

JYVÄSKYLÄ UNIVERSITY SCHOOL OF BUSINESS AND ECONOMICS

**INTERNATIONALISATION OF FINNISH SMES TO
RUSSIA: NETWORK TIES AND CULTURAL
PERCEPTIONS IN FOCUS**

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<p>Abstract</p> <p>This master's thesis focuses on studying the importance of network relationships and cultural perceptions in business with Russians. The aim of this research is to find out how Finnish SMEs form and develop network ties in Russia. This study also aims at clarifying how cultural perceptions are related to networking strategies.</p> <p>The empirical data of this qualitative research consists of nine personal interviews with employees of two case companies. Both case companies are Finnish SMEs that export industrial products to Russia. All the informants are daily in contact with Russian network partners. The data is analysed by using qualitative content analysis and case study methods.</p> <p>The findings of this study show that networks have an important role in business with Russians. Especially important with Russians are trustful personal relationships. In order to build trustful relationships, Finnish companies need to put effort into forming and developing the relationships by constantly being in contact and spending time with Russian network partners. Good social skills, knowing the issues related to one's own business, Russian language skills and knowledge of Russian culture are skills that have the biggest significance in networking with Russians. The findings also show that a subsidiary in Russia is important both in networking with Russians and in order to overcome possible challenges that Finnish companies face in the Russian market. However, it is possible to succeed in the Russian market without a subsidiary too, but then even more effort should be put into maintaining network relationships with Russians.</p>	
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<p>Tiivistelmä</p> <p>Tämä pro gradu -tutkielma keskittyy tarkastelemaan verkostosuhteiden ja kulttuurikäsitteiden merkitystä liiketoiminnassa venäläisten kanssa. Tutkimuksen tavoitteena on selvittää miten suomalaiset PK-yritykset muodostavat ja kehittävät verkostosuhteita Venäjällä. Lisäksi tutkimuksen tarkoituksena on selvittää miten kulttuurikäsitteet liittyvät verkostoitumisstrategioihin.</p> <p>Tutkimusaineisto koostuu yhteensä yhdeksästä haastattelusta kahden eri yrityksen työntekijöiden kanssa. Molemmat yritykset ovat suomalaisia PK-yrityksiä, jotka vievät teollisia tuotteita Venäjälle. Kaikki informantit ovat päivittäin yhteydessä venäläisten verkostokumppanien kanssa. Aineiston analyysimenetelmät ovat laadullinen sisällönanalyysi sekä tapaustutkimus.</p> <p>Tutkimustulokset osoittavat, että verkostoilla on tärkeä rooli liiketoiminnassa venäläisten kanssa. Erityisen tärkeää venäläisten kanssa ovat luottamukselliset henkilökohtaiset suhteet. Jotta luottamuksellinen suhde muodostuisi, suomalaisten yritysten täytyy nähdä vaivaa verkostosuhteiden luomisen ja kehittämisen eteen olemalla jatkuvasti yhteydessä venäläisiin verkostokumppaneihin sekä viettämällä aikaa näiden kanssa. Hyvät sosiaaliset taidot, oman työnsä osaaminen, venäjän kielen taito sekä tietämys venäläisestä kulttuurista ovat merkityksellisimpiä taitoja verkostoituessa venäläisten kanssa. Tulokset osoittavat myös, että venäläinen tytäryhtiö auttaa suomalaisia yrityksiä sekä verkostoitumaan Venäjälle että pääsemään yli mahdollisista haasteista, joita suomalaiset yritykset kohtaavat Venäjän markkinoilla. Tutkimustulokset kuitenkin paljastavat, että Venäjän markkinoilla on mahdollista menestyä myös ilman tytäryhtiötä, mutta tällöin verkostosuhteiden ylläpitoon ja kehittämiseen täytyy panostaa entistä enemmän.</p>	
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1 INTRODUCTION

The trade between Finland and Russia has long traditions (Kallonen & Ketola 1996, 66). Considering the whole trade, Russia was the biggest trading partner of Finland from 2007 to 2013, but in the beginning of 2014 Germany became the biggest trading partner of Finland. However, Russia is still Finland's biggest country of imports and the third biggest country of exports. (Tulli, 2014.) Finland's share in the foreign trade of Russia is also decreasing. Reasons behind this are other countries, which are expanding their operations in Russia. As a result, the competition in the Russian market is getting harder. (Mustajoki 2007, 21.) However, close proximity to Russia gives Finland geographical advantage and advantage in transportations compared to competitors (Vahvaselkä 2009, 9). To utilise possibilities of the Russian market, Finnish companies need knowledge about Russia and how to do business with Russians, and skills to evaluate the risks of Russian capitalism (Mustajoki 2007, 21; Ollus 2008, 104).

This master's thesis clarifies the importance of network relationships and cultural perceptions in business with Russians. Also, this study aims at finding out what are the most important skills when networking with Russians. The data of this research consists of nine personal interviews with employees of two case companies. Both case companies are Finnish SMEs that export industrial products to Russia. The objective of this master's thesis is to find answers to following research questions:

1. How do Finnish SMEs form network ties in Russia?
2. How do Finnish SMEs develop network ties in Russia?
3. How are cultural perceptions related to networking strategies?

The role of networks in the internationalisation process of SMEs has been studied from different viewpoints in the recent years. For example Ojala (2008, 2009), Kontinen and Ojala (2010, 2011), and Torkkeli, Puumalainen, Saarenketo and Kuivalainen (2012) have studied the internationalisation process of Finnish SMEs and the role of networks in the process. These researchers did not focus

on the networks between Finnish and Russian companies, which is why this master's thesis focuses on to study this less researched area.

The introduction chapter introduces themes and aims of the study. The second chapter investigates Finnish and Russian cultures based on Geert Hofstede's cultural dimensions model. The third chapter concentrates on Finnish and Russian business cultures described by authors Richard D. Lewis and John Mole. The fourth chapter concerns the network model of internationalisation and earlier empirical research. The main sources in the fourth chapter are Jan Johanson, Lars-Gunnar Mattsson and Jan-Erik Vahlne. The fifth chapter describes the method and material of the study, and the sixth chapter findings and discussion. Finally, the seventh chapter concludes the research.

2 CHARACTERS OF CULTURAL DIFFERENCES BETWEEN FINLAND AND RUSSIA

Although Finland and Russia are neighbouring countries and have a long history in trade, their cultures are very different from each other. This is why it is important for this master's thesis to first study the basic features of Finnish and Russian cultures. Cultural differences will be investigated based on Geert Hofstede's cultural dimensions model.

2.1 Hofstede's cultural dimensions model

In the late 1960s Geert Hofstede started to study national cultural differences. His research was published in 1980 in a book titled *Culture's Consequences*. (Hofstede & Hofstede 2005, ix.) Hofstede created 4 dimensions for measuring national cultures. These dimensions are power distance, individualism versus collectivism, masculinity versus femininity and uncertainty avoidance. (Hofstede & Hofstede 2005, 23.) Later Hofstede added a fifth dimension to his model, long-term versus short-term orientation (Hofstede & Hofstede 2005, 31). In 2010, this dimension was renamed pragmatic versus normative based on Michael Minkov's research. In 2010, a new sixth dimension was also added to dimensions based on Michael Minkov's research. This dimension was called indulgence versus restraint. (The Hofstede Centre/National cultural dimensions 19.8.2014).

Power distance means how a culture deals with inequalities (Hofstede & Hofstede 2005, 41). Individualism versus collectivism measures the degree of interdependence among members of a society. In the scale of masculinity versus femininity a high score means that the culture is masculine; driven by competition and achievement based value system. A low score indicates femininity; the most important values being caring for others and quality of life. (The Hofstede Centre/Finland, 19.8.2014.) Uncertainty avoidance describes how threatened members of a certain culture feel about ambiguous or unknown

situations (Hofstede & Hofstede 2005, 167). Pragmatic versus normative means how the society maintains links with its own past and at the same time manages the challenges that the present and future bring. A low score indicates that the society prefers to maintain traditions and norms, and considers changes in society to be suspicious. A high score means that the society encourages efforts that prepare for the future. Indulgence versus restraint describes how much members of a society try to control their impulses and desires. A low score in this dimension means restraint and strong control, while a high score means indulgence and weak control of impulses and desires. (The Hofstede Centre/Finland, 19.8.2014.)

TABLE 1 Finnish and Russian cultures based on the cultural dimensions

Cultural dimension	Finnish culture	Russian culture
Power distance	Low	Very high
Individualism / Collectivism	Individualist	Collectivist
Masculinity / Femininity	Feminine	Feminine
Uncertainty avoidance	High	Very high
Pragmatic / Normative	Normative	Pragmatic
Indulgence / Restraint	Indulgent	Restraint

2.2 Finnish culture based on Hofstede's cultural dimensions

Finland has a low score of 33 in power distance. This means that being independent, equal rights and having a hierarchy for only convenience characterise Finnish culture. Also, accessible superiors, coaching leadership style and empowering management describe Finnish culture. In Finland power is usually decentralised. Managers trust the experience of their employees, and employees assume to get consultation. In countries with low power distance score, such as Finland, control is usually disliked and behaviour with managers is informal. The usual communication style is direct and participative in countries with low power distance score. (The Hofstede Centre/Finland, 19.8.2014.)

Finland scores 63 in individualism versus collectivism, which makes it an individualist country. In individualist countries people usually only take care of themselves and their direct families. Committing an offence usually means a loss of self-esteem and guilt. In Finland and other individualist countries hiring and promoting should be based on merits only. Also, the relationship between employer and employee bases on mutual advantage. In individualist countries management style is usually management of individuals. (The Hofstede Centre/Finland, 19.8.2014.)

With a score of 26 Finland is a feminine society. This means that people value equality, solidarity, quality and well-being. Feminine countries tend to

resolve conflicts with compromise and negotiation. Effective management style is usually supportive, and decision making happens through involvement. (The Hofstede Centre/Finland, 19.8.2014.)

Finland has an uncertainty avoidance score of 59, which means that it has a high preference for avoiding uncertainties. Finnish culture has stable codes of belief and behaviour, and unusual behavior and ideas are not tolerated well. In uncertainty avoiding societies people feel a need for rules and an urge to work hard. Precision, punctuality and security are important for countries with high score in uncertainty avoidance. (The Hofstede Centre/Finland, 19.8.2014.)

Finland has a score of 38 in pragmatism versus normative, which means that it is a normative country. In normative societies people want to establish the absolute truth and they think normative. Normative societies also respect traditions. People in normative countries usually have a quite small tendency to save for the future and they rather focus on achieving quick results. (The Hofstede Centre/Finland, 20.8.2014.)

Finland scores 57 in indulgence versus restraint, which means that it is an indulgent country. In indulgent countries people tend to have a willingness to identify their desires about enjoying life. Usually people in indulgent countries have a positive attitude and are more optimistic than pessimistic. Also, leisure time is highly valued and money is spent as people themselves wish. (The Hofstede Centre/Finland, 20.8.2014.)

2.3 Russian culture based on Hofstede's cultural dimensions

A power distance score of 93 means that power is very distant in Russia. Overall Russia is highly centralised, because most foreign investments go to Moscow, where most of the financial potential of the country is located. There is a huge difference between the more and the less powerful and wealthy people in Russia. This is why status symbols are very important, especially in business life. In all business interactions behaviour has to represent the status roles and the approach should be from top to down. (The Hofstede Centre/Russia, 20.8.2014.)

With a score of 39, Russia is a collectivist country. Family, friends and even neighbours are important for Russians in everyday life. Personal, trustful relationships are important for example for the success of negotiations or getting information. This is why relationships need to be formed first before other actions can be taken. (The Hofstede Centre/Russia, 20.8.2014.)

Surprisingly, Russia has a relatively low score of 36 in masculinity versus femininity, which means that it is a feminine society. Russia's masculine characteristics, such as the importance of status symbols, are related to high power distance. Russians femininity can be seen from their tendency to talk modestly about their personal achievements or capabilities when meeting with

a stranger. Dominant behaviour is not accepted among peers, but might be accepted from managers. (The Hofstede Centre/Russia, 20.8.2014.)

With a score of 95 in uncertainty avoidance, Russians feel very threatened by unknown situations. This explains why detailed planning is very common for Russians in negotiations and why they want to have background information. When interacting with strangers, Russians appear formal and distant, which is their way of showing respect. (The Hofstede Centre/Russia, 20.8.2014.)

Russia has a very high score of 81 in the dimension of pragmatic versus normative. This means that Russians have a pragmatic mindset and they believe that truth is bound to the situation and context. People with pragmatic mindset are able to adapt their traditions if conditions change and have a tendency to invest and save. (The Hofstede Centre/Russia, 20.8.2014.)

