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# CHALLENGES OF BUSINESS NEGOTIATION COMMUNICATIONS BETWEEN FINNISH AND EASTERN EUROPEAN COMPANIES

A Comparative Study of ICT and Agriculture  
Sectors



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# CHALLENGES OF BUSINESS NEGOTIATION COMMUNICATIONS BETWEEN FINNISH AND EASTERN EUROPEAN COMPANIES A COMPARATIVE STUDY OF ICT AND AGRICULTURE SECTORS

The importance of cross-cultural differences in modern international business interactions is believed to be one of the topical issues among the academics and practitioners. The present research is an attempt to analyse communications between Finnish managers and Eastern Europeans representing rather dissimilar business cultures. The challenges which Finnish companies face while interacting with their partners and customers from Poland, Russia and Ukraine are described on the examples of three companies. These companies represent both small and big business and limited to ICT and agriculture industries. Five managers were interviewed.

The study reveals that business culture is in many respects industry-specific. However, challenges in business communications between different cultures besides being specific in ICT and agriculture sectors are mostly rather similar in both spheres.

It has been argued that the main difficulties impeding business communications of the parties are language barrier, relationship building and trust creation processes, dissimilar attitudes to long-term planning, information sharing and complexity of hierarchical decision-making. Careful work on the agreements, comprehension of negative feedback, excessive reasoning required and getting over distributive win-lose approach are also the items from the list of challenges. The major ways to overcome the challenges are careful relationship creation based on openness, honesty and trust. Enough time should be devoted to this process as the significance of good relationships with Eastern European partners cannot be overestimated.

Several evidences of developing character of business culture as well as European business cultures convergence have been obtained as well as generation-specific nature of business communications. The meaning of the cultural intelligence of the interacting managers is discussed.

## KEYWORDS:

Cross-cultural communications, business negotiations, business culture

# CONTENT

<b>1 INTRODUCTION</b>	<b>6</b>
1.1 Background	6
1.2 Study objectives	7
<b>2 MULTILEVEL INFLUENCE OF CULTURE ON BUSINESS NEGOTIATION PROCESS</b>	<b>8</b>
2.1 Nature of negotiation	8
2.2 Concept of culture	9
2.3 Comparing cultures	10
2.3.1 Hofstede's cultural dimensions	11
2.3.2 Hall's concept	13
2.3.3 Trompenaars cultural dimensions	14
2.3.4 Lewis's model	15
2.4 Negotiating across cultures	18
2.4.1 Culture and negotiations	18
2.4.2 The effect of industry	22
<b>3 METHODOLOGY</b>	<b>24</b>
3.1 Studying cultural differences	24
3.2 Data collection	25
3.3 Limitations	26
<b>4 EMPIRICAL DATA</b>	<b>27</b>
4.1 Company A (ICT sector, NME)	27
4.1.1 Background	27
4.1.2 Summary of the interview	27
4.2 Company B (ICT sector, SME, sales negotiations with partners from Poland, Russia, Ukraine)	30
4.2.1 Background	30
4.2.2 Summary of the interview 1	30
4.2.3 Summary of the interview 2	35
4.3 Company C (Agriculture sector, sales negotiations with Russian customers)	40

4.3.1 Background	40
4.3.2 Summary of the interview 1	40
4.3.3 Summary of the interview 2	46
4.4 CQ questionnaire data	51
4.5 Discussion	52
<b>5 CONCLUSION</b>	<b>58</b>
<b>6 SOURCE MATERIAL</b>	<b>60</b>

## APPENDICES

Appendix 1. Interview questions	64
Appendix 2. Expanded CQ 11-dimension scale questionnaire	66

## FIGURES

Figure 1. The Iceberg of culture ( <a href="http://www.crossculture.com">http://www.crossculture.com</a> )	10
Figure 2. Hofstede cultural dimensions for Finland compared to Russia and Poland (generated by <a href="http://geert-hofstede.com/">http://geert-hofstede.com/</a> )	12
Figure 3. The Lewis model ( <a href="http://www.crossculture.com">http://www.crossculture.com</a> )	15
Figure 4. Different layers of culture influencing decision maker (Hollensen, 2008)	23

## TABLES

Table 1. Cultural categories in Lewis model ( <a href="http://www.crossculture.com">http://www.crossculture.com</a> )	16
Table 2. Finnish values/communication dilemma (Lewis, 2005b)	17
Table 3. The impact of cultural differences on international marketing negotiations (Usunier, 2003)	19
Table 4. Expanded CQ 11-dimension scale (Van Dyne et al., 2012).	22
Table 5. CQ questionnaire data	52
Table 6. Scope of the collected data	53

## LIST OF ABBREVIATIONS

EE	Eastern Europe/Eastern European
ICT	Information and communication technologies
MNE	Multinational enterprise
SME	Small or medium sized enterprise
IB	International business
CQ	Cultural Intelligence

# 1 INTRODUCTION

## 1.1 Background

Cross-cultural issues have been attracting the growing interest of different groups of persons from high governmental circles to common people actively communicating nowadays on global level. Cultural backgrounds of contacting counterparts bringing colourful diversity to human life at the same time make serious difficulties in mutual understanding leading a lot of communication processes to failure.

Negotiations being the cornerstone of business communication are affected by cross-cultural aspects dramatically. Today the influence of cultural differences cannot be overestimated. This results in the increasing of research activities in this field. Almost everything matters in such subtle sphere starting from industry specifics to the personality of researcher. That is why the area of possible scientific investigations is extensive.

A great number of researchers have contributed to the theoretical basics of cross-cultural negotiations. The literature review of the present study is an attempt to discuss some modern viewpoints in order to find the right course of the work.

Due to the enormous scope of the discussed field of interest which could not be exhaustively revealed within a single bachelor's thesis, this study embraces quite narrow range of questions mostly related to Finnish - Eastern European (below referred to as EE) business communications and limited by two peculiar sectors, ICT and agriculture. The latter makes industry-specific differences more visible. The choice of the above-named study limits is closely connected with the author's own background – Russian by origin she has gained a relevant IB work experience both in Russia and in Finland, while the most familiar industries have been namely ICT (because of the longer career) and agriculture (owing to the Master's degree in animal breeding, some earlier scientific

activities and the recent position as purebred domestic animals' export manager). On the other hand, the topic itself seems to be extremely burning issue when turning back to some already overcome challenges it becomes clear that many things would have been done in a different way "if I only knew".

The idea was developed into the study thanks to discussions with a number of experienced professionals whose international negotiation skills helped to revise the own understanding of intercultural realities investigating them from other angles.

## 1.2 Study objectives

Summarizing the presented background and considering the opportuneness of the topic the following research questions appear to be appropriate:

- What challenges do Finnish businesspeople face when negotiating with Eastern Europeans?
- Are there any certain specifics of such communication? If yes, how Finnish managers consider it?
- Is there any influence of cultural intelligence (CQ) of Finnish managers on negotiation outcomes?
- Is there any influence of industry specifics on these challenges considering ICT and agricultural sectors?

The attempt to answer the questions will be undertaken through reviewing available literature sources and subsequently through analysing empirical material collected during the interviews basing on modern theories, research and practice trends.

The discussion will be illustrated by three cases representing (1) SME from ICT sector (sales negotiations); (2) MNE from ICT sector (outsourcing negotiations) and (3) nation-wide cooperative from agricultural sector (sales negotiations). The pool of Eastern Europeans will be limited to Poles, Russians and Ukrainians.

## **2 MULTILEVEL INFLUENCE OF CULTURE ON BUSINESS NEGOTIATION PROCESS**

Business negotiation process in contemporary globalized business environment often involves parties which do not share the same language, values, beliefs, common knowledge and educational background or similar attitudes. The latter are the basic components of culture. Complete comprehension of the research topic cannot be reached without discussing the concepts of negotiations and culture.

### **2.1 Nature of negotiation**

Negotiations are one of the most common everyday communication activities of human beings. This type of communication embraces all spheres of life of every person living in society.

Negotiations take place for a great number of reasons which can be grouped as follows: to agree on sharing or dividing of a limited resource or resources; to develop something new with common efforts of the parties or to solve a problem occurred (Lewicki, Barry and Saunders, 2007).

Negotiation behaviour is strongly affected by culture. Children when acquiring acceptable behavioural paradigms from adults learn how to negotiate in different situations in order to reach their goals. This is a part of the basic process of adoption of the own culture. Besides, during this process people get certain experience how counterparts are expected to behave. So growing older person enjoys definite skills in negotiating, but usually these knowledge and behaviour are limited to the expected and approved within familiar cultural environment, and even to certain social group within a national culture. This limitation becomes critical and leads to dramatic impacts when negotiations occur on cross-cultural level. This is even more crucial when considering business negotiations involving more complex communication process, large-scale goals and numerous participants representing not only different cultures,



but also different business levels. In this case cultural differences add “another layer of complexity to the negotiation process” (Gelfand and Brett, 2004).

## 2.2 Concept of culture

For proper understanding of how cultural background affects negotiation processes it is important to apprehend the concept of culture and cultural differences.

Culture is often considered as a blurred concept. This notion has been attracting the attention of philosophers, sociologists and researchers in other related fields. There are more than 300 definitions of culture (Hecht, Jackson, Pitts, 2005). Culture is

“the collective programming of the mind which distinguishes one human group from another” (Hofstede, 1984).

“a complex frame of reference that consists of patterns of traditions, beliefs, values, norms, symbols, and meanings that are shared to varying degrees by interacting members of a community” (Ting-Toomley, 1999).

“the deposit of knowledge, experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts of the universe, and material objects and possessions acquired by a group of people in the course of generations through individual and group striving” (Samovar and Potter, 2003).

“the sum of the morally forceful understandings acquired by learning and shared with the members of a group to which the learner belongs... Culture is made up of shared, prescriptive understandings that reside in people’s minds.” (Swartz and Jordan, 1980)

The adduced above definitions reveal that first of all culture is a group phenomenon, where the complex set of norms and values are communicated and shared within a group of people. Somehow more simplistic definition introduced by Edward Hall refers to the culture as communication (Hall, 1959). This simplification is quite relevant to the influence of culture on negotiation process.

