life begins with a word]. Saint Peterburg: Zlatoust.
- Konoplitskiy, V., & Filina, A. (1996). *This is Business. Glossary of Business Terms*. Moscow: Alterpress.
- Kostomarov, V. G. (1994). *Linguistic tastes of era*. Moscow: Pedagogika-Press.
- Kostomarov, V. G. (1997). *Linguistic tastes of era*. 2nd ed. Moscow/Athens: Afinskii institute imeni A.S.Pushkina.

- Kroeber, A. L., & Kluckhohn, C. (1952). *Culture: A critical review of concepts and definitions*. Cambridge, Mass: The Museum.
- Krysin, L. (1995). Yazikovoe zaimstvovanie: vzaimodeistvie vnutrennih i vneshnih faktorov [Linguistic borrowing: the role of internal and external factors]. *Rusistika segodnya, 1*, 117-134.
- Kuhn, T. S. (1962). *The structure of scientific revolutions*. Chicago: University of Chicago Press.
- Kuzmichev, A., & Petrov, R. (1993). *Russkie millionshiki* [Russian millionaires]. Moscow: Vlados/Foros.
- Kuznetsov, A., & Kuznetsova, O. (2005). Business culture in modern Russia: Deterrents and influences. *Problems and Perspectives in Management, 2*(2), 25-31.
- Larionova, E. V. (1993). *Noveishie Anglitsizmy v Sovremennom Russkom Iazyke* [The latest English loans in modern Russian]. Moscow: Moscow State Pedagogical University.
- Latova, N. V., & Latov, I. V. (2003). The Russian economic mentality in the world context. *Sociological research, 42*(1), 7-28.
- Latova, N. V., & Latov, I. V. (2007). Cheating in educational process. *Social sciences and the present, 1*(1), 31-46.
- Lawrence, P., & Vlachoutsicos, C. (1990). What we don't know about Soviet management. *Harvard Business Review, November-December*, 50-63.
- Lebedko, M. (2001). Time perception across Russian and American cultures. *In PAC3 at JALT2001 conference, Kitakyushu, Japan, November*, 12-18.
- Ledeneva, A. (2001). *Unwritten rules: How Russia really works*. London: Centre for European Reform.
- Leeds -Hurwitz, W. (1990). Culture and communication: A review essay. *Quarterly Journal of Speech, 76*(1), 85-96.

- Leung, K., Bhagat, R., Buchan, N. R., Erez, M., & Gibson, C. B. (2005). Culture and international business: Recent advances and future directions. *Journal of International Business Studies*, 36, 357-378.
- Lewis, R. (1999). *When Cultures Collide*. London: Nicholas Brealey Publishing.
- Lu, X., & Chen, G. M. (2011). Language change and value orientations in Chinese culture. *China Media Research*, 7(3), 56-63.
- Lucy, J. A. (1996). *Grammatical categories and cognition: A case study of the linguistic relativity hypothesis*. Cambridge: Cambridge University Press.
- Lucy, J. A. (1997). Linguistic relativity. *Annual review of anthropology*, 26, 291-312.
- McDaniel, E. R., Samovar, L. A., & Porter, R. E. (2006). Intercultural awareness. In L. A. Samovar, R. E. Porter, & E. R. McDaniel (Eds.), *Intercultural communication: A reader* (pp. 6-16). Belmont, CA: Wadsworth.
- McSweeney, B. (2002). Hofstede's model of national cultural differences and their consequences: A triumph of faith – a failure of analysis. *Human Relations*, 55, 89-118.
- McSweeney, B. (2009). Dynamic diversity: Variety and variation within countries. *Organization Studies*, 30, 933-957.
- Mechitov, A., & Moshkovich, H. (2004). Specifics and dynamics of Russian business education. *Business Quest, University of West Georgia*. Available at: <http://www.westga.edu/~bquest/2004/russia.htm> [29 Aug. 2016].
- Mechitov, A. I., Schellenberger, R. E., & Taylor, R. G. (1995). The Changing World of Russian University Students. *College Student Journal*, 29(2), 130-133.
- Mechitov, A. I., Peper, M. J., & Taylor, R. G. (1998). Business Education in Free-Market Russia: Opportunism or Enlightened Self Interest? *Convergence*, 31(4), 23-32.

