

## **Russian-Finnish Roundwood Trade – Some Empirical Evidence on Cultural Based Differences**

Natalia Vinokurova, Pekka Ollonqvist, Jari Viitanen, Päivi Holopainen, Antti Mutanen, Vadim Goltsev and Tanja Ihalainen

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**Office**

Post box 18  
FI-01301 Vantaa, Finland  
tel. +358 10 2111  
fax +358 10 211 2101  
e-mail [julkaisutoimitus@metla.fi](mailto:julkaisutoimitus@metla.fi)

**Publisher**

Finnish Forest Research Institute  
Post box 18  
FI-01301 Vantaa, Finland  
tel. +358 10 2111  
fax +358 10 211 2101  
e-mail [info@metla.fi](mailto:info@metla.fi)  
<http://www.metla.fi/>

<b>Authors</b> Vinokurova, Natalia, Ollonqvist, Pekka, Viitanen, Jari, Holopainen, Päivi, Mutanen, Antti, Goltsev, Vadim & Ihalainen, Tanja			
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<b>Abstract</b> <p>Understanding cultural differences is important and can frequently be decisive for the success in international business operations and gives tools for business planning. The aim of this study was to identify empirically how cross-cultural differences and understanding of time, time horizons and management, distribution of power and managerial responsibilities as well as language barriers and other culture-induced differences induce or impede roundwood trade between Finland and Russia. Sixteen managers in Finland and ten managers in Russia involved in roundwood trade were asked several questions concerning the division of power, hierarchy, and time and quality management in their company or organisation. In Finland, the survey was implemented in autumn 2005 while in Russia the survey was conducted during spring 2007. Thus, the circumstances in roundwood trade were not alike.</p> <p>The results indicate that the notions of time, time horizons, how time is managed, distribution of power and responsibilities as well as language barriers and other culture-induced differences were considered of minor importance in the business relations in spite of cultural dissimilarities between Russia and Finland. Personal and unofficial contacts were seen highly important to run daily business in roundwood trade on both sides of the border. The responsibility of decision-making in Russian roundwood organisations was slightly more concentrated on single person than in Finland. Majority of the respondents considered the unexpected changes in Russian official policy as a high risk for long run planning and have larger impacts on trade compared to changes in Finnish policy. In general, the results indicate that Russian roundwood traders have adapted the market and customer orientated way of thinking and are able to consider customers' requests</p>			
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<b>Replaces</b>			
<b>Is replaced by</b>			
<b>Contact information</b> Pekka Ollonqvist, Finnish Forest Research Institute, Joensuu Research Unit, Yliopistokatu 6 (P.O. Box 68), 80101 Joensuu, Finland. E-mail <a href="mailto:pekka.ollonqvist@metla.fi">pekka.ollonqvist@metla.fi</a>			
<b>Other information</b>			

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## 1. Introduction

Majority of international roundwood trade history and practises in Finland has been carried out with Soviet Union, and since its collapse, with Russian Federation. The roundwood trade with Soviet Union started in 1960's as a part of barter trade, exchange of commodities and services along with strict comprehensive contracts. The major Soviet trade partner V/O Exportles was the special merchant organisation having responsibility of foreign trade operations including roundwood trade, among others. In Finland, Ministry of Foreign Trade and Commerce controlled the fulfilment of the clearing balances connected to the barter trade agreements (see Holopainen 1987, Kahiluoto 1990 and Pölkki 2008 for more details). Characteristic feature for the barter trade, however, was that the trade was mainly organised by the officials in both side of the border. Although the Finnish forest companies and merchant houses such as Thomesto and Aranna were active of practical trading operations themselves and preparing the five-year based volume and quality documents, the officials negotiated the annual volume and unit price contracts in practise. Thus, the presence of protocol and absence of market based business was typical for this time.

More concrete step towards the market based co-operation between Finland and Soviet Union was the establishment of Finnish forest organisations in Soviet Union during 1980's. Even though Enzo Gutzeit Ltd had established a trade agency in Moscow as early as in 1976 to promote export and to enhance firm specific barter trade details, the establishment of wood procurement joint ventures, such as Ladenso, strengthened the intercourse between Finnish forest enterprises and persons responsible on roundwood procurement in Soviet Union (see Nieminen 1999 for more details). However, it was not until the collapse of Soviet Union in 1991 when the roundwood trade became market orientated. Then, the new and partly unexpected situation brought forth challenges on both sides of the border and the introduction of market economy and the allocation of resources and commodities by market pricing challenged the prevailed roundwood export trade culture. The Finnish companies importing roundwood suddenly had to initiate market based roundwood business by themselves with newly privatised logging companies harvesting and trading roundwood from leased forest holdings. The local forest management units (leskhozoes) having the right to execute intermediate and sanitary fellings as well as the myriad of middlemen specialised in providing roundwood from every available sources were also among the suppliers of roundwood. This variety of potential trade partners had just begun adjusting to the capitalism, and the business practises were often characterised by the Soviet bequest, barter traditions in international trade and centuries-old traditions of Russian culture. Moreover, the Russian managers seldom had any deeper knowledge in business economics, administration or marketing. For example, the education of the managers of logging companies had been technologically oriented during the Soviet era. Thus, in the new market situation, the challenges encountered by the Russian suppliers of roundwood were even more demanding than they were for the Finnish buyers. Keeping in mind also the Finnish and Russian managers' prevalent lack of common language, it is obvious that the establishment of functional business relations was arduous, and disillusionments with partners and broke downs of negotiations were commonplace. However, as years passed by, the

trade partners on the both sides of the border obviously get accustomed to each others habits and mindsets, which mutually supported the development in roundwood trade.

The roundwood trade between Russia and Finland, as described above, is close to a text book example of business, where the trade partners' cultural backgrounds differ substantially. Although the countries are geographically connected and have an extensive common history, differences in such fundamental culture-shaping factors as language and religion have always been distinctive. More recently, during the Soviet era, the economic and social systems of the USSR and Finland differed ideologically, and as free travelling to and from the USSR was heavily restricted, intercourse between the citizens of both nations remained exiguous. Also, the barter trade pattern kept cultural differences invisible and hardly reduced prejudices and brought individuals nearer.

Generally, cultural issues emerge when people having differencing cultural backgrounds endeavour to communicate. National and regional cultures affect societies', organisations' and individuals' behaviour and people from differencing cultures have their own ways of encoding and decoding messages. These culture-induced differences potentially increase the risk of misunderstanding and misinterpretation. At worst, the ignorance of cultural qualities and pure ethnocentrism lead to a conflict that impedes or totally prevents communication and interaction between peoples from differencing cultures. In the globalising world, issues concerning intercultural communication have become increasingly important, as business relations are being established between partners whose cultural backgrounds may have little in common. In such situations, it is essential to take cognisance of partners' culture-specific features in order to smoothly negotiate, to solve disputes and to attain outcomes that satisfy the parties involved. At best, getting to know and being exposed to cultures that differ one's own provide new outlooks and mindsets, which may lead to insights, innovations and changes in approaches that actually benefit the business. Then cultural differences are not hindering but furthering cooperation of trade partners towards a mutual goal.

Applying questionnaire methodology assigned to Finnish and Russian key managers involved in roundwood trade this study tries to give empirical evidence if there have been any cultural related problems to hinder the trade. The paper at hand is a forthright continuum to the report by Vinokurova et al. (2005), where the development and practises of Russian-Finnish roundwood trade as well as the basic theoretical concepts of intercultural communication were discussed in more details (free available at <http://www.metla.fi/julkaisut/workingpapers/2005/mwp007.pdf>).

This paper is organised as follows: in Chapter 2, the theoretical setting of the study is briefly described. Chapter 3 includes the description of the data and data collection. Chapter 4 is dedicated to the reporting of results. Finally, short discussion and main conclusions are represented in Chapter 5.

## 2. Theoretical Background

Gradual progress and penetration into Russian markets, as well as roundwood trade between Finland and Russia, can be understood as a step of Finnish forest companies' internationalisation process, where the cultural barriers are only a one-explanation factor. On one hand, this process is typically challenged by the psychic distances between the trading partners such as language, education, business practises, culture and industrial development, among others. On the other hand, numerous other factors, such as free flow of information from and to the market, prevent the internalisation process (Johanson and Vahlne 1990). The less the firm managers understand the market they are looking for, the greater is the psychic distance and consequently the perceived uncertainty (Barkema et al. 1996). Rational risk averse managers tend to proceed sequentially step by step into new markets. This allows expanded market knowledge and provides new market commitments at later stages. One of the frequently applied models to explain the internationalisation process of a firm is a so called Uppsala model (see Barkema et al. (1996) for details), where the process follows the pattern:

- 1) Start and continue to invest in just one or in a few neighbouring countries rather than to invest in several countries simultaneously.
- 2) Invest in a specific new country cautiously, sequentially and concurrently basing further steps on the acquired learning among the firm staff operating in the market.
- 3) Enter new market successively without great steps over the psychic distances following establishment chain.

Behind the internationalisation process and models, this study was theoretically motivated by the wide range of concepts, theories and settings discussed in the literature of intercultural communication. Especially, the frameworks of cultural dimensions by Hofstede (1986, 2001), Hofstede et al. (2002) and Trompenaars and Hampden-Turner (1998) inspired the research. The cultural dimensions related to internationalisation are mostly psychological dimensions, or value constructs, which can be used to describe a specific national or organisational culture. The criticism against these rather artificial structures, which define cultures through differences, is recognised, yet these structures provide a practicable starting point for empirical research. However, neither Hofstede's 5-point nor Trompenaars and Hampden-Turner's 7-point classifications were used as such but were applied selectively. Moreover, also literature emphasising the strategic choices of core competencies necessary for the integration between human (values, attitudes and potentials) and organisational factors (structures, systems and processes) that arise from differences in national, organisational, functional, disciplinary and cultural orientations affected the designing of the research. Thus, the theoretical framework of this study is a rather loose construction inspired by a multitude of literature devoted to cross-cultural and intercultural studies (e.g. Hall 1959, Kluckhohn & Strodtbeck 1961, Durkheim 1960, Trompenaars & Hampden-Turner 1998, Hofstede 2001, Hofstede et al. 2002, Mead 2005). Moreover, the scope of study was widened by incorporating concepts of business economics into the analysis. Especially, the focus was on how the cultural differences challenge the current main stream management systems of quality and time management.

In order to focus on the most relevant culture-specific issues affecting the Russian-Finnish roundwood trade, the characteristics of Russian and Finnish national cultures were considered. Obviously, it is next to impossible to define strictly what a "pure" Russian or Finnish culture is like, as cultures tend to mix and transform over time. Yet one may claim that the essence of Finnish culture is characterised by such features that, in general, are considered "western", whereas the Russian culture is dominated by features considered more "eastern". After considering these features more carefully, it was obvious that if there were any major culture-induced shortcomings in the Russian-Finnish roundwood trade, they would be related to the distribution of power and to the notions of time. Thus, the following cultural dimensions were selected to form the basis for the empirical research. The aim was to compare through the answers of the managers, how the supposedly differencing cultural dimensions are reflected in the business relations.

## **2.1 Distribution of Power**

### **2.1.1 Power Distance**

The concept of power distance is related to how unequally power is distributed in a society or in an organisation, and how this distribution is perceived and accepted by the less powerful members of the society under consideration. This implies that the unequal power distribution is defined from below, not from above. Moreover, the definition also suggests that the unequal power distribution is endorsed by the subordinates as much as by the leaders. In countries where the level of power distance is low, power relations tend to be consultative and democratic. People consider each other more or less as equals regardless of formal positions, and thus, it is felt normal to contribute and to comment on the decision making of those in power. In countries where the level of power distance is high, the power relations are paternalistic and even autocratic. In such cultures, it is accepted that a person's power is simply based on the position the person hold in a certain formal, hierarchical structure.

In general, the power distance usually is smaller in the countries of Northern Europe than in the countries of Eastern Europe. According to the studies on power distance indexes (Hofstede 1986, Elenkov 1998), the power distance in Finland is substantially smaller (index value 33) than in Russia (index value 88). In the company level, the various levels of power distance are reflected in the delegation of power and responsibilities as well as in the intra-firm division of work. Low level of power distance implies short, informal intra-firm contact connections and freedom in decision-making. In turn, the high level of power distance is related to strictly formal and hierarchical intra-firm decision-making processes, where the final decisions and responsibilities belong to the top manager(s). In sum, organisational structures with large power distance tend to be vertical in contrast to horizontal structures typical of organisations with small power distance.



## **2.1.2 Individualism versus Collectivism**

Contrasting individualism with collectivism can be crystallised into the question whether people function in a group or as individuals. In the individualistic cultures, people are expected to stand up for themselves and to choose their own affiliations, whereas in the collectivistic cultures people function as a member of a possibly life-long group. Intuitively, individualism is closely related to small power distance, whereas collectivism usually is in connection with large power distance. Obviously, informal horizontal organisational structures require more individualistic approach to decision-making. Russian culture, especially in the national level, is based on collectivism, whereas the Finnish culture is more inclined towards individualism. However, considering this cultural dimension, the situation is not as polarised as in the case of power distance.