Working on the concept of culture the researches described the basic elements of culture. The elements of culture facilitate analysing this multifaceted phenomenon with complex structure, resembling an onion according to

Trompenaars - “Culture comes in layers, like an onion.” The author names three basic sets of layers – the explicit visible layer incorporating language, habits, behaviour etc., the middle layer uniting norms and values and the implicit layer consisting of the most basic assumptions (Trompenaars and Woolliams, 2004).

A lot of researchers referred to the so-called “iceberg model” of culture visualized on Figure 1, which also underlines both explicit and implicit layers of culture. “Iceberg model” presented by French and Bell in 1979 incorporates behavioural, emotional and cognitive components of culture (Aneas and Sandin, 2009).

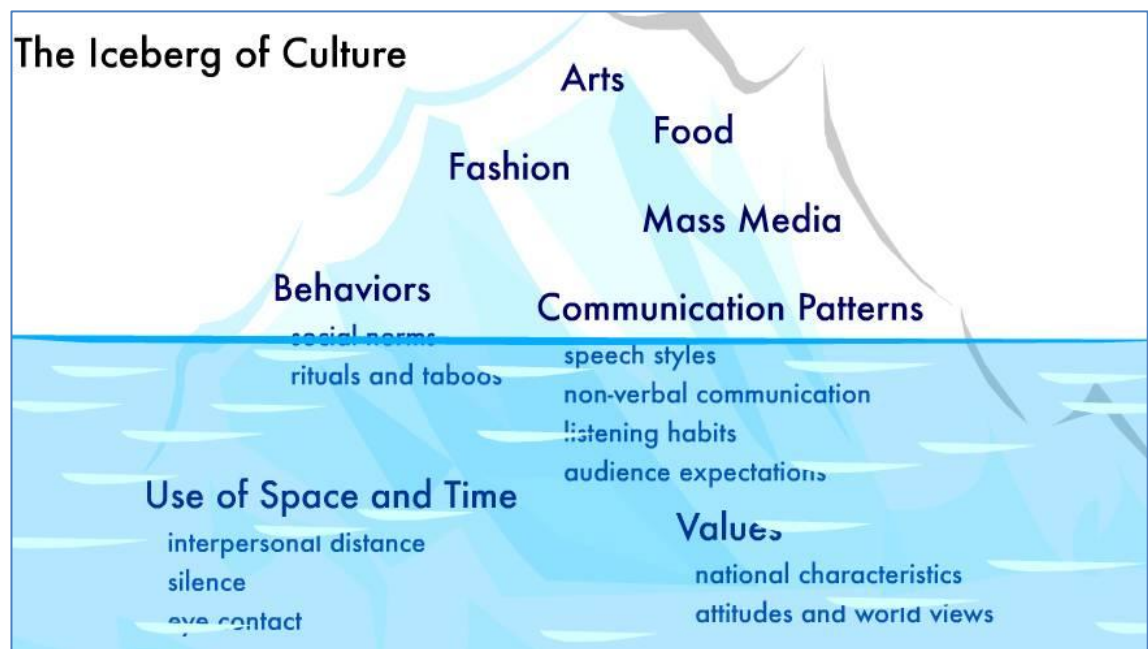


Figure 1. The Iceberg of culture (<http://www.crossculture.com>)

Language and communication, institutional and legal systems, values, time orientations, mindsets and relationship patterns are the most significant components of culture influencing international cooperation (Usunier, 2003).

### 2.3 Comparing cultures

Differences in cultural backgrounds led to the necessity to work out some adequate frameworks for comparing and analyzing them. Such frameworks are needed to predict and avoid numerous, both obvious and hidden, impediments

for the sake of fruitful communication and cooperative relationships. The most popular of cultural dimensions frameworks were developed in the works of Hofstede, Hall, Trompenaars. These works have brought a severe influence on subsequent research in the related field for several decades.

### 2.3.1 Hofstede's cultural dimensions

The most famous and cited model facilitating cultural comparisons was created by G. Hofstede in 1980s. Hofstede initially suggested four basic dimensions elucidating cultural dissimilarities: Power Distance (PD), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS), Uncertainty Avoidance (UAI). Later in 1990s the framework was added by Long-Term Orientation (LTO) and in 2012 Hofstede introduced the sixth dimension based on M. Minkov studies - Indulgence versus Restraint (IVR). (<http://geert-hofstede.com>)

- PD reflects the distribution of power in society, how people accept hierarchy, how egalitarian society is and how equally its members are treated based on their social position.
- IDV reveals the severity of society members' interdependence and importance of belonging to a group.
- MAS shows which type of values – masculine or feminine - prevails in the society affecting people motives and consensus orientation.
- UAI is a relative measure for people's attitude to ambiguity and uncertainty, tolerance to unfamiliar environments and viewpoints.
- LTO is about relativity of society's traditions, pragmatism versus normative thinking. In other words societies with low LTO establish "the absolute Truth", while the societies representing the opposite side of the scale perceive the truth as something relative.
- IVR indicates whether values and norms of the society suppress or tolerate enjoying life and other hedonistic behaviour. It worth mentioning that due to its recent introduction the dimension has not been much reviewed in the literature so far.

Hofstede acknowledges that individuals are different within one culture and these differences are often considerable. The indexes are relative and general, and can be used only as comparison tool.

Nowadays Hofstede's framework seems to be the most used although it has been criticised by scholars a lot (McSweentey, 2002, Baskerville, 2003). As a fast tool for general comparison of cultural differences in order to draft some communication strategies when facing new partners from other countries Hofstede framework works well, but should be used with caution.

Hofstede's comparison of Finland to Poland and Russia is presented on Figure 2. There is no data for Ukraine on Hofstede's website, but in general it is believed that Ukrainian mentality is very close to the Russian one historically.

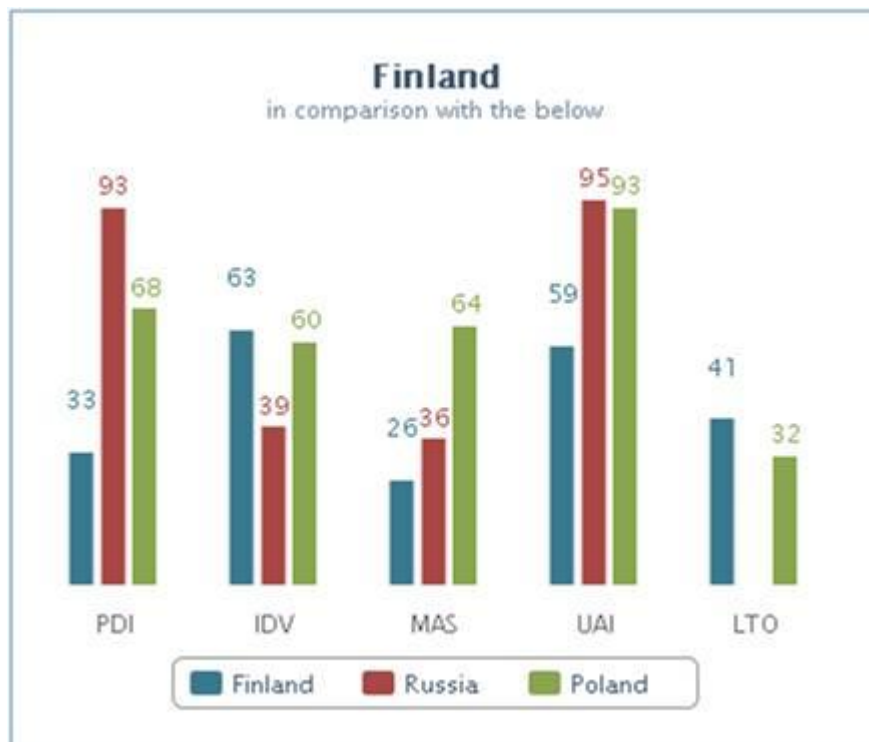


Figure 2. Hofstede cultural dimensions for Finland compared to Russia and Poland (generated by <http://geert-hofstede.com/>)

Remarkably, PD rate for Russian culture presented by Russian researchers considerably differs from the one presented on Hofstede's website – 35 (Naumov, 1996), 40 (Strukova and Pushnyh, 2004) and 50 (Latova and Latov, 2007) versus 93 (see Figure 2). This may indicate that the interpretation of the

collected data is also affected by the culture of researcher, or that the group was represented by certain subculture covering very specific people (students and university teachers in case of Naumov's work, only students (Latova and Latov) and highly educated people in case of Strukova's and Pushnyh's studies). However there is no information about the latest Hofstede's sources, while the earlier data excluding both Poland and Russia were collected from IBM employees (Hofstede, 1984). In our private opinion, the indexes for Russia presented on Hofstede's website seem to be more relevant. By this reason in the presented work namely Hofstede's data will be considered.

### 2.3.2 Hall's concept

Edward Hall's concept of cultural dimensions bases on three points: context, time and space. How easily people share personal space with others can be described within a scale rising from "center of community" (easily share personal space) to the "center of power" (clearly separated personal space). Attitude to time can be scaled from monochronic to polychronic. Low- versus high-context cultures dimension is related to the directness or indirectness of communications. (Nardon and Steers, 2009)

Probably the most cited dimension of the framework is the last one. People in low-context cultures speak directly what they mean, while communications in high-context cultures are somehow tangled for outsiders. This is very important aspect of cultural distance in connection with negotiation contexts predefining the principles of how negotiation communications work (Chairsrakeo and Speece, 2003) and regulating behaviour (Hooker, 2008). For instance, Adair and Brett (2005) reported that negotiators from high context cultures are more flexible negotiation styles than their opponents from low context ones. Low- vs. high-context scale is quite essential point for the discussed topic, because East European, especially Russian (Ardichvili et al., 2006), cultures are more high-context cultures (Adair and Brett 2004), while Scandinavian (Finnish) one is low-context (Nardon and Steers, 2009). However, some authors argue that

Finnish culture shows some high-context features (Nishimura, Nevgi and Tella, 2008). The latter is not supported by other researchers.