Russia scores 20 in indulgence versus restraint, meaning that Russia is a restrained country. People in countries with restrained nature tend to think cynically and pessimistically. Leisure time and controlling fulfillment of desires are not focused on that much in restrained as in indulgent countries. In restrained countries people tend to think that social norms restrain their actions and that fulfilling their desires is not acceptable. (The Hofstede Centre/Russia, 20.8.2014.)

Hofstede's dimensions propose that Finnish and Russian cultures differ quite much from each other. For example, power is more equally divided in Finland than in Russia. Also, individualism reflects Finnish culture, while collectivism is a characteristic of Russian culture. By Hofstede's dimensions, Finland is a normative country where people want to establish truth and respect traditions. Russia on the other hand is described as a pragmatic country, where people think that truth is bound to the context and that traditions can be easily adapted. Finland is described as indulgent, meaning that people value leisure time and have an optimistic view of life. Russia on the other hand is described as a restrained country, where people are more pessimistic and think that social norms restrain their actions. Finnish and Russian cultures share mutual characteristics as well. They are both described as feminine countries with high tendencies to avoid uncertainties. (The Hofstede Centre/Russia, The Hofstede Centre/Finland, 20.8.2014.) However, it is important to remember that all descriptions of cultures are usually stereotypical and need to be observed accordingly.

3 CHARACTERS OF FINNISH AND RUSSIAN BUSINESS CULTURES

Finnish and Russian cultures differ from each other and so do their business cultures. Knowing about the differences in business cultures is another essential part in business with Russians and therefore it is important in this research. In this chapter Finnish and Russian business cultures are represented based on studies of Richard D. Lewis and John Mole.

3.1 Finnish business culture

Honesty, reliability, punctuality and loyalty are often used to describe Finns in business life (Lewis 2006, 332). Finns are also described to be slow, silent and a bit uneasy with foreigners (Lewis 2006, 333). Their natural shyness results from their strong conception of personal privacy (Mole 2003, 79). Finns feel themselves nervous if they think that all is not totally under control. They also value highly efficiency and effectiveness. (Mole 2003, 77.) Finnish businesses are based on accuracy, numbers, technical knowledge, pragmatic thinking and techniques that are known to be functioning. Finns do not trust in oral estimates but collect data from well-known sources. In business negotiations the opposing side is expected to be rational and trustworthy, just like Finns emphasise themselves to be. (Lewis 1996, 282.) Finns also expect that others' presentations are modern, of a good quality, include technical information, are well designed and presented modestly (Lewis 1999, 55). If the presentation of ideas and proposals includes a sales pitch or anything resembling it, Finns become suspicious. Finns think that optimism is frivolous and they prefer that decisions are based on a worst-case scenario. (Mole 2003, 78.)

According to Lewis (1996, 282), informal and democratic speech and minimal protocol describe Finnish meetings. Humour might also have an important part in creating mutual understanding (Lewis 1996, 282). In conversations a strong value is placed on speaking openly and plainly, without

exaggerating, and preferably using facts and figures. (Mole 2003, 78.) Finns tend to be patient and control their emotions well in business negotiations (Lewis 1996, 283). They are used to a conversation style where each person talks at their own turn without interrupting others during their turns. When the other person has finished, Finns take some time to think about what has been said. This is why foreigners might mistakenly think that Finns did not understand what has been said. (Mole 2003, 78.) When making a proposal themselves, Finns only say what is necessary. If the proposal is not understood, they summarise it with even less words to be clear. (Lewis 1999, 14.)

Mole (2003, 78) notes that meetings act as an important site for sharing information, solving problems and debating. Usually the goal is to have one well-managed and efficient meeting, but usually there is a need for another meeting in order to hear everyone's opinions (Mole 2003, 78). In business context Finnish decision making process is slow and deliberate. This process includes consultation and debate where anyone who has an interest on the matter is heard. (Mole 2003, 77.) Finnish business people like to have clear goals and objectives. This includes having their responsibilities and authorities well defined. Finns usually prefer to do their work independently without close supervision from above. (Lewis 2006, 335.)

Lewis (2006, 332) describes that Finnish leadership style is usually to lead from the front with the right balance of authoritarianism and consultative style. There are not too many systems or hierarchical paths that restrict managers' work (Lewis 2006, 332). Finnish managers require up-to-date technology, factories and training for all personnel. Usually Finnish managers make decisions without asking permission from the headquarters. This enables the agile and mobile management style. (Lewis 2006, 334.) Finnish executives are often well educated and this gives them comparative advantage over many foreign counterparts (Lewis 2006, 334-335).

3.2 Russian business culture

According to Lewis (2006, 375), some characteristics of Russian business life still remind of the command economy of the Soviet Union, which dictated Russians' attitudes towards negotiations for decades. From Russians' ways of negotiating can be seen traditional rustic caution, stubbornness and reserve, but also thorough experience that good education and skilled organisation has taught them. (Lewis 1996, 261.) During the Soviet times everything was quite complicated and this is why Russians respond suspiciously to everything that is granted too easily (Lewis 2006, 376).

Russian negotiation group usually includes experts that are very experienced. They negotiate as if they were playing chess, because they plan several moves in advance. The opposing side should consider what consequences the moves they make might have. Usually Russians do not work

independently in negotiations, but they represent some level of administrative branch. (Lewis 2006, 375.) Sudden changes or new ideas get Russians confused, because they need to find consensus from higher levels of the company. Russians usually behave disciplined and unanimously in business meetings. When the opposing side is not behaving unanimously, Russians are bemused of which one of them truly has the authority. (Lewis 2006, 376.)

Lewis (2006, 376) notes that Russians think that willingness to make compromises is a sign of weakness. When they themselves get into a tough situation their tactics is to keep patient and last till the end of the negotiations. Russians give up this tactics only if the opposing side behaves determined. When the opposing side seems to be withdrawing Russians tend to strongly pressurise, but when the opposition is strong, they tend to withdraw. (Lewis 2006, 376.) Russians usually only give in as a compensation for the concessions the opposing side has made. Also, they often make small concessions and then ask for bigger favours in return as compensation. (Lewis 1996, 262.)

When first meeting with Russians, they might seem gloomy and unfriendly, because smiling at formal occasions with strangers is not considered respectful (Mole 2003, 259). Russians' manner of representation is often theatrical and emotional and the purpose of it is to clearly communicate their intentions and demands (Lewis 2006, 376). Russians manage both theatrically verbose and ice cold silent style of communicating (Lewis 1999, 22). Listening conventions in Russia are similar to those in Finland. Russians tend to listen attentively without interrupting the other speaker. After the speech it is polite to give the other party a second to think about what has been said. (Mole 2003, 259.) If Russians think they are on top of the situation, they might use "tough talk" (Lewis 2006, 376).

At the beginning of the meeting Russians often represent a preliminary draft describing their objectives. This draft is only a starting point and far from what they wish to achieve. In the preliminary draft Russians usually include a few less meaningful issues which they could easily give up without weakening their position. In negotiations Russians ask the opposing side to talk first, so that they have more time to think about the issues the other side has presented. (Lewis 2006, 376.)

According to Mole (2003, 252), contracts and written agreements have a different significance for Russians, but they are not less important. Contracts are seen as clarifications of functioning relationships rather than legal forms of them. Russians do not expect contracts and written agreements to be used as a basis for legal actions. They see that since circumstances change, contracts can be renegotiated later on. (Mole 2003, 252.) Usually to Russians a contract is binding only if it is beneficial for both parties. If the opposing side accepts this attitude of seeing contracts comprehensively, the refinement of details and the final enforcement of the contract will be difficult. (Lewis 2006, 376.) Russians are not that interested in money as westerners are, so Russians are more willing to walk out on a deal. (Lewis 2006, 377.)

If the negotiations have come to a dead end personal relationships with Russians might usually help the situation (Lewis 2006, 376). Russians are more oriented on people than deals, and this is why it is important for foreigners to get Russians like them (Lewis 2006, 377). Russians usually distrust official regulations, but embrace personal recommendations (Lewis 2006, 378). During business negotiations the order of importance for Russians is personal relationships first, then appearance and form, and only after those a possibility for financial gains (Lewis 2006, 378). Overall Russia is an economy where personal relationships are important, and this is why Finns need to want and be capable of forming personal relationships with Russians to succeed in business with them (Ollus 2008, 105).

Mole (2003, 257) states that Russian has become an important language of international business, and those doing business in Russia should know at least the basics of Russian language. Russian is a figurative language but humour is not directly associated with business meetings and other formal occasions. Still, humour is not far behind the surface in business meetings. (Mole 2003, 258.) When speaking English with Russians it is good to check whether they have understood the meaning correctly, since some words may be interpreted differently (Mole 2003, 258). Russians rely more on spoken than written word, and this is why westerners should pay closer attention to what their Russian business partner is saying than writing. Also, to get the message through it is important to confirm something also with a conversation rather than only with letters and reports. (Mole 2003, 257.)

Russians are careful about how to address each other. When they speak Russian, name and patronymic is the most formal way of addressing. In translated business cards Russians use an initial in the place of a patronymic and foreigners are not expected to follow the use of patronymics. Colleagues usually address each other by last names unless they have the same status, then the use of first names is common. Westerners are usually called *gospodin*, sir, or *gospaja*, lady. (Mole 2003, 258.) Overall Russians are usually more polite in their behaviour than Finns. For example, in their speech Russians often use phrases "thank you", "you are welcome" and "excuse me". (Malankin 2012, 4.)

To conclude, it can be said that Finnish and Russian business cultures differ from each other. For example, Finnish style of presenting is modest and with presentations that are well designed and include technical information (Lewis 1999, 55). Russian presentation manner on the other hand is usually theatrical and emotional (Lewis 2006, 376). Finns are usually informal when addressing each other and overall minimal protocol describes Finnish business life (Lewis 1996, 282). Russian way of addressing each other is formal and they are very sensitive about their status (Lewis 2006, 376; Mole 2003, 258). Although there are many differences between Finnish and Russian business cultures, there can be found some similarities as well. For example, both Finnish and Russian people tend to listen attentively without interrupting the other speaker (Mole 2003, 259).

4 NETWORKS IN THE INTERNATIONALISATION PROCESS OF SMES

In this chapter the network model of internationalisation and earlier research about networks in the internationalisation process of SMEs are presented. The network model of internationalisation was created by Johanson and Mattsson in the 1980's when networks became increasingly important in companies' internationalisation activities (Johanson & Mattsson 1988 via Ojala 2009). As Johanson and Mattsson (1988) note, originally the approach was developed to describe networks in industrial markets. In industrial markets companies produce, distribute and use goods and services. This system is described as a network of relationships between the companies. Work is divided in the network, which means that the companies in the network are dependent on each other. This is why their activities need to be coordinated. Coordination doesn't occur through a central plan or an organisational hierarchy, but through interaction between all the companies in the network. (Johanson & Mattsson 1988, 291.)

4.1 Types of networks

Networks can be divided into direct and indirect relationships, and formal, informal and intermediary ties (Kontinen 2013). Different network ties can have different purposes for the companies (Adler & Kwon 2002). Direct network relationships refer for example to distributors, customers and suppliers. Indirect relationships on the other hand mean indirect connections to other networks and customer's customers. Indirect relationships require fewer investments from a company than direct relationships. It is possible to gain new ideas and opportunities through indirect relationships as well. (Kontinen 2013.)

Formal relationships are created for a specific purpose (Agndal & Chetty 2008). Formal ties refer to relationships with other companies and existing business relationships (Kontinen 2013). Products and services are exchanged for

money or by barter in formal relationships (Alder & Kwon 2002). If a company wants to access a formal relationship the existing members of the network need to accept it first. Informal ties on the other hand evolve and expand while relationships between the members in the tie develop. (Agndal & Chetty 2008.) Informal ties usually refer to relationships with friends and family (Larson & Starr 1993). However, informal ties may form into formal ties and formal ties into informal ties (Larson & Starr 1993). Intermediary ties mean actors who mediate the relationship between the seller and the buyer, for example non-profit government-owned consulting companies. Intermediary actors do not have business transactions with buyers or sellers, but the main purpose of intermediary actors is to advance ties between a seller and a buyer. (Kontinen 2013.)