As regards the Russian-Finnish roundwood trade, the different levels of power distance and individualism may potentially hinder business as, for example, the negotiators may have markedly unequal formal positions in their own organisational structures, yet their authority in making decisions may equal. Moreover, the decision-making practises in formal hierarchical organisational structures differ substantially from those prevalent in horizontal structures with informal power relations. As to the Russian organisational culture with a large power distance and being essentially collectivistic, it is the negotiator's formal position that counts, whereas in the Finnish organisational culture formal positions are less important. Yet, in the both cultures but due to rather different reasons, close confidential personal relations are important and even fundamental in business relations.

## **2.2 Conceptions of Time**

### **2.2.1 Sequential versus Synchronic Time Concept**

In synchronic cultures, it is common that people do several things at once, whereas in sequential cultures the tendency is to do only one thing at a time. Moreover, in the sequential cultures, the time is considered linear, whereas in the synchronic or polychronic cultures, time has neither the beginning nor the end. Thus, projects with strict deadlines are typical of sequential cultures, whereas in the synchronic cultures, the process of doing as such, not the deadline, is important. Western, especially Anglo-Saxon cultures are strictly sequential, whereas Eastern and Southern cultures typically are synchronic. In Finland, the organisational culture is also clearly sequential, which sharply contrasts the synchronic culture typical of Russian organisations. However, due to requirements of business life in the globalising world, the sequential concept of time is penetrating to the national and organisational cultures that have historically been synchronic.

In the level of individuals, sequential time concept implies that everything has its time and place. Any change or turbulence in this sequence will make the sequentially oriented person to feel uncertain. In sequential cultures time is considered measurable and planning is treated as an important activity. Management by objectives is also popular. In synchronically oriented

cultures people keep track of various activities in parallel. Synchronic cultures are less insistent upon punctuality as the passage of time itself is important. It often is necessary to “give time” to people with whom you have a particular relation. Moreover, the synchronic cultures tend to be we-oriented (collectivistic) than the sequential cultures.

### **2.2.2 Long versus Short Term Orientation**

Time orientation is also related to a society’s or an organisation’s time horizon and to the importance of the future versus the past and present. According to Hofstede (2001), in long term oriented societies, values typically include persistence, ordering relationships by status, thrift, and having a sense of shame, whereas in short term oriented societies, values include normative statements, personal steadiness and stability, protecting ones face, respect for tradition and reciprocation of greetings, favours and gifts. Western cultures typically are more short term oriented than Eastern cultures. However, one may claim that, due to the newly introduced capitalism and the general uncertainty of the society, in Russia, the organisational culture has a shorter time horizon than in Finland. Long term investment planning, for example, usually is subordinated to short term profits.

## **2.3 Time and Quality Management**

The study was inclined towards business economics by incorporating the views of main stream business economics and management systems into the structuring of the questionnaire. The selection of management system is a firm level strategic choice and an integral factor in the formation of the value chain the firm belong to. Thus, the analysis interfaces not only with the Hofstedian framework of cultural dimension but also with the Porterian value chain framework as well as with the diamond model of competitive advantage (Porter 1985).

In this paper, the concept of time management refers to requirements related to just-in-time (JIT) strategy in a firm’s operations. The just-in-time mode aims to improve the return on investment by reducing inventories. In a nutshell, the approach emphasises that items arrive in production when needed neither earlier nor later. In the forest industry’s roundwood procurement, the requirement of reducing roadside inventories requires efficient, high-tech logistics with tight schedules. The timely arrival of roundwood at mill gates is also underlined by the high quality requirements for this perishable raw material both in the sawmilling and in the pulp production.

The clash of just-in-time strategy with synchronic time perception is obvious. In the Russian-Finnish roundwood trade, the trade partner’s differencing perceptions of time increase the risk of conflicts. Strict deadlines with which the Finnish companies endeavour to manage uncertainty and to minimise inventories may be interpreted merely suggestive by the Russian counterparts.

Quality management is also considered from the standpoint of firm level strategies. In this paper, the focus is not on any particular ism of quality management such as TQM (Total Quality Model) but on the factors that determine primarily the physical quality of roundwood, i.e. timber assortments, produced. In the Finnish wood procurement mode, the dimensions of timber assortments are determined by the requirements of the customers. Downstream customers are sawmills, pulp mills and other woodworking units, whose demand for a particular dimension reflects the market demand for a particular final product. In turn, the upstream customers', the forest owners', interests are taken into account in such a way that bucking also maximises the stumpage value of the stand. Thus, the dimensions applied in bucking are highly flexible in order to add the customer value in both directions of the value chain. This twofold optimisation task requires up-to-date ADP, GPS and data transmission systems. In Russia, the logging operations are still characterised by the practices dating from the Soviet era. Although Scandinavian cut-to-length technology is quickly penetrating into the industry especially in the European part of the country, the tree-length method is still applied widely. In general, bucking is performed using only few dimension determined by the length of rail car. Neither from the standpoint of logging enterprise nor the processor of the wood raw material maximises this mode the value of a single stem or the stand as a whole. Focusing mechanically and primarily on the physical dimensions of stocks and paying less attention to their quality - not to mention the needs of the downstream customer - reflect the way of thinking that flourished during the time of planned economy. The deep influence of decades of socialism evident in strict technical rules and standards and the resulting lack of customer orientation characterise the business operations in Russia and in a broader sense, belong integrally to the business culture in the Russian forest sector.

### **3. Data Description**

In Finland, the survey was implemented in two stages in October–November 2005. In the first stage, 75 questionnaires were sent to key persons of companies, which had been involved in roundwood trade between Finland and Russia. These persons were representing 60 different companies in Eastern and Southeast Finland. The firms and their representatives were selected from the Finnish company register. While the number of returned questionnaires remained low, the research was repeated and the questionnaires were sent again to all companies. Still, after this second round, the answer percentage remained at 21 percent consisting only of 16 answers. However, the distribution of participants over the population was extensive. Half of the respondents were representing large international forest industry corporations, while the remaining half consisted of small scale companies or middlemen involved in the roundwood trade.

The corresponding research was conducted in Northwest Russia in May–June 2007. While it was evident that sending the questionnaires to the key persons of Russian enterprises would not result in any answers, the study was implemented using personal interviews. The firms were selected from the company register compiled by Finnish-Russian chamber of commerce in

Moscow. The total number of interviewed managers was 10 representing both large and small scale companies involved in roundwood trade. In order to minimise the possibility of misunderstanding, interviews were conducted by a native Russian.

Due to the differences in cultural behaviours, the questionnaires were not exactly the same for the Finnish and Russian managers. The differences in questionnaires were mainly connected to linguistic formulation of the questions in order to minimise the possibility of misunderstanding. However, a couple of the questions concerning, for example hierarchy of the enterprise, were omitted from the questionnaires sent to the Russian managers because such questions could have been easily understood as trivial and self-evident.

## **4. Results**

Consequent on the small number of answers, advanced statistical analysis was not applicable in the data. Thus, the results are reported only as descriptive statistics and percentage shares and they should not be interpreted as strongly conclusive but rather indicative and descriptive. However, the distribution of answers across the firms, their size and managers was wide hence enabling to draw some generalised main conclusions that provide valuable insights into the practices prevailing in the Russian-Finnish roundwood trade.

It is also noteworthy that the study was implemented in Finland before the Russian Federation announced the customs tariffs programme for roundwood exports which was aimed to become fully effective at the beginning of 2009. Similarly, the study was implemented in Russia before the postponement of this programme by one year to the beginning of 2010. Thus, the answers concerning the general policy and the actions of authorities do perhaps not describe the current atmosphere prevailing in the roundwood trade.

### **4.1 Background Information of the Respondents**

#### **4.1.1 Knowledge and Business Experience**

Managers were asked several questions about their age, company profile, experience in the roundwood trade and the volumes of roundwood which were either traded or used by the company itself. The age profile of respondents did not reveal any significant differences between the Finnish and Russian managers. Over half of both the Finnish and Russian managers were 41–50 years old. Two thirds of the respondents were at least 40 years or elder reflecting the normal age profile and status of managers. However, even though the majority of the managers did not personally have the managerial experience in the trade during the Soviet era, according to the answers, they seemed to be experts in the current Finnish-Russian roundwood trade. In both the countries, 90 percent of the respondents said that they had at least 6 years experience in the roundwood trade between Finland and Russia. The percent shares of over 15 years experience among the respondents were 50 in Russia and 40 in Finland. The companies

which the respondents were representing had also long traditions in the roundwood trade. Only one Russian firm had been involved in the trade less than 5 years. Thus, the majority of respondents, as well as the companies they are representing, were highly experienced in the Russian-Finnish roundwood trade.

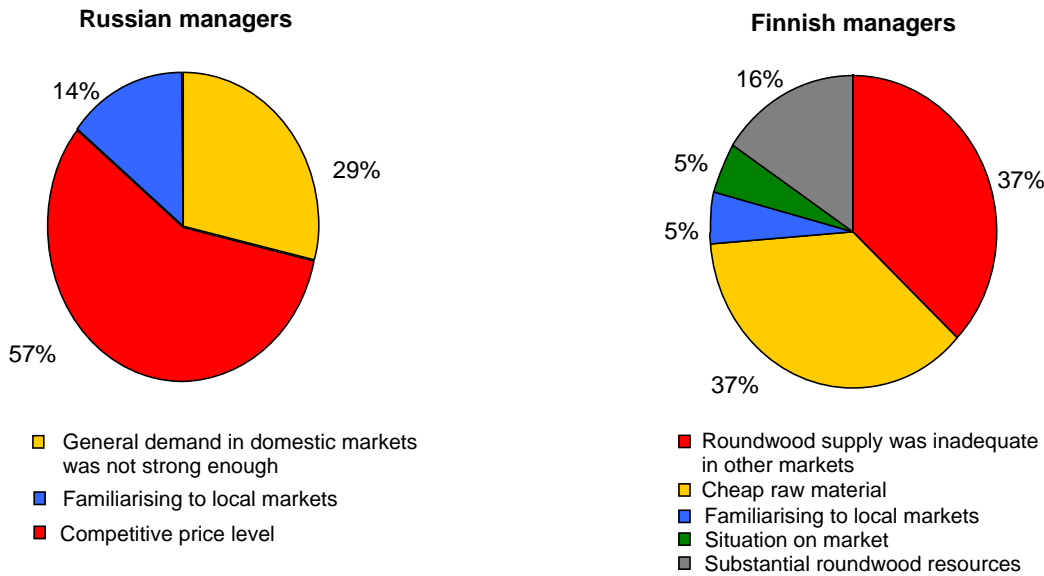
The size distribution of the companies involved in this study was wide. In Russia, 60 percent of the interviewees were representing small size firms of less than 50 employees. In Finland, over 70 percent of the managers were representing companies with more than 100 employees. In Russia, half of the respondents represented the companies with less than 10 persons involved in roundwood trade to Finland. Three of the firms can be classified as pure middlemen enterprises without any own timber production. Two of the respondents were representing companies with 51–100 employees working with roundwood trade together with large own softwood timber production. In Finland, majority of the respondents (over 40 percent) represented also companies with less than 10 persons involved into roundwood trade from Russia. Also, 40 percent of the respondents were from the firms with more than 100 employees working under roundwood trade issues. Thus, according to these percent shares, both the small and the large scale companies in Russia and Finland are included in this study.

