

CHALLENGES OF RUSSIAN MARKET TO INTERNATIONAL COMPANIES

Abstract

Stepping out of another nation to expand the business, not an easy task now days and whereabouts if that country having bad condition then it become a worst choice for businessman to look out for a business in that country, and expansion for any business is only the key for success and that expansion leads to another country then it quite become a great deal.

So in this article we are going to discuss about challenges face by international companies while stepping out on none other than world's biggest demographically market Russia, with huge and great potential although Russian's economy is developing at an extremely quick pace and it has a huge potential for the global undertakings. But there are hurdles that come out even when its about the successful country.

Small and medium sized companies likewise face challenges in the custom process and because of the elevated level of administration. So, if we talk about political challenge, so government plays a crucial role for ant of the foreign company because they are only the one that can impose taxes, heavy custom duties on imports and trades and other sort of charges. But also they are the one who give many benefits like no tax for first three years, or giving free land for the manufactures so we can see it is necessary factor. And if we talk about the legal condition then a multinational company must go through the legal systems and legal formalities of the country before entering. Because there might be a chances that product manufacturing is illegal in that country because of its pollution and likewise essential to take note of that visit that unusual changes happen during the process that can only be resolve by giving some incentive to complete that work and for no interference in future. And another challenge is economic condition, for global firms it is fundamental important to figure out financial condition of that country before going into the market as certain awful monetary conditions can lead to disappointment for the firm in future. Also check the current year GDP and level of pay of the employees as this decides the potential size of the market and buying intensity of the consumers. And last but not the least challenge that will going to be discussed in this article is corruption , it is considered as a key element for any enterprise before entering into the foreign market as they are so many countries in the world even if they are successful but they are having the highest corruption ranking amongst other countries and this kind of problem is quite become huge if small and medium sized enterprises face it because they don't have much scalability that they can pay some bribe money to run their business.

So, these all above points are the crucial for any enterprise and there is detailed discuss on this in this article.

Keywords: business in Russia, challenges in Russia, business factors in Russia

Russia's economy is developing at an extremely quick pace and it has a huge potential for the global undertakings. Rivalry isn't particularly evolved in numerous ventures as the neighborhood undertakings are more often than not ready to fulfill the interest that is developing persistently, and global organizations likewise demonstrate hesitance to enter the Russian market because of its complexity and difficulties like administration and corruption and so forth.

According to the survey of Jansson [2007], Russian market has various difficulties and challenges that are needed to be catered in order to enter into Russian market. The study further expresses that it's a typical system to fix so as to get an authentication and corruption is done on the consistent schedule. Getting relevant data is an intense activity and enactment isn't exceptionally straightforward and regularly muddled as changes happen every now and again. In addition, businesses likewise to face challenges in the custom freedom process and because of more elevated level of administration. In the accompanying segment of hypothesis, now there will be the various difficulties that a firm can experience during the procedure of internationalization.

Political conditions.

Government is only body in a particular country that can either be good for international companies or it could be worse for them at the same time by putting up so many restrictions. So, it is significant for worldwide businesses to assess the political dangers before going into a market. The political requirements can present huge difficulties for worldwide organizations for instance; government can force more tariff charges, making substantial quota and duties on imports and trades and other sort of taxes.

While outlining the political difficulties in Russia, Jansson [2007] demonstrates that there are numerous institutional and regulatory obstructions to go into the Russian market. Those can incorporate the biasness or separation towards business authorizing and registration of the organizations, constrained and now and then blocked access to circulation channels, unsure political and legislative framework, corruption and gift, trouble in finding appropriate spot for business arrangement and less straightforward lawful framework to work in the market.

Legal conditions.

In its survey found that business ventures face troubles on everyday schedule in Russia because of corruption and it is explicitly hard to get the certificates without paying off the significant specialists and officials. Kouznetsov [2009] featured another reality in his research that the smaller businesses will in general be the obvious objective of corrupt authorities when compared with the bigger businesses on the grounds that greater firms have a larger number of assets and contacts than small businesses.

It is likewise essential to take note of that visit and unusual changes happen in enactment which makes it harder for foreign businesses to consent to and afterward outside undertakings need to offer bribes so as to do their tasks easily and without interference. It is likewise hard and hard to get data in Russia particularly from specialists which make it hard to get the total information and diagram of the Russian market for foreign business [Jansson, 2007].

One legitimate trouble is to arrangement a nearby sales backup as it very well may be an exceptionally complicated and time taking process. There are extraordinary bureaucratic procedures that are should have been followed so as to set up a business office and that can be the documentation of legitimate records through apostille and language interpreters and this can take quite a while and regularly businesses less focuses on these procedures because of which it can require some time investment [Jansson, 2007].

The procedure of custom clearance can be complicated and time taking as Russian customs are corrupt, bureaucratic and deliberately makes delays all together to get bribe. To get clearance from customs division, all the documents must be arranged precisely exact and even a little mix-up can prompt a major problem in custom freedom. To stay away from such issues and postponements in custom clearance, business ventures are encouraged to include client clearance operators as they probably aware how to manage the client office all the time [Jansson, 2007].