- Michailova, S. (2000). Contrasts in culture: Russian and Western perspectives on organizational change. *The Academy of Management Executive*, 14(4).
- Naumov, A., & Puffer, S. (2000). Measuring Russian culture using Hofstede's dimensions. *Applied Psychology. An International Review*, 49(4), 709-718.
- Naumov, A. (1996). Hofstedovo Izmerenie Rossii [Hofstede's Dimension of Russia]. *Menedzhment*, 3, 70-103.
- Ng, S. H., Hossain, A. B. M. A., Ball, P., Bond, M. H., Hayashi, K., Lim, S. P., & Yang, K. S. (1982). Human values in nine countries. *Diversity and unity in cross-cultural psychology*, 17, 169-172.
- Nisbett, R. E. (2003). *The Geography of Thought*. New York: The Free Press.
- Nishida, H. (1999). A cognitive approach to intercultural communication based on schema theory. *International Journal of Intercultural Relations*, 23(5), 753-777.
- North, D., (1990). *Institutions, institutional change and economic performance*. Cambridge: Cambridge university press.
- Nuti, D. M. (1992). Market socialism: the model that might have been but never was. In A. Aslund (Ed.), *Market Socialism or the Restoration of Capitalism?* (pp. 17-31). Cambridge: Cambridge University Press.
- Owen, T. (1981). *Capitalism and Politics in Russia: A Social History of Moscow Merchants, 1855-1905*. N.Y.: Cambridge University Press.
- Pateman, T. (1987). *Language in mind and language in society: Studies in linguistic reproduction*. Oxford: Clarendon Press.
- Pinker, S. (1995). Language Acquisition. In L. R. Gleitman & M. Liberman (Eds.), *An invitation to cognitive science*, Vol. I. Cambridge, Mass.: MIT Press.
- Plotnitskaya, S. (2012). Corpus Linguistics: National Language Corpus. *Mova*. 17, 23-26.



- Polivanov, E. D. (1968). *Stat'i po obshchemu yazykoznaniyu: Izbr. raboty* [Publications on general linguistics: selected works]. Moscow: Nauka.
- Polonsky, G., & Edwards, V. (1998). Transformation in Russia: insights from the Russian province. *Leadership & Organization Development Journal*, 19(6), 332-339.
- Pomer, M. (2001). Introduction. In L. Klein & M. Pomer (Eds.), *The new Russia: Transition gone awry* (pp. 1- 20). Stanford: Stanford University Press.
- Proshina, Z. G., & Etkin, B. P. (2005). English–Russian language contacts. *World Englishes*, 24(4), 439-444.
- Puffer, S. M., & McCarthy, D. J. (2001). Navigating the hostile maze: A framework for Russian entrepreneurship. *The Academy of Management Executive*, 15(4), 24-36.
- Puffer, S. (Ed.) (1992). *The Russian Management Revolution: Preparing Managers for the Market Economy*. Armonk, NY: M.E. Sharpe.
- Puffer, S. (1994). Understanding the Bear: A Portrait of Russian Business Leaders. *Academy of Management Executive*, February, 41-54.
- Puffer, S.M., McCarthy, D.J., & Naumov, A.I. (1997). Russian managers' beliefs about work: Beyond the stereotypes. *Journal of World Business*, 32(3), 258-276.
- Puffer, S.M., McCarthy, D.J., & Naumov, A.I. (2000). *The Russian Capitalist Experiment: From State-Owned Organizations to Entrepreneurships*. Cheltenham, UK: Edward Elgar.
- Ralston, D. A., Holt, D. H., Terpstra, R. H., & Yu, K. C. (1997). The impact of national culture and economic ideology on managerial work values: a study of the United States, Russia, Japan, and China. *Journal of International Business Studies*, 28, 177-208.
- Rathmayr, R. (2013). *Russkaja rech' i rynek: Tradicii i innovacii v delovom i povsednevnom obshchenii* [Russian language and market economy: traditions and

