

Wharton Global Virtual Course (LGST 898)
Forming Business Relationships In Emerging Economies: Russia
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Instructor: Philip Nichols nicholsp@wharton.upenn.edu

Course Description: This course examines the formation of business relationships in and out of emerging economies, using Russia as a case study. The phrase “emerging economies” has devolved to mean many things, but the salient characteristics of emerging economies is that they are undergoing significant change, they are open to substantially more relationships than in the past, and the institutions that support business relationships are sometimes inexperienced or still evolving.

Russia provides an excellent platform from which to examine business in emerging economies. Russia was the central republic in the USSR, which was the central member of the COMECON alliance of command economies. Russia’s transition to a market economy has been dramatic and tumultuous. In just a few years, Russia privatized the massive body of state-controlled assets and created markets where none existed. Creating viable institutions, however, is taking much longer and still presents issues for those who hope to do business in the country.

Russia’s economy is among the dozen largest in the world (its exact placement varies depending on who is measuring and how). Moscow and Saint Petersburg are among the most vibrant and active cities in Europe. Russia is among the world leaders in tech, particularly in programming. Russia excels in other fields of science, and with the United States leads the world in space exploration. Russia possesses vast reserves of natural resources. There are many reasons to be interested in Russia.

Russia also, however, presents substantial challenges. Creating trust is an art. The regulatory system is new and still unfolding. Political and corporate governance are weak in some aspects. And Russia is subject to a long list of sanctions by other countries.

Russia is also the object of many myths and much misunderstanding. Some see Russia as a dark and repressed state, some as dangerous, some as backward and impoverished. Russia is none of these things. Russia presents real challenges, but it can be a warm and welcoming destination, and is in the early stages of a transition that could unlock extraordinary potential.

Objectives and Structure of This Course: This course aims to introduce students to the conduct of business in Russia, through discussions with business leaders, government insiders, leaders of business organizations, and experts in an on Russia. Other than the first and last sessions, each of the eighty minute class sessions will be spent with speakers. Students will get a clear-eyed, unfiltered vision of the potential and the challenges of business in this country. These sessions will be placed in the larger context of conducting business in emerging economies.

This course is divided into three parts: Understanding Russia, Business in Russia, and Future Directions. Conducting business successfully in Russia requires at least some understanding of the country. In the first part of the course, we will speak with an expert on the business environment in Russia and a former member of the government whose portfolio was government support of business and finance. We will also benefit from the perspective of someone more critical of the path that Russia has taken in its transition.

In the second part of the course we will speak with leaders from discrete business fields. We will speak with leaders of traditional Russian businesses such as those in extractive

industries, and from high-potential new industries such as tech. Finance in Russia is among the less developed industries, but offers potential for growth and innovation. We will have an opportunity to hear from the oft-discussed and perhaps overly stereotyped oligarchies. We will also talk with legal counsel to some of the largest and most active business firms in Russia, with particular attention to investment and other relationships into the country.

We will conclude with a speculative examination of the future for Russia. Because Russia is constantly changing, any long term venture into Russia should prepare for change, and it is thus imperative to understand Russia's possible future. Two of the most important aspects of that future are continued economic reform, and Russia's interactions with and role in the world.

Together, these three parts should provide a brief but comprehensive view of this diverse and dynamic country.

Grading: There are three components to the grade in this course: participation, reflection, and a white paper.

Participation: Our guest speakers are very, in some cases extremely busy people who are donating their time to spend with us. This presents a great opportunity for us to learn from people involved in many aspects of business in Russia. Thus, it is expected that members of the class will attend their sessions and will conduct themselves in an appropriate manner. Participation will constitute 40% of a student's grade.

Reflection Journal: In this course, each student will keep a journal, making entries after each session. Entries do not need to be long, and need only reflect the student's thoughts on or reactions to the speaker that day. This journal can serve later as a reference for students to information or contacts conveyed through this course. Reflections will constitute 30% of a student's grade.

White Paper: As a class, students will produce a short white paper on the conduct of business in Russia and the formation of business relationships into Russia. Teams will be assigned to a set of basic topics. This paper will serve as reference material for students in future courses. The team paper will constitute 30% of a student's grade.

Preliminary Course Schedule (subject to change depending on availability of speakers)

I. UNDERSTANDING RUSSIA

1. Course and Subject Overview

Speaker: Professor Nichols

2. The Business Environment in Russia

Possible Speakers: Director of Institute for Industrial and Market Studies, former Ambassador, Director Carnegie Moscow

3. Government Support/Control of Business

Possible Speakers: former high ranking official in Trade, Banking, and Foreign Relations Ministries

4. Disagreeing with Russia

Possible Speakers: Dissidents in London, Director of Transparency Russia

II. BUSINESS IN RUSSIA

5. Tech

Possible Speakers: President of Beeline, Founder of Yanex, Director of Pulsar Ventures Kazan

6. Industry

Possible Speakers: Director of Saint Petersburg Business Association, Chief Officer of an extraction company

7. Law

Possible Speakers: Managing Partner of largest law firm in Moscow

8. Oligarchies

Possible Speakers: Director of business association

9. Finance

Possible Speakers: Founder Troika Dialog, Board Member of Credit Bank Moscow

III. FUTURE DIRECTIONS

10. Change Inside Russia

Possible Speakers: Architect of prior reforms and advisor to Economic Ministry, Professor of Economic History and advisor to central government

11. Russia and the World

Possible Speakers: Director of Russian International Affairs Council

12. Wrap Up

Speaker: Professor Nichols