4.2 The formation of networks

Johanson and Mattsson (1988, 291) state that networks in industrial markets are both stable and changing. The network of established relationships is usually the place where most business transactions between companies happen. Naturally, occasionally some new relationships need to be established and some old relationships are abandoned for some reason. (Johanson & Mattsson 1988, 291.) There are various bonds developed between the companies within a relationship. Johanson and Mattsson (1988) divide these bonds into technical, planning, knowledge, social, economic and legal bonds. (Johanson & Mattsson 1988, 291-292.) Through activities and transactions made within relationships, the relationships continually change (Johanson & Mattsson 1988, 291-292). Also, there needs to be efforts made to maintain, change, develop and even disturb the relationships (Johanson & Mattsson 1988, 292). These change and development processes are cumulative and take time (Johanson & Mattsson 1988, 294-295.) Actions are done to secure short-term economic return, and to create a good position for the company in the network in order to secure the long-term survival and development of the company. With the help of these activities in the network, companies develop relationships which ensure their access to important resources and sales of their products and services. (Johanson & Mattsson 1988, 292.)

According to Johanson and Vahlne (1988, 295) a basic assumption about the network model is that an individual company is dependent on resources controlled by other companies. Companies get access to these external resources through their positions in the network. Because the development of network positions requires time and effort, and the present positions define opportunities and restrictions for the company's future strategic development, the company's positions in the network are described as partially controlled, intangible market assets. Market assets create income for the company and give

the company access to internal assets of other companies. (Johanson & Mattsson 1988, 295.)

4.3 Networks in the process of internationalisation

Entering a new market means entering a new network. This is done by building new relationships by either breaking existing relationships or adding new relationship to already existing relationship. The first move into creating a new relationship can be taken either by the seller or the buyer. (Johanson & Mattsson 1988, 292.) Johanson and Mattsson (1988, 296) suggest that “according to the network model, the internationalisation of the company means that the company establishes and develops positions in relation to counterparts in foreign networks”. This can be accomplished through three different means. The first one is international extension. This means that the company establishes positions in relation to other companies in those national nets that are new to the company. The second manner is penetration. In penetration the company develops positions and increases resource commitments in those nets abroad in which the company already has established positions. The third mode is international integration, in which the company increases coordination between positions in different national nets. The degree of internationalisation of a company tells about how much the company uses certain positions in different national nets, and how significant and integrated those positions are. The company’s network positions before the internationalisation process indicate market assets that might have an influence on the internationalisation process. (Johanson & Mattsson 1988, 296.)

Johanson and Vahlne (2003) argue that networks are the most important factors in companies’ internationalisation today. Internationalisation is not affected by country boundaries as it was before, but the challenges come from network relationship establishment and development. Today knowledge and commitment are not that big of a concern for countries as presented in the Uppsala model, but existing and potential relationship partners. Johanson and Vahlne (2003) note that network relationship partners learn about each other and the relationship develops at the same time. This is a slow and gradual process and both parties need to be committed to the relationship. (Johanson & Vahlne, 2003). According to Johanson and Mattsson (1988, 290) good relationships require mutual confidence in each other’s ability and willingness to carry out the appointed commitments. Building such levels of confidence takes time and effort from both parties (Johanson & Mattsson 1988, 290). Because of networks, companies don’t necessarily follow a certain path of internationalisation, but follow the possibilities that arise from different relationships. Companies learn in their existing relationships and this allows them to enter new markets where they can develop new relationships. (Johanson & Vahlne, 2003.)

Johanson and Mattsson (1988, 297) suggest that the motivation behind increased internationalisation is that the company wants to make good use of and develop its resources in a way that the company's long-term economic objectives are met. By the network model, the company's development depends greatly on its positions, because it can use its market assets when developing further. Also, internationalisation characteristics of the company and the market influence the internationalisation process. (Johanson & Mattsson 1988, 297.)

Psychic distance is a concept that is often studied alongside with the network model of internationalisation. Johanson and Wiedersheim-Paul (1975) describe psychic distance as "factors preventing or disturbing the flows of information between company and market". Such factors can be for example differences in language, culture and political systems. Geographic distance is usually connected to psychic distance, but it does not always correlate with psychic distance. Some countries can be geographically close but still be far from each other with regard to psychic distance. (Johanson & Wiedersheim-Paul 1975.)

4.4 Four different internationalisation situations



FIGURE 1 The degree of a company's and its market environment's internationalisation by Johanson & Mattsson (1988)

4.4.1 The Early Starter

Johanson and Mattsson (1988, 297-298) created a model of four different internationalisation situations. First of the four internationalisation situations is the Early Starter. This means that the company has only a few quite unimportant relationships with companies abroad. Also, other companies in the domestic market have only a few international relationships. In this kind of a situation the company has gained only little knowledge about foreign markets and it cannot gather such knowledge through relationships in the domestic market either. In this situation the company's size and resourcefulness have an important role in internationalisation activities, because ventures abroad demand resources for developing knowledge and for adjusting to the foreign markets and competitors there. (Johanson & Mattsson 1988, 298).

In the Early Starter model companies usually start their internationalisation in nearby markets by using agents rather than subsidiaries. This is done because the companies try to minimise the need and demand for adjustments and to utilise the positions in the market that already-established companies have. By utilising market investments that the agent in the foreign market has done earlier, the company can reduce the need for its own risk taking and investments. (Johanson & Mattsson 1988, 298.) The market assets of the company increase when the volume sold in the foreign market increases. This could justify investments in production facilities in the foreign market. (Johanson & Mattsson 1988, 298-299.) Besides using agent in the foreign market, companies could start their internationalisation with an acquisition or greenfield investment. These would require bigger investments in the beginning, but possibly be better in the long run for knowledge development and market penetration. This strategy is mainly for companies which already are big and resourceful in the home market before internationalisation. (Johanson & Mattsson 1988, 299.)

In the early internationalisation of the company, initiatives are usually done by counterparts such as distributors or users in the foreign market. When establishing a new company within its network, the foreign market counterpart needs to use its own market assets. Whether the company that has been introduced to the new market can develop its position in the market might depend on the network positions of the counterpart. (Johanson & Mattsson 1988, 299.)

4.4.2 The Lonely International

When the company becomes more internationalised, it is not any more an Early Starter, but becomes a Lonely International. The Lonely International means that the company is highly internationalised but its market environment is not. The company has acquired experience about relationships in foreign countries. (Johanson & Mattsson 1988, 300.) It has also gained knowledge about how to act in culturally different environments, and this is why failures in

internationalisation are less likely to happen (Johanson & Mattsson 1988, 300-301). Resource adjustments are usually more marginal and less difficult to handle for international companies because the companies have better resource combination possibilities. For more internationalised companies further internationalisation does not depend on similarities between markets so much as it does for the Early Starter. Experience and resources allow the internationalised company to enter tightly structured production nets by establishing relationships or taking over companies with position. (Johanson & Mattsson 1988, 301.)

The company's suppliers, customers and competitors are not internationalised, so the initiation for further internationalisation does not come from other actors in the production nets. The Lonely International company can advance internationalisation of its production net and this way internationalisation of the companies in the net. (Johanson & Mattsson 1988, 301.) Being internationalised and developing network positions before the competitors might create some advantages for the Lonely International company. To utilise these advantages the company needs to coordinate activities in their different national nets. This is why international integration is important for the development of the highly internationalised company. (Johanson & Mattsson 1988, 302.)

4.4.3 The Late Starter

The third internationalisation situation is the Late Starter. The suppliers, customers and competitors of the Late Starter are internationalised, so the company has many indirect relations with networks abroad. These relationships in the domestic market might be driving forces for the Late Starter company to enter foreign markets. Already at the beginning of the internationalisation the company could go straight to markets further from its domestic market, because the nearby markets might be taken over by competitors and the company can gain knowledge of markets abroad through its internationalised domestic networks. There is a bigger need for coordination in a highly internationalised production network, which means that sales subsidiaries should be established earlier if the company is a Late Starter than if it is an Early Starter. (Johanson & Mattsson 1988, 302.)

Small companies that are Late Starters for internationalisation need to be specialised and adjusted to problem solutions in certain sections of the production networks. (Johanson & Mattsson 1988, 302.) Small companies might need to establish local production in a foreign market at an early point if planning together with customers is needed (Johanson & Mattsson 1988, 302-303). Also, if close contacts with customers are needed for technical development, it might be beneficial to manufacture locally. This situation is different for bigger companies, because larger companies tend to be less specialised than small companies. Large companies could enter a new market and a foreign production net via acquisition or joint venture. Obviously there

are risks related to an acquisition or a joint venture if the company does not have experience of foreign acquisitions or joint ventures. It might be more difficult to find a niche in greatly internationalised networks for companies which have become large at their home market. Large companies are not that fast to adjust in new nets and to react as fast on the initiatives of other companies than smaller companies are. (Johanson & Mattsson 1988, 303.)

Late Starter companies have lesser market knowledge than their competitors and this creates disadvantage for Late Starters. Late Starters also needs to have better customer adaptation ability or a good ability to influence customers' needs. On the other hand, Late Starters gain trust easier than Early Starters, because companies in the foreign markets already have experience with companies from other countries. (Johanson & Mattsson 1988, 303.)

4.4.4 The International Among Others

Yet another internationalisation situation is the International Among Others. This means that both the company and its market environment are internationalised. Extending the company's internationalisation does not require qualitative changes to be done in the company, but requires only minor changes in extension and penetration. The already internationalised company can use positions in one network in order to bridge over to other nets. Lateral relations within the company need to be quite strong for this bridging to success. The company's operations in one market might enable the company to utilise production capacity for sales in other markets. This could lead to coordinated production because of increase in intra-company international trade. (Johanson & Mattsson 1988, 304.)

For the International Among Others establishing sales subsidiaries is probably faster since the company is highly internationalised and the knowledge about international issues is better. Also, the company already has stronger coordination of activities in different markets. The company needs to do counter-attacks also in markets in which they have a strong position or the competitors will utilise the company's weaknesses in smaller markets. If the company and the network are highly internationalised, benefits from coordinating procurement, production and R&D are more likely to occur than if the internationalisation is low. (Johanson & Mattsson 1988, 305.)

For the International Among Others national differences are smaller, innovations are shared quicker and indirect relations through a third country are more important to utilise. The company has many different positions in its international networks and that gives it access to external resources. This means that the company does not need to manufacture for example some components itself but it can purchase them from another company. Sometimes subcontracting is even required by the host country, but it is also a way to make the multinational company more effective. The International Among Others company may often face opportunities for expansion in "third countries" through its internationalised customers or joint venture partners. The

company's expansion of internationalisation in internationalised networks highly depends on how the company uses and takes care of its network positions, how it coordinates its own resources and how it influences the use of resources that are owned by other companies. (Johanson & Mattsson 1988, 305.)

Highly international companies have better possibilities to discover changes in the environment and to take advantage of the changes than lesser internationalised companies. Big international companies can also dominate and influence these changes as they spread. If the company is internationally well coordinated they have better possibilities to notice and adjust to changes. A motivation for the International Among Others to further internationalise is to improve its abilities to adjust to, and possibly influence as well, the production net's geographical reallocation of activities. The motivation and restrictions with the International Among Others are related to how the company strategically uses its network positions. Biggest position changes take place in joint ventures, acquisitions and mergers. (Johanson & Mattsson 1988, 306.)

4.5 Earlier empirical research

The role of networks in the internationalisation process of SMEs has been studied from different viewpoints in the recent years. Some of these earlier studies are presented in this section, concentrating especially on studies about Finnish SMEs.

Ojala (2008) studied the market entry and entry mode choices of eight Finnish software SMEs entering a psychically distant market, Japan. Most of the companies entered Japan by using direct entry modes. These entries took place at early phases of their internationalisation processes. Japan's market size, sophisticated industry structure and requirements for close contacts with the customer were part of the reasons for early and direct entry to Japan. Hiring local employees and western managers who had previous experience from the Japanese market helped the companies to overcome psychic distance. Based on the findings Ojala concludes that the perception about psychic distance is based on a manager's personal impressions rather than on actual cultural differences between the countries. (Ojala, 2008.)

Ojala (2009) concentrated on the role of network relationships in eight Finnish SMEs' entry processes to Japan. The decision to enter Japan was found to be more strategic in nature than deriving from following network relationships. The companies first selected the target markets and the entry modes without network partners influencing the decision. After that the companies actively utilised old relationships or developed new relationships usually with non-profit government-owned consulting companies in order to enter the market. (Ojala, 2009.)

Kontinen and Ojala (2010) studied Finnish family SMEs' foreign market entries, entry mode choices and the effects of psychic distance to the internationalisation process. The SMEs regarded France as a psychically distant country. Psychic distance was overcome by using distance-bridging factors, such as employing capable employees, building networks, learning French language and culture, and being honest, trustworthy and friendly. Most of the SMEs followed a sequential entry process. Indirect entry modes were the most commonly used when entering France. However, one of the four case companies in Kontinen and Ojala's research established a subsidiary when first entering the French market. (Kontinen & Ojala, 2010.)

