



OTTO-VON-GUERICKE-UNIVERSITY MAGDEBURG

Faculty of Economics & Management
CHAIR OF INTERNATIONAL MANAGEMENT

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**2995 Doing Business in Eastern Europe: Ukraine, Russia, Belarus
(WT 2008-2009) – Final Exam**

Final exam: maximum of 60 points can be reached.

Time: 1 hour

Language: English

Structure of exam: 2 parts. You should solve all questions in Part 1, with maximum score is 15 points. You should solve 3 (and only 3) questions in Part 2 (maximum score is 15 points each).

Aids: a bilingual dictionary.

Please, follow the advice:

1. Use theoretical tools and terminology you have learned in the class and from reading assignments.
2. Make sure this is a clear structure in your argument.
3. Please, remember that people have to be able to understand what you write.

Examiner: Dr. Elena Reshetnyak

Part 1.

There are 8 binary choice questions. Each question contains a statement, which is correct or incorrect and can be answered with "yes" or "no". The statement is correct if all the parts of the statement are true. Please, support your answer with 3-5 lines of arguments, clarifying your answer. Use facts, theoretical interpretation, empirical evidence, which you have learned.

For each correct answer, supported by right arguments, your score is + 2. Only choosing "yes" or "no" will not give you any points.

Question 1:

Effectiveness of *Organic organization* (by John Mole) depends on how well its functions have been designed to meet its goal. Among common characteristics of an organization of this kind are the following: when decisions are made, they do not include detailed action plans; there are no accurate written job descriptions and regular appraisals; people do not stick closely to the agenda of the meetings; personal relations are vital in getting things done

Is this statement correct?

YES

NO

Argument:

Question 2:

Collectivistic nature of Slavic society logically calls for the group leadership style in companies of Eastern Europe. This style is gradually adopted by majority of progressive managers in Russia, Ukraine, and Belarus.

Is this statement correct?

YES

NO

Argument:

Question 3:

Among major problems for international companies with taxation system of Russia, Ukraine, Belarus are the following: high number of different taxes, taxes require many separate payments, very high total tax rate. Personal income tax and corporate profit tax are friendlier, than in many other countries.

Is this statement correct?

YES

NO

Argument:

Question 4:

Labor in transition may be characterized by the following changes: movement of labor from state sector to private sector, increased unemployment, decreased labor mobility, connection with labor market condition

Is this statement correct?

YES

NO

Argument:

Question 5:

Because of the recent progressive reforms in Russia, Ukraine, and Belarus situation with corruption has improved over last years, which resulted in substantial growth of FDI in this region and presence of many international companies.

Is this statement correct?

YES

NO

Argument:

Question 6:

People in “relationship cultures” grow up in networks of mutual obligations, characterized by favors, gift giving, hospitality, and other intangible exchanges. More time and effort are invested in the personal relationship. It takes much longer to start business in such cultures. Using local connections, building contacts at the highest level of authorities, and knowing the law precisely, international companies are able to avoid unethical or illegal activity.

Is this statement correct?

YES

NO

Argument:

Question 7:

Among High Performance Working Practices (see a-d below) only practices **b** and **d** may be implemented in the Eastern European countries because of the cultural fit.

- a) The 360 feedback system
- b) Pay-for-performance technique
- c) Self-managed work teams
- d) Involvement, participation, empowerment

Is this statement correct?

YES

NO

Argument:

Question 8: (1 point)

Successful empowerment in the Eastern European countries requires a culture of change, tolerance of mistakes. It is expected that managers help employees to make decisions, which are delegated to them. The visible results of empowerment should be produced quickly to excite employees.

Is this statement correct?

YES

NO

Argument:

Part 2. Please solve three (3) and only three of following five (5) problems:

Question 1: Attractiveness and key barriers in FDI in the following Eastern European countries: Ukraine, Russia, and Belarus (the example of one country may be used)

- a) Indicate motives for entering EE (please, provide specific examples).
- b) Provide key indicators of economic development of the country.
- c) Discuss major challenges for international companies related to formal and informal institutions.

Question 2: Managerial Style in Eastern European Companies

Discuss

- a) how managerial attitudes and values affect behavior in organizations.
- b) which aspects of culture in the Eastern European countries influence management and leadership.
- c) how the role of a manager is seen by employees.
- d) what are different managerial styles used in the Eastern European companies; what are the trends in this respect?

Question 3: Managerial implications of Russian (Slavonic) collectivistic mentality

- a) What are the cultural roots of collective mentality?
- b) What is the influence of this mentality on work behavior?
- c) How collectivist attitudes should be taken into consideration in promoting team work and developing effective motivation system?

Question 4: Successful work of German managers in Russia (Eastern Europe)

- a) Based on Geert Hofstede's cultural dimensions model for Germany and Russia, indicate the biggest discrepancies and potential management problems for Joint Venture
- b) Which effective strategies may be used by German managers (in the connection with previous question) based on the learning experience of foreign executives doing business in Russia?
- c) Characterize the negotiation style traditionally used by Russian managers and factors for success in the negotiation process.

Question 5: Human resource management practice in Russia, Ukraine, and Belarus (the example of one country may be used):

- a) Characterize the peculiarities of the labor force in the connection with HMR.
- b) What are strengths and weaknesses of both educational and training system?
- c) Discuss which motivators are important in Eastern Europe and today's trends in motivation practices at successful companies.