### 2.3.3 Trompenaars cultural dimensions

The 7-dimension model introduced by Trompenaars (Trompenaars and Woolliams, 2004) focuses on human attitude to time, group values and nature.

In many respects the model has something in common with Hofstede's one. For example it among others considers "Individualism-Collectivism (Communitarianism)" dimension and "Time perspective" similar to Hofstede's LTO. The remaining dimensions of the framework are in many respects close to the suggested by Hofstede. "Universalism-Particularism" dimension concerns obedience to the rules; "Specific-Diffuse" dimension is related to the integration of various social roles of a society's member; "Neutral-Affective" dimension describes how acceptable public expression of emotions is; "Achievement-Ascription" dimension reveals the way of gaining respect and status in the society; "Relationship with environment" is about controlling the environment. Although the framework is in many respects close to the Hofstede's one it interprets the data in different way (Barkai, 2012).

The similarity with Hall's theory lies within the dimension describing the attitude to time.

Taking a closer look at the tools developed by practitioners on the basis of the model (<http://www.mindtools.com/>) it can be noticed that Finnish and EE cultures are usually placed on the opposite sides of the scales for almost all of the dimensions. Thus, Scandinavian countries (Finland usually ascribed to this cluster) are universalist, individualist, specific, neutral, achievement and internal control cultures, while EE countries are particularistic, more collectivistic (however not extremely), diffuse, emotional, more ascription than achievement and outer-direction cultures.

The model has been used in academic research not so intensively, but there are some data collected relying of this framework. For example, Rethi (2012)

studies the corruption in different countries using Trompenaars model and found out that “the higher the level of collectivism, the higher the level of diffusion, and that the lower the level of achievement, the higher is the level of tax evasion across countries” which corresponds with the data on the level of corruption (<http://cpi.transparency.org/cpi2012/>) in the cultures discussed in the present research.

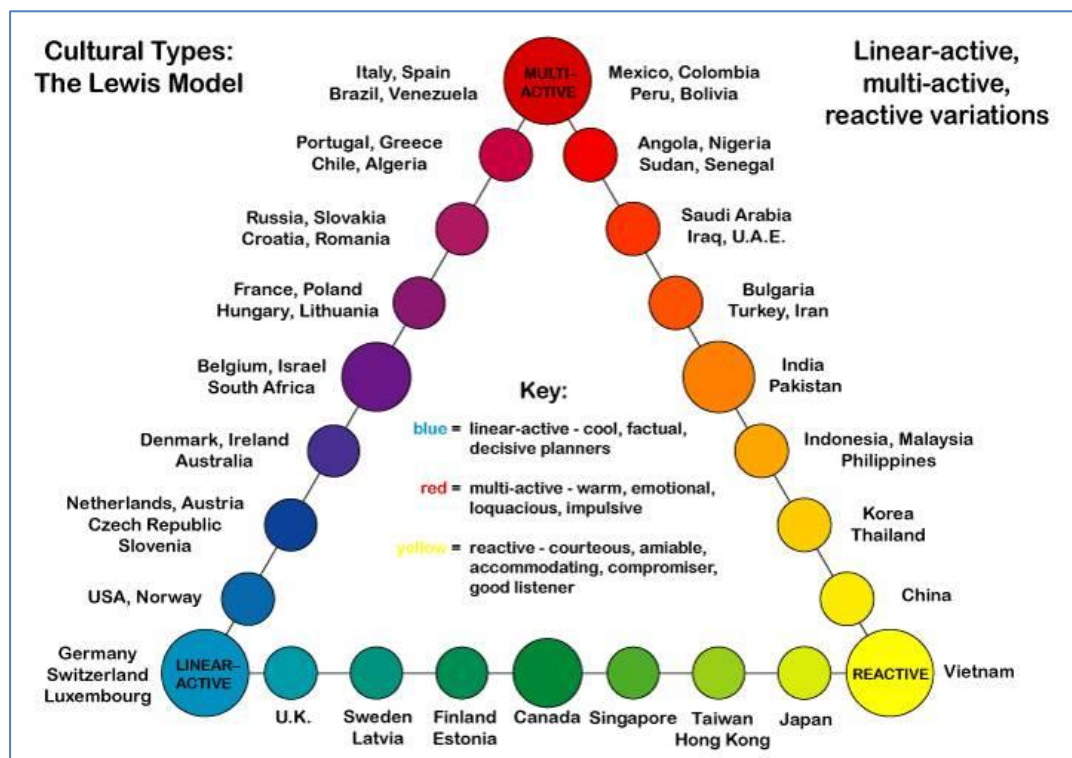


Figure 3. The Lewis model (<http://www.crossculture.com>)

#### 2.3.4 Lewis's model

One more framework is worth mentioning in the context of cross-cultural communications of Finns. Developed by R. Lewis in 1990s a “triangle” model (Figure 3) classifies all cultures according to their basic values and communication styles into three categories (Table 1) – linear-active, multi-active and reactive cultures - and hybrid (intermediate) subtypes (Lewis, 2005a). The model has not got much empirical support so far (Ott, 2011), but is gaining the growing popularity among practitioners.

Table 1. Cultural categories in Lewis model (<http://www.crossculture.com>)

Linear-active	Multi-active	Reactive
Talks half the time	Talks most of the time	Listens most of the time
Does one thing at time	Does several things at once	Reacts to partner's action
Plans ahead step by step	Plan grand outline only	Looks at general principles
Polite but direct	Emotional	Polite, indirect
Partly conceals feelings	Displays feelings	Conceals feelings
Controls with logic	Confronts emotionally	Never confronts
Dislikes losing face	Has good excuses	Must not lose face
Rarely interrupts	Often interrupts	Doesn't interrupt
Job-oriented	People-oriented	Very people-oriented
Uses mainly facts	Feelings before facts	Statements are promises
Truth before diplomacy	Flexible truth	Diplomacy over truth
Sometimes impatient	Impatient	Patient
Limited body language	Unlimited body language	Subtle body language
Respects officialdom	Seeks out key person	Uses connections
Separates the social and professional	Interweaves the social and professional	Connects the social and professional

The model is relevant to the present study thanks to Lewis's special attention paid to Finnish culture in his separate publication (2005b). Lewis presented Finnish values/communication dilemma (Table 2) describing Finnish culture specifics comparing it both to Western and Asian styles. This is a very remarkable and interesting view applicable to the research topic, because if we place for example Russian values and communication styles into the same table comparing those to Western and Asian ones almost the opposite situation will be revealed – Russian values are in many ways similar to Asian ones while communication styles are in many respects close to Western. Lewis (2005a) depicts this phenomenon as “The Eastern and Western elements in their (Russians’) makeup often cause them to appear schizophrenic. Do not let this faze you—the other face will always reappear in due course.” Interestingly Lewis places EE cultures (Russia, Poland) closer to the opposite area of the “triangle” from Finland (Figure 3).



Table 2. Finnish values/communication dilemma (Lewis, 2005b)

USA/West Europeans		Finns		Asians	
Values		Values		Values	
democracy	↔	democracy		hierarchies	
self-determinism	↔	self-determinism		fatalism	
equality for women	↔	equality for women		males dominate	
work ethic		work ethic	↔	work ethic	
human rights	↔	human rights		inequality	
ecology	↔	ecology		exploit environment	
Communication style		Communication style		Communication style	
extrovert		introvert	↔	introvert	
forceful		modest	↔	modest	
lively		quiet	↔	quiet	
thinks aloud		thinks in silence	↔	thinks in silence	
interrupts		doesn't interrupt	↔	doesn't interrupt	
talkative		distrust big talkers	↔	distrust big talkers	
dislikes silence		uses silence	↔	uses silence	
truth before diplomacy	↔	truth before diplomacy		diplomacy before truth	
overt body language		little body language	↔	little body language	

Grouping EE cultures like Polish, Ukrainian and Russian together is with no doubt simplification, because those cultures have certain differences. However researchers mostly place them quite close to each other in their frameworks (for example, Gesteland, 2002, Lewis 2005a, etc) grouping them as Slavic cultures. Besides, data collection is facilitated by the fact that many companies keep geographic principle of structuring their sales or other IB-related activities. This means that managers dealing with Russia are usually responsible for Ukrainian and Polish communications as well.

Still there is no ideal model for managing cross-cultural business relations. According to different researchers so called "western bias" is a general problem for most of the suggested frameworks in the discussed field (Gelfand and Brett, 2004). Academics nowadays stress the importance of "going beyond Western borders" in cultural studies (Brett and Gelfand, 2005). Besides disproportionate *westernisation* of the studies most of the acknowledged frameworks do not consider the notion of growing multiculturalism, when the effect of new emerging subcultures within a culture can be noticeable (Jacob, 2005). In the present research this notion can be taken into account as affecting cultural

awareness on Finnish managers involved into multicultural teams of the interviewed companies especially from ICT sector. This may enrich their CQ discussed below due to the multicultural internal environment of organization.

It is also noticed that most of the studies have comparative nature simplistically investigating similarities and dissimilarities of cultures, while the right tool should be helpful in predicting general cross-cultural negotiation effectiveness (Imai and Gelfand, 2010).

Talking about the challenges of intercultural studies it is also worth mentioning that practitioners often fall into theoretical or methodological “ethnocentricity” when dealing with intercultural communications (Otten and Geppert, 2009).

Summing up the data comparing Finnish and EE cultures on the basis of the presented above frameworks it should be underlined that the cultures in question have more differences than similarities and this undoubtedly introduces certain challenges and sources of conflicts into all levels of negotiation communications discussed below.

## 2.4 Negotiating across cultures

### 2.4.1 Culture and negotiations

Although a number of academics argue that the meaning of national culture for international business relationships is overrated (Jorner and Norberg, 2006), it is still mainly believed that it has very strong, both direct and indirect, impact on negotiation behaviour in IB activities (Lin and Miller, 2003). Culture influences international negotiations on all levels comprehensively. For instance Usunier (2003) claims that there are two groups of factors affecting negotiation process: situational variables and characteristics of negotiators. Exhaustive picture of multilevel influence of culture on international negotiations is presented in Table 3.