Kontinen and Ojala (2011) investigated how Finnish family SMEs recognise international opportunities through their network ties. This case study revealed that new network ties, which are usually formed at international trade exhibitions, have more important role in international opportunity recognition than existing network ties or family ties. Kontinen and Ojala also found out that family SMEs quickly develop new weak ties into strong ones. (Kontinen & Ojala, 2011.)

Torkkeli, Puumalainen, Saarenketo and Kuivalainen (2012) also studied the internationalisation process of Finnish SMEs. They focused on how network competence and environmental hostility affect the internationalisation of SMEs. Higher levels of network competence were found to be positively related to the tendency of SMEs to internationalise and also to the way they perform internationally. Environmental hostility negatively affects the international performance of SMEs, but not the tendency to internationalise. (Torkkeli, Puumalainen, Saarenketo & Kuivalainen, 2012.)

Shirokova and McDougall-Covin (2012) studied the role of networks in the internationalisation of Russian entrepreneurial firms. This study suggests that networks have a much less important role in the internationalisation of Russian companies than it is generally assumed. Networks served as sources for gathering marketing information. All the case companies admitted that efficient formal relations need to be transformed into friendly relations in order to do successful business. Cultural knowledge was found to be important for building relationships with representatives of other cultures. Nevertheless, the most important factor in the internationalisation of Russian companies was found out to be their commitment to honest business practices. These in turn help to establish trust and commitment in relationships with international business partners. (Shirokova & McDougall-Covin, 2012.)

Jansson and Sandberg (2008) investigated SMEs internationalisation and networks from the view-point of Swedish SMEs trading with the Baltic States, Poland and Russia. They found out that relationships are important for international entry. Especially direct relationships with customers and indirect relationships through distributors or agents are important. The involvement of subsidiaries on the other hand was not that common, because the SMEs favoured more low cost and flexible entry modes. However, being present in a market through a local representative or own subsidiary was seen as an

advantage. SMEs gain valuable experience about markets through their networks. This is why a major weakness that this study found was lack of good relationships. Language and cultural barriers were found to be one of the reasons why some relationships did not evolve further. (Jansson & Sandberg, 2008.)

Sandberg (2013) studied entry nodes of Swedish SMEs entering the Baltic States, Poland, Russia and China. The entry node is described as the establishment point into a network in foreign market from network perspective. The study revealed that the SMEs entered these markets later in their internationalisation processes. The most common entry strategy was an indirect relationship with the customer via foreign intermediary. The second common was a direct relationship with foreign customer. Only a small number of the SMEs established subsidiaries in the host market. Later on most of the SMEs still preferred indirect relationships via an intermediary at the foreign market. However, one third of the SMEs adopted more direct and committed nodes. Half of them established a subsidiary in the host market while the other half de-internationalised and changed to using foreign intermediaries, which requires lower relationship commitment. Having direct relationships with customers via own foreign subsidiary seemed to generate most knowledge. (Sandberg, 2013.)

The study by Hohenthal, Johanson and Johanson (2014) focused on the relation between experience and business-relationship value in a foreign market. Their data consisted of questionnaires with 460 Swedish, Danish and New Zealand SMEs. One of their main conclusions was that in the early phase of an SME's expansion into foreign network experiential network knowledge directly affects business relationship value, whereas international experience does not have a direct effect. They also found out that international experience directly affects the perceived importance of knowledge about customers, but not about competitors. (Hohenthal, Johanson & Johanson, 2014.)

Ellis (2011) concentrated on opportunity recognition and use in the internationalisation process. The data was collected from 230 Chinese companies. Ellis found out that social ties are used to identify opportunities in open economies more often than in less open economies. Also, more experienced entrepreneurs used social ties more often than beginners. Entrepreneurs in more closed economies seemed to compensate the lack of opportunities in their networks by participating at trade fairs. Opportunities recognised via network ties were found to lead to better exchanges than opportunities found elsewhere, for example via advertising or trade fairs. (Ellis, 2011.)

Ciravegna, Lopez and Kundu (2014) studied the internationalisation of high technology SMEs from a developed economy, Italy, and an emerging economy, Costa Rica. They focused on how these SMEs developed and used networks to enter their first foreign market. The results suggest that the size, wealth or institutional development of the home country influences SMEs' internationalisation less than other factors, for example the size of the SME or the type of industry in which the SME operates. The internationalisation of

SMEs from both countries was more reactive through buyer-supplier networks. Internationalisation through personal networks on the other hand was usually strategically and actively pursued. The biggest difference between SMEs from Italy and Costa Rica was that when creating networks Costa Rican firms rely on contacts through education, mainly universities and postgraduate education, while Italian SMEs did not use school-based contacts. (Ciravegna, Lopez & Kundu, 2014.)

Äijänen's (2012) master's thesis for entrepreneurship major investigated the internationalisation of SMEs and Russian markets. The research focused on analysing market entry of four Finnish case companies, their processes, networks and cultural differences. The research data consisted of interviews with one management person from each company. The case companies followed gradual internationalisation model, the Uppsala model. Networks were found to be important for getting mentoring and creating social capital for the company. Linguistic and cultural knowhow about Russia were also found to be important. (Äijänen, 2012.)

Porvali's (2014) master's thesis for Russian language and culture major focused on the role of Russian language and cultural knowledge in business with Russians. Porvali found out that Russian language and cultural knowledge have an important role in business with Russians, even though not all the informants in the research could speak Russian themselves. The biggest challenges in business with Russians were found to be language barrier, Russians' concept of time and Russians' fear of responsibility and decision making. (Porvali, 2014.)

5 METHOD AND MATERIAL

This chapter introduces the methodological choices and the material of the study. Firstly, qualitative method is defined. Secondly, the data collection method, semi-structured thematic interview, is presented. Thirdly, the material of the research is introduced. Fourthly, the data analysis methods, content analysis and case study, are defined. Finally, the ethics of the research is reflected.

5.1 Qualitative research

The present master's thesis uses qualitative research methods in both data collection and data analysis. Method of data collection is a semi-structured thematic interview and methods of data analysis are content analysis and case study. The aim of this research is to gather knowledge about natural situations and causal relationships, which cannot be experimentally organised (Metsämuuronen 2002, 16). The starting point of qualitative research is to illustrate real life as comprehensively as possible (Hirsjärvi et al. 2004, 152). Qualitative data focuses on ordinary events in natural settings (Miles & Huberman 1994, 10), thus the data is gathered in natural situations (Hirsjärvi et al. 2004, 155). In this study these requirements are met by interviewing the informants at their workplace and assuring them that their individual experiences and thoughts are what this study seeks, and that there are no right or wrong answers.

Actions and decisions are adjustable and open in every phase of qualitative research (Hirsjärvi & Hurme 2004, 59). Instead of statistic generalisations qualitative research aims at understanding incidents deeper or searching new theoretical perspectives for phenomena (Hirsjärvi & Hurme 2004, 58-59). The purpose of this master's thesis is to understand how Finnish SMEs form and develop network relationships in Russia.

Typical for qualitative research is that the researcher is interested in unique meanings that the informants give to different phenomena (Kiviniemi 2001, 74). The researcher does not appoint what is important but it rises from the material. The observations the researcher makes and conversations she or he has with the informants are the main source of information. Forms and tests can be used as means for gathering additional information. The target group of qualitative research needs to be chosen accordingly and dealt as unique cases. (Hirsjärvi et al. 2004, 155.) The companies in this study are chosen according to the criteria preset by the researcher. These criteria are introduced in sub chapter 5.3 Material.

The aim of qualitative research is to reveal unexpected issues. This is why theories are not the basis for qualitative research but instead diverse and detailed analysis of the data serves as a basis. Methods in which opinions and voices of informants emerge are to be favoured. Thematic interview, which is used in this study, is an example of these kinds of methods. (Hirsjärvi et al. 2004, 155.)

5.2 Semi-structured thematic interview as a data collection method

The data collection method of the master's thesis is a semi-structured thematic interview. Interview is the most common method in qualitative research (Hirsjärvi et al. 2004, 194). Hirsjärvi and Hurme (2004) define interview as a previously planned action with certain objectives that aims at collecting information (Hirsjärvi & Hurme 2004, 42). The aim of an interview is that the interviewer receives reliable information about issues that are important for the research problem (Hirsjärvi & Hurme 2004, 43). Interviewer's main task is to mediate interviewees' thoughts, feelings, impressions and experiences (Hirsjärvi & Hurme 2004, 41). The interviewer might need to motivate the interviewee during the interview. Interviewee needs to be able to count on that given information will be dealt confidently. (Hirsjärvi & Hurme 2004, 43.)

One of the biggest benefits of an interview is that it is a flexible way of collecting data, since data collection can be modified based on the situation and informants. For example, the order of questions or themes can be changed. (Hirsjärvi et al. 2004, 194.) Interviewees are also easy to reach later if there is a need to obtain additional data (Hirsjärvi et al. 2004, 195). Interview was the most suitable method for this study because of its flexibility and because as Hirsjärvi et al. (2004) state, it allows the researcher to ask for reasoning and clarifications for given answers. (Hirsjärvi et al. 2004, 194.)

Conducting interviews requires careful planning and familiarising oneself with the role and tasks of an interviewer. There are also many sources of errors in an interview situation that might rise from the interviewer, the interviewee or the situation itself. For instance, the interviewee might feel the situation threatening or scary. The reliability of an interview could be lowered by the fact

that the interviewee might give socially acceptable answers. (Hirsjärvi et al. 2004, 195.) Interview data is always bound to the context, so the interviewee might talk differently in the interview situation than in other situations. This can be taken into account when analysing the data by avoiding exaggeration in the generalisation of the results. (Hirsjärvi et al. 2004, 196.)

The most common way to conduct an interview is to interview one person at a time. This is usually the easiest way for beginner researchers. Another type of interview is a group interview. Group interviews are usually in the form of conversation with relatively free objectives. (Hirsjärvi & Hurme 2004, 61.) The data of this study comprises of 9 personal semi-structured interviews. Personal interviews were the most suitable because it was more convenient for both the researcher and the interviewees.

There are many different types of research interviews and the assortment is sometimes even incoherent. Same names can be used for different types of interview methods and same type of methods can be called differently. (Hirsjärvi & Hurme 2004, 43.) Hirsjärvi and Hurme (2004) divide interviews into structured interview, semi-structured interview and unstructured interview. Structured interview is the most used form of interviews. A ready-made survey form determines the form and order of questions in structured interviews. (Hirsjärvi & Hurme 2004, 44.) The answer options are also given for the interviewee in structured interviews (Eskola & Suoranta 1998, 87). Unstructured interview is sometimes called, for example, open interview, deep interview or conversational interview (Hirsjärvi & Hurme 2004, 45). Only the theme of the interview is defined in unstructured interviews, and the conversation proceeds freely around the theme (Hirsjärvi et al. 2004, 197). In semi-structured interview some aspects of the interview are previously defined but not all (Hirsjärvi & Hurme 2004, 47). Eskola and Suoranta state that in semi-structured interviews questions are the same for everyone, but there are no given answer options (Eskola & Suoranta 1998, 87). This is why semi-structured interview was found to be the most suitable for this research.

Thematic interview, which is used in this research, is one form of semi-structured interview (Hirsjärvi & Hurme 2004, 47). Instead of detailed questions thematic interview has central themes that guide the interview. Thematic interviews can be either quantitative or qualitative, and the amount or depth of interviews is not defined. (Hirsjärvi & Hurme 2004, 48.) The interviewees are allowed to speak quite freely, so the data represents the speech of the interviewees. Previously set themes guarantee that all the themes will be covered with all the informants. (Eskola & Suoranta 1998, 88.) This study uses defined themes and questions for all the interviewees, but the order of the questions is free. Depending on how talkative the informants were, they were asked to give clarifications or examples. The themes for the interviews are described below and the interview questions can be found from the Appendix 1 and 2. The same interview data was used for Porvali's (2014) master's thesis for Russian language and culture major and this is why some of the examples

provided in these two master's theses are the same, but the approaches to analyse the data are different.

The interviews in this research were based on the following themes:

- The formation of networks in Russia
- The development of networks in Russia
- Interrelations of cultural perceptions and networking strategies

The interviews for Porvali's (2014) master's thesis for Russian language and culture major were based on the following themes:

- Language knowledge
- The role of knowing Russian language in business with Russians
- Cultural knowledge
- The role of knowing Russian culture in business with Russians
- Language and cultural problems in business with Russians

In order to prepare for the interview process, a pilot interview was conducted on the 16th of February 2014 with a person who had worked mainly with Germans in a state owned company, so the questions were adapted accordingly. The person was familiar to the researcher, hence it did not fully represent the situation of the actual interviews. The purpose of the pilot interview was to test the interview structure and order of the themes and to get a guideline about the length of the interviews (Hirsjärvi & Hurme 2004, 72). Another important aspect of the pilot interview was that the researcher got to familiarise herself with the usage of the recorder (Eskola & Suoranta 1998, 90) and the whole interview process.