#### **4.1.2. Motivation for Roundwood Trade**

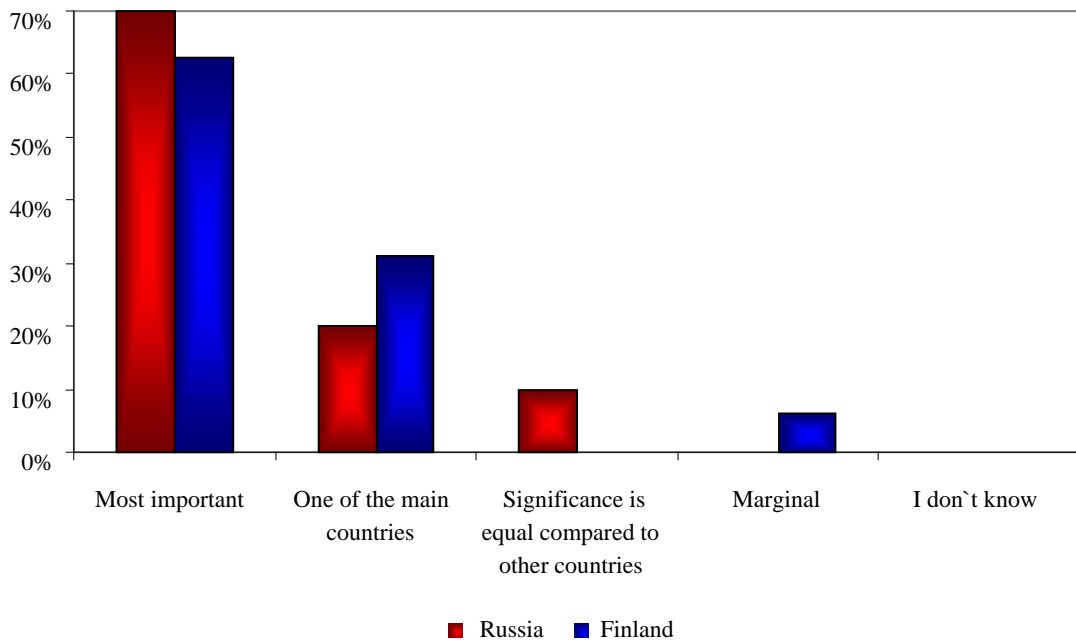
According to the Fig. 1, the motivation to start the international roundwood trade was strongly related to the price of wood. In Russia, over half of the interviewees found the competitive market price, which Finnish companies were able to pay, to be the most important motivation for the trade. This is not surprising as the domestic demand for roundwood, especially earlier, was limited, and selling roundwood abroad made it possible to run daily business. One third of the respondents said that the domestic demand for roundwood was not adequate, and 14 percent revealed that also the familiarising to Finnish markets while planning new co-operation was a motive for roundwood trade. In Finland, 37 percent of the managers replied that the cheap raw material was the strongest motivation to start roundwood trade. From the Finnish companies' standpoint, cheap and amply available raw material from Russia was a means to gain competitive advantage. However, 37 percent of the Finnish managers also said that the domestic supply of roundwood was not adequate for the needs of their company. Therefore, the observed imbalances in supply of and demand for roundwood in both the countries combined with a satisfactory price level were the fundamental initiators for the business growth. Russian companies got much needed export earnings and the Finnish trade partners were provided with a complementing source of raw material.

The sizes of the companies which were involved in roundwood trade differed between countries. In Russia, 75 percent of the companies were either buying or supplying only less than 100 000 cubic meters annually, while in Finland about 80 percent of the companies were purchasing over 500 000 cubic meters. Thus, according to these figures the companies in Russia are mostly small scale firms or middlemen, while in Finland the majority of the imported Russian roundwood is purchased by the large scale companies. Roundwood trade to Finland

was considered highly important for business for the interviewed Russian companies although 80 percent had exported roundwood also elsewhere (Fig. 2). 40 percent of the Finnish respondents revealed that their company had not been involved in roundwood trade with any other countries than Russia, which was seen either the most important or one of the main countries from where to import roundwood.



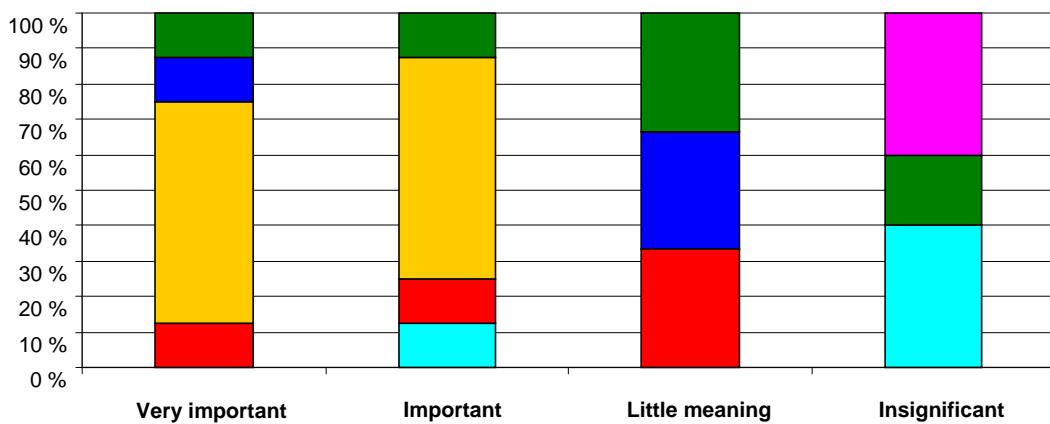
**Fig. 1** What was the most important reason for your enterprise to begin roundwood trade?



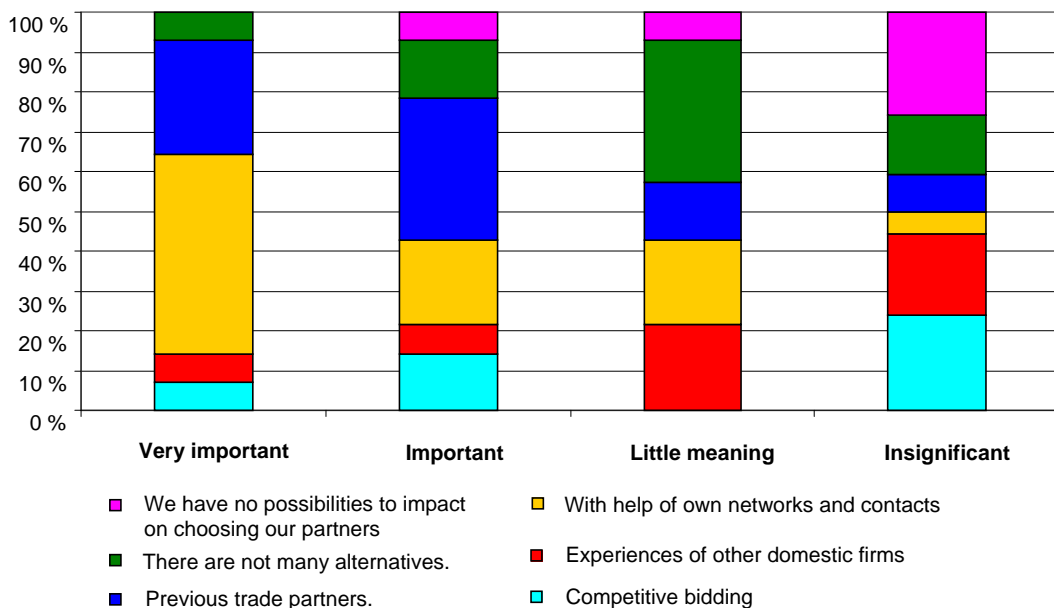
**Fig. 2** What kind of significance Finland (Russia) has as a destination of exporting roundwood (source of roundwood imports) for your enterprise?

The answers concerning the selection of trade partners differed between the countries (Fig. 3). Own networks and contacts were either important or very important among the Russian managers confirming the hypothesis of importance of relationships and social contacts in Russia. It is noteworthy that market based competitive bidding was seen significant when selecting the trading partners. Also among the Finnish respondents, the companies own networks and contacts were regarded as highly important when selecting the partner. However, the Finnish companies had more often been utilising also previous experiences in the Russian companies when analysing the partners.

**Russian managers:**



**Finnish managers:**

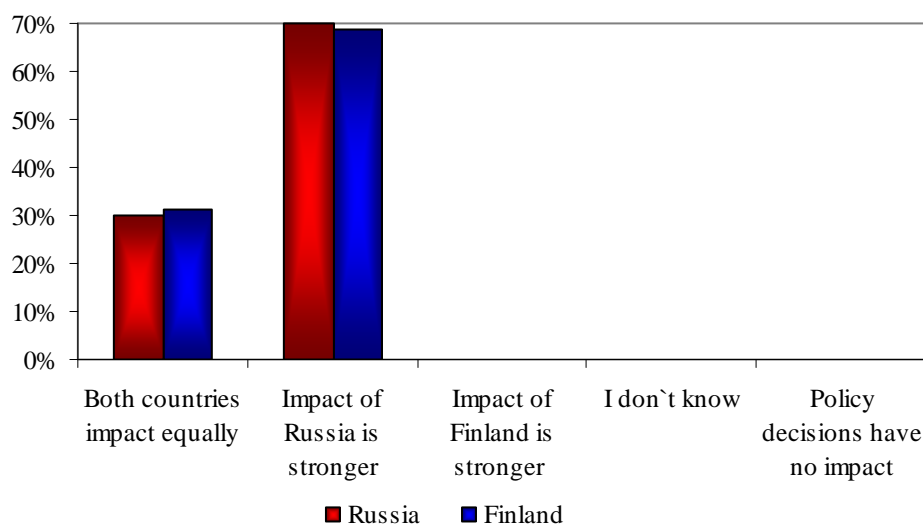


**Fig. 3** How does your enterprise choose the trade partners in roundwood trade between Finland and Russia?

The unexpected finding that both the Finnish and the Russian managers did not utilise the other firms' experiences in their trade can be considered as an outcome from tight competition in the markets thereby reflecting unwillingness to convey market information to their rivals. Also, both in Finland and Russia, with some exceptions competitive bidding was given as insignificant reason to choose trade partner.

## 4.2 Market Environment

Many barriers and impeding factors prevalent in the roundwood trade across the national borders are not by reason of the cultural issues. Institutional structures, changes in operational environment and markets as well as administrative issues such as trade policy turned out to be among obstacles which have not necessarily direct connection to the differences between cultures, manners and habits. As shown in Fig. 4, all the respondents found that changes in the national policies had affected the daily business considerably. The majority of the managers considered that the changes in the Russian official policy have had larger impacts on trade than changes in the Finnish policy. One third of the respondents revealed that the policy changes in Russia and Finland had equal impacts on business, while none of the respondents saw the Finnish policy or the decisions made by Finnish authorities as a source of uncertainty. Especially, the unexpected changes of custom rules in Russia were frequently mentioned as a reason for obstacles. In some answers, also the fiscal control of Russia was given as a reason for institutional problems.

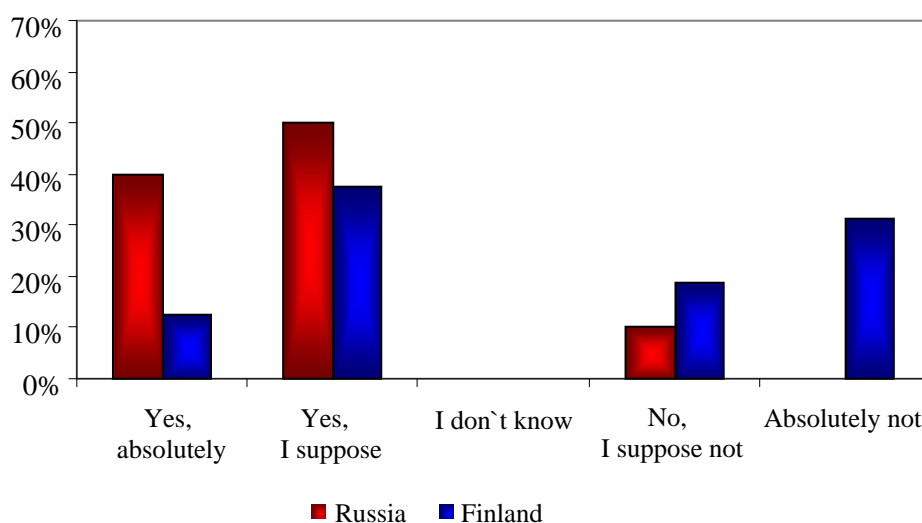


**Fig. 4** Is the success of your business dependent on official policy of Finland or Russia or decisions made by local Finnish or Russian authorities?

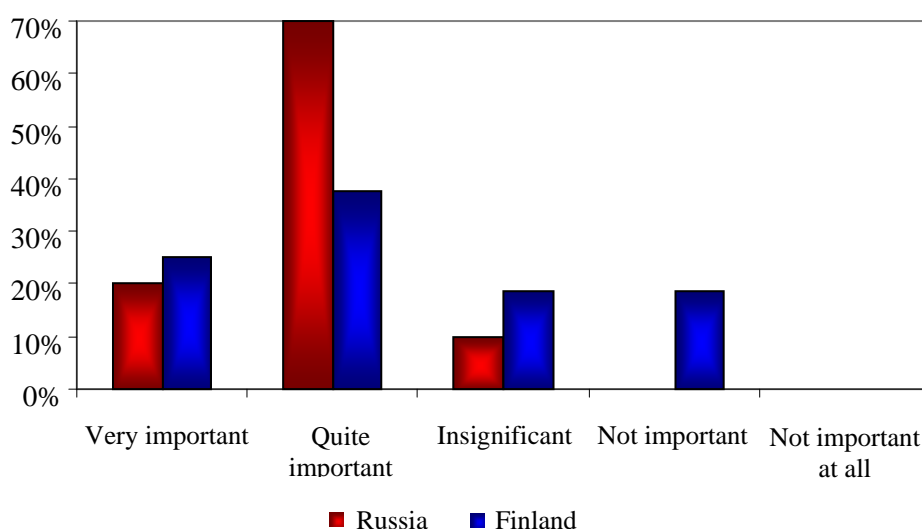
The majority of Russian managers preferred current market conditions in the export trade, and were more present-orientated over the Finnish managers. Almost all of the Russian managers



saw the market environment so uncertain that the best reaction is to live just day-to-day (Fig. 5). In turn, the answers of the Finnish managers constituted a bimodal distribution: half of the respondents agreed on the presence of uncertainty and day-to-day strategy, while the other half did not see such kind of uncertainty present in the roundwood trade. However, it should be noted that the survey on the Finnish managers was implemented prior to the introduction of the customs tariffs programme for Russian roundwood exports. Thus, in the current market situation, the answer of Finnish managers might also emphasise the uncertainties related to the continuation of Russian-Finnish roundwood trade more clearly than in the late 2005.