Table 3. The impact of cultural differences on international marketing negotiations (Usunier, 2003)

<b>1. Behavioural predispositions of the parties</b>	
Concept of the self	Impact on credibility (in awareness and exploration phases)
Interpersonal orientation	Individualism vs. collectivism/ relationship vs. deal orientation
In-group orientation	Similarity/ "Limited good concept"
Power orientation	Power distance/ Roles in negotiation teams/ Negotiators' leeway
Willingness to take risks	Uncertainty avoidance/ Degree of self-reliance of negotiators
<b>2. Underlying concept of negotiation/ Negotiation strategies</b>	
Distributive strategy	Related to in-group orientation/ Power distance/ Individualism/ Strong past orientation
Integrative strategy	Related to problem-solving approach and future orientation
Role of negotiator	Buyer and seller's respective position of strength
Strategic time frame	Continuous vs. discontinuous/ Temporal orientations
<b>3. Negotiation process</b>	
Agenda setting/ Scheduling the negotiation process	Linear-separable time/ Economicity of time/ Monochronism/ Negotiating globally vs. negotiating clauses
Information processing	Ideologism vs. pragmatism/ Intellectual styles
Communication	Communication styles/ degree of formality and informality
Negotiation tactics	Type and frequency of tactics/ Mix of business with affectivity
Relationship development	The role of "atmosphere" as bearing the history of the relationships and facilitating transition
<b>4. Outcome orientations</b>	
Partnership as outcome	Making a new in-group – "marriage" as metaphoric outcome
Deal/ Contract as outcome	Contract rules being the law of the parties (litigation orientation)
Profit as outcome	Accounting profit orientation (economicity)
Winning over the other party	Distributive orientation
Time line of negotiation	Continuous vs. discontinuous view on negotiation

Cultural components affect all stages of negotiation activity from goal setting and strategy identification via process specifics to outcome orientations. Analyzing the presented framework certain challenges in business communications between Finns and EE people can be predicted. Besides clear differences in Hofstede's parameters discussed earlier, the cultures in question have rather dissimilar time orientations (e.g. Lewis, 2005a, Lewis, 2005b, Ghauri, 2003) and relationship orientations (e.g. Lewis, 2005a, Katz, 2006).

Negotiation strategies commonly depending on the cultural background seem to be one more important item to discuss separately. It has been noticed that there

are two opposite approaches to negotiation strategy – competitive and problem-solving (Murray, 1986). It is also referred to as distributive versus integrative approach (e.g. Barry and Friedman, 1998), or win-win versus win-lose (e.g. Salacuse, 1998). There are several theories built around this concept developing more options (Saner, 2003). Competitive (distributive, win-lose) approach is concerned with perceiving the interests of the parties as opposed, claiming behaviour and division of resources, while problem-solving (integrative, win-win) approach is mostly about creating resources and combining the interests into mutual (De Dreu, 2003). In low-context cultures people tend to accept more integrative way of negotiating and enjoying higher joint gains; negotiators representing more high-context cultures are more associated with competitive win-lose approach. Similarly collectivistic cultures use less problem-solving approach (Linn and Miller, 2003). This means that Finnish negotiators are expected to be more integrative-oriented than their EE partners. On the other hand, when taken into consideration this could be even turned into a positive effect through the combination of the both approaches, which is reported to be helpful (Vo, Padgham and Cavedon, 2007; Han et al., 2012). Interestingly, multiparty negotiations (involving more than two parties) tend to acquire more integrative approach (Traavik, 2011).

Negotiation is a process that is driven by persons. That is why the influence of personality is the decisive component of negotiation successfulness. In this respect the degree of cultural awareness and cross-cultural communication experience should play the leading role. This view has also attracted special attention of the academics. In general there is a direct correlation of the negotiation performance and the level and duration of the manager's negotiation training (ElShenawy, 2010).

The degree of cultural awareness has a strong effect on cross-cultural negotiations (Lewicki, Barry and Saunders, 2007). Recruitment and training of cosmopolitan salespersons is believed to be crucial for sales negotiations success (Kalé, 2003). Cultural adaptation and knowledge may develop in different ways and are culture-specific as well. Thus, Mintu-Wimsatt and

Gassenheimer (2000) reported that negotiator's experience has "a greater positive effect on the cooperative style when negotiators were from the low-context culture". According to Adair and Brett (2004) people from high-context cultures reveal higher propensity to adapt low-context communication patterns. But still the academics are unanimous in recognizing the importance of cultural awareness.

New trends in cross-cultural negotiation research go beyond simplistic comparisons of different cultures. The study of Imai and Gelfand (2010) illustrates that cultural intelligence (CQ) "is a key predictor of intercultural negotiation effectiveness" - the more culturally intelligent negotiator is the more possible optimal agreements are. Cultural intelligence is a personal trait depicting ability to easily adapt to new cultural environments and situations, capability to cultural adjustments (Earley and Ang, 2003). It correlates with other components of intelligence – emotional, social and cognitive ability (Ng et al., 2011, Emmerling and Boyatzis, 2012). Extensive training is required to make an employee culturally intelligent (Triandis, 2006; Rehg, Gundlach and Grigorian, 2012), so companies continuously educating their personnel are obviously more successful in international negotiations outcomes.

Ability to develop cultural intelligence may be itself culture- or industry-specific in addition to personality which obviously has the biggest effect. Therefore this direction of research should be proceeded with in order to find out the influence of the named components. One of the latest models of CQ analysis was suggested by Van Dyne et al. (2012) amplifying four-factor model with sub-dimensions (Table 4).

This scale can be used for researching the CQ of Finnish managers communicating with partners from EE in the context of negotiation challenges and its influence on the outcomes.

Table 4. Expanded CQ 11-dimension scale (Van Dyne et al., 2012).

Sub-dimension	Example item
<b>Metacognitive CQ Sub-dimensions</b>	
<b>Planning</b>	I develop action plans before interacting with people from a different culture
<b>Awareness</b>	I am aware of how my culture influences my interactions with people from different cultures
<b>Checking</b>	I adjust my understanding of a culture while I interact with people from that culture
<b>Cognitive CQ Sub-dimensions</b>	
<b>Culture – general knowledge</b>	I can describe the different cultural value frameworks that explain behaviours around the world
<b>Context-specific knowledge</b>	I can describe the ways that leadership styles differ across cultural settings
<b>Motivation CQ Sub-dimensions</b>	
<b>Intrinsic interest</b>	I truly enjoy interacting with people from different cultures
<b>Extrinsic interest</b>	I value the status I would gain from living or working in a different culture
<b>Self-efficacy to adjust</b>	I am confident that I can persist in coping with living conditions in different cultures
<b>Behavioral CQ Sub-dimensions</b>	
<b>Verbal behavior</b>	I change my use of pause and silence to suit different cultural situations
<b>Non-verbal behavior</b>	I modify how close or far apart I stand when interacting with people from different cultures
<b>Speech acts</b>	I modify the way I disagree with others to fit the cultural setting

#### 2.4.2 The effect of industry

Salacuse (1998) pays special attention to the notion that professional culture often dominate over national one. By this reason the influence of industry must not be overlooked.

Another view of the influence of culture (Figure 4) stresses the importance of both industry and organizational cultures on negotiation process through decision makers. On one hand national culture forms the common background of the negotiator's behavior; on the other hand industries have their own severe specifics, often very global ones, having certain similarities across the borders due to common technologies, environments and history (Hollensen, 2008). That is why comparing cultures as an important component of negotiation background, industry-specific aspects should be considered. Some research provided empirical evidence proving strong link between culture and industry characteristics (Chatman and Jehn, 1994). Developing the idea of Leung et al.

(2005) it can be assumed the more industry is globalized the more converged and homogenous business culture is, and thus the influence of national culture is weaker. Moreover, it can be assumed that ICT industries being relatively young, highly innovative and therefore very global nowadays enjoy more “homogenous” industry culture in comparison to agriculture, which has the longest history among all fields of the human activities and heavily affected by national cultures through the industry traditions and highly region-specific environment characteristics.

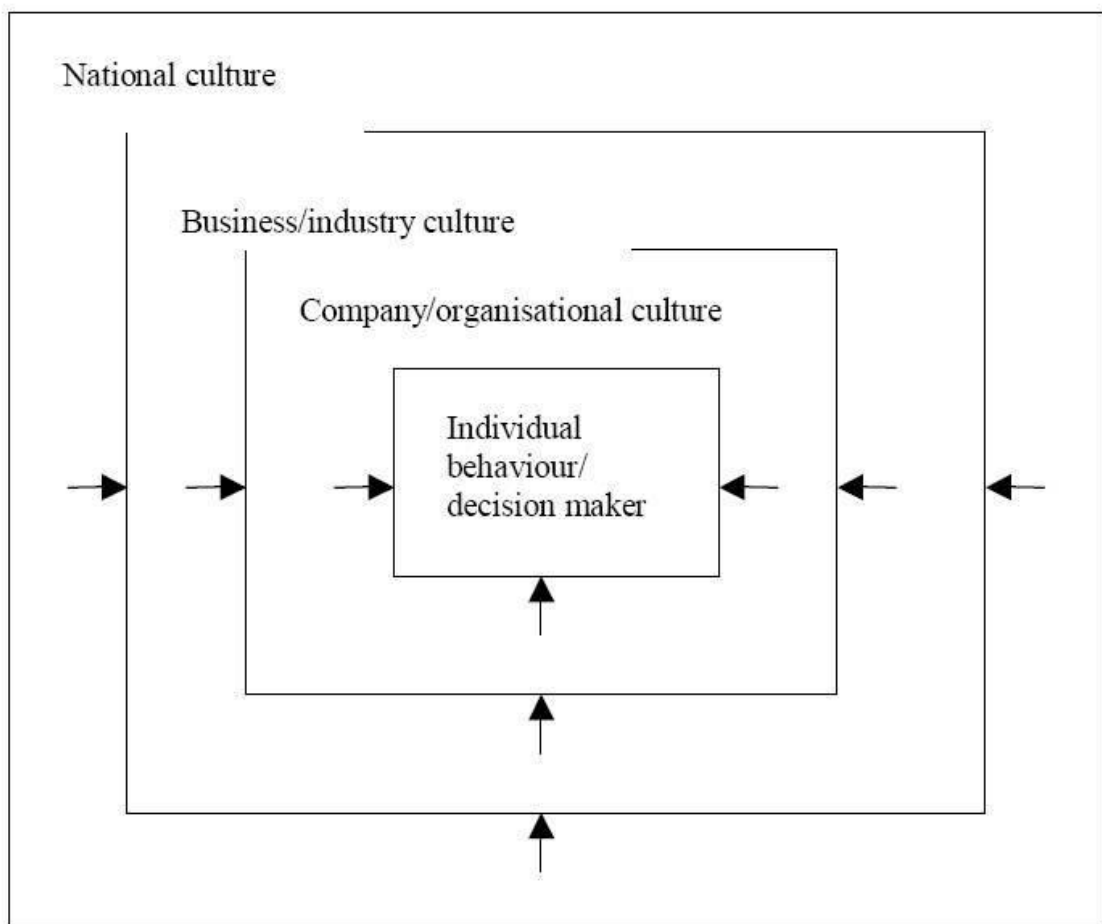


Figure 4. Different layers of culture influencing decision maker (Hollensen, 2008)

