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# Family commitments and work ethics of family-based enterprises in Russia

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Drawing upon researches in family studies, Gerald Creed points out that under recent global transformations of capitalism (and socialism) family obtained a new value as a space of economic interaction and integration, even though the escalating rhetoric on 'family values' suggests a family crisis in many of Western contexts (Creed 2000). In my own research that focuses on small family enterprises in provincial Russia, I aim to comprehend the everyday economic significance of family along with those cultural and moral values that attach to it.

In the Russian context, the concept of family business is a tricky one. Due to the lack of articulation of this term in statistics, laws and regulations as well as in public discourse in general, the use of the concept of family business is rather a matter of individual choice and interpretation. When asking local experts in economy about family-based enterprises, I was warned that in Russia one can't find traditional family enterprises like those that have been long thriving in Western Europe or Japan, since their key element – the continuity of a business through generations – is absent in Russia owing to its recent socialist past. At the same time, small firms that rely mainly on the labour of family members and kin can be easily found in Smolensk. Using the method of participant observation, I have gone in search of emic perceptions of family business in order to obtain a more nuanced picture of family interactions within and outside work settings.

Let me move to an example from my field experience. Nikolay<sup>1</sup>, a former military man who had been a press photographer in late Soviet times, set up his first stamps and signboards production firm in early 1990s. This was shortly after liberal reforms introduced private property and other market institutions. Today, in his early fifties, Nikolay makes the impression of being a very confident man, experienced in all details of doing business in Russia, one who will easily find a solution to any problem in his life. Very sociable and easy-going, he has got useful connections with the local administration and a circle of friends who may be useful in business. But his divorce around ten years ago has changed Nikolay's life drastically. Soon

after the divorce his ex-wife initiated a series of lawsuits against him and won a significant remuneration as an alimony for their two children. Also, by another court action she got a part of Nikolay's real estate holdings –half of the building that he had leased to different agencies. Nikolay believes that the only rationale that lies behind all enforcement proceedings is his ex-wife's strong intention to ruin his business and appropriate his capital. Her success in legal battles he attributes to her close connections with corrupted judges and her bribes that assured favorable decisions. In order to cut his ex-wife off from the benefits of corruption Nikolay registered himself as a citizen of a Moscow region to fall under jurisdiction of a Moscow court system. In spite of high metropolitan legal costs, Nikolay aimed to relocate all his legal proceedings to the settings where his ex-wife could not rely on her connections. Also he re-registered the firm under his father's name and after the latter died, the ownership was changed over to his sister in order to protect the company from further property division. Several times his ex-wife initiated inspections of Nikolay's firm to reveal the cheating with property rights, but Nikolay has repelled these investigations due to the expertise of his Moscow lawyer. As a result of all these legal arrangements, Nikolay managed to keep his main business untouched. But this division of capital entailed the complete split of his nuclear family: not just has his former spouse stopped addressing him outside court settings,, but also his children now avoid any contact with him.

Despite all the material and emotional costs of divorce, Nikolay expanded his business by setting up a hostel around two years ago. He used his part of a vacant building that was split between him and his ex-wife according to the court decision. To arrange a small hotel was an idea of his friend in the hotel industry, although Nikolay has some doubts regarding the appropriate price category for the hotel. At some point, the political crisis in Ukraine and the war in Donbass prompted him to make migrants from Ukraine a main target group. At that time the state subsidized Ukrainian migrants with 800 rubles per day (approx. 12 dollars) and Nikolay planned to provide them with food and accommodation for this price. However lately he had confronted so many complexities with food provision that in the end he dropped the idea with migrants. The economic crisis in Russia since the end of 2015 proved that Nikolay's decision to choose low-cost niche was prudent.



Reception desk at the hostel during the New Year's holidays.

Capital investments for another new enterprise came from an old friend of Nikolay, a former fellow student at the Military Academy. As business partners, they got on well for half a year, but then split up after several conflicts. Now Nikolay has to pay off a debt to his former partner. Nikolay's girlfriend, Natasha, has been involved in the hostel business from the very beginning. She is a receptionist there working a 24 hours shift. Before Nikolay could afford to hire a third receptionist, Natasha had been working two shifts in a row, hence 48 hours. Her friends joked that the hostel was her real home since she spent more time there than at home. Natasha does not have an official employment, similar to others in the company. She puts a lot of effort to keep everything clean and shiny, but occasionally she feels disillusioned with her unskilled job. She sighs that her two university degrees proved to be unnecessary at her new work setting, where all she has to do is replicate her household routine, that is cleaning, washing, and ironing. She also feels upset by the fact that Nikolay cannot afford to pay her a salary because of his debt and legal costs. Natasha moved to Smolensk from Krasnodar where she owns an apartment. She leases it now, but all her rental revenue she contributes to rent an apartment in Smolensk with Nikolay. Even so, Natasha praises Nikolay's entrepreneurial spirit and sees the hotel as their joint endeavor. For her this enterprise is a part of their family history, a place that represents an extended household and enables her to fit the role of a good wife and a friendly hostess. Natasha's amiability and hospitality is more than appealing for some guests, while confusing for others, who expect less personal type of involvement with hotel staff. She is always ready to share her own lunch with a guest or buy a drink and food for parties that occasionally take place in the hostel. She says that such parties bring guests together like a big family.

Unlike Natasha's overtly emotional attachment to her workplace saturated with family commitments, Nikolay is more pragmatically concerned about his late business project. Asking him whether he regards hostel as a family run enterprise, I receive a flat refusal. Then he adds, "...but if you wish so, let it be this way... [Although] I always believed that my own ideas I have to fulfill by myself. And I do not care who will implement them". This last remark was addressed to Natasha who appears in this quote as a mere executor of her man's desires. This type of moral commitment that celebrates independence and self-actualization through men's projects has been found by Yanagisako (2002: 85-92) among Italian male entrepreneurs. In case of Nikolay, his '*patriarchal desire*' to '*create his own firm, his own family, and his own destiny*' (ibid. 85) is, however, limited by the lack of legal grounds for this self-actualization, as legally the owner of both of his firms is his sister, not him.

Even if Nikolay's case seems to be an extreme example, it provides a good illustration of complex interaction between work and family that can be found in many other stories of my

interlocutors. These are full of accounts of manipulation of family connections and property rights, corruption and selective law enforcement, indebtedness, economic crisis and precarious material conditions, flexibility of firm arrangements, gender codes and hierarchies, self-exploitation, an overlap of business and household, and the like. Although many entrepreneurs express anxieties over the destructive effect of business on family relations and friendship, they still resort to kin and spouses, as people they may fully trust. A lack of trust in employees is especially salient in accounting and bookkeeping. It is common knowledge among business people that a dishonest accountant can steal a significant part of the revenue and bring the firm to bankruptcy. In a context of low trust in official institutions and the legal system, employers rely on kinship and family ties to prevent stealing and deception.

One issue that is missing in Nikolay's case is the question of inheritance. Nikolay denies that he has ever thought over such matters. Although my sample provides a few stories of generational succession, it is common that parents employ a family business idiom in its performative sense, to encourage their children to engage with family enterprise, even if the young generation strives for another career path. Identifying their firm as a family run businesses, the elders seek to mobilize certain family commitments on the part of their children, in order to persuade them to take over the firm.

Further analysis of family relationships within and outside work settings will help me to clarify the specific work ethic and the value of family in pursuing economic, social and political gains among business owners.

## References

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## Note

<sup>i</sup> All names have been changed for protection of personal data.