- innovations in business and daily communication]. Moskva: JaSK Jazyki slavjanskoj kul'tury.
- Rathmayr, R. (2004). 'Kontsept DENGI peterburgskogo naseleiniya v nachale 1990-x godov' [The concept of MONEY among St. Petersburg's citizens in 1990s]. In M. Leinonen (ed.) *Slavica Tamperensia VI* (pp. 137-150). Tampere: Tampere University Press.
- Ryazanova-Clarke, L., & Wade, T. (2002). *The Russian language today*. New York: Routledge.
- Rivlina, S. (2005). "Threats and challenges": English- Russian interaction today. *World Englishes*, 24(4), 477-485.
- Roberts, K. (1995). Towards democratic government in Russia. In W. Martel, & T. Hailes (Eds.), *Russia's democratic moment: Defining US policy to promote democratic opportunities in Russia* (pp. 35-56). Montgomery, Alabama: Air University. Schneider,
- Rogers, E.M., Hart, W.B., & Miike Y. (2002). Edward T. Hall and the history of intercultural communication: the United States and Japan. *Keio Communication Review*, 24, 3-26.
- Rogovsky, N., Bertocci, C., & Gratchev, M. (1997). *Social Exclusion and Business Initiatives in the Economies in Transition: The Case of Russia*. Copenhagen: The Danish National Institute of Social Research.
- Rohner, R. P. (1984). Toward a conception of culture for cross-cultural psychology. *Journal of Cross-Cultural Psychology*, 15(2), 111-138.
- Romanov, A. (2000). The Russian diaspora in Latvia and Estonia: Predicting language outcomes. *Journal of Multilingual and Multicultural Development*, 21(1), 58-71.

- Sachs, J.D. (2000). Russia's Tumultuous Decade: An Insider Remembers. *The Washington Monthly*, March 2000.
- Sapir, E. (1929). The status of linguistics as a science. In P. Bohannan, & M. Glazer (Eds.), *High points in anthropology* (pp. 143-148). New York: Knopf.
- Sapir, E. (1931). Conceptual categories in primitive language. *Science*, 74, 578.
- Sapir, E. (2014). *Language*. Cambridge: Cambridge University Press.
- Savelieva E. (1997). *Yazikovaya ekologiya* [Ecology of the Russian Language]. Petrozavodsk: Karelian State Pedagogical Academy Press.
- Schwartz, S. H. (1992). Universals in the content and structure of values: Theoretical advances and empirical tests in 20 countries. *Advances in experimental social psychology*, 25(1), 1-65.
- Schwartz, S. H. (1994). Beyond individualism/collectivism: New cultural dimensions of values. *Cross-cultural Research and Methodology Series*, 18, 85.
- Schwartz, S. H. (2006). A theory of cultural value orientations: Explication and applications. *Comparative Sociology*, 5, 137-182.
- Shaposhnikov, V. N. (1998). *Russkaya rech' 1990-kh: Sovremennaya Rossiya v yazykovom otobrazhenii* [Russian language of 1990s: Language reflections of modern Russia]. Moscow: MALP.
- Shenkar, O. (2001). Cultural distance revisited: Towards a more rigorous conceptualization and measurement of cultural differences. *Journal of International Business Studies*, 32, 519- 535.
- Shikhirev, P. (2000). *Vvedenie v Rossiiskuiu Delovuiu Kul'turu* [Introduction to Russian Business Culture]. Moscow: Novosti.
- Shihirev, P. (2008). *Introduction into Russian Business Culture*. Moscow: Novosti.

- Sloss, L., & Davis, M. S. (1987). The Soviet Union: the Pursuit of Power and Influence through Negotiation. In H. Binnendijk (Ed.), *National Negotiating Styles* (pp. 17-44). Washington, DC: Foreign Service Institute, US Department of State.
- Smidts, A., Pruyn, H., & Van Riel, C. B. (2001). The impact of employee communication and perceived external prestige on organizational identification. *Academy of Management journal*, 44(5), 1051-1062.
- Smith, A. (1993). *Russia and the world economy: problems of integration*. London: Routledge.
- Snavey, W.B., Miassoedov, S., & Mc Neilly, K. (1998). Cross-cultural peculiarities of the Russian entrepreneur: adapting to the new Russia. *Business Horizons*, 41(2), 8-17.
- Soloviev, V. (1913). *Sobranie sotchinenii* [Collection of Works]. St.Petersburg: Prosveshenie.
- Soros, G. (2000). Who Lost Russia?. *New York Review of Books*, 47(6), 10-17.
- Stearns, P. (2012). The history of happiness. *Harvard Business Review*, 90, 104-109.
- Steele, J. (1995). *Eternal Russia*. London: Faber and Faber.
- Steger, M. (2003). *Globalization. A very short introduction*. Oxford: Oxford University Press.
- Sterin, I. (2001). Ulybka v rusском communicativnom povedenii [Smile in Russian communicative behaviour]. *Russian and Finnish communicative behavior*, 1, 53-61.
- Taras, V., Rowney, J., & Steel, P. (2009). Half a Century of Measuring Culture: Approaches, Challenges, Limitations, and Suggestions Based on the Analysis of 121 Instruments for Quantifying Culture. *Journal of International Management*, 15, 357-373.