**Fig. 5** Do you think that the future of roundwood trade between Finland and Russia is so uncertain that the best way of business is day-to-day?



**Fig. 6** How important are unofficial contacts to local authorities in Russian roundwood market in your or your enterprise's opinion?

Many of the market characteristics arising from the respondents' comments could be defined specifically Russian. As depicted in Fig. 6, the respondents typically agreed that the unofficial contacts and relations to local authorities are important when establishing business in the Russian roundwood markets. Especially, the Russian managers found it very or quite important to have such relations to local authorities whereas the answers by the Finnish managers were distributed much more smoothly. However, the majority of the Finnish respondents also agreed that relations to Russian authorities are important in order to run business successfully.

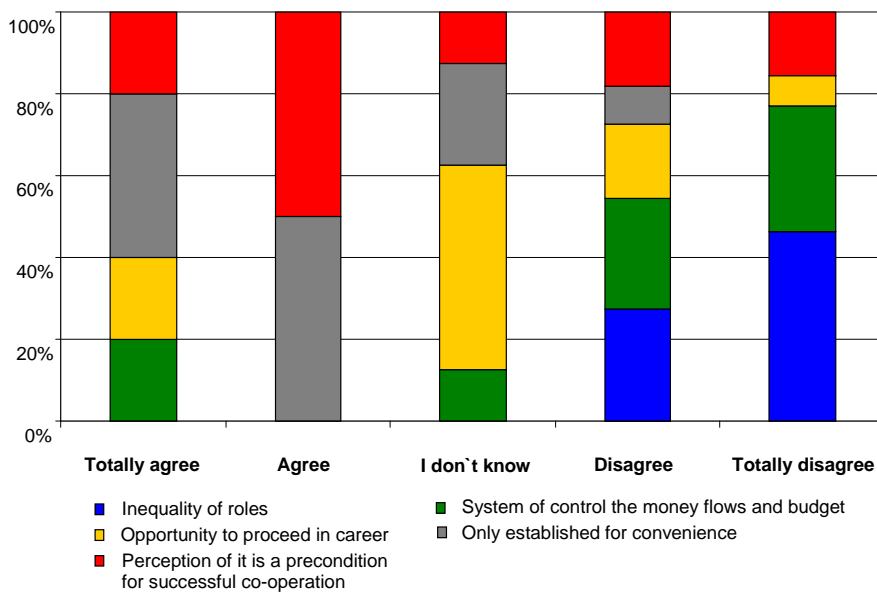
A direct question about the corruption reigning in the roundwood trade was posed to the Finnish managers exclusively. Half of the respondents claimed that they or their firms had not encountered corruption of any sort, whereas the other half had experienced corruption of different levels. Their experiences varied from single suggestions for bribing in order to speed things up to widespread corruption penetrating through the whole value-chain in the roundwood trade. Most commonly, corruption was said to be connected to transport and customs and that the initiative "to speed things up" was always taken by the Russian partners and officials. One respondent also stressed that his/hers firms' calculated choice was not to participate in any activities that could be labelled as corruption. As regards to the development of the extent of corruption in the roundwood trade, most of the respondents had either no knowledge of the issue or they were under the impression that extent had remained the same over the last years. A few respondents also stated that the extent of corruption had markedly diminished, whereas also a few respondents were pessimistic about the development stating that the problem had swollen over the last years. However, in general, corruption was not conceived as a threat to business or a problem one should worry at by the Finnish managers. If anything, it was looked on as a factor within the sphere of interest of the Russian trading partners.

### **4.3 Power Distribution**

The issue of power distribution - especially power distance - was scrutinised with questions concerning how control, authority and responsibilities were distributed within the firms. The high level of power distance implicates that decision-making within a firm is highly centralised and is based on a strictly hierarchical organisational structures as discussed in Chapter 2.1.1. At first, propositions concerning the meanings of the concept of hierarchy were posed on the managers (Fig. 7). Despite the slight dissimilarities in the sets of propositions, both the Russian and the Finnish managers agreed that hierarchy as such had little or nothing to do with the inequality of roles of the workers. Hierarchy was also conceived as a minor factor in creating possibilities to ascend in one's career. Instead, according to the Russian managers, hierarchy was a structure designed merely for convenience. The Finnish managers in turn found that the necessity of hierarchical structure of a firm often was controversial and hierarchy hardly contributed to the efficiency of activities. These rather neutral and casual attitudes towards hierarchy and hierarchical structures may reflect the positions of the respondents: both the Russian and the Finnish managers held high or top posts in their organisations and from the top of the system, hierarchy was perceived as a matter of course. However, it is noteworthy that both the Russian and Finnish managers were of the same opinion that perceiving and knowing

the hierarchy of the partners is essential for productive co-operation. In sum, hierarchy in one's own organisation is regarded as mundane, whereas hierarchy in one's partner's or potential partner's organisation is something one should appreciate and be familiar with.

**Russian managers:**



**Finnish managers:**

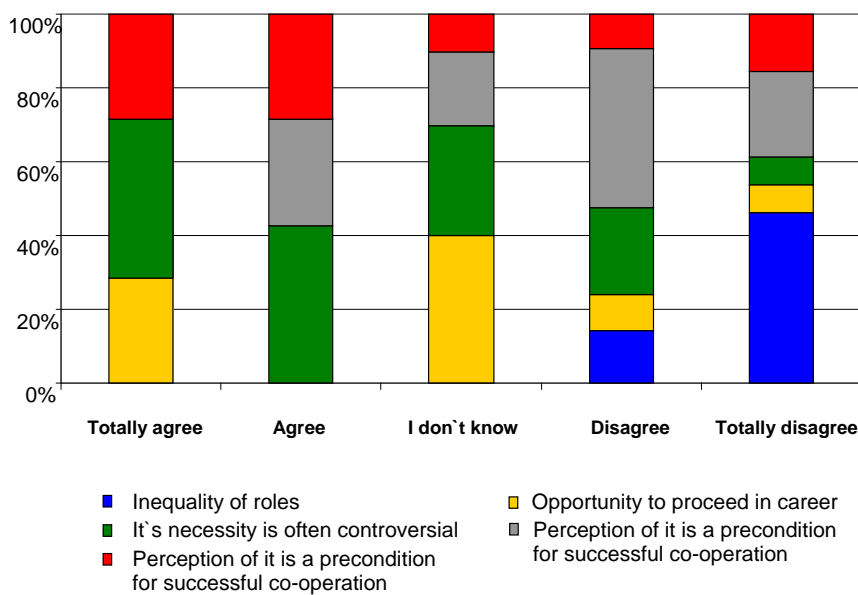
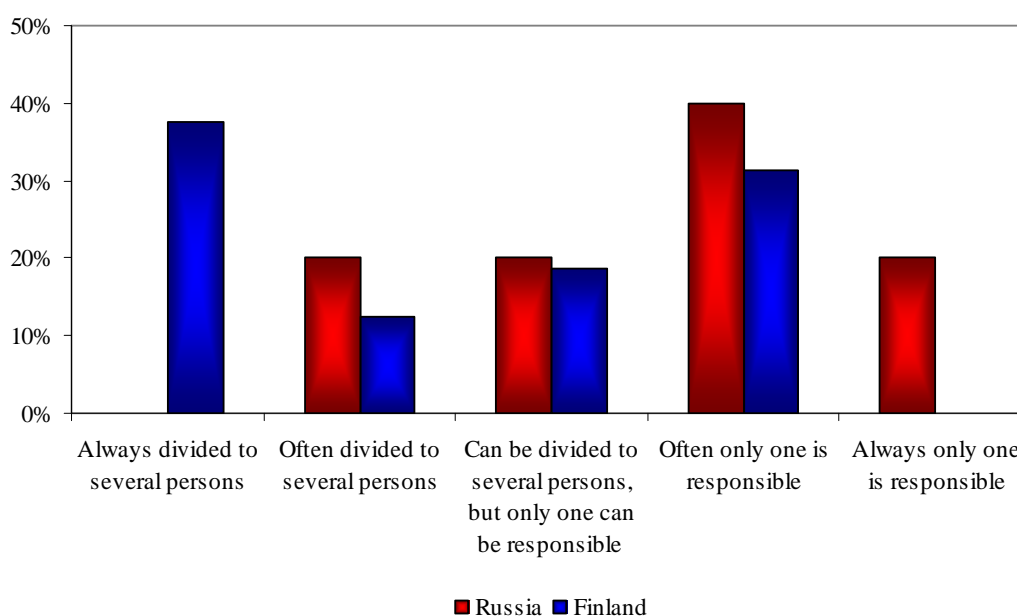


Fig. 7 What does hierarchy mean from your point of view?

When the factual distribution of power and responsibilities within the firms was enquired, distinctive differences between the answers of the Russian and the Finnish managers appeared. As shown in Fig. 8, half of the Finnish respondents answered that the responsibilities were either always or often divided among several persons, which reflects working in teams.

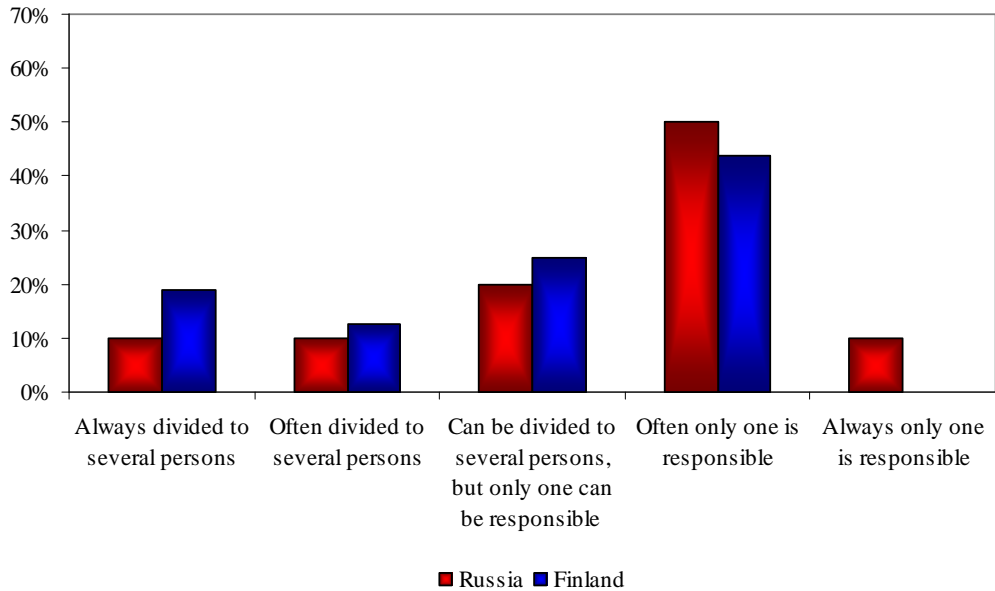
Conversely, over half of the Russian managers revealed that the responsibilities were either often or always assigned to only one person. This finding is in accordance with the a priori assumption of the low level of power distance in the Finnish organisations vis-à-vis the high level of power distance in the Russian organisations. However, the corresponding question concerning the responsibility of signing contracts did not reveal any significant differences between the countries. Even though one third of the Finnish respondents answered that either always or often several persons had the signing responsibility, majority of the managers on the both side of the border answered that one person was always or often responsible for the signing of contracts. The question, however, did not reveal the fact whether there was several or just one person preparing the contracts.



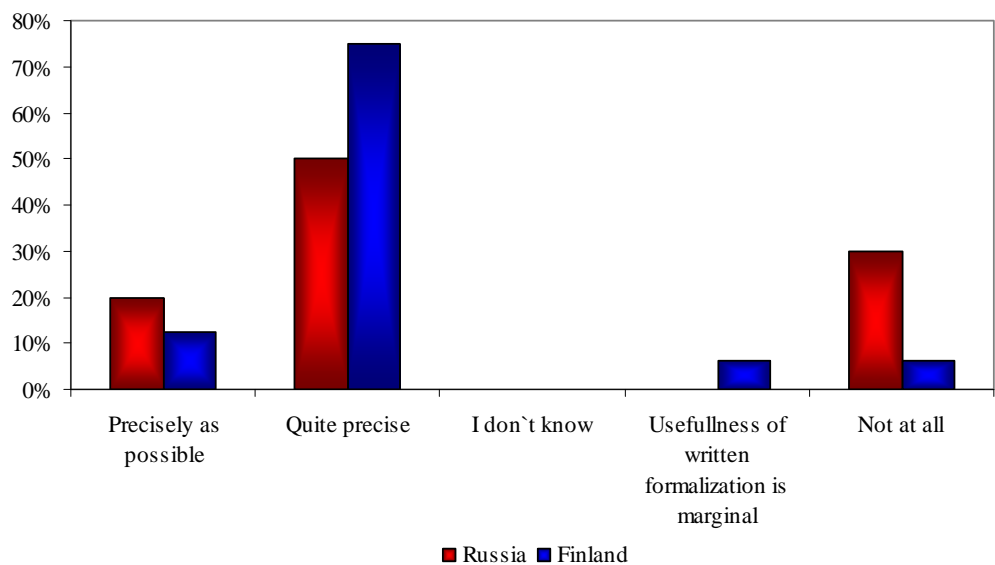
**Fig. 8** How are responsibilities divided in general in your company?