Obviously, industry effect may in some cases diminish the effect of culture or in other cases even heighten it. In this respect the challenges that facing negotiators from ICT and agriculture sectors may differ significantly, other cultural conditions being equal.

Besides, there are some studies revealing that influence of culture on NME businesses and high management level in big companies sometimes exaggerated due to the fact that these companies act in global environment smoothing away effects of national culture (Jorner and Norberg, 2006).

### **3 METHODOLOGY**

#### **3.1 Studying cultural differences**

Cultural differences and intercultural communications are very intricate aspects to study. Otten and Geppert (2009) stress that “a theory-driven terminological decision about the ontological essence of culture and communication, or at least its semantic disseminations in social interaction and human sense-making, has important implications for empirical investigations”.

Developing knowledge related to the complex field combining different levels and facets of business and culture aspects implies clear understanding of certain subjectivity of the research caused by the researcher’s personal cultural and social biases. According to Aneas and Sandin (2009) “it can be asserted that the conceptualization applied in cross-cultural and intercultural communication studies is characterized by its complexity, dynamism and intersubjective character, and that in this conceptualization it is possible to identify a multiplicity of components of which the individual is not always aware.”

Otten and Geppert (2009) name three levels of challenges related to intercultural communication studies: the conceptual challenge (underlying concepts and their blurred definitions), the methodological challenge (mostly empirical research, ways of analysing collected data, reflexivity), challenge of generalization (drawing generalizations from empirical data). In terms of generalization the authors guard against several aberrations typical for such type of research – mixing categorizations of culture, mixing the levels of analytical aggregations (individual-group-society), ignoring alternative ways of



interpretation and “indulging theoretical and empirical aesthetics for its own sake”.

A study like the investigation in question can better contribute to the discussed area of knowledge with due credibility when it is designed considering these specifics and challenges. The scope of bachelor thesis puts certain limitations on the methodology as well. Using “onion” framework (Saunders, Lewis and Thornhill, 2009) terminology the most relevant philosophy to apply in our opinion is interpretivism. This philosophy allows for subjectivity and the meaning of social phenomena; the role of researcher’s biases is recognized. It supports qualitative research undertaken on small samples (like case studies) and the application of in-depth interviews on the basis of inductive research approach. Conducting qualitative research the investigator is supposed to act as the principal tool “in the process of information gathering, in interaction with reality” (Aneas and Sandin, 2009).

### 3.2 Data collection

Secondary data analysis is presented in rather compact literature review covering a wide range of sources from acknowledged classic works to fresh research publications revealing new trends in the field of cross-cultural business communications.

Primary data of the three cases was collected by the means of mixed in-depth and semi-structured interviews conducted in three different companies. Five managers intensively involved in cross-cultural communications were interviewed face-to-face. The interviewed were taped and analysed afterwards. The choice of less formal interview modes is caused by important open-ended questions needed to throw the light upon the topic. Cross-sectional data collection method was applied.

The scope of the research does not allow drawing on the author’s own experience limited by quite certain bias – non-Finnish cultural background; by this reason own topic-related observations were avoided. By the similar reason

the data collection was accomplished in English as a neutral (not native for all parties).

Some additional data concerning CQ of the participants using 11-dimension Expanded CQ scale – questionnaire (Van Dyne et al., 2012) were collected prior the interview by e-mail.

### 3.3 Limitations

As Saunders and colleagues mentioned in their textbook (2009) that one “may be suspicious of using a case study strategy because of the ‘unscientific’ feel it has”. Indeed, the case study strategy seems to be less credible due to the obvious influence of numerous biases and lack of statistics-based approach. Such kind of research work can serve as a way of checking the appropriateness of existing theories and hardly generates new breakthrough contributions.

The obtained data must be compared and analysed carefully considering industry specifics which is also the subject of the study. Trends are hardly extrapolatable from a single case. That is why correct generalization of data is difficult.

In studies like the present the risk of personal biases effect is very high. Both interviewer’s and interviewee’s biases might be rather considerable due to the fact that 4 of 5 interviewees are current or former colleagues of the interviewer. This affects the reliability of the data, which must be interpreted with due caution.

Some questions needed to be further clarified to the participants, this may cause different sounding of the question for different interviewees originating additional biases in data.

Besides, it must be considered, that the interviewees participate in different kind on business interactions with its own negotiation specifics (outsourcing, projects, different types of sales and marketing) which makes comparisons rather difficult as well.

## 4 EMPIRICAL DATA

### 4.1 Company A (ICT sector, NME)

#### 4.1.1 Background

The company is one of the world-wide leaders in telecommunication industry and the biggest ICT corporation headquartered in Finland. The organisation operates globally for a long period having subsidiaries all over the world, employing over 100 000 people and at the same time enjoying multicultural environment within Finnish domestic units. The sphere of the enterprise's activities embraces the latest innovative technologies; it consolidates the efforts of the professionals in many countries representing widest range of cultures.

The interviewed middle-level manager is involved into outsourcing activities communicating with subcontractors in Poland.

#### 4.1.2 Summary of the interview

The interviewee has a Master's Degree in ICT, no special education in international business communications. Although internal corporate trainings could contain some appropriate issues, knowledge and skills in cross-cultural communications have been obtained mostly through practical work.

The manager has been intensively involved into external cross-cultural communications in the corporation since 1999. The experience with EEs is about 10 years. The person also participates in communications with Chinese, Japanese and Israel counterparts with different specifics. Experience in communications with EEs is limited to cooperation with subcontractors from Poland. The common scope is outsourcing and licensing negotiations (projects, deliverables and financial issues related to them).

The interviewee takes part as a team manager in group manager-level negotiations (face-to-face and on-line modes make 50% each). About 50% of

working time is devoted to cooperation with Poles. In general these communications could be considered successful, however challenges or smooth progress of them depend on situation. Negotiations with Poles seem to be less challenging compared to negotiations with the representatives of more distant (mainly Eastern) cultures like Chinese.

The common language of negotiations is English, no additional difficulties are related to language barrier as the parties communicate on similar level. However, it was noted that domestic negotiations are less complicated in the absence of the language problem.

The interviewed manager prepares himself to negotiations by reflecting upon the coming meeting and making up the main focus points and agenda in advance. This may take a few hours. Special preparations and any kind of tailoring to EE context consider technical details, not cultural issues.

The role of relationships is believed to be very important. When creating good relationships one must take the counterpart into consideration individually and mind his or her personality. This implies some communication beyond the scope of the cooperation, small talks on non-business topics.

Interactions with Poles require a lot of additional clarifications and explanations grounding your position and this convincing sometimes takes time. Polish partners are resisting and demanding in the sense that they need strong reasoning before they come to agreement. This is how they differ from other international partners and the main challenge that is sometimes faced when communicating with them. Once convinced they are flexible and cooperative.

Polish counterparts prefer win-win approach and are mostly result-oriented. At the same time they are keen to build trustful relationships as well.

No visible signs of high-context behaviour are detected; Poles are rather straightforward and open in cooperation. At some level Poles may be slightly more emotional, but in general their style of communication is official and businesslike. Level of risk-taking is not high.

Power orientation depends on a team. In some counterpart teams the clear hierarchy can be noticed, at the same time teams with more flat “democratic” structure are also quite common. However, decision making is not visible and it is hard to comment how the partners’ decision making process really looks like in practice as they do not make final decision during the negotiations. On the other hand, the structure of the communicating team is clear and logical.

Polish counterparties usually take responsibilities for the agreed processes. They present agendas, keep up with scheduling and timing etc. Poles are quite trustful in sustaining timeframes and processing information. All relevant information is shared duly, openly and completely. Possible delays generally occur due to common R&D specifics and are not related to cultural issues.

Conflicts and misunderstandings are treated through joint discussions.

Feedback giving is more likely to happen in face-to-face mode and is hardly possible during group meetings. Attitude to giving feedback is estimated to be similar to the Finnish one. Positive feedback formulating is mandatory in this cooperation. Negative feedback is not given easily.

Having a lack of information about other industries’ realities the interviewee found difficulty in commenting the industry influence on the communications in question. However, he believes that the ICT industry provides the opportunity to communicate smoothly due to common knowledge and processes as well as mostly technical scope of cooperation and minor commercial part.

In general the reported communications run quite smoothly and businesslike, by this reason special attention to possible influence of cross-cultural aspects on cooperation is hardly paid as it does not reveal any difficulties and does not induce any serious misunderstandings. Mutual trust has been built successfully making strong basis for fruitful cooperation.

## 4.2 Company B (ICT sector, SME, sales negotiations with partners from Poland, Russia, Ukraine)

### 4.2.1 Background

The organization in question is one of the Finnish hi-tech SMEs specializing in wireless data communication electronics production and B2B sales, operating worldwide through our wide distribution network for more than 20 years. Sales personnel of the company have gained a huge comprehensive experience in global business communications working with more than 90 countries.

