

**Addendum 1.** Outcome of the discussion «**Russian Business Leaders Priorities: Inner Potential for Global Integration**», 14.10.2011 Moscow School of Management SKOLKOVO.

Russia in global economic environment: current situation, obstacles for more active integration of business and relevant experience?

- 1. The government does not work as the system that provides favourable conditions for business development.**
  - Incoherent government position and strategy in relation to priorities of business development in world and domestic markets. Russian government does not support (top on the top) business integration into the world community.
  - Lack of protection for domestic manufacturers. Lack of barriers against defective imported products. No-one is in charge for this. The branches of economy that need support do not receive sufficient subsidies.
  - Negative government attitude towards entrepreneurs: the talk between government and entrepreneurs is unilateral and formal. Numerous checks and inquiries by official authorities give an impression that they try to establish entrepreneurs' guilt.
  - Excess of controlling functions vested on official authorities alongside with the lack of their responsibility.
  - The key official structures either do not work or provide any positive result: lack of valid judicial system; complicated and redundant tax reporting.
  - Undisguised corruption, opaque and unclear government relations procedures. The relationships between business and territory (state) are not spelled and are "illegal". Dependence on personalities in official authorities.
  - Underdeveloped infrastructure and only few of necessary investments. As a result, flocking round Moscow with human resources vacuum in other regions.
  
- 2. Lack of public response in relation to corruption issues.**
  
- 3. Russian entrepreneurs imitate foreign technologies frequently, while there is lack of progress in domestic technologies. The coherence between economy and science and innovations progress slowly.**
  
- 4. Obstacles for business development determined by inherent peculiarities of the country.**
  - Problems with long-term planning – rapid changes in environment and rules, including dependence on replacements in the government. Hence entrepreneurs unwillingness to make long-term plans.
  - It is hard to motivate people to work honestly in the atmosphere of undisguised corruption. It is easier to steal than to earn, corporate raid is wide-spread.
  - Price for profit in Russia: bribes bear heavily on end user, and generally hinders Russia's integration into world economy.
  - Negative perception of an entrepreneur in Russia (someone who steals and cheats the country). In line with this, the official authorities seem trying to reveal some faults in business activity by numerous checks.
  
- 5. Obstacles related to the level of entrepreneurs' personal and professional enhancement**

- Entrepreneurs underestimate themselves.
- There is no mutual assistance and support in entrepreneurial community. In case something goes wrong, the entrepreneur faces the problems alone.
- Low level of business education among the owners of companies who do not understand the ways of building effective business systems. Though processes exist there is no viable system.
- Low level of corporate standards. Business processes are amateur.

**“Most of entrepreneurs in Russia wake up with the thought how to survive, and only think how to upgrade their business by the end of the day!”**

### **Russia’s advantages (resources for development)**

- Lower level of competition compared to other countries, market volume and growth potential for companies.
- Russia’s image among foreign partners became positive – it has changed and foreign partners are ready to work with us.
- Businessmen work in official authorities. (E.g. Andrey Sharonov and Alexey Komissarov in Moscow Government).
- We can borrow new Western technologies and consider Western experience thus going the same way faster. We can reach advancing growth by investing in new technologies.
- Russia has national innovations, technology and science, which other countries do not have, e.g. China, which provides a potential for changes in Russia.

**“It is always a fun to do business in Russia!”**

What can we do together to reach the perception of the Russian business as potential partner in the world economic community?

#### **1. To alter attitude towards entrepreneurship and to build entrepreneurial environment**

- To demonstrate good examples and cases of success. To make entrepreneurship popular – improvement of entrepreneur’s image to attract new ones. Positive image of an entrepreneur will improve the relationships with society.
- To bring up new entrepreneurs. Entrepreneur is a professional in settling problems, a person who takes risks. To teach entrepreneurship in boarding school and to introduce entrepreneurship departments at higher educational institution.
- To involve experienced entrepreneurs in mentoring for beginners.

#### **2. Keep dialog with government**

- To adapt to government’s requirements. Russia (the government) shall determine the strategy in both international and domestic markets, thus giving businessmen a chance to determine their own strategies.

- To stand fast and never support existing corruptive practices (give no bribes, go to court when there are reasonable grounds).
- Influence the government.

**3. To pool efforts. Pooling entrepreneurs' efforts, exchange of experience, discussions between entrepreneurs. «Associations are efficient – real influence on the government».**

**4. Change yourself**

- Concentrating on long-term tasks.
- Change the attitude towards the country and yourself.
- Training and upgrading the level of education.
- It is important for the Russian entrepreneurs to develop global thinking instead of local and to stop settling just domestic problems.