Economic conditions.

For global firms, it is of fundamental significance that they into consideration the financial condition of the foreign nation before going into the market as certain occasions bad monetary conditions can represent the general disappointment of the firm in foreign market. Financial components incorporate the GDP and level of pay of the target customers as they decide the potential size of the market and buying intensity of the individuals. Although developing economies give a great deal of chances to global association yet the organizations take it into consideration the financial security of the nation

Kouznetsov [2009] includes one progressively significant point and expresses that the infrastructure development, states of streets and railroads (methods for transportation), level of correspondence and it incorporates explicitly the media transmission and accessibility of vitality and fuel ought to taken into consideration over while entering an outside market as they a work in progress in these region can pose a potential hazard for the organization to work easily in the market.

The Russian government is putting forth a ton of attempts to urge businesses to put resources into Russia in various fields. It's additionally making changes in the financial framework as already

it was exceptionally bureaucratic and there was a long hierarchy of leadership. Russian government is likewise trying its best to adapt to the significant level of administration and corruption which makes a great deal of issues for worldwide businesses to work together in Russia easily. It is likewise putting forth attempts to improve transportation framework by making interests in foundation and accentuation is additionally on the media transmission to improve the correspondence with the outside world. In any case, other than all these exertion, Russian economy is still in its progress stage and it offers attractions for worldwide businesses to put resources into various fields. As per the projections, Russian GDP ought to develop in the coming years and pace of joblessness should diminish with the improvements made to make the economy solid [BMI, 2010].

Consequently, intimate relations between business and politicians and political corruption remain the main problems for Russian political and economic development. In addition, weak property rights, a lack of transparency and the state's growing control over business activities have negatively influenced Russia's business environment [Ortung, 2006/2014].

Corruption.

The World Bank Enterprise Survey demonstrated that out of 15 zones of the Russian local business condition the assessment rates and monetary strategy are the greatest obstructions to its business activities, trailed by access to back/credit and debasement. Russian firms grumbled about the assessment code multifaceted nature and the eccentricities of the execution of taxes and charges. The significant duty inspiration in the appealing financial branches is as yet absent. The Russian economy is over-administrated and Russian organizations are relied upon to give endowments in their gatherings with charge and other open authorities for "completing things rapidly". This occurs on account of government contracts, working and import licenses, and development grants [IBRD/WB, 2012]. Straightforwardness International positioned Russia 136 out of 175 nations in its Transparency International Corruption Perception Index in 2014 [Straightforwardness International, 2014].

Rodriguez et al. [2005] likewise state in their research done on Russian economy that corruption in Russia is the principle reason that business and outside ventures are very much hesitant to enter Russian market and they further express that corruption is the explanation that control is in hands of scarcely any individuals that are ground-breaking in the political framework and because of this the legitimate framework is additionally in-straightforward and changes in the lawful and ordinary techniques occur every now and again once in a while over-daily so as to offer ascent to the pay off.

Rodriguez et al. [2005] likewise demonstrate that organizations need to give extraordinary thought to the degree of corruption in have nation while choosing the passage methodology and for that they characterize the debasement as the "maltreatment of open force for private use". They further clarify that it is basic for Small medium-size enterprises to comprehend the idea of debasement in the host nation as it can vary to a great extent from the nature in the nation of origin of the Small medium-size enterprises [Rodriguez et al., 2005]. It is additionally essential to have a comprehension of the probability of experiencing corruption in managing state authorities and characteristic degreed of equivocalness in the degenerate exchanges in a given nation and the two sorts of the debasement are on significant level in Russia.

Entry modes.

Rodriguez et al. [2005] characterize procedure as a long-haul heading and extent of an association which furnishes it with upper hands through its setup of capabilities and assets. Organizations need to frame complete and clear systems so as to satisfy customers' needs and needs and to adjust to the necessities and requests and to the ever-changing outer condition. After the global endeavors have framed such technique at that point comes an opportunity to take key choices so as to execute the methodology and such key choices incorporate going into another universal market [Johnson et al., 2008].

Rodriguez [2005] characterizes passage system as "How firms gain admittance to new client in new geographic markets by advertising their items there". As indicated by Johnson et al. [2008], a market passage procedure comprises of a section mode and a showcasing plan. First organizations need to settle on the decision that which market to enter and once it is done then they have another

vital decision to consider for example picking how to enter that showcase or in basic words organization needs to frame a passage methodology.

Rodriguez [2005] states that organizations go into global market either through middle people, for example, specialists and merchants or through a claim delegate in the remote nation, mostly a backup. These speak to different passage modes like sending out, FDI or joint endeavors. As per Rodriguez section modes change in level of asset venture thinking about the company's inclusion and pledge to the outside market.