- Taras, V., Steel, P., & Kirkman, B. L. (2010). Negative practice-value correlations in the GLOBE data: Unexpected findings, questionnaire limitations and research directions. *Journal of International Business Studies*, 41, 1330-1338.
- Ter-Minasova S. (2005). Traditions and innovations: English language teaching in Russia. *World Englishes*, 24(63), 445-454.
- Ting-Toomey, S., & Korzenny F. (1993). *Language, communication, and culture*. Newbury Park: Sage.
- Tool, M. R. (1977). A social value theory in neoinstitutional economics. *Journal of Economic Issues*, 11(4), 823-846.
- Triandis, H. C. (1972). *The analysis of subjective culture*. New York: Wiley-Interscience.
- Triandis, H. C. (1995). *Individualism & collectivism*. Boulder: Westview Press.
- Trompenaars, F. & Hampden-Turner, C. (1997). *Riding The Waves Of Culture*. London: Nicholas Brealey Publishing.
- Trompenaars, F. (1993). *Riding the Waves of Culture: Understanding Diversity in Global Business*. Chicago: Irwin Professional Publishing.
- Tung, R. L., & Verbeke, A. (2010). Beyond Hofstede and GLOBE: Improving the quality of cross-cultural research. *Journal of International Business Studies*, 41, 1259-1274.
- Tung, R. (2008). The cross-cultural research imperative: the need to balance cross-national and intra-national diversity. *Journal of International Business Studies*, 39, 41-46.
- Turner, J. C., Oakes, P. J., Haslam, S. A., & McGarty, C. (1994). Self and collective: Cognition and social context. *Personality and social psychology bulletin*, 20, 454-454.
- Tyler, A. (1991). *Saint Maybe*. New York: Ivy Books.
- Ulam, A. B. (1990). *Behind the factory walls: Decision making in Soviet and US enterprises*. Boston, MA: Harvard Business School Press.

- Ustinova, I. (2005). English in Russia. *World*, 24(2), 239-251.
- Usunier, J. C. (1998). *International and cross-cultural management research*. London: SAGE Publications Ltd.
- Veiga, O. F., Yanouzas, J. N., & Buchholtz, A. (1995). Emerging Cultural Values Among Russian Managers: what will tomorrow bring? *Business Horizons* (July-August), 20-27.
- Vlachoutsicos, C. (1998). The dangers of ignoring Russian communitarianism. *Transition*, 9(405), 13-14.
- Vlachoutsikos, C. (1986). Where the Ruble Stops in Soviet Trade. *Harvard Business Review*, 64(5), 82–86.
- Vorobyiova, C. (2003). Anglicizmi v russkom yazike: ulitsa s odnostoronnim dvizheniem? [Anglicisms in Russian language: one-side road?]. *Russkiy yazik i literatura*, 8, 117-122.
- Von Czege, A.W. (1983). Soviet Negotiating Tactics in Trade with the West. *Soviet and East European Trade*, 19, 32–54.
- Wardhaugh, R. (2002). *An introduction to sociolinguistics* (Fourth Ed.). Oxford: Blackwell Publishers.
- Webber, R. A. (1969). Convergence or divergence? *Columbia Journal of World Business*, 4, 75-84.
- Whorf, B. L. (1959). *Language, thought, and reality*. New York: The Technology Press of Massachusetts Institute of Technology.
- Würtz, E. (2005). Intercultural communication on Web sites: a cross-cultural analysis of Web sites from high-context cultures and low-context cultures. *Journal of Computer-Mediated Communication*, 11(1), 274-299.

Yelenevskaya, M. (2008). Russian: From Socialist Realism to Reality Show. *Multilingual Matters*, 140, 98-120.

*Financial Times* (1993). A Cross-cultural Minefield, 2 August.

*The Moscow Times* (2011). Why Russians Don't Smile, 29 April.