Neither did questions concerning the responsibilities of implementation and fulfilment of contracts reveal any significant differences between the countries. Answers concerning the implementation were rather evenly distributed among both the Finnish and the Russian managers. The only difference was that also in this case, responsibilities were more often divided among several persons in Finland, whereas in Russia only one person was typically responsible for implementation of contracts. The responsibility of fulfilment of contracts was also rather uniformly distributed between Finnish and Russian managers. The decision on buying or selling volumes of roundwood was also similarly distributed between the Finnish and

the Russian managers (Fig. 9). Only one of the Russian managers responded that one person is always responsible for that decision.



**Fig. 9** How is responsibility of deciding on buying/selling volumes divided in your company?

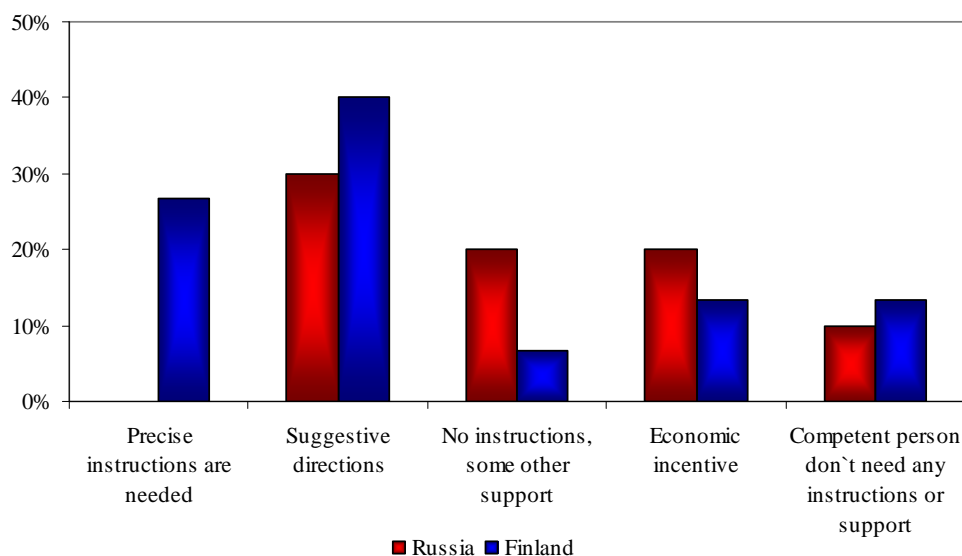


**Fig. 10** To what extent need roles and responsibilities to be formalised and written?

It was presupposed that differences between the Finnish and the Russian managers would appear when enquiring the willingness to have the rules and instructions of responsibilities to be formalised and given in written form. In Finland, where national culture is individualistic and power distance relatively low, organisational structures typically are informal and flexible indicating relative lack of detailed, written instructions. In Russia, where national culture is collectivistic, power distance high and the stamp of Soviet system discernible, organisational

structures tend to be formal and bureaucracy with extremely detailed instructions flourishes. In contrast to these presuppositions, the Finnish managers were quite eager to have strict written rules, whereas the Russian managers had a slight but visible tendency to avoid tight and binding instructions (Fig. 10). This result may reflect the penetration of Anglo-Saxon management culture with seemingly wide but then again strictly limited freedom and extensive personal responsibility in decision-making into the Finnish enterprises. In turn, the avoidance of strict written rules by the Russian managers may reflect the bequest of the Soviet era, when fastidious orders and plans given by the officials could be executed by the managers only by being imaginative and stretching, if not totally evading, formal, official terms of reference.

The above-mentioned tendency of the Finnish managers to require formal, precise instructions was enhanced, when the managers were enquired how exact instructions they felt a competent employee needed to execute his/hers job properly (Fig. 11). Over 65 percent of the Finnish managers found that instructions were needed and about one quarter stated that instructions should be as precise as possible. The Russian managers, in turn, preferred other kinds of support than precise instructions. Yet, also the Russian respondents found that giving at least suggestive directions was in place in many situations.



**Fig. 11** If you want a competent person (manager) to do his/hers job properly, is it often best to provide him/her with very precise instructions on how to do it?

The empirical findings supported to some extent the research hypothesis of high power distance in the Russian firms, where one person typically had the general responsibility of actions. However, according to the answers, the organisational structures in the Finnish firms seemed rather inflexible and paternalistic with strictly defined responsibilities and instructions leaving little to innovative solutions. This refers to a collectivistic culture with high level of power distance, which clearly contrasted the a priori hypothesis. The lack of strict, written instruction and definitions of responsibilities evident in the Russian firms, cannot, however, be interpreted only as a positive sign of flexible and shallow organisations that are based on mutual trust. The

lack of written, formal rules also gives room for sidestepping responsibilities, which in the Soviet era was a means to survive.

#### 4.4 Time Conceptions

The proposition of culture-based differences concerning conceptions of time and especially how the partners of trade conceptualise the deadlines and their importance for roundwood deliveries was described in Chapter 2. As a background, Fig. 12 depicts the distribution of responsibility for time management among the respondents. According to this distribution, no clear differences between the nationalities exist. However, time management seems to be more often divided to several persons in Russia than in Finland, where the majority of the respondents answered that in practise only one person is responsible for decisions of time management. Perhaps this observation can be explained by the different sizes and structures of companies involved in the study. In Finland, especially in large international forest companies, typically only one logistic manager is responsible for roundwood deliveries, deadlines and time limits. Conversely, in Russian middleman companies with only few employees, everyone is used to do everything depending on who has time or is on available.

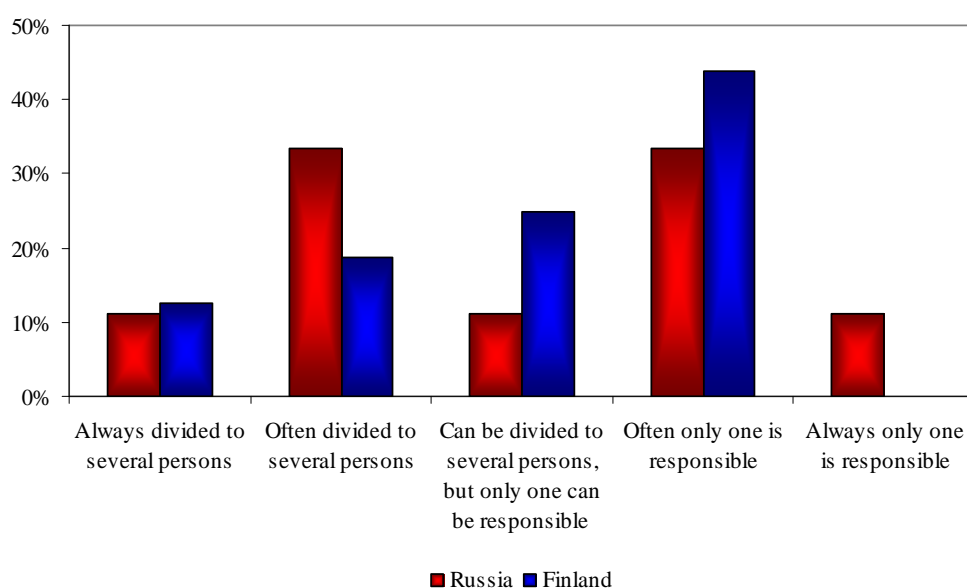
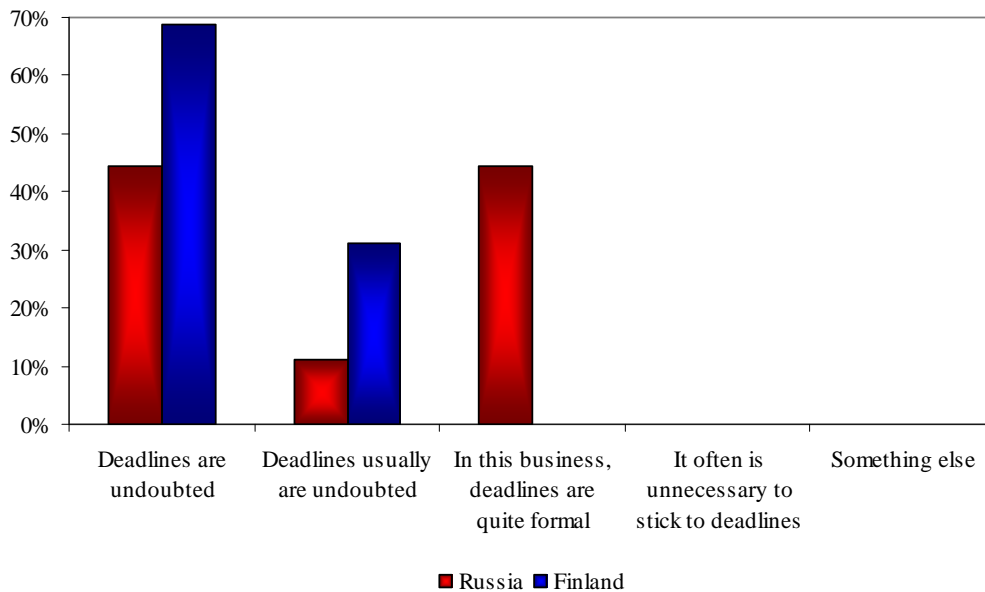


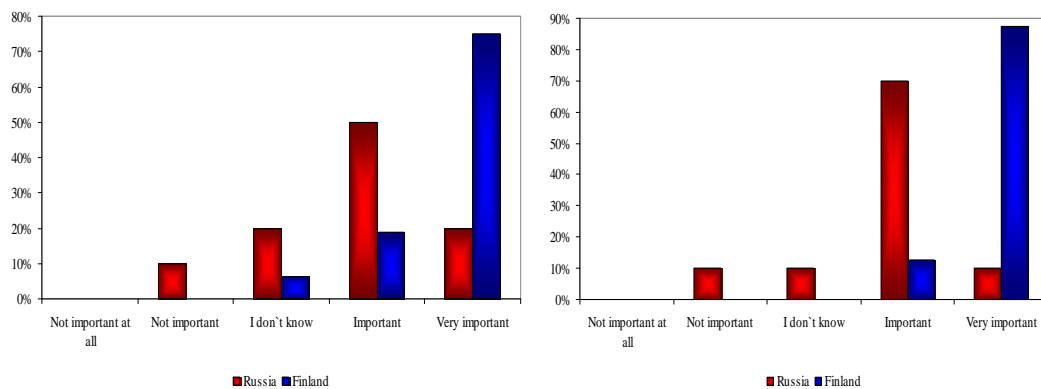
Fig. 12 Distribution of time management

When enquiring the importance and priority of deadlines for the company and daily business, expected differences between the nationalities emerged. The overwhelming majority of the Finnish managers found that deadlines are undoubted and they should be followed in all circumstances (Fig. 13). One third of the Finnish respondents had a more pragmatic attitude to deadlines and replied that in some circumstances, it can be next to impossible to follow deadlines strictly, yet the priority is to meet them timely. As to the Russian managers, slightly

over half found that deadlines are meant to be followed strictly. However, also a rather casual attitude to deadlines was prevalent amongst the Russian respondents as nearly half of them considered the deadlines in roundwood trade formal and more or less suggestive figures in the agreements as one never knows what future is going to bring. Despite of this relaxed attitude the importance of deadlines as such was acknowledged by the Russian managers as none of them found it totally unnecessary to follow the deadlines.



**Fig. 13** What are the importance and priority of deadlines in your company and business?



**Fig. 14** Attitudes towards punctuality (left) and certainty of operations (right)

Differences in the attitudes towards punctuality and certainty of operations emerged also between the nationalities. Even though the majority of the respondents found that both of these issues are important, the Finnish managers valued them as very important while the Russian managers typically saw them as only important (Fig. 14). It is also noteworthy that all the respondents representing large Russian companies found punctuality and certainty of operations



important, while one respondent representing small middlemen company did not found these issues important at all.

The observed differences in the attitudes to deadlines and punctuality are in accordance with the presupposition of differencing time concepts and horizons of the Russian and Finnish national cultures (see Chapter 2.2). If time is considered strictly linear, deadlines are of utmost importance when organising the activities. If time is perceived as cyclical, the importance of deadlines diminishes: it is the process itself that is important, neither the beginning nor the end. The Russian managers' casual attitudes to deadlines may also reflect the pragmatic adaptation to the real life situations in the Russian roundwood business. Many unexpected obstacles beyond a single manager's control, such as undesirable felling conditions or sudden changes in customs regulations, may occur and make it impossible to meet the deadlines. Several respondents in both side of the border were emphasising these facts in their answers.