Inquiries about whether the two companies (later Company A and Company B) would like to take part in the interviews were sent by e-mail at the end of January 2014. Interviews with Company A were conducted on the 17th of February 2014 and with Company B on the 19th of February 2014 and on the 7th of March 2014. The informants are better introduced in the Table 1. The interviews with Company A and Company B were held at the companies' headquarters. This was a calm and safe environment, which according to Hirsjärvi and Hurme (2004, 74) is required for a thematic interview to establish a good contact with the interviewee. Both companies had quiet conference rooms where the interviews were conducted without interruption. The interviews proceeded according to the themes, but flexibly, so that it was possible to go back to previous themes if needed.

5.3 Material

The data of this master's thesis consist of nine individual interviews with employees of two Finnish companies. With Company A there was one interview with an export director and two interviews with persons working at export sales. One of the interviews with Company B was with a managing director of the company's subsidiary in Russia and other 5 interviews were with employees from various positions. Both companies export industrial products to Russia, and the interviewed employees were those who have been in Russia or are regularly in contact with Russians through their work. This study, as qualitative research in general, uses discretionary samples instead of random samples, because the aim is to understand the subject deeper rather than getting statistical generalisations (Hirsjärvi & Hurme 2004, 58-59).

The criteria for choosing the companies were following:

- The company is Finnish
- The company is small or medium sized
- The company exports industrial products to Russia

Company A is a medium sized Finnish company that exports industrial products to Russia. Company A does not have a subsidiary in Russia, but since the beginning their customers have been Russian distributors. On this account, Company A has indirect relationships with Russian end customers through the distributors. Company A began its export operations from Central Europe in the beginning of the 1990s. Exporting to Russia and to former Soviet countries began in the middle of the 1990s. Today Russia is the biggest country of exports for Company A.

Company B is also a medium sized Finnish company that exports industrial products to Russia. Company B has a subsidiary in Russia, and the subsidiary is usually one party in contracts with Russian customers. Company B started its international export operations from Russia in the middle of the 1990s with direct exporting. The subsidiary in Russia was founded in the middle of the 2000s. Russia has always been the biggest country of exports for Company B.

The interviews were recorded for further analysis. The recorded material consists altogether of 4 hours and 8 minutes. The shortest interview took 13 minutes, the longest 56 minutes and the average duration was 27 minutes. The interviews were transcribed into literal form by using verbatim transcription. Following transcription marks were used in this research: - unfinished word or clause, * unclear word or clause, # pause, [---] clause that has been excluded from the example and [] for additions made by the researcher. The transcribed material comprises altogether 54 pages with Calibri font, font size 11 and spacing 1. The interviews were held in Finnish, whereupon the examples

provided later in this research are translated by the researcher and minimal feedback provided by the interviewer is removed.

The anonymity of the companies and the interviewees is ensured in the research. Companies are referred to as Company A and Company B and the interviewees as A1-3 and B1-6. The informants are also referred to with masculine forms, even though there were three women and six men among the informants. The informants' company, title, education, years of experience from working with Russians, and languages that they use with Russians are presented in the table below. Russian language skills are graded in the following scale based on what the informants told about their language skills: native, fluent, good, moderate, basics or through an interpreter.

TABLE 2 The informants

The company	Title in the company	Education	Years of work experience with Russians	Language that uses with Russians
Company A	A1: Export manager	Secondary school graduate	20 years	RU (good)
	A2: Export sales	Master's degree	20 years	RU (good)
	A3: Export sales	Master's degree	9 years	RU (native)
Company B	B1: Managing director of the subsidiary in Russia	Master's degree	10 years	RU (fluent)
	B2: Project engineer	Bachelor's degree	7 years	FI, ENG, RU (only through an interpreter)
	B3: Project manager	Bachelor's degree	35 years	FI, ENG, RU (moderate + through an interpreter)
	B4: Design engineer	Bachelor's degree	9 years	ENG, RU (basics + through interpreter)
	B5: Design manager	Bachelor's degree	25 years	ENG, RU (only through an interpreter)
	B6: Project engineer	Bachelor's degree	4 years	ENG, RU (only through an interpreter)

5.4 Qualitative content analysis and case study as data analysis methods

Hirsjärvi and Hurme (2004) note, that the data cannot be analysed unless the researcher has read it through carefully multiple times. The more familiar the researcher is with the data, the better she or he can analyse it. (Hirsjärvi &

Hurme 2004, 24.) This manner was implemented in this research as well, and the researcher familiarised with the interview data before analysing it. The collected interview data are analysed based on qualitative content analysis and case study approach.

By Schreier (2012), qualitative content analysis is “a method for systematically describing the meaning of qualitative material”. This is done by creating categories of a coding frame and classifying the material to those categories. (Schreier 2012, 1.) It is important that the whole material is carefully examined in order to avoid skipping some potentially important parts (Schreier 2012, 5). In this study the material was first read carefully through and after that divided into categories based on whether the part regards formation or development of networks or cultural perceptions in networking. In qualitative content analysis the focus of analysis needs to be on aspects that are relevant to the research question (Schreier 2012, 8). This means that the data is reduced, but at the same time the categories create new information about the comparability of the cases (Schreier 2012, 9). In qualitative content analysis interpretations are supported by citations from the analysed material and literature (Krippendorff 2013, 89). Citations from the material and similarities as well as non-similarities with the literature are provided in chapter 6 where the analysis of the material is discussed.

Case study research focuses only on few or even on one observational unit (Hirsjärvi & Hurme 2004, 58). This study uses a multiple-case design, a “two-case” case study, because there are two cases in this study, Company A and Company B (Yin 2003, 53). The aim of this case study is to find either similarities or differences between the two cases (Yin 2003, 47). The present is not the only focusing point of a case study, but the past needs to be studied as well to completely understand the subject of interest (Syrjälä et al. 1994, 12).

Qualitative case study is at the same time descriptive and aims at finding explanations for phenomena (Syrjälä et al. 1994, 11). The research questions of this study are in the form of “how” questions and the study concentrates on a contemporary phenomenon in real life (Yin 2003, 1). Topics of interest in case study research are practical actions that happen in certain environments, some change of events or actions of a certain subject (Syrjälä et al. 1994, 10). In case studies the meaningful and holistic features of events in real life, for example international relations or managerial processes, can be presented as they are (Yin 2003, 2). This study aims at explaining the experiences of the interviewed companies about creating and maintaining networks in Russia.

Case study covers the design of the research, data collection methods and data analysis approaches (Yin 2003, 14). Interview is the most common data collection method for case studies (Yin 2003, 89). Interviews were used in this study as well, as presented earlier in this chapter. Case study is relevant when researcher wants information about special occasions or when research problems are holistic in nature. (Hirsjärvi & Hurme 2004, 58.) By Eisenhardt (1989), building theory from case study research suits well new research areas or areas that are not that well researched. There is a strong linkage with

empirical evidence in case studies and this creates novelty and testability. (Eisenhardt 1989.)

Themes set for the interviews help to approach the data in a systematic way (Eskola & Suoranta 1998, 88). Analysing the data is at the same time the most difficult and the least codified part of building theory from case studies. Eisenhardt (1989) suggests that a within-case analysis should be done first, which means that the researcher familiarises with the cases separately, and only after that compares them. By familiarising thoroughly with each case, the researcher is able to know the special features of each case and create a better cross-case comparison. In order to conduct a good cross-case analysis, the data should be looked at in divergent ways. The researcher can for example select categories and look for similarities from the cases. Another tactic to analyse the data is to select a pair of cases and list their similarities and differences. (Eisenhardt 1989.) In this study the two cases are first examined separately and after that similarities and differences are compared. As advised by Syrjälä et al. (1994), the voices of the informants can be seen from direct citations that the researcher provides in the analysis of the research (Syrjälä et al. 1994, 13).

5.5 Ethics of the research

As it is specific to qualitative research, the findings of this study cannot be fully generalised to concern opinions of all Finnish SMEs who have business relationships with Russians (Eskola & Suoranta 1998, 212-213). One of the main ethical choices of this research was to ensure the anonymity and confidentiality of the case companies. In order to create a trustful atmosphere, taking part to the interviews was voluntary and the interviews were organised at the companies' own facilities.

Yin (2003) describes that the reliability of the research means that if another researcher conducts exactly the same study later, the results should be the same as in the original study (Yin 2003, 37). In qualitative research the researcher is a central point of the study. This is why the main criterion for the reliability of the research is the researcher herself or himself, and the evaluation of the reliability concerns the whole research process. (Eskola & Suoranta 1998, 211.) In order to guarantee the reliability of this research, the researcher familiarised with the used theories and previous research. As Kiviniemi (2001) notes, describing the research process is relevant for the reliability of the research (Kiviniemi 2001, 81). Also, citations from the interview material were used to increase the reliability of this research.

Validity is understood as consistency in the use of methodological choices and between the material and the conclusions (Eskola & Suoranta 1998, 214). This was ensured in this research by studying the methodological choices before doing the analysis of the research. A pilot interview was conducted to test the interview questions and the structure before the actual case interviews.

The validity of the research was also enhanced by carefully transcribing the data as soon as possible after the interviews (Hirsjärvi & Hurme 2004, 189).

6 FINDINGS

This chapter introduces the findings of the study. The findings are divided into three themes based on the research questions. These themes are: 1. Formation of networks in Russia, 2. Development of networks in Russia, and 3. Interrelations of cultural perceptions and networking strategies.

6.1 Formation of networks in Russia

In this section I am to answer research question one “How do Finnish SMEs form network ties in Russia?” Informant A1 stated that the first contacts to Russia possibly came when a Russian who wanted to sell their products informed Company A about it. After that Company A is usually in contact with the possible customer and observes whether that customer company meets their criteria or not. If not, then Company A instructs that company to contact Company A’s already existing distributors in Russia. Company A’s customers and network partners in Russia are the five distributors who take care of distribution of the products to Russian end customers. Informants A1, A2 and A3 stated that Company A has not been in search for new network partners in a while but instead is focusing on making business with their existing partners profitable and expanding in Russia through them. Informants A1 and A2 told about the situation:

(1) meille tulee joka päivä yhteydenottoja et he halua halua ostaa ja viedä mejän tavaraa mut me ei olla nyt vailla [lisää kumppaneita] et me ollaan niin ku melkein rajottamassa ku ottamassa lisää. (A1)

(1) we receive inquiries every day that they want want to buy and import our goods but we are not looking for [more partners] that we are so to speak almost restricting than taking more. (A1)

(2) Ei ei ei me ol- ei me olla kumppaninhakureissulla enää ollenkaan oltu moneen moneen vuoteen että tota nii että nyt vaa yritetään näitten kanssa kenen kanssa

tehdään hommia nii tehä se mahollisimman hyvin että saadaan saadaan homma pyörimään ja kannattaa. (A1)

(2) No no no we haven't been searching for new partners in many many years any more that well er now we are trying to make this thing work and profitable with them whom we work with. (A1)

Company A is still doing business with some of their first partners in Russia, as informant A1 explained:

(3) muutammat niistä partnereista kenen kanssa on aloteltu melkein kaksikymmentä vuotta sitten niitten kanssa tehdään edelleenki kauppaa. Että tota niin jotkut on puonnut matkan varrelle ja jääny pois mutta tota nii osan kanssa jatketaan edelleenki. (A1)

(3) few of those partners with whom we started almost twenty years ago, with them we still do business. Well some have fallen away during the way and left but well with some we still continue. (A1)

According to informants B1 and B3, Company B got its first contacts to Russia through the company's founder's personal contacts. B1 described:

(4) yrityksen perustaja [---] nii oli sillon jo Venäjä- tai Neuvostokaupassa mukana ja niiltä peruilta on ne kaikki suhteet ja toimintamallit ja muut. (B1)

(4) the company's founder was already back then involved in business with Russia- or the Soviet Union and all the relationships and operating models and others are from there. (B1)

While Company A is not looking for new network partners in Russia, Company B is actively investigating the market for possible new partners. In the case of Company B, network partners usually mean end customers. Informants B1, B2, B3, B4 and B6 described that Company B's sales persons, situated both in Finland and in Russia, take care of searching for new partners in Russia. Also according to informant B2, employees from Company B visit trade fairs in Russia, where they can make new contacts. Furthermore, company B has gained new networks through corporate acquisitions and new employees' contacts, as informant B4 told. As Company A, Company B also receives inquiries directly from new and old customers. Informants B1 and B3 described the process of searching for new network partners:

(5) Meidän myynti myyntipuolella ihmiset kartottaa ihan siis semmosia prospektiaihioita, ja sitten niitä arvioidaan että onko niissä mitään järkeä vai ei. Ja sitte jos on järkeä, nii lähdetään sitte työstämään eteenpäin. Että kyl niitä jatkuvasti pyritään etsimään, mutta iso osa tulee tietysti vanhoilta kontakteilta ja asiakkailta jotka jo on tilannu ehkä meiltä aikasemmin. Tai sitten ihan [uudeet] asiakkaat ottaa yhteyttä että haluaa tarjouksia ja muuta semmosta. (B1)

(5) Our sales sales persons survey those possible buyers and then we evaluate them that does it make sense or not. And if it does make sense, then we start to work it forward. So that we try to constantly search for them, but a big part of course comes from old contacts and customers who might have already ordered from us before. Or then completely [new] customers contact us that they want offers and such. (B1)

(6) Kyllä se varmaan aika pitkälle on sitä että sielt- siis näitä vanhoilta hyviltä asiakkailta joita meillä on ja ne on, me on toimittu hyvin niin ne ostaa uudelleenki. Ja sitten sitten kyllä nämä ne venäläiset myyntimiehet jotka siellä liikkuu niin nehän ne niitä. [---] koska sieltä on tullu sit semmosia niin ku ihan semmosiaki asiakkaita mitkä minkä alan ei oo meillä ollu ennen että. Et jollaki tapaa ne on niitä avannu niitä väyliä sinne. (B3)

(6) Well most probably it is so that these old good customers that we have and we have worked well with them, they buy again. And then, well yes, these Russian sales personnel who travel there, they take care of it. [---] because from there we have got customers from fields that we didn't have before. That for some way they have opened routes there. (B3)

In addition to previously mentioned ways of creating new networks in Russia, informant B6 described that Company B usually buys from where they can find the needed subjects for the cheapest price:

(7) pääasias me hankitaan aina kaikki sieltä mistä halvimmalla saadaan, niin se verkosto laajenee sen mitä mukaan, ei välttämättä sama toimija ei oo toista kertaa siinä nii. (B6)

(7) mostly we get everything from where we can get them for the cheapest, so the network expands accordingly, the same actor might not be there again. (B6)

Informants B1 and B5 stated that when creating networks with Russians it is important that the first contact comes from a native Russian instead of from a Finn. B5 described:

(8) Mun mielestä tää on mu- mun mielipide, tää ei oo mikään fakta, mutta jos Venäjälle luodaan kontaktia, niin sen luojan pitää olla venäläinen. Et jos suomalainen lähtee sitä kontaktia tekemään niin se aikanaan jonku kauppahuoneittenhan kauttahan se onnistu ku oli Suomi-Venäjä. Nyt on Firma A-venäläinen Firma X [yritysten nimet muutettu], elikkä nyt se on niin kun yhtiötasolla, aikasemmin se oli valtiotasolla. Sillon se kävi vielä tällein niin kun niin kun Suomi-Venäjä-kontakteina, mut kyllä mun mielestä niin jos se henkilö on venäläinen, nii se on aina se on ihan eri asia kun et sä vaikka sä menet miten hyvällä venäjällä sinne, nii -. (B5)

(8) I think, this is my opinion not a fact, but if you make a contact to Russia, the creator should be Russian. If a Finn starts making contact, well earlier it was possible through trading houses when it was Finland-Russia. Now it is Company A-Russian Company X [company names are changed], so now it is on a company level, earlier it was on a country level. Then it was possible to happen like Finland-Russia contacts, but in my opinion if the person is Russian, then it is always a completely another matter than if you go there with however good Russian skills -. (B5)

According to informants B1, B5 and B6, Finnish companies meet various difficulties when exporting directly to Russia and this is why the subsidiary in Russia is crucial for Company B's success in the Russian market. B5 stated the importance of their subsidiary:

(9) No sehän on ihan ehdoton. Siis mehän ei pystyttäs bisnestä hoitamaan sinne tällä tasolla jos meillä ei sitä, sitä meidän venäläistä yhtiötä siellä olis. Siis suomalaisen yhtiön toimiminen suoraan Venäjälle, niin on onpa aika vaikee

juttu. Siellä törmää kaikkiin viranomaisiin, kaikkiin siis se on uskomaton se muuri mikä siellä on. Sit ku se yhtiö on venäläinen ja siellä on venäjää puhuvia ihmisiä jotka on venäläisiä, sit se onki ihan eri juttu, sit puhutaan samaa kieltä, kaikilla tasoilla. (B5)

(9) It is absolutely a necessity. We could not do business there at this level if we did not have it, the Russian subsidiary there. A Finnish company working straight to Russia, that is a difficult thing. You meet all the authorities, all of them, the wall is incredible there. Then when the company is Russian and there are Russian people who speak Russian, then it is a completely another thing, then we speak the same language on every level. (B5)

6.2 Development of networks in Russia

In answering the second research question on “How do Finnish SMEs develop network ties in Russia?” informants told that communication with Russian network partners happens via two different routes in both companies. In Company A export sales persons take care of orders and other communication related to order process, while for example export manager takes care of other communication with Russian partners. In Company B communication with Russian network partners happens at first through sales persons and after that through project personnel. Informants A1 and B5 described their companies’ processes of communicating with Russian network partners:

(10) noi vientiassistentit käy niin kun et jos meil on joku asiakas nii he käy kaheksankyt prosenttia siitä kirjeenvaihdosta ja siitä asioitten hoidosta. [---] mut se kaksykyt prosenttia on sitten niin ku tavallaan multa et. (A1)

(10) if we have a customer, then these export assistants handle eighty per cent of the correspondence and taking care of things. [---] but the twenty per cent in a way comes from me. (A1)

(11) on tavallaan kaks reittiä, mutta myyntihenkilöstö niin kauan aikaa kun sitä ei oo saatu projektiks että ei oo sopimusta, sit ku se on sopimus, sen jälkeen se on projektihenkilöstö. (B5)

(11) we have like two routes, but sales personnel as long as is is not a project that we do not have a contract, then when we have a contract, after that it is project personnel. (B5)

Company A takes care of network relationships with Russians by being in contact with them daily. Communication takes place via e-mail, telephone and personal meetings. All the informants from Company A speak Russian, so the language of communication with Russians is usually Russian. Informant A1 regularly travels to Russia on business trips while A2 and A3 do not usually travel to Russia. Training Russian distributors in Russia and in Finland is also one form of taking care of the relationships for Company A. Informants A2 and A3 told that Russian network partners regularly visit Company A in Finland

and even come to spend their holidays in Finland. Informants A1 and A3 described the communication with Russian network partners:

(12) Joka päivä ollaa yhteydessä ja tavataan. Mä olin mä olin toissaviikolla Venäjällä [kaupungin nimi muutettu] ja sillei että tota niin. Ei se on jatkuvaa. (A1)

(12) Every day we are in contact and meet. The other week I was in Russia [name of city changed] and things like that. It is continuous. (A1)

(13) aina on tilauksia sisällä ja toimituksia lähössä nii sehä on niitte vatvaamista ja ja siinä sivussa sitte tulee aina höpöteltyä muutaki että. [---] sitte on tietenki paljon tänne reissaa jo perheen kanssa ja täällä on niille paljon kaikkee aina ohjelmaa järjestetään (A3)

(13) we always have orders in and orders going out, well it is talking about the orders and, and on the side you always talk about something else too. [---] then they travel here a lot with their families and we always organise a lot of activities for them (A3)

Informants from Company B are also daily in contact with Russian network partners. However, informants B2, B4, B5 and B6 who do not speak Russian or know only the basics are mainly in contact with Russians from the subsidiary. Communication with Russian customers is usually bound to the project and informants are usually in contact with Russian customers through Finnish or Russian co-workers who speak Russian, English and some of them Finnish. When being directly in contact with Russian customers, informants who do not speak Russian favour communication via e-mail. Informant B6 also regularly travels to Russia on business trips with an interpreter. Informant B2, who does not speak Russian, described how he is in contact with Russians:

(14) No se mulla on ehkä enemmän vaan sitä meijän sen sisaryrityksen kanssa sitte asiointia että ja projektikoordinaattoreitten kautta asiointia ja sitten niiden käynnissä olevien projektien osalla niitten yhteyshenkilöitten kanssa minkä kanssa pystyn ite kommunikoimaan niin tietenki kommunikoin. Et se on pääsääntöisesti sähköpostitse minkä minkä kanssa oon sitte sinne niin ku asiakasrajapintaan yhteydessä. (B2)

(14) Well I am more in contact with our subsidiary and through project coordinators and then of course I communicate with those ongoing projects' project personnel with whom I can communicate. With customers I am mostly in contact via e-mail. (B2)

Informant B1, who speaks Russian fluently, and informant B3, who speaks Russian on a moderate level, are daily in contact with Russian network partners themselves. B1 prefers telephone over e-mail, while B3 mainly uses e-mail when being in contact with Russians. Both B1 and B3 often travel to Russia on business trips, so they both maintain the relationships also face-to-face. B1 and B3 described their communication with Russian customers:

(15) No meidän Venäjän [kaupungin nimi muutettu] toimistoon pidän suhteita ja meidän venäläisiin myyntipäälliköihin kyllä. *Niistä on* talon sisällä sillä tavalla. Ja sitten tietysti projekteja kun tehdään niin kyllä aika monet ottaa minuun vielä

yhteyttä sit kuitenkin kun ne tietää et mä puhun venäjää, niin se on helpompi soittaa mulle kun jollekin muulle. Tulee ihan sitäkin kautta et mun ei tarvii ees yrittää pitää suhteita vaan kyllä asiakkaat kun ne jotain tarvitsee niin ne todella aktiivisesti soittaa ja. Sit tietysti tietysti tietysti kun on uusia kohteita myymässä niin silloin se yhteydenpito on mun suunnalta tietysti aktiivisempaa sitte. (B1)

(15) Well I maintain relationships with our Russian [name of city changed] office and with our Russian sales managers yes. *They are* from within the company. And then of course when we work on projects quite many contact me because they know that I speak Russian, so it is easier to call me than to somebody else. So it comes that way too so I do not need to try to keep up the relationships because when customers need something then they really actively call and. Then of course of course when we are selling new targets then of course the communication from me is more active. (B1)

(16) Lähinnä joo sähköposti on se yleisin. Puhelimella jonkun verran soitellaan ja mut kyl se niin ku sähköposti on. Sit jos on semmonen semmonen neuvottelukeissi, nii sitten meillä on videoneuvotteluyhteys että. Mut niitä on sitte jo harvemmin mutta mutta tota e- ehkä se eniten se yhteistyö on kuitenkin että mä oon siellä läsnä ihan paikan päällä niin. Kuitenki tästä jos jos ajallisesti ajatellaan. Mä olin ennen joulua kolme viikkoo Venäjällä [alueen nimi muutettu] niin sehän oli koko ajan heijän kanssa. (B3)

(16) Mostly yes e-mail is the most common. Somewhat call with a telephone and but e-mail it is. Then if there is a negotiation case, we have a video conference. But those we have less but but maybe mostly the cooperation happens when I am there on the spot. If thinking about time. I was three weeks in Russia [name of area changed] before Christmas so it was the whole time with them. (B3)

Informant B4 described that among other communication with Russian network partners, it is important to visit them in Russia too. Informants B1 and B3 admitted that employees of Company B visit Russian customers too seldom. B1, B3 and B4 described:

(17) Vaikka kuinka ollaan nykyään internetissä ja kaikessa mahdollisessa mukana niin ei ei se korvaa vielä sitä kuitenkaan sitä rajapintaa et sä oot siellä ihmisen luona ja asiakkaan luona kuuntelemassa mitä huolia sillä on että. Ei jäähä oottelemaan sitä että tuliskohan se tilaus ens viikolla. Sinne joutuu vaan menemään. (B4)

(17) Even though today we are involved with Internet and all the possible, it does not yet replace the interface that you are there with the person and with the customer listening to what worries they have. Not to wait that is the order coming in next week. You just have to go there. (B4)

(18) Liian vähän [käyvät asiakkaiden luona], asiakkaissahan pitäs käydä paljon useemmin [---] pitäs käydä enemmän asiakkaissa ihan vaan morjestamassa (B1)

(18) Too seldom [visit customers], customers should be visited a lot often [---] should visit customers just to say hello (B1)

(19) Meillä on ollu vähän semmonen puute tavallaan että tullu pientä sanomista että alan x [alaan liittyvä sana muutettu] ihmisiä ei näy niin ku siellä. Elikkä nyt on tarkoitus sitä tehostaa. (B3)

(19) We have had kind of a lack that we have received little feedback that people of the field x [name of field changed] are not there. So now we are going to enhance it. (B3)