Two managers of the company dealing with global sales were interviewed.

### 4.2.2 Summary of the interview 1

The first interviewee holds the position of Business Unit's Sales Director and has been involved into international sales operations of the enterprise very intensively dealing recently mostly with big corporative global customers. The manager enjoys a very long cross-cultural communications experience including interactions with Russians, Ukrainians and Poles. His overall carrier in international business is 33 year long. 32 years ago the interviewed manager started cooperation with counterparts in USSR, about 30 years he has been working with Poles. Currently about 5 – 10% of cross-cultural interactions relate to the cultures in question.

Market shares of the company in Russia, Ukraine and Poland are not very high at the moment, but the estimated potential shows that these markets must be one of the main destinations in perspective.

The education of the respondent is BSc in engineering. Besides, he has been actively participating in different trainings and courses devoted to international sales and interactions at least once a year, more than 20 all in all.

The common scope of negotiations is sales, marketing, and at some stage project-based sales. At present international cooperation under the interviewee's responsibility is mainly about product sales.

Subject of negotiations comes to the whole range of issues related to technical B2B sales. Negotiation process usually takes time starting from requirements and specifications discussions. It may take a month or a year before commercial discussions even start. In some cases when trustful relationships with the partner have been built it becomes possible to influence specifications of tenders facilitating business making.

The best way to succeed nowadays is to negotiate face-to-face as much as possible, because this gives base to relationship building especially in case of Russia and Ukraine. The situation has been changing, but still today this approach to business communications is very important.

In general communications with EEs can be evaluated as rather successful, however, it is hard to generalize having a wide range of business cases behind. Cooperation with existing partners runs smoothly when mutual trust is already created. And it is very typical for EEs. It takes approximately three years to build solid trust when doing business with them. Still it is essential to keep up this trust, losing the trust is irretrievable.

In sense of business behaviour Russians and Ukrainians are very close to each other while Poles are in recent years getting closer to western pattern. The process of transfer to western business patterns in Poland started rather long ago, it has recently started in Russia and it is just about to start in Ukraine. Comparing to Ukraine Russia has made a huge step in business culture development.

Compared to domestic communications these cultures are more challenging to interact with. On the other hand, considering peculiarities of the foreign culture when starting cooperation is normal, in this sense EEs are not more challenging than others, while eastern cultures like Chinese is a totally different world.

Preparing for negotiations is a crucial effort when there is a new customer in question. Those preparations may take weeks. Related arrangements are usually about building up a case which means clarifying the competitive situation, listing competitive advantages and presenting all kinds of references secured with good documentation. When preparing to EE meetings case and reference data is very important. It is even better to have a personal reference, when your earlier customer call the new one and share his feedback. Personal contacts work best. Big experience in cross-cultural communications at present allows not paying much attention to cultural differences any more while preparing, but it is very important thing to do in general. In order to avoid critical mistakes one must get acquainted to at least general information about cultural specifics of the target country.

Language is a barrier. Poles are quite often able to communicate in German or English, at least decision-makers, in Russia and Ukraine Russian-speaking person is essential. Interpreter is a must, however, interpreter causes a risk of misrepresenting. If interpreter cannot be avoided it must be a trusted person. Currently in Russia fairly English speaking distributor acts as interpreter in case of Russian business communications. Besides, Russian-speaking employee has been working for the company.

Personal relationships in doing business with EEs are vital. Although relationships are important wherever around the globe, specifically in Russia this is of enormous significance. Deals will be never proceeding without personal contacts and this contact establishment lasts at least 3 years. Maintaining these relationships requires quite frequent contacting as well as visiting and cannot be avoided when cooperating with Russians and Ukraine. This is the main difference with creating business relationships with other Europeans, getting really connected in EE takes much longer time. Being honest is the main principle of building trust. But once mutual trust in Russia or in Ukraine established it stays longer and it is more solid than elsewhere. In the rest of Europe changes are more rapid and so in business relationships.



In Western Europe business culture is more homogenous in comparison to Eastern. Business behaviour in EU countries is straightforward, questions are easily asked and answered.

EAs are more reserved and careful and this is historically understandable. By this reason trust building takes time.

When getting information from EA partners its credibility must be taken with caution. Sometimes there is no confidence in counterpart's market intelligence, because of the partner's wrong perception of the market when appropriate information is not collected. Now and then relevant information could be gathered from the "words that were never said". Getting information is in general challenging, especially on earlier stages of cooperation, when they are far from being eager to share details. It is rather hard to find the correct way to fish out important data.

EAs are very careful with negotiating the price as usually this is the main issue for them. Talking over the price merely will never lead communications to win-win option, other issues must be discussed as well to make it successful. Besides, if the price is easily given up it results in losing face and credibility, so persistent position is essential for gaining respect.

Interactions with Russians may often look like playing cat-and-mouse and be not as straightforward as in Western Europe. It certainly depends on how trusted the counterpart is.

Outcome orientation is mainly commercial result, but the role of keeping up a trust is significant.

Negotiation behaviour of EAs does not differ in general from other Europeans, especially in case of younger generation, and depends on personality rather than culture.

Emotionality used to be common in the past, but not that widespread any more. The same goes to risk taking, the situation has been changing. The general rule is - the lower level of the decision-maker the less risks they tend to take.

The issue of spotting of true decision-maker is critical, especially in EE. In big and new companies the structure of decision-making is not transparent. Quite often higher level person than a “bellboy” having no power is hardly accessible. Making a step further without insulting these people is a challenge, but at the same time a very useful skill.

EEs are not very punctual and more relaxed with timing. Delays may occur due to external reasons like corruption or bureaucracy which is common for Russian and Ukraine, not in Poland any more.

Agenda setting must be ensured by more motivated counterpart (seller rather than buyer as seller is supposed to be more proactive). This is a general principle applied regardless culture-related variables.

In case of project discussions negotiation team is usually presented by technical staff and commercial people, the structure of those teams is rather clear.

Everything that has been agreed during negotiations should be fixed in writing in understandable and unambiguous way, also responsibility distribution must be settled beforehand. It is rather typical for Russians (and Ukrainians) when proceeding with the deal customers become harder and harder demanding more and more additional options for the same price. In order to secure against this behaviour, all agreed issues must be clearly stated in written. Everything beyond agreement must be agreed separately.

It is easier to avoid misunderstanding and conflicts by careful determination of the rules. In case of Russians and Ukrainians referring to law, common practice or general regulations does not help. The rules of the certain deal must be separately fixed. Besides, the role of proper follow-up must not be underestimated.

Russians/Ukrainians have some perceptions about Finns, but still there is no definite “standard Finn” for them. Nowadays they are willing to interact globally and are open for international cooperation. This is different to their orientations in the past when they were very cautious about this.

Feedback giving is common, especially negative one. In this case they can exhibit emotions. Positive feedback is given as well both personal and organizational. Feedback provision is more typical for Russians so far. Poles display more western businesslike behaviour in feedback issues, while Ukrainians are still more closed.

ICT industry definitely affects business communications because of younger generation of businesspeople involved in general and this new generation is much more globally oriented and educated. ICT people have to communicate more intensively on worldwide level and that is why more prepared to such interactions. Russians are willing to use the most modern technologies, not just good ones, but the latest. This category of people travels much and they are very familiar with international issues.

New generation of businesspeople is more culturally homogenous all over the world. This is true also for EEs.

Business culture of former USSR countries has been changing constantly and this change is dramatic. They are going fast towards global success.

#### 4.2.3 Summary of the interview 2

Sales manager currently responsible for Polish market was interviewed. The same person has relevant experience in communication with both Russian and Ukrainian counterparts as well.

The interviewee has been involved into cross-cultural communications very intensively within ICT industry for about 10 years. Besides he had previous cross-cultural experience with Eastern Europeans in sports sector. Current area of responsibility is domestic Finnish market, Scandinavia and Poland. Communications with Poles for the moment take about 15% of time, but tend to grow due to the increase of sales volumes and potential projects. In 2005-2008 he was also responsible for CIS countries including Russia and Ukraine.

The interviewed manager has got BBA degree and participated in several cross-cultural communication trainings dedicated to cooperation with EEs at the earlier stages of his carrier.

As a sales manager working with distributors abroad he usually negotiates sales contracts, prices, delivery schedules, etc. Another issue of negotiations with distributors is marketing planning and execution. Besides negotiations with distributors, joint multiparty negotiations with local final customers or system integrators are common. In this case negotiations have more technical scope.

Negotiations mostly occur by phone or e-mail, sometimes face-to-face, also in group.

In general negotiations with Ukrainians and especially Poles flow smoothly, while Russian negotiations can be described as challenging. Domestic negotiations certainly run easier due to native language used in communications and mutual trust “by default” that does not need to be specially developed as it is inherent in Finnish culture. In Scandinavia negotiations are less straightforward then in EE because less preparation work usually done before meeting. Lower attention is paid to preparations because it is easier to create friendly working relationships, Scandinavian partners are less formal, and this makes free mode of conversation more common style of negotiations.

On the other hand negotiations with EEs require a lot of homework efforts. In average one working day is spent on preparation work. This work is generally about making up the agenda verifying that all needed information will be collected during the meeting. The interviewee always takes the responsibility to draw up the agenda himself in order to make sure that all important issues are included and covered. Extensive preparation work results in more straightforward way of getting items discussed in accordance with agenda.

When communicating to Poles language issues forces to use “lighter” and clearer English vocabulary so that everything would be understood right both by distributor and possible third parties. For Russians and Ukrainians English is not

so common language, using of interpreter is unavoidable. This certainly introduces a risk of interpreter's bias. Language barrier is the biggest challenge.

Role of relationships is very significant. No trust will be gained without created relationships. The main principle is to exhibit own credibility and to show that "you're a nice person to work with". It is important to bear in mind that it is person who makes business and consider the personalities. It is easier to gain trust working with Poles than with Russians and Ukrainians as they are less suspicious about partner's trustworthiness. Poles are in general more western-culture oriented and their historical background facilitates their integration into western world.