#### 4.5 Quality

The responsibility and management of the roundwood quality was distributed rather evenly among the Russian and Finnish managers (Fig. 15). In both countries, half the respondents answered that the responsibility of roundwood quality is either always or often divided to several persons. Respectively, about 30 percent of the respondents in both countries said that only single person is responsible of the quality issues within the company. These distributions can be explained by the similar reasons as in the case of distribution of time management.

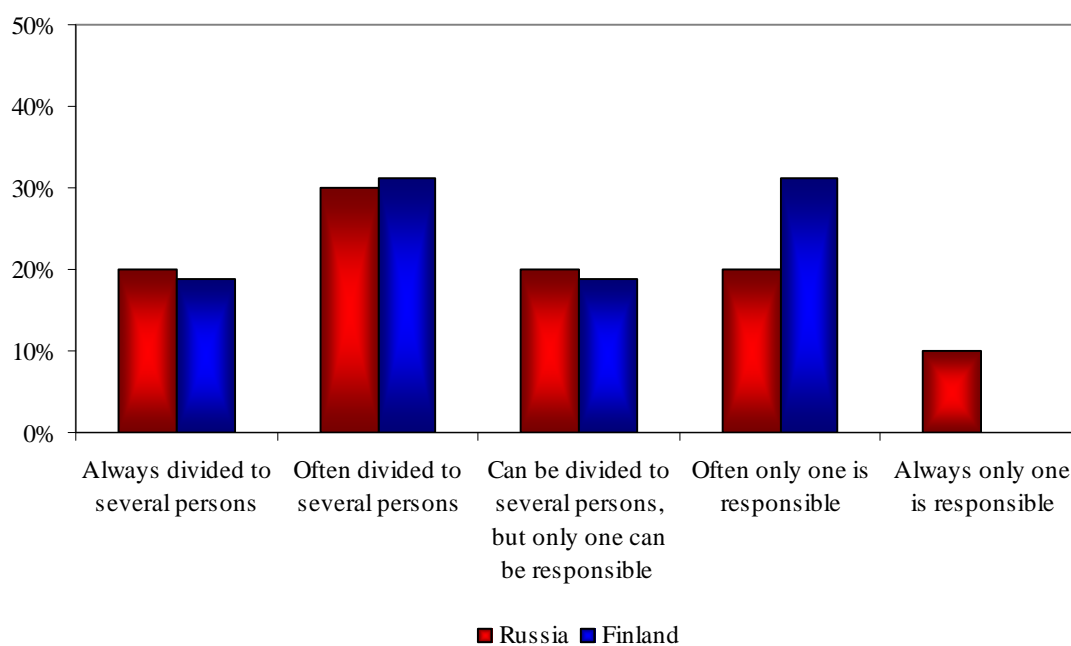
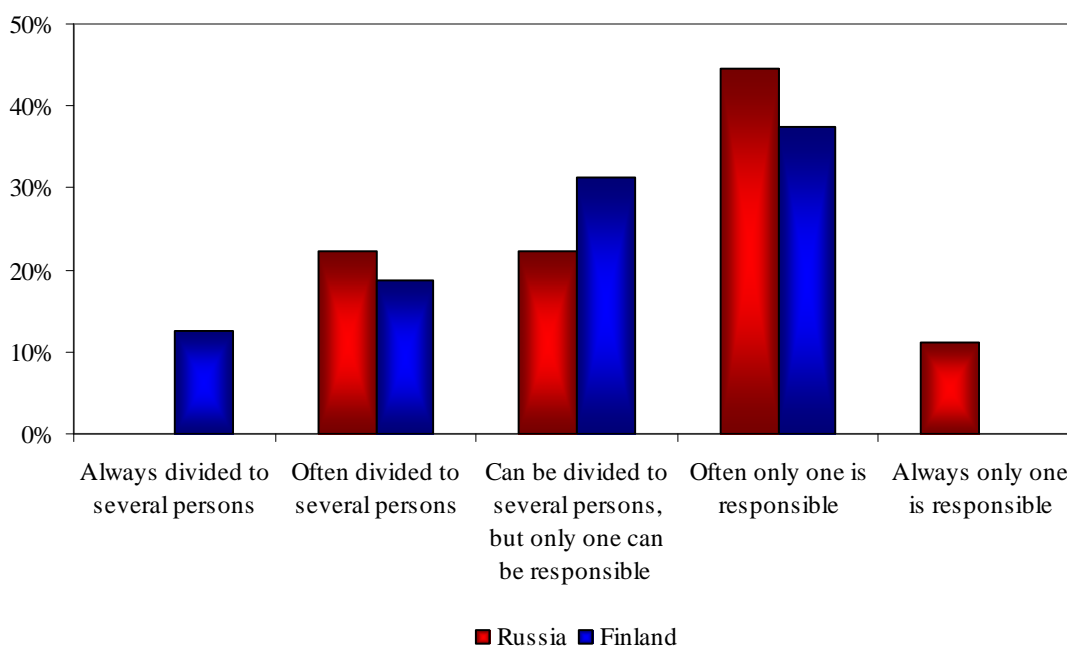


Fig. 15 Quality management

An interesting issue concerning the development of the daily business and co-operation across the Finnish-Russian border was how rapidly the feedback of the possible bottlenecks and problems was spread inside and across the organisations and companies. Among others things, this was the motivation to ask how many persons were in a position to receive feedback from trading partners and customers. Fig. 16 shows the results concerning the feedback from trading partners. Even though the majority of the answers between Finns and Russians are rather similar, the tails of the distribution of the answers differ significantly between the countries. In Finland, the responsibility is more often divided to several persons whereas in Russia the feedback is devoted more often only to one person. Similar distribution of answers was obtained when the question was concerning feedback from trading partners (In Russia, concerning Finns as trading partners and vice versa.).



**Fig. 16** Receiving feedback from customers

Another interesting and important distinguishing feature among the respondents was the attitude to the quality of the roundwood to be traded. As show in Fig. 17, the answers differed significantly from each other between the Finnish and the Russian managers. For the Finnish managers, the quality of traded roundwood was among the most important issues, and the competitive quality of roundwood was either important or very important. In Russia, the issue of roundwood quality is also important but the distribution is wide. However, 20 percent of Russians found it of minor importance, and 10 percent did not know where to classify the question. Similar difference could be found, when the question considered whether there should exist a generally accepted supervising system for the roundwood quality (Fig. 18). The distribution among the Finnish mangers was more concentrated on the right tail emphasising the importance of such system, while the distribution among the Russians was more normally

distributed. Thus, while both trading partners saw the quality of roundwood important, Finnish counterparts did not find any other alternatives.

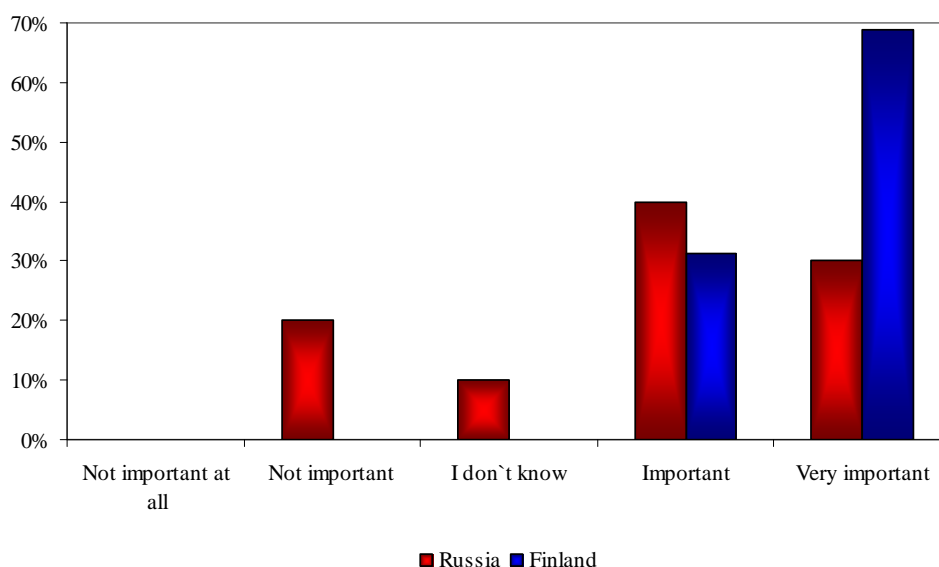


Fig. 17 Competitive quality of products

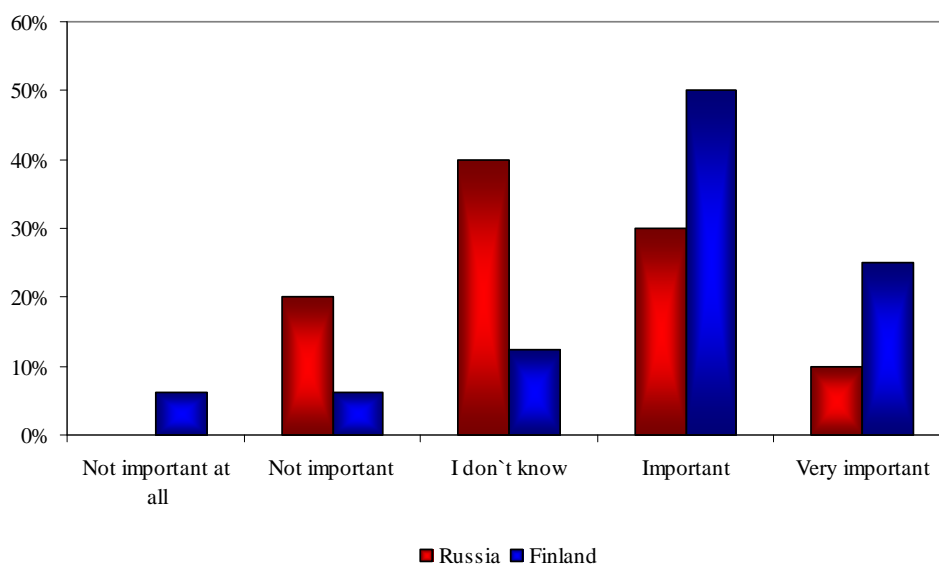


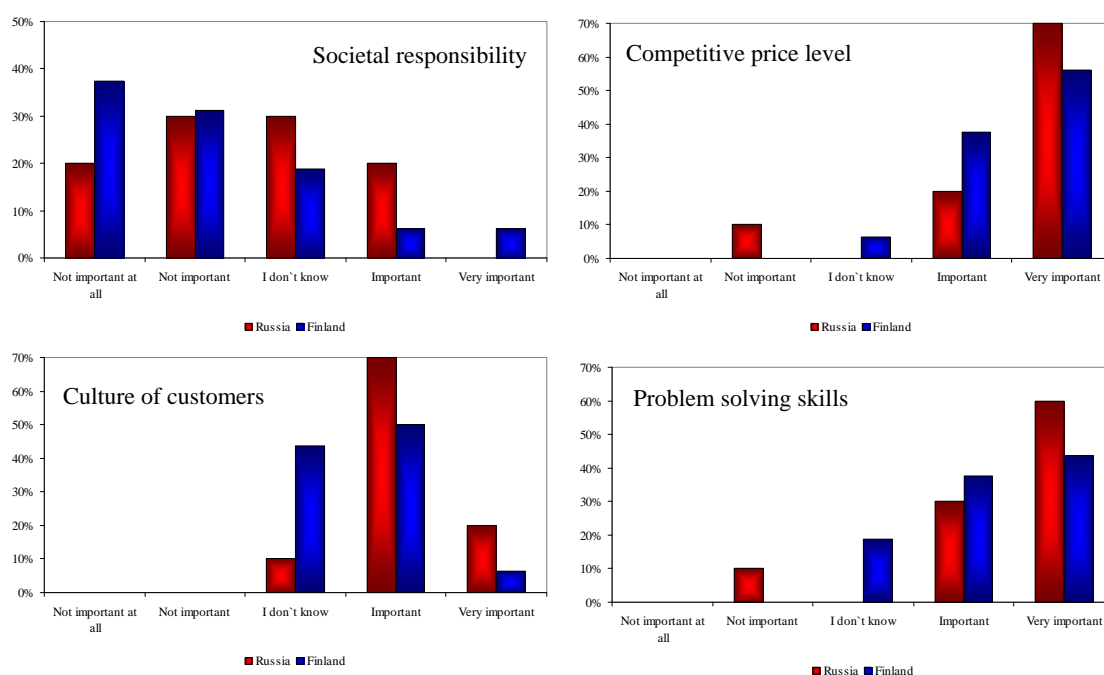
Fig. 18 Using some general accepted quality supervision system

According to the results, it seems that the Russian roundwood exporters have adapted rather well the customer orientated trade and the requirements of customers concerning quality. Especially, all the large Russian companies, who also had own sawnwood production, found quality of roundwood and quality supervision system as important or very important. The

companies who found quality issues not important were typically representing small enterprises and middlemen.