Informant B3 added that it is important to maintain contacts with Russians even after work-related communication with them has ended:

(20) kyllä juurikin niin kun niin kun niitä mitä siellä on suhteita ollu niin, niin niin niitä tietysti sillon tällön lähettelen, ihan semmosillekin joita on jo vuosia sitten loppunu tavallaan suhde. Mul on muun muassa tuolla Venäjällä [kaupungin nimi muutettu] yks semmonen tuttu [alaaan liittyvät sanat poistettu ja muutettu]. Niin vaikka meil ei oo nyt, eikä tämän talon kautta oo sinne ollu niin kun yhteyksiä, niin mä lähettelen sillon aina, sillon tällön aina Vladimirille [nimi muutettu] jonkun, jonku sähköpostin ja kyselen mitä kuuluu ja näin ja se vastailee ja ja ja. Soittelenki sitte aina joillekin (B3)

(20) yes exactly those relationships that I have had there, so of course every now and then I send [messages] to those with whom the relationship has ended already years ago. I have for example there in Russia [name of city changed] an acquaintance [words related to field removed and changed]. So even though we do not have now nor through this house connections, I every now and then send Vladimir some e-mail and ask how is he and so on and he answers and and and. Also sometimes I call someone (B3)

Informants were asked about the most important skills in networking with Russians. Informants A1, B1 and B3 thought that in networking with Russians it is important to get along with other people and have good social skills. Informants A1, A2 and B2 told that knowing the issues related to your business are also important. A1 and B1 explained:

(21) En mä tiiä onks päteeks onks se Venäjä tai Ruotsi tai mikä maa muu mutta varmaa että ihmisten kanssa pitää suunnilleen pitää osata ne asiat mistä puhuu ja sitte ihmisten kanssa pitää tulla toimeen että tota niin. Niillä kahella lääkkeellä pärjää jo aika pitkälle ei se sen monimutkasempaa oo että tota nii. Olla oma ittensä ja tulla toimeen niitten asiakkaitten kanssa niin se on se niin kun se juttu. (A1)

(21) I do not know does it apply to whether it is Russia or Sweden or any other country but probably that with people you need to roughly know the things you talk about and then you need to get along with other people. With those two medicines you manage pretty well, it is not that complicated. Be yourself and get along with the customers is the thing. (A1)

(22) Sosiaaliset taidot. Huumorin taju. Semmonen terve itseluottamus ja itsevarmuus. (B1)

(22) Social skills. Sense of humour. Healthy self-confidence and self-assurance.

(23) Semmonen että on edelleenki se hyvä tyyppi, nii sillä pääsee kyllä todella pitkälle. Ihan oikeestikin. (B1)

(23) Still to be a good guy, that takes you a long way. For real. (B1)

Informant B3 also stated that alongside with human knowledge knowing the language is important as well. According to informant B4, language knowledge

is the most important skill in networking with Russians. Another important aspect B4 and B6 suggested is cultural knowledge. Chapter 5.3 describes the importance of cultural knowledge in detail. Informant B4 described the skills that are important in networking with Russians:

(24) Kielitaito, se on se tärkein. Sitte se kulttuurin tuntemus, se on kans tosi tärkeä. Historia, hyvä tietää mitä on, mistä kannattaa puhua, mistä ei kannata puhua. Ja yleensäkin ehkä niin ku kiinnostus tän päivän asioista, että mitä tapahtuu. Et paljon helpompi ruveta juttelemaan ihmisen kanssa semmosista asioista mitä oikeesti on tällä hetkellä ja mitkä kiinnostaa kumpaakin. Siitä se on helppo lähteä rakentamaan sitte. (B4)

(24) Knowledge of language, that's the most important. Then cultural knowledge, that is also really important. History, it is good to know what there is, what you should talk about, what you should not talk about. And in general an interest towards today's issues, about what is happening. It is a lot easier to start talking with people about issues that actually are there at the moment and what interest you both. From there it is easy to start building then. (B4)

6.3 Interrelations of cultural perceptions and networking strategies

In this section I am to clarify the results for the third research question "How are cultural perceptions related to networking strategies?" Informants B3 and B4 stated that it is important to create a trustful relationship with Russian network partners. Informant B3 told about the importance of trust:

(25) Venäjällähän on tietenki se että jos semmosta kauppaa ja bisnestä halua tehdä, niin se luottamushan se pitää olla ensin ja tuntea ne ihmiset ja siitä se lähtee. (B3)

(25) In Russia it is of course that if you want to trade and do business, trust needs to be the first and to know the people and from there it starts. (B3)

(26) Että jos sä saat niin kun yhteen, niin kun venäläiseen luottamuksen, se luottaa sinuun, niin se kertoo viidelle muulle. Ja sitten sun on helpompi sitte sitä verkostoo niin ku jatkaa. Et et se menee menee niin kun sillein että. Et tavallaan se pitää jonkun kanssa se suhde luoda ja siitä se lähtee sitte. (B3)

(26) So if you can create trust with one Russian, he trusts you, then he will tell five others. And then it is easier for you to continue the network. That is how it works. So in a way you should create a relationship with someone and from there it starts then. (B3)

According to informants A1, A2, B1 and B3 Russians require more from network relationships and being continuously in contact with them and spending time with them is especially important when maintaining network relationships. Informants A1, A3 and B3 described:

(27) Venäläiset on sillei hyviä että todetaan et okei nyt puhutaan tää bisnes. Käyään se muutama tunti käyään asiaa nii sit se on et sit se on siinä ja sit sit se on

sitte otdijhaem [rentoudutaan venäjäksi] se on siinä. Ja sit sen jälkeen sitte se on sitte rentoutumist sit sit tehään kaikkee muuta ja niin ku ei tarvii siitä bisneksestä puhuu pariin kolmeen päivään yhtään mitää. [---] Kyllähän venäläinen periaate on sellanen että ne haluaa sen et kenen kanssa ne sitte yhteistyötä tekee että se kemia toimii. (A1)

(27) Russians are good in a way that they state that ok let us talk about business. We talk about the issues a couple of hours and then that is it and then then it is otdijhaem [relax in Russian] and that is it. And after that it is relaxing and we do everything else and we do not need to talk about business for a two three days at all. [---] Russian principle is such that they want the chemistry to work with whom they cooperate. (A1)

(28) Kyl ne kyl ne [venäläiset] vaatii niin ku suhteelta paljo enemmän, ollaan paljon läheisempiä ja ja tota # paljon enemmän tekemisissä muultaki osin ku vaan pelkästään työjuttuja et ne sitte haluaa olla muutenki yhteyksissä ja. Ja niin ku sitä kuulumisten vaihtoo iha # henk koht elämästä ja näi että ei ne aina keskustelut pyöri b- bisneksessä. (A3)

(28) Yes they yes they [Russians] require a lot more from the relationships, we are a lot closer and and well # a lot more in contact regarding other issues too than only work stuff, that they want to be in contact otherwise too and. And like that catching up about # personal life and such, so the conversations do not all the time regard b- business. (A3)

(29) juuri se muu niitten kanssa toimiminen [on tärkeää]. Joka reissulla pitää käydä syömässä kerran ja pitää semmonen vähän vapaampi ilta ja jutella # asioista (B3)

(29) exactly other activities with them [are important]. At every trip we need to go to a dinner and have a more free evening and talk # about things (B3)

According to informant B6, knowing the local norms, requirements, culture and manners are important in networking with Russians:

(30) No kyllähän se paikallisten normien ja muiden tuntemus on aivan ehdoton ja paikalliset vaatimukset ja # tietysti henkilö kuka luo siellä suhteita niin täytyy täytyy kyllä tuntee kulttuuri ja tavat ihan perin pohjin ettei tee mitään niin sanottua typerää etikettimokaa siellä. (B6)

(30) Well knowledge of local norms and others is completely absolute and local requirements and # of course the person who creates relationships there needs needs to know culture and habits thoroughly so that he does not make any so called stupid etiquette mistakes there. (B6)

Informant B1 said that it is important to know about Russian culture when networking with them, but not to change too much one's own behaviour. Also according to B1, Finns should regard with open mind their own conventions and not to think that others are wrong if they act differently. B1 described:

(31) No onhan se [tärkeää] tietää ja tiedostaa, mutta tota ei yrittää muuttaa omaa käyttäytymistä liikaa. (B1)

(31) Well it is [important] to know and be aware of, but well not to try to change own behaviour too much. (B1)

(32) avoimin mielin suhtautua oi- omiin omiin toimintatapoihin että vaikka se että mihin on tottunu, nii se ei välttämättä aina oo oikein. Ja välttämättä ei sovi Venäjälle. Eli semmosta nöyryyttä myöskin. Jossain jossain tapauksissa tarviis. (B1)

(32) with open mind regard own own conventions, so for example what you have gotten used to is not necessarily always right. And in some cases does not fit Russia. So that kind of humility also. In some cases is needed. (B1)

Knowing the culture of your network partners is also important in order to avoid having false assumptions about the other culture. Informant B1 told about his false assumptions about Russian culture:

(33) Suomessa on aina tota Neuvostoperuja ollu semmonen semmonen tota myytti siitä että on pitkiä vodkan huuruksia lounaita ja muuta tämmöstä niin se on oikeasti ihan myytti, et venäläiset on todella ahkeria työntekijöitä ja kunnianhimoisia. (B1)

(33) In Finland there has always been that kind of a myth since the Soviet times that there are long lunches with vodka and other things like that, so in reality that is a complete myth, that Russians are really hard workers and ambitious. (B1)

Informant B3 stated, that when doing business with Russians it is important to know about the clothing conventions of Russian culture:

(34) Ja tietenki noissa tilanteissa kun on niin pukeutumisellahan on aika isokin merkitys että jos sä meet johonki vähänki sanotaan myynti tai semmoseen arvokkaampaan tilaisuuteen farkut jalassa ja T-paita päällä nii ne sanoo suurin piirtein että lähe kotiin. Et kyl se sillein vaikuttaa sekin. (B3)

(34) And of course in those situations even clothing have quite a significant meaning, that if you go, let us say, even to a little bit more like a sales or such more dignified event with jeans and a T-shirt, they say to you approximately that go home. So in a way it affects too. (B3)

Cultural knowledge is also important in order to understand how Russian network partners think. Informant B4 described:

(35) Se alkuun se oli, ja toimintatavat oli pikkusen erilaiset että varsinkin niin ku ihan siinä työssä mitä tekee nii ajattelumaal- mallit ja ajattelumaailma oli vähän erilainen että. Mut nyt tässä on sitten ehkä ymmärtäny sen venäläisen suunnittelun ja sen mitä siellä niin ku siellä pään sisässä tapahtuu ja mitä niillä asioilla ja kysymyksillä haetaan. [---] ne ei tunnu enää ne kysymykset ja ongelmat niin tyhmiltä ku tietää että mitä haetaan. (B4)

(35) At the beginning it was and the conventions were a bit different, so especially just at the work they do, the mind- patterns of thinking and mindset were a bit different. But now I have maybe understood the Russian mindset and what happens inside their heads and what they seek with their issues and questions. [---] the questions and problems do not feel that stupid any more when I know what they seek with them. (B4)

6.4 Discussion

This section includes the discussion of the results of the study. Both our case companies entered the Russian market in the middle of the 1990s. Company A's market entry strategy was to use indirect relationships with end customers through Russian distributors, which was the most common entry strategy in Sandberg's (2013) research too. Company B on the other hand entered the Russian market by exporting straight to Russian end customers. According to one informant (A1), Company A got first contacts to Russia when customers contacted them. Two informants (B1 and B3) described, that Company B got first contacts to Russia through the company's founder's personal contacts, because the founder had worked in the field of business with Russians before. This supports the results of Jansson and Sandberg (2008), who note that relationships are important for international entry. Ellis (2011) also state that more experienced entrepreneurs, such as the founder of Company B, use social ties more often than beginners. On the other hand Kontinen and Ojala (2011) found that new network ties have more important role in international opportunity recognition than existing network ties. However, this research showed that for Company B old network ties were the most important for the Russian market entry.

According to two informants (A1 and B4), The Hofstede Centre (The Hofstede Centre/Russia, 26.11.2014) and Shirokova and McDougall-Covin (2012) trust is essential in the formation of relationships with Russians. This also supports the results of Johanson and Mattsson (1988, 290) who found that functioning network relationships require mutual trust in each other's ability and willingness to carry out given commitments. In my opinion an emphasis should be put into building trust already at the beginning of the relationship, because as this study proved, trust is especially important with Russians.