EEs' negotiation style is rather tough, they are demanding partners. Negotiations are more formal in comparison to Scandinavian more relaxed style.

In EE win-lose approach is quite common, they are good in pressing with pricing. However, Poles display more western approach. Ukrainians and especially Russians are not very much caring about the partner's outcomes. EEs are mainly concentrated in their own profits then counterpart's welfare. They are more result- than relationship-oriented.

The interviewee mentioned context issues in the sense that reading between the lines is also one of the points to consider. It feels that they have much more in their mind than what is openly expressed.

Partners from EE do not display emotions; however, Poles are more emotional in comparison to Russians and Ukrainians. Poles demonstrate higher propensity to taking risks than their ex-soviet colleagues. The reason behind this might be also arising from different historical background. Russians and Ukrainians are more cautious.

The same goes to power distribution: Poles reveal more democratic way while Russians and Ukrainians are hierarchical. Power distance is expressed in

certain discipline – clear order of speaking and keeping silence. Leader is apparent and commonly tends to display power.

Sharing of essential information is satisfactory with Poles and is challenging with Russians and Ukrainians. The latter cultures are very closed in providing information, it takes considerable efforts to get the needed details. And even after getting the required data one cannot be confident about its reliability, because it sometimes comes out that to the same questions asked several times totally different answers are obtained. This might be also due to the language barrier, but not only. They are reserved and are not inclined to disclose much information.

Poles are rather punctual and accurate with schedules and time frames. Russians are very relaxed about timing. Ukrainians are close to Russians in this respect as well.

Decisions are made by high-level people and it is often challenging to get through to real decision-makers, especially in Russia and Ukraine. By this reason direct contacts to final customers would not bring results, the role ascribed local distributor is to find the right doors and the smart ways to real decision-makers. In these countries networking means too much. One can be doing business with a company, but might never meet the factual decision-maker. It is often hard to identify whether the key person is reached. In Poland structure of decision-making being more western is transparent, and therefore routes to real decision-makers are less complicated and hidden.

Poles keep parity in sharing responsibilities and are active in interacting with the partner. Russians and Ukrainians prefer to seize the responsibility themselves, but the course of the deal execution is usually hardly reported to the partner. In this case additional efforts are needed to get the information.

Misunderstandings are hardly avoidable because of the language problem. In order to minimize them memos making are recommended. The easier language is used while drawing up these memos the less misunderstanding will arise after mutual verifying and approval of these notes.

Partners from EE pay respect to the Finnish origin of the counterparty in the sense that Finns have a positive reputation of strong and trustful partners in general. Finnish background to some extent facilitates trust building; Finns are welcome in EE rather than Scandinavia.

Poles are very good in giving feedback, both positive and negative. Russians and Ukrainians used to give mostly positive feedback being content about the products, but they were not very active in this. Scandinavians give feedback more freely, this might be because of longer relationships and more open cooperation. At the same time Ukrainians and especially Russians easily get stuck in small insignificant details giving a lot of negative comments about really minor things, but being happy about cooperation in general.

Wireless communication industry specifics in Russia and Ukraine can be seen in high level of skills and knowledge the counterparts display. Noticeably Russians and Ukrainians tend to impress a foreign partner by this level. In comparison to the counterparts in sports they are less open, but this might be due to the age of the partners.

It is worth mentioning that in case of Ukraine cooperation the partners the interviewee was dealing with have soviet military forces background which had a strong affect on their behaviour. Besides, both Russian and Ukrainian partners represented elder generation grown up during soviet period. This obviously matters and affects the experiences the manager got with these cultures in his opinion. When communicating with younger generation more global orientations and open-minded attitude are clearly seen. In situation when real decision-makers represent older "soviet" generation in the industry more closed way of doing business still exists. Again, Poles reveal in general very western attitude to cooperation and business culture.

### 4.3 Company C (Agriculture sector, sales negotiations with Russian customers)

#### 4.3.1 Background

The company is a national cooperative organization owned by farmers. It provides a wide range of services related to cattle breeding domestically – from breeding and management consultancy to artificial insemination and embryo transfer services. Organization operates in close cooperation with other Scandinavian countries developing joint breeding programmes, owing joint subsidiary company responsible for bull semen production, etc.

Organization has a long history supporting national cattle breeding process for more than 100 years. International cooperation the company involved in is related mostly to research work in genetics and breeding, still considerable part of the business's profits since recently has been gained through live animal exports mainly to Russia and Baltic countries. Also high class semen exports have been growing. Besides, some consultancy cooperation has been occurring between the company in question and agricultural sector cluster in Russia, especially in North-West region. These operations imply a lot of business communications and negotiations with the counterparts from Russia.

Two managers representing both the company itself and the semen production subsidiary were interviewed.

#### 4.3.2 Summary of the interview 1

The interviewee # 1 holds MSc in dairy technologies. He has almost no special training for cross-cultural communications, general interest and curiosity about cross-cultural issues help to gain relevant information. He has been involved into international activities rather intensively for 8 years in Europe (mainly Scandinavia and Baltics) and Russia. Relevant experience in business communications with Russian is about 6 years.



The manager has been dealing with two different spheres of communication with Russians – sales negotiations and long-term joint project (Development of agricultural sector in North-West region of Russia) aimed at business experience sharing through the implementation of different agriculture development programmes, trainings, seminars, etc. The goal of the project was to introduce Finnish best practices to Russian specialists in agricultural sector. The project has been completed recently.

The common scope of sales negotiations covers agreements, special requirements, prices, delivery terms and other commercial details including customers' financing modes affecting terms of payment. Joint project negotiations dealt with different events planning and implementation. In 2005 a joint venture headquartered in St. Petersburg was under planning, but due to the instability of the business environment in Russia its establishment was withdrawn after going through 1-year long negotiations.

The interviewed manager has participated depending on the type of negotiations as sales or development manager in both group and face-to-face negotiations, quite often in multiparty negotiations. It was noticed that the roles of sales and development manager require a different kind of attitude to negotiations.

Communications with Russian counterparts in average take about 25% of time, but they are unevenly dispersed, there may be a period of intensive communications taking more than 50% time followed by slackening periods.

Although the discussed communications are not related to the main business of the organization, these activities bring additional profits and help to maintain a good image of the company.

Only 20-25% of the negotiated contracts have been implemented.

In general business communications with Russians are rather successful, but at the same time challenging. Compared to communications with other Europeans they seem to be slightly different. Europeans usually discuss the issues, while

communicating with Russians personalities matter much more. It is important to mind individuality. On the other hand, difference in mentality reveals that domestic intercourse and communications with Russians are very dissimilar.

Russians easily give answers, also negative replies when they are disagree. Their demands are usually high and what is more noticeable they tend to ask for more than agreed on later stages, so it is important to retain control over the situation.

Preparations to negotiations usually take 1-2 hours and come to team discussions about what the company is able to offer and on what conditions. Adapting negotiations strategies and tactics depends on a customer. If the customer is familiar it is easier to draft certain behaviour pattern beforehand considering his or her personality. In any case cooperation should be open. Openness in communication is important regardless cultural background, also with Russians.

Language barrier brings difficulties and remains the biggest challenge in business communications with Russians. Russian customers commonly do not speak English by which reason negotiations' flow is very dependent upon interpreter. The company used to employ Russian-speaking personnel and this often creates certain misunderstandings. Insiders acting as interpreters may influence and sometimes misrepresent information due to own interests or perceptions. It is good to have separate interpreter, but if interpreter makes business at the same time it is not always right. By this reason it is better to delegate to Russian speaking employee with suitable industry knowledge more responsibilities and entrust control over these communications. In this case language barrier is avoided and cooperation should run smoother.

Relationship building is very important. One has to devote time to get closer to your Russian partners, to clear up their needs and situation. At least a lunch meeting before you start cooperation is a must. Joint discussions are essential. Negotiating with Finns one can go straight to the matter, while with Russians small talks and communications beyond the negotiations issues are of big

significance. Conversations about families and locations are quite common while with Finns and other Europeans it is not done. It is always good to tell more about Finland.

Creating trust is the key point. It seems to be less complicated to build trust with elder people, while young Russian managers are more distrustful and suspicious in general. Different generations behave differently. Also women act in more trustful way than men. Trust and relationship building must be open-minded. Open discussions is the best way to develop good working relationships. At the same time similar professional level of the negotiating parties facilitates communication.

Hierarchy is of high importance for Russians. Title means much, negotiations progress better if bigger group of participants involved and top-level is represented by owner(s) or the chairman or the board. This is also a way to create trust and demonstrate that you take the partner seriously. But when you communicate to lower level managers on implementation stage it is also good to descend to the same level and behave correspondingly.

Russian counterparts are very different in their negotiation styles varying from easy coming to very tough persons. They expose emotions rather easily and are often apt to demonstrate power.

Power distribution is also visible in negotiation groups when one speaks, while other members of the group stay silent and just give comments only when asked by the leading person. The more autocratic the leader the more typical such picture is. Those people tend to exhibit power. Counterparts' behaviour change when they are contacted outside the group. Communicating face-to-face personally they display much more open and friendly conduct.

When communicating with Russian counterparts having an expert's level of knowledge is critical. Managers responsible for this work must be very professional in their field and ready to be asked specific questions. It is good to have a group of professionals in different aspects supplementing each others during negotiations.

Choice of negotiation strategy is not that unequivocal either. Some Russians still tend towards win-lose strategies, but in general the only way to succeed in mutual business is win-win. By this reason usually the parties try to make the deal mutually beneficial. The situation with preferring win-lose patterns has been changing in recent years revealing the trend to accepting win-win approach.

Outcome orientation is also hard to generalize, some companies are eager just to make money while others are really interested in good relationship establishment.

Negotiation behaviour besides exposing emotions easier than Western Europeans and demonstration of power status reflects general propensity for exhibiting behaviour, like demonstrating signs of success.