#### 4.6 Other Issues

In addition to the issues arising from the differences in cultural behaviours, there is a variety of other issues which affect the roundwood trade between Finland and Russia. These issues exist due to differences in administration and trade policy, for example. Issues arise also from the general trust in and attitudes to trading partners. In order to reveal the attitudes to trading partners, several questions concerning the trading partner's characteristics were posed to the managers. Fig. 19 presents the distribution of some of these questions. As can be seen from Fig. 19, societal responsibility is not seen as a very important characteristic of business partners. Especially in Russia, this is a somewhat surprising result because typically enterprises have large societal responsibilities such as maintenance of roads, constructing kindergartens and schools. Also in Finland, social responsibility is seen among the most important duties.

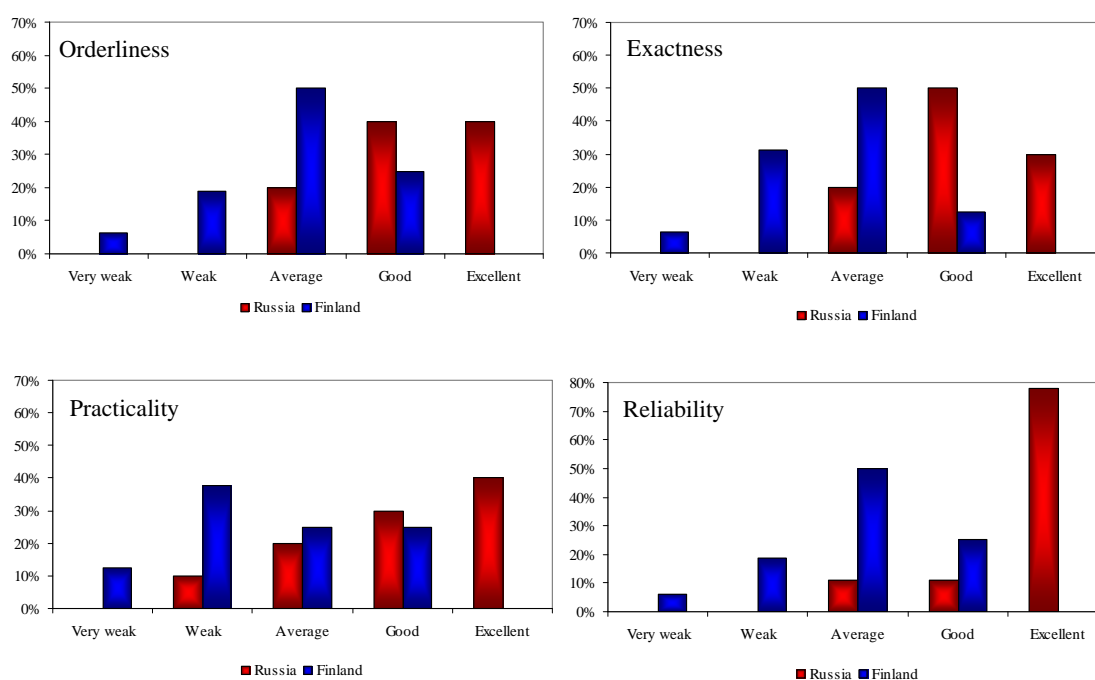


**Fig. 19** If roundwood trade and roundwood market is seen as wholeness, not only as a trade between Finland and Russia, what kind of trading partner is good one? Evaluate significance of following features in your and your enterprise's point of view.

Otherwise the answers and their distribution were rather similar. Both sides found, for example, that competitive price of roundwood is very important when choosing a trading partners. Also, flexibility, reliability, honesty, good reputation, initiative and skills to solve problems were mentioned either as important or very important characteristics when evaluating business partners. Similar answers were also obtained when asking whether the skills of communication

and co-operation are important. The distributions concerning all these items were rather similar among the Finnish and the Russian respondents with only one exception. One Russian manager revealed that initiative, flexibility, problem solving skills and skills for communication and co-operation are not important.

Respecting culture and local circumstances were also an important issue for both Finnish and Russian managers according to the answers. Only one insignificant difference was found when compared the results concerning the attitude towards the importance of good know-how and professional skills of trading and business partner. For Russian managers, the weight of the answers was on the category important while Finns found it very important. However, two Russian managers even found the professional skills of business partner not important. Then, surprisingly, the managers in both sides of the border answered that the language skills are not so important for trading partner to know. The distribution of this question was rather similar among the Finnish and the Russian managers and quite evenly distributed over the answering categories. 40 percent of the managers found language skills of the business partner not important or not important at all, while also 40 percent revealed that the skills were either important or very important. Others did not know.



**Fig. 20** Evaluate Finnish/Russian trade partners' current features based on your or your enterprise's experiences. Make your evaluation on the basis of the average of experiences, despite the fact that variation of experiences can be huge.

To receive more concrete overview of the attitudes of the Finnish and Russian managers against each other, similar kinds of questions were asked to reveal how Russian (Finnish) managers

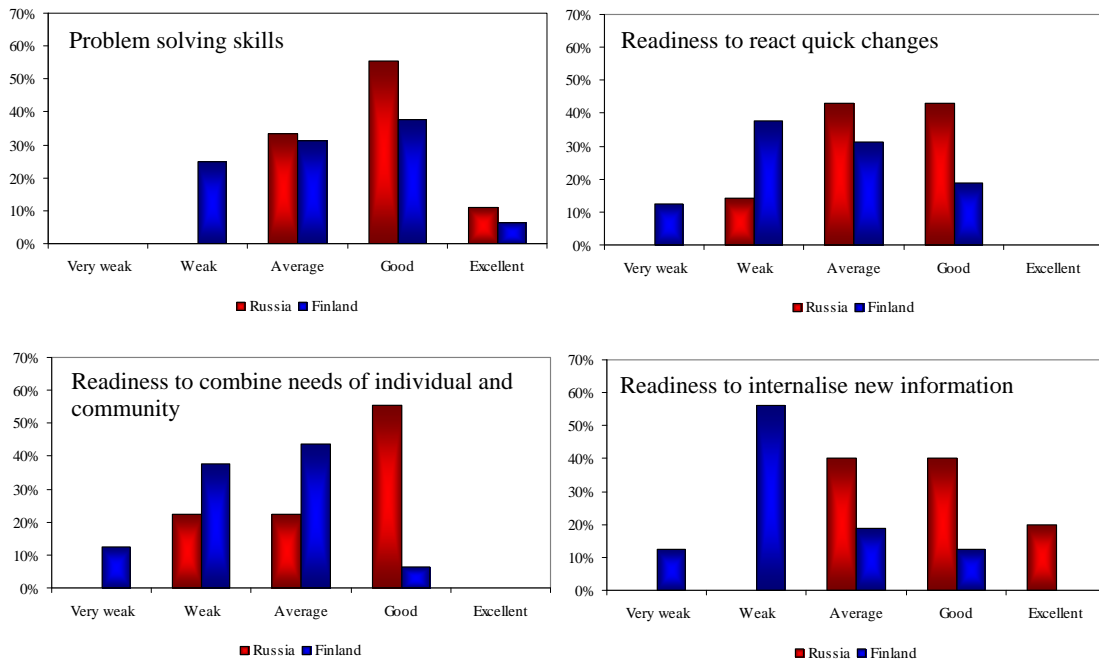
found the Finns (the Russians) as a roundwood trade partner. Fig. 20 overviews some of these questions and, in general, the variation between the answers was wider than in those concerning general attitudes toward trading partners. According to the Russian managers, the Finnish trade partners were described either as good or excellent when the questions considered orderliness, exactness or practicality. 80 percent of the answerers considered Finns extreme reliable. Similar results were obtained when the questions concerned moderation. Finns were characterised either on average or good when assessing flexibility, initiative or patriotism. Professional skills of Finnish trading partners were typically described as excellent (60 percent of the responses) or good (30 percent).

When the similar questions were posed to the Finnish managers, the distribution of their experience of Russian partners' characteristics typically was more left-tailed. Even though the majority of the answers lay on the category of average, some of the Finnish managers classified the Russian characteristics also as weak or even very weak. Especially, exactness and initiative were features which were seen either weak or average. Practicality was characterised as weak in almost 40 percent of the answers even though the distribution was wide. Patriotism and professional skills, on the other hand, were the features of the Russian managers, which 70 percent of the Finnish respondents classified at least average.

The managers were also asked how they found the trading partner was able to react to rapid changes in business environment (Fig. 21). The Russian managers typically found the Finns average and good to solve problems which arose in the roundwood trade. Similar answers were given when the questions concerned the readiness to react quick changes in business environment and to combine needs of individuals, enterprises and surrounding society. When the question concerned readiness to internalise new information, the distribution of answers was much more right-tailed implying only average skills of the Finnish managers to adapt new information.

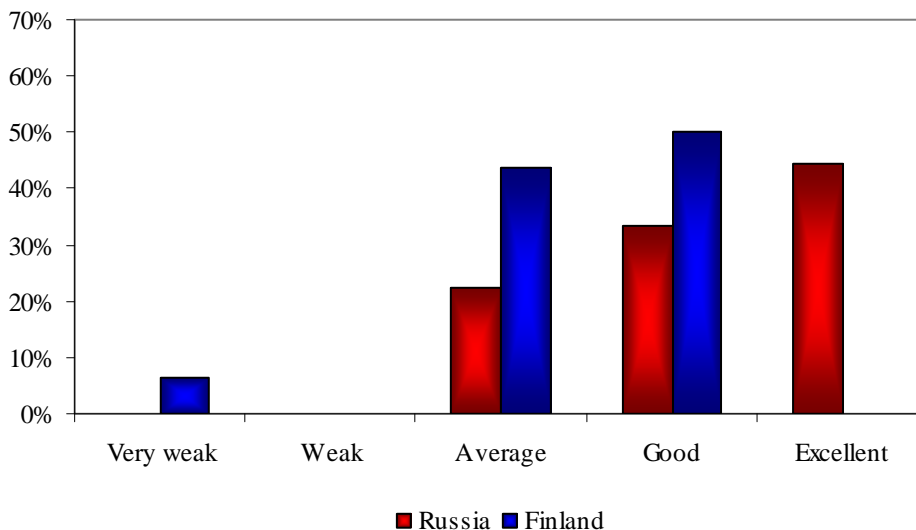
A mode of the Finnish respondents' answers concerning Russian managers' characteristics was typically on the category average. However, it is noteworthy that the Finnish respondents in general found the Russian managers' features slightly more negative than vice versa. Even though there were some answers in the categories good and excellent, majority of the answers were located in the assessments average and weak. In some categories, such as readiness to react rapid changes and to adopt new information, ten percent of the Finnish managers even found Russian colleagues ability to be very weak. Majority of the Finns found Russians as weak when the question concerned readiness to internalise new information.

Often in the international business, the trading partners may face the situation, where the preferences or point of view concerning, for example, quality, delivery time or terms of payments, differ from each other. This, in turn, can lead to conflicts which at least must be negotiated, or even in the worst case, must be solved in court. These kinds of problems were analysed in roundwood trade by asking managers several questions concerning communication skills of business partners or willingness to solve problems by legal proceedings. Fig. 22–24 summarise the outcomes.



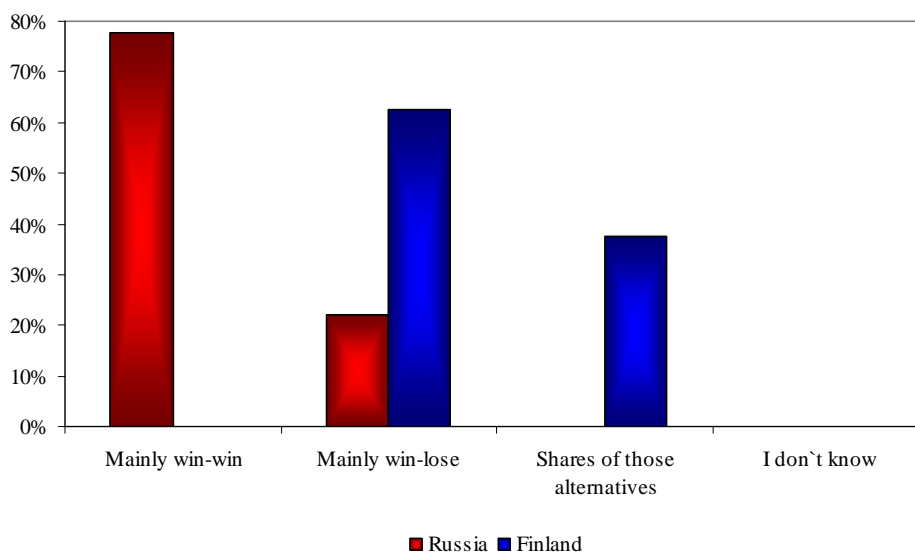
**Fig. 21** Evaluate Finnish/Russian trade partners' current features based on your or your enterprise's experiences. Make your evaluation on the basis of the average of experiences, despite the fact that variation of experiences can be huge.