Over the years Company A has built a strong network of distributors in Russia and they still operate in Russia through the distributor network. According to one informant (A1), Company A has still a few of the same network partners as in the beginning of internationalisation to Russia. This proves that it is extremely important to maintain and develop existing network relationships, as Johanson and Mattsson (1988, 292) also stated. Company B too has strengthened their business network in Russia, but they also established a subsidiary in Russia in the middle of the 2000s. According to three informants (B1, B5 and B6), Finnish companies meet various difficulties in Russia, but with the subsidiary Company B can operate in Russia as a Russian company. According to informants from Company B, this is why the subsidiary in Russia has been crucial for Company B's success in the Russian market. Earlier researches (Jansson & Sandberg, 2008; Sandberg, 2013) found out that most companies do not enter foreign markets with a subsidiary, but some companies establish a subsidiary later, like Company B did. This study supported the results of Jansson and Sandberg (2008) and Sandberg (2013) by proving that a

subsidiary is an advantage in international business and generates valuable knowledge for the company. Establishing a subsidiary requires more resources than indirect relationships with customers, which is probably why not that many companies choose to establish one.

As mentioned above, Company A does not have a subsidiary in Russia as Company B does, and I think that this is why Company A needs to pay more attention to taking care of relationships with Russians than Company B does. In the subsidiary of Company B work Russians who can create networks with Russians and this is why I think it is easier for Company B to establish trust with Russian network partners. This is important, because as two informants (B1 and B5) told, in business with Russians it is important that the person who first contacts Russians is Russian. I think that this is because it is easier for a native Russian to create a trustful relationship with another native Russian than for a Finn to create trust with a Russian. However, this study suggested that Russians want to be regularly in touch with their network partners, so even with the involvement of a Russian subsidiary and Russian employees, Finnish companies should not forget to take care of existing network relationships with Russians. A conclusion can be drawn that having a Russian subsidiary can be even crucial for Finnish companies doing business in Russia, but taking care of network relationships should not be forgotten either.

Currently Company A is not looking for new network partners but focuses on maintaining existing relationships and expanding in Russia through them. Company B on the other hand is actively looking for new network partners. Company B searches for new network partners through their sales personnel, visiting trade fairs in Russia, through corporate acquisitions and new employees' contacts. Both case companies A and B also receive inquiries straight from Russian customers, because as Johanson and Mattsson (1988, 292) state, the first move into creating a new relationship can come either from the seller or the buyer.

The study showed that Company A emphasises daily contact with Russian network partners via email, telephone and personal meetings. Company A also trains their distributors in Russia and in Finland, which is an important part of their network development process. Most of the informants from Company B are daily in contact with Russians from their subsidiary mostly via e-mail. Communication with other Russian network partners, for example customers, is bound to projects and occurs usually via e-mail or through employees who speak Russian and Finnish. However, informant B1, who speaks Russian fluently, prefers personal meetings or telephone conversations over e-mail. Four informants (A1, B1, B3 and B6) regularly travel to Russia on business trips, which is an important part for the development of networks for both companies. Two informants (B1 and B3) noted that Company B visits Russian customers too seldom and that they are going to increase visits to Russia.

According to four informants (A1, A2, B1 and B3) Russians require more from network relationships and being continuously in contact with them and

spending free time with them is extremely important when maintaining network relationships. Lewis (2006, 377-378) and Ollus (2008, 105) also confirm that personal relationships are highly important in business with Russians. These results prove Larson and Starr (1993) right, who note that formal ties can form into informal ties. According to this study it can be added that transforming formal relationships into informal ones is especially important when networking with Russians. One informant (B3) also described that he is still regularly in contact with some Russians with whom he does not have business-related communication any more. A conclusion can be drawn that formal business relationships with Russians can transform into fully informal relationships.

This study suggests that the most important skills in networking with Russians are good social skills and getting along with other people (informants A1, B1 and B3) and knowing the issues related to one's own business (A1, A2 and B2). Other important skills according to informants are Russian language skills (B3 and B4) and knowledge of Russian culture (B4 and B6). Mole (2003, 257) also states that when doing business with Russians it is important to know at least the basics of Russian language. According to two informants (B4 and B6) cultural knowledge is important in networking with Russians in order to understand how Russian network partners think.

As Johanson and Wieresheim-Paul (1975) suggest, even though some countries are geographically close, the psychic distance between them is high. This study proved that although physical distance between Finland and Russia is low, the psychic distance is high. The case companies tried to bridge the distance by hiring employees with Russian language and cultural skills, using interpreters, enhancing network relationships and Company B also with the subsidiary in Russia and with the local employees there. These distance-bridging factors were similar to those that case companies in Kontinen and Ojala's (2010) and Ojala's (2008) research used.

According to Johanson and Mattsson's (1988, 297-298) model of four internationalisation situations both companies A and B can be seen as International Among Others. This is because both companies' and their market environments' degree of internationalisation are high. Being already internationalised gives both companies competitive advantage over new less internationalised competitors.

7 CONCLUSIONS

This chapter concludes the research with main conclusions. The following research questions were set in the beginning of the study: 1. How do Finnish SMEs form network ties in Russia?, 2. How do Finnish SMEs develop network ties in Russia?, and 3. How are cultural perceptions related to networking strategies?

This study shows that forming and developing networks is important in business with Russians. Company B was able to enter Russia through personal contacts and networks of the company's founder and Company A still has some of the same network partners as in the beginning of their Russian market entry, which tell about the importance of taking care of network relationships with Russians. Moreover, this research reveals that with Russians it is especially important to transform formal ties into informal ones by creating a trustful relationship with them. This is done by constantly being in contact with Russians and spending free time with them in addition to time spent with them on business-related issues.

This research also shows that when creating network ties with Russians it is important that Finnish companies have native Russian employees who can first be in contact with possible new Russian network partners. This is why a subsidiary in Russia has an important role in business with Russians; it helps to create trust and to overcome challenges that Finnish companies might face in Russia. However, this study proves that it is possible to succeed in the Russian market also without a subsidiary, but then an even bigger emphasis should be put on taking care of the network relationships with Russians.

The findings of this study show that the most important skills in networking with Russians are good social skills and knowing the issues related to one's own business. Russian language and cultural skills were also found to be important, but a bit less than the first mentioned skills. As already mentioned earlier, creating a trustful relationship with Russians is important and this is why I think good social skills are the most important skills in networking with Russians.

The data of this study comprised of nine interviews with two companies, three interviews from Company A and six from Company B. This amount is sufficient for this study, but naturally more interviews would have created more in-depth and diverse data. Also, there were only two case companies, so the results cannot be generalised to cover the opinions of all Finnish SMEs.

This research provides useful information for Finnish companies that have already created networks with Russians or are just planning to enter the Russian market. It is important to know how to best network with Russians in order to succeed in the business. In addition, the knowledge about the importance of a subsidiary in Russia is useful for companies considering their future operating models in Russia.

In the future, it would be interesting to continue this study with a higher amount of interviewed companies and informants. In addition, it would be interesting to interview both Finnish companies and their Russian network partners. This could provide rich data about both Finns' and Russians' perceptions of forming and developing networks with one another and the role of cultural perceptions in the process of networking with each other.

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APPENDIX 1: THE INTERVIEW STRUCTURE IN FINNISH

Tähän pro gradu -työhön kuuluvat kysymykset on merkitty tummemmalla pohjalla.

Taustatiedot kaikille:

- Voitko kertoa omasta taustastasi? Koulutus, työura?
- Mikä on sinun roolisi tässä yrityksessä?
- Miten olet päätenyt työskentelemään venäläisten kanssa?
- Kauanko olet työskennellyt venäläisten kanssa tässä yrityksessä?
- Miltä tuntui kun ensimmäisen kerran olit venäläisten kanssa tekemisissä/kävit Venäjällä?
- Oletko venäläisten kanssa tekemisissä Suomesta käsin vai käytkö Venäjällä?
- Kuinka usein olet yhteydessä venäläisten kanssa?

Taustatiedot johtohenkilöille:

- Mistä maista ja millä toimintamuodoilla yrityksen kansainvälistyminen alkoi?
- Milloin ja millä toimintamuodolla liiketoiminta Venäjällä aloitettiin?
- Yrityksen nykytoimintamuodot Venäjällä?
- Millä alueilla yritys toimii Venäjällä?
- Mikä on Venäjän toiminnan osuus yrityksen liikevaihdosta?
- Paljonko henkilöstöä työskentelee Venäjän liiketoimintojen parissa? Suomalaisia vai venäläisiä? (Suomessa, Venäjällä?)
- Mikä on tärkeää rekrytoitaessa henkilöstöä; venäjän kielen osaaminen, venäjän kulttuurin osaaminen vai kyseisen alan/työn osaaminen?
- Millaista Venäjä-osaamista yrityksessä tällä hetkellä on? (Jos ei kielen osaajaa, käytetäänkö tulkkia?)

Varsinaiset kysymykset:

Kulttuuri:

- Millaista venäläisten kanssa työskentely on?
- Mitä haasteita olet kohdannut venäläisten kanssa työskennellessäsi?
- Mistä olet saanut tietosi venäläisestä kulttuurista (kansallinen/bisneskulttuuri)?
- Tarvitaanko liiketoiminnassa venäläisten kanssa mielestäsi tietoa venäläisestä kulttuurista? Jos tarvitaan, millaista tietoa?
- Kuinka tärkeää on tietää venäläisestä kulttuurista?

Kieli:

- Mitä kieltä/kieliä käytät toimiessasi venäläisten kanssa?
- Jos EI osaa venäjää: Miten selviät jos et osaa venäjää?
- Jos OSAA venäjää: Missä olet oppinut venäjän kielen taidon?
- Tarvitaanko liiketoiminnassa venäläisten kanssa mielestäsi venäjän kielen taitoa? Jos tarvitaan, minkä tasoista?

- Kuinka tärkeää on osata venäjän kieltä?
- Vaihteleeke kielenkäyttö tilanteesta riippuen?

Verkostot:

- Mitä kautta yritys sai alun perin kontaktit Venäjälle?
- 3 tärkeintä verkostoa Venäjällä ja miksi ne ovat tärkeitä?
- Miten yritys etsii uusia verkostoja Venäjältä ja luo suhteita Venäjälle?
- Miten ylläpidät nykyisiä suhteita venäläisiin?
- Mitkä taidot ovat tärkeitä luotaessa verkostoja Venäjälle?
- Eroaako venäläisten kanssa toimiminen muun maalaisten kanssa toimimisesta? Jos kyllä, miten?

Loppuun:

- Tarjoaako työnantaja koulutusta tai koulutusmateriaalia venäläisten kanssa toimimisen tueksi?
- Toivotko yritykseltä jotain (materiaalia/koulutusta) venäläisten kanssa toimimisen tueksi?

Kiitos paljon!

APPENDIX 2: THE INTERVIEW STRUCTURE IN ENGLISH

Questions related to this master's thesis are highlighted.

Background questions for all:

- Could you please tell me about your background. Education, career?
- What is your role in this company?
- How did you end up working with Russians?
- How long have you worked with Russians in this company?
- How did it feel when you worked with Russians/went to Russia for the first time?
- Are you in contact with Russians from Finland or do you travel to Russia too?
- How often are you in contact with Russians?

Background questions for managers:

- From which countries and with which operation models internationalisation of the company began?
- When and with which operating models business in Russia began?
- What are the company's present operating models in Russia?
- At which geographic areas does the company operate in Russia?
- What is the share of Russian businesses from the whole revenue of the company?
- How many employees work with Russian related businesses? Finns or Russians? (In Finland, in Russia?)
- What is important when recruiting new employees; Russian language knowledge, knowledge of Russian culture or knowledge of the field/work?
- What kind of Russian knowledge does the company have at the moment? (If there is no one who speaks Russian, do they use an interpreter?)

Actual questions:

Culture:

- How is it to work with Russians?
- What kind of challenges you have met when working with Russians?
- Where did you get your knowledge about Russian culture (national/business)?
- Is knowledge about Russian culture needed in business with Russians? If yes, what kind of knowledge?
- How important it is to know about Russian culture?

Language:

- What language/languages do you use when you work with Russians?
- If she/he does NOT speak Russian: How do you survive if you don't speak Russian?
- If she/he SPEAKS Russian: Where did you learn Russian?

- Are Russian language skills needed in business with Russians? If yes, what skill level?
- How important it is to speak Russian?
- Does the use of languages vary depending on the situation?

Networks:

- Where did the company get its first contacts to Russia?
- What are the 3 most important networks in Russia and why are they important?
- How does the company search for new networks in Russia and form new relationships in Russia?
- How do you maintain current relationships with Russians?
- What are the most important skills when creating networks in Russia?
- Does working with Russians differ from working with other nationalities? If yes, how?

Lastly:

- Does the company offer training or material to support working with Russians?
- Do you hope to get something (material/training) to support your work with Russians?

Thank you very much!