It is additionally essential to take note of that the choice of passage modes regularly relies on the level of internationalization of the firm and it is likewise subject to the authoritative improvement. Rodriguez [2005] shows that the procedure of internationalization is where firms steadily increment their pledge to the market after they gain information available and gain the capacities to serve the market better. Such system shows the phases of the internationalization where organizations enter in a market through sending out as a section mode and afterwards, they endeavor to get the information about the neighborhood market and its elements without putting vigorously in resources. As the organizations gain the information and experience of the market, they can bit by bit grow the extent of the exercises in the market by joint endeavors lastly by FDI in the event that they believe the market to be appealing enough for the venture

Rodriguez [2005] shows in their examination that the principle section modes into a remote market are sending out (immediate and circuitous), authorizing and diversifying, joint endeavors and outside direct venture if the firm thinks about the market sufficiently appealing and have a high pledge to the market.

Kouznetsov [2009] demonstrates the components that impact the decision of method of section in showcase incorporate the market engaging quality as entire, political and financial dangers, state of foundation and the pace of degree of profitability.

Kouznetsov [2009] asserts in his exploration that various methods of passage differ from nation to nation and it relies for the most part upon the dangers and return anticipated from the interest in worldwide activities. Direct sending out and aberrant trading are the fundamental section modes however contain installment dangers, remote trade costs, lesser control available and slow increment in the piece of the pie. While joint endeavors offer more noteworthy power over the market, evaluating and dissemination of the items however on a similar hand they require overwhelming venture and dynamic cooperation in the executives and activities. It is additionally similar to happen that in Joint endeavors, benefits are acknowledged after a serious long time. On different hands FDI offers a complete control of the tasks and deals and advertising capacities however needs even considerably more higher ventures that are frequently not accessible to Small medium-size enterprises. So the global firms need to consider every one of these variables so as to receive a reasonable and progressively proper section mode Kouznetsov [2009].

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С. Гупта

ВЫЗОВЫ РОССИЙСКОГО РЫНКА ДЛЯ ИНОСТРАННЫХ КОМПАНИЙ

Аннотация

Выход страны на международный рынок для расширения бизнеса – непростая задача в наши дни, хотя расширение для любого бизнеса – это ключ к успеху. В данной статье речь идет о вызовах, с которыми сталкиваются международные компании, выходя на один из самых больших рынков мира – Россию. Российская экономика развивается быстрыми темпами и имеет огромный потенциал для глобальных начинаний. Тем не менее, малые и средние компании часто сталкиваются с проблемами в таможенном процессе из-за повышенного уровня администрирования. В этом контексте в статье подчеркивается роль правительства страны, поскольку именно оно может вводить налоги, высокие таможенные пошлины на импорт и торговлю и другие виды сборов. В то же время, правительство может предоставлять льготы, такие как отсутствие налога в течение первых трех лет или предоставление свободной земли для производства. Следующий вызовы, рассматриваемые в статье – это правовая система и юридические формальности страны, ее экономическое положение, так как это определяет потенциальный размер рынка и покупательскую активность потребителей. И последний, но не менее важный вызов, который будет обсуждаться в этой статье – это коррупция. Она рассматривается как ключевой элемент для любого предприятия перед выходом на внешний рынок. Все вышеперечисленные вызовы анализируются в данной статье.

Ключевые слова: бизнес в России, вызовы ведения бизнеса в России.

S. Gupta

WHAT IT MEANS TO DO BUSINESS IN RUSSIA: THE OPINION OF INDIAN ENTREPRENEURS

Abstract

Expansion of business is always said to be a key element for expansion of a business and expansion of business Russia is great deal and step because of its huge potential in global undertaking. And business in Russia for the Indian businessman will always be successful step because of the bilateral relation of both the countries as these both countries share good economic and political relations from the time of USSR, many MOU's has been marked and signed between both the countries so government of both the countries have open their doors for each other for the business and investment as they have an target to boost the economy of trade by 2025.

And this article really going to help Indian businessman to get an idea of relations between India and Russia that how they can make most out of it and also some of the shared experiences of Indian business who are already running their business in Russia successfully,

So in this article there is discussion about the bilateral relations of India and Russia and also the opinion of Indian entrepreneurs who are already established their business in Russia and successfully running it, like what they personally think about of doing business in Russia and what they comment about their struggle while establishing it.

Keywords: Indo-Russian Relations, Business in Russia, Indian Business in Russia.

Any foreign/global company step into another country only to make its business more profitable and more successful. And there are few major important things a one businessman always keeps it in their mind like political relations, bilateral relations, friendly relations, cultural changes, present economic/trade relations etc.

These above points that have mentioned are crucial for any business when its step to another country, and if we talk about Indian business in Russia then from the USSR only India and Russia maintain good relations although Russia always been helpful towards India.

The Annual Summit meeting between the Prime Minister of India and the President of the Russian Federation is the most elevated systematized discourse instrument in the key association among India and Russia. So far 20 Annual Summit gatherings have occurred then again in India and Russia. Head administrator visited Vladivostok from September 4-5, 2019 for the twentieth India-