In Fig. 22 the managers were asked how they saw the partners' communication skills in conflicting situations. The Finnish managers typically argued that Russians communication skills were as average or good. Obviously one Finnish manager had had bad experiences because he saw the ability for communication very weak. Over 70 percent of the Russian managers, on the other hand, found the Finnish managers' communication skills either good or excellent.

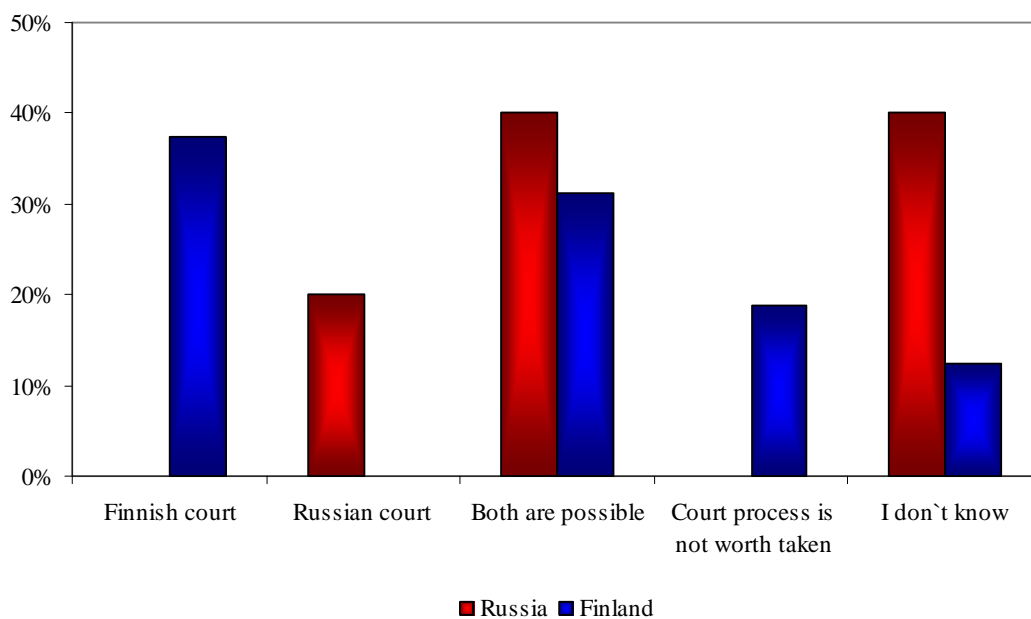


**Fig. 22** Communication skills

Typically, the Russian managers found that in conflicting situation the negotiations between the trading partners will lead to a win-win situation where both the Russian and Finnish trade partners will benefit (Fig. 23). However, the Finnish managers did not sign this point of view. According to the Finns, negotiations will typically lead to win-lose situation where either side of the trading partners will not benefit, or to a situation which is a combination of the win-win and win-lose possibilities. In win-lose situation, Finnish managers shared the opinion that those who are losing are specifically Finns. This result clearly emphasises the different nature of the cultures and also implicitly different time concepts. In Russia, the issues, problems and conflicts are traditionally solved by negotiations whereas in Finland such operation pattern is not so familiar.



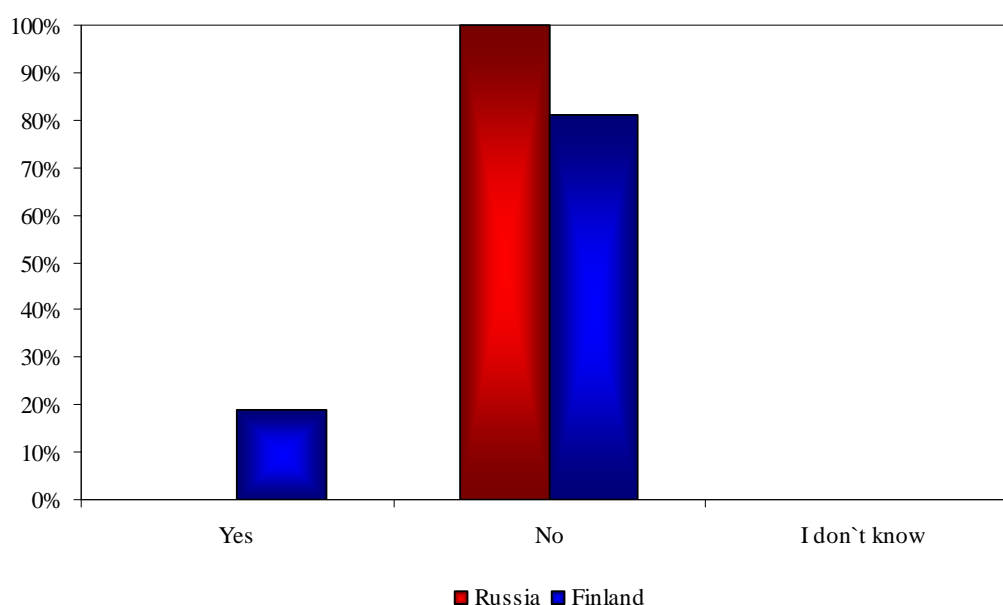
**Fig. 23** Is negotiation viewed as win-win or win-lose situation in your business?



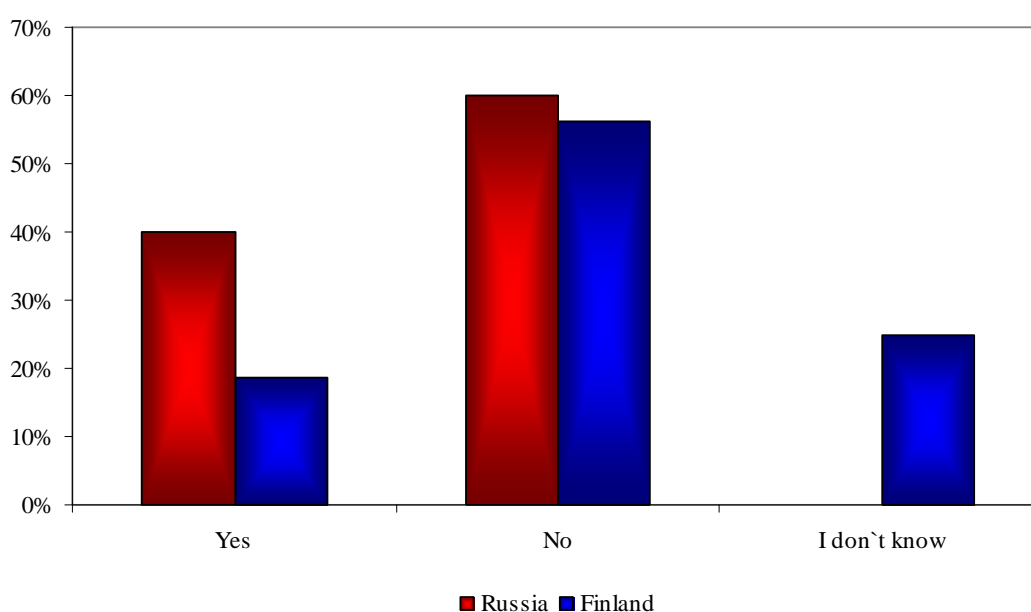
**Fig. 24** If it turned out to be impossible to find acceptable solution to the conflict without court process, what kind of solution your enterprise would prefer?



In a case where the conflicts should be resolved, the respondents had slightly different answers. While the Finnish managers typically preferred Finnish court, the Russian managers, surprisingly, did not prefer Russian court (Fig. 24). Only 20 percent of the Russian roundwood managers found a Russian court to be the place to solve problems. This reflects the uncertainty and the fact that Russian court system was seen unreliable and slow to solve problems. Also, it is noteworthy that 20 percent of the Finnish managers did not find court process worth to be taken, and 40 and 30 percents of Russian and Finnish managers, respectively, found also court process in trading country possible.



**Fig. 25** Has lack of common language turned out to be serious problem for your enterprise's participation in roundwood trade between Finland and Russia?



**Fig. 26** Would your enterprise have needed some kind of information concerning differences between Finnish and Russian business culture?

Typically the lack of common language is considered as a highly important factor which hinders communication between the nations, individuals and trade. While Finnish and Russian languages are not close relatives with each other it was also presumed that roundwood trade has been challenged by the language problems. Surprisingly, the results did not support this hypothesis (Fig. 25). All the Russian managers and over 80 percent of the Finnish respondents did not find the lack of common language to be a serious problem. Partly this result can be understood by the fact that a part of Finns involved in roundwood trade know at least basics of the Russian language. English is also commonly used in communication between the Finns and Russians.

In spite of the evident differences between cultures, economic environment, manners, habits and languages, the majority of roundwood experts in the both side of the border found that in their companies there had not been any need for further information concerning cultural differences (Fig. 26). In contrast, however, 40 percent of Russian managers and about 15 percent of Finnish respondents had needed some advice.

## 5. Concluding Remarks

Internalisation of business can be described as a process where firm gradually increases its international involvement, learns management of the psychic distance and increases new establishments through stepwise chain. The process evolves as interplay between the development of knowledge about the foreign markets and operations and an increasing commitment of resources into those markets. This stepwise process of internalisation describes rather well also Finnish forest companies' penetration into new markets. As a part of this process, roundwood trade between Finland and Russia can be seen as one step where companies become familiar with new operational environment and learn local market behaviour. However, behind the new operational environment and business practises is the prevailing culture which can significantly differ from those of the familiar markets where firms are used to operate.

Russian culture is typically considered as eastern with high power distance and synchronic time conception while Finnish culture can be classified as western with low power distance and sequential time horizon. In practise, this means that hierarchy of organisations, responsibilities and working under different time concepts, for example, with different attitudes towards deadlines and operational planning, may differ from each other. Also, the inherited habits, manners and daily business culture in Russia typically differ substantially from those in Finland. Therefore, along with language barrier, it was suspected that in roundwood trade between Russia and Finland there has been some cultural based difficulties in interaction and communication, and misunderstanding between Finnish and Russian managers. These discrepancies were motivated this study to reveal whether the cultural differences have in fact had a concrete effects on roundwood trade and what kinds of problems there really have existed.

This study has summarised the main outcomes of the questionnaire survey concerning cultural originating differences, problems and obstacles in roundwood trade between Finland and

Russia. Another motivation for this study was to shed light on the concrete impeding and furthering issues that prevail in the Russian-Finnish roundwood trade and how they challenge the modern management systems. The analysis on the background was based on the genuine experiences of actual operators in the business. The data were collected using a semi-structured questionnaire sent to both the Finnish and Russian managers involved in the roundwood trade between Finland and Russia. The phrasing of questions employed concepts arising from the literature of intercultural communication, yet any strict theoretical framework was intentionally avoided.

The results proved that the culture-induced differences do exist to some extent in such subject matters as the notions of time, time horizons, how time is managed, and quality of roundwood as well as in the distribution of power and responsibilities. According to the results, the responsibility of decision-making in Russian roundwood organisations was typically slightly more concentrated on single person than in Finland. However, the distribution of answers between the Russian and Finnish managers was not as wide as it was expected according to the theoretical cultural background. Perhaps this result can be explained by the size and structure of the companies. In Finnish forest companies, especially in big international ones, there are typically only few persons in a special department who are responsible on these issues while in small Russian companies and middlemen the division of work is not as strict. Similar small differences in answers between Finnish and Russian managers were also found concerning the attitudes towards quality of roundwood as well as experiences on trading partner's features. Finns typically preferred the quality of roundwood as very important while Russians attitudes were slightly milder. However, as a whole, these differences as well as language barriers were considered of minor importance in the business relations. In general, the personal and unofficial contacts in both sides of the border were seen as highly important to run daily business. Both sides also emphasised that many daily issues in roundwood trade depend strongly on state of affairs especially in Russia, such as rapid changes in customs policy and taxation, which hinders the long term planning and challenges the time and quality management.

In spite of different cultural background, the results of this study have shown that Finnish and Russian managers share many common features and opinions concerning roundwood trade. Twenty years after the collapse of Soviet Union and free access to international markets, Russian roundwood traders have clearly adapted the market and customers orientated way of thinking and are able to consider customers' requests.

Currently, while preparing this paper, the future of roundwood trade between Finland and Russia is highly uncertain. The customs tariffs programme for roundwood exports, which was aimed to become fully effective at the beginning of 2009, has been postponed by one year to the beginning of 2010. Then, when becoming fully effective, the roundwood export trade from Russia to Finland is expected to stop almost totally. However, depending on the longitude of the global economic depression and political aims in Russia the state of affairs may change unexpectedly and possibilities for the executing of tariffs programme are numerous. After a few years, the Russian customs policy may change due to WTO membership, for example, which

would likely lead to the partial resumption of roundwood exports. Then, the cultural issues and problems related to them are again actual.

## Acknowledgements

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