Power orientation clearly affects decision making behaviour. Decision-maker is a particular person, explicit leader, while other representatives of the counterpart team usually obviously avoid decision-making without plain approval of the leader. They are certainly not encouraged to make any decisions themselves and are very careful not to voice them. However in many cases certain highly trusted experts directly influence the decisions of the top-level person. The final decision of the head sounds in full compliance with the expert's opinion. Then such expert can be considered as a key person, it is critical to identify such influencers and real decision-makers. Hierarchy must be taken into account.

Negotiation process differs from the one in domestic market. Finns commonly prefer to work out a clear agenda beforehand and strive to follow it. In communications with Russians the whole discussion may turn totally from the drafted direction. In this case it is normal to follow the customer, however, the general plan of meeting is worth keeping to in order to get the needed information.

Information sharing is challenging when cooperating with Russians. They are not active in providing much information, nor striving to share everything with

the partner. Quite commonly they are asked several times before the answer is given. Besides, they often claim for clear reasoning why you really need the required information, especially on earlier stages, when trust is not created yet. Russians are closed in information sharing in comparison to Finns or for example Danes. They give general information, but hardly disclose the details, especially personal ones.

Working on contracts and coming to agreement requires special attention paid to specifications typically attached to contracts. Specifications must contain exhaustive information on what is agreed. Russians often interpret these data afterwards in their favour, asking for more than initially agreed, on the other hand with no mercy to other party's rights under the same contract. It is important to be careful and mutually agree upon all items in advance.

Russians are flexible with timing. The main challenge with timing and schedules is connected with the financing of the deal on the Russian side. Once financial issues are settled no big problems with timing appear.

Responsibility sharing is not straightforward, counterparts are different. The industry specifics often imply the participation of some intermediary party, a kind of agent helping a Russian agrarian with international activities and purchasing. In such cases the responsibility to lead the deal is accepted by this intermediary. Sometimes it is a kind of investor who back up the whole process, direct the customer and make decisions. Those people are not always visible for the partners.

In order to avoid conflicts and misunderstandings openness and honesty are the best way of doing business. Every time any impediments or challenges to contract fulfilment arise they must be reported to the customer straight away.

In general Russians trust Finns much more than others, probably due to longer business relationships history. This facilitates business flow to some extent. For example when choosing between possible Russian or Finnish partner they prefer the last one.

Feedback giving usually occurs in face-to-face situations. In groups feedback is not commonly given. People behave differently in groups and individually being out of group. Open feedback, both positive and negative, can be expected in informal situations. In the interviewee's opinion this is similar to Finnish culture.

Agricultural particulars might have big influence on communications between Finns and Russians. The sector is very special and has a lot of country-specific limitations. Finnish agriculture's peculiarity is often misunderstood by Russians looking from the viewpoint of the national rural traditions. Agrarians are the most tradition-oriented and conservative people, slowly accepting new trends and revealing more significant cultural distances between Eastern and Western Europe than in any other industry. In agriculture sector they are less open to Western patterns than for example in IT or other modern technologies. Sometimes it is difficult to explain the advantages of new alternative ways of doing agribusiness.

It feels that there is a kind of informal network with a definite centre functioning all over Russia in agricultural sector which role in spreading the information is huge. Official channels do not work that efficiently. By this reason it is important to remember that the information given to a customer rather soon becomes available to others. The role of gossips and unofficial channels must not be underestimated. This is typical for Russian agriculture.

#### 4.3.3 Summary of the interview 2

The interviewee is an export manager dealing with frozen bull semen sales in a number of countries globally and by this reason international communications have been his major activity. The experience with EEs is mostly limited to Russia. Besides EEs the manager has been interacting with other Europeans like French, British, Hungarians, Romanians, people from Baltics, as well as Canadians, South Africans. Experience in communications with Russians is about 14 years long. Nowadays he is responsible for the Russian market as well as for several others all over the world.

The interviewed person holds MSc in animal breeding and has not got any special training related to cross-cultural communications.

Generally the interviewee participates in sales and marketing communications negotiating on marketing and promotion planning, increase of sales volumes, business development and other related issues with the local distributors. Distributors are the main tool of sales abroad. Sometimes he takes part in negotiations and meetings with final customers jointly with distributors.

Besides, the process of distribution network enlargement requires negotiations with new potential distributors as the Russian market looks quite promising and by this reason is currently considered one of the strategic development directions. Russian market is not considerable so far, but it is regarded as one of the markets with good potential for growth and is treated as one of the key markets. Poland is a very important market as well, but the manager responsible for Poland market is located in other European office.

Communications with Russian counterparts constitute about one third of all cross-cultural interactions of the manager and happen in different modes like face-to-face meetings and e-mail discussions on routine issues. Group negotiations are common as well as joint three-party negotiations involving a final customer and local distributor's representatives.

Prices are usually not the main point of negotiations with new customers, but the process, deliveries and procedures. Russian market requires a lot of additional documents to be settled, like permissions of numerous state authorities.

In general communications with Russians are challenging, but they are not more or less challenging than communications with others.

Preparations to negotiations usually take at least some hours depending upon the history of relationships. In case of new customer approaching it is important to spend enough time to research the background of the counterpart as much as possible.

Adaptation of the negotiation strategies usually connected with how much information on the background is available and mainly concerns industry specifics in certain country rather than cultural aspects. However, Russians do have certain cultural specific which must be considered, for example, dress code, materials, gifts and presentations must be customized with cultural issues in mind.

Language barrier is the biggest problem. Finding common language is affected by the lack of English speaking personnel in Russia. Therefore interpreter is essential, but there is no confidence that the matter is transmitted correctly, because external interpreters may not know or understand the terms. On the other hand, the situation with English language usage has been changing, and nowadays English language usage becomes more and more common.

Language-affecting misunderstanding can be settled through notes making and verifying thus confirming mutual understanding. However, Russians are not very active in making notes during negotiations. That is why usually Finnish counterparty has to watch over this.

In Russia the role of personal relationships is essential. Creating those relationships through building of mutual trust takes time, especially with Russians in comparison to others. Finnish manager has to listen to them, to trust them and to be open.

Formerly Russian did not recognize cultural differences, because the country was closed. By this reason they did not trust foreigners easily and getting information required a lot of grounding and explanations. At that time cultural issues like drinking vodka during the meetings were more common and it was very different practice from other cultures. Now this kind of business culture has changed a lot. It is quite common just to go and have lunch without drinking.

The problem of corruption has a certain influence on business progress, and this is a particularity of Eastern culture as well as severe bureaucracy. But this is probably the part of Russian culture that nothing is done straight, but there have to be some problems accompanying the process.



Negotiation style of Russians can be described as sometimes slow, demonstrating indifference and uninterested outwardly, but sometimes are very passionate about the matter. It feels that in earlier stages they try to make an impression of being tough. In order not to lose the game one has to be patient, listening, explaining, not fighting and positive. If finding a mutually profitable solution is impossible, it must be said honestly.

The interviewee has a feeling that Russian would prefer win-lose approach to cooperation more than win-win, but having another attitude to this issue it is important to persuade them to stick to the last strategy in order to gain mutually acceptable result.

Outcome orientation on relationship building can be detected from longer negotiation process. On the other hand, longer process is to certain extent also the result of bureaucratic impediments.

In their behaviour Russians are slightly different, for instance more formal in dressing. Russian exhibit less or at least not higher level of emotions and not likely to take much risks.

There are certain questions that arise often when dealing with them: how the personal distance changes after several meeting, what is acceptable when coming closer, how to deal with a group representing the counterpart, is it acceptable to talk to other group members when only the leader keeps communicating to the partner while others keep silence, which is typical for Russian negotiation group behaviour.

Identifying key person is crucial due to certain hierarchy inherent in Russian business culture. Decisions are always done only on top-management level. The problem is that managers of this level are not always aware of the details and practical aspects and it is sometimes challenging to identify whether the same professional language is spoken.

Although decisions are quite often made fast the process of agreement implementation may last long due to bureaucracy.

Agenda is usually made up before the meetings and nowadays Russians also take such practices quite seriously. Agenda setting is recognized also in Russia to be a convenient planning tool. Sending agenda by e-mail beforehand is very common. This attitude is rather new for Russians. It has come with general progress of the Russian business culture.

Planning in cooperation with Russian has also certain features. They do not plan in long terms. 1-month ahead is nearly the maximum period of planning. Timing might be rather challenging, as they easily change the schedules forgetting to inform the other party. Sometimes it hampers preparations due to the unclear meeting plans with some third parties. The details like participants and discussion questions may be presented just before the meeting starts.

Russians are not so open in information sharing as many other cultures. This also applies to reporting mandatory in normal sales and marketing interactions with distributors. In practical issues they usually accept all required responsibilities for smooth progress of the deal.

Sometimes conflicts are difficult to manage, especially when there is some case between a distributor and a final customer. Careful going through all details case by case is the only way of problem solving.

In interviewee's opinion Russians consider Finnish cultural background of the counterparty at least at the initial stages of cooperation. They keep certain distance and do not behave that friendly as on later stages and are very careful with what they say.

Russians are not very active in giving feedback, however, negative feedback in case of problems is common. Still feedback on perspectives is less usual. Russians usually think the current moment and do not make any long-term plans. By this reason feedback on development issues is very rare. Strategic thinking is weak point of Russian business behaviour because of short-term orientation.

Industry specifics for example can be seen in lower profit margins. Agriculture is so basic sector that it is almost impossible to get rich. This means that good relationships are probably of higher importance as an outcome of cooperation.

Another aspect of cooperation in agriculture is that in general Russian for some reason trust more in American practice rather blindly with no or minor critical attitude. When non-professionals make decisions on purchasing genetic materials they consider American rather than Scandinavian, because promotion of the latter is not done properly so far.

Russians are conservative in agricultural sector and it is really challenging to introduce new technologies and practices and to push the products through.

In general specifics of the sector in Russia and in Finland are totally different, culture of agriculture in these countries are dissimilar. Russians are slow in accepting new ways of doing this business.

Doing business with Russians is challenging and fearing, because of business environment's uncertainty when rather minor issues may kill the whole business due to unexpected actions of officials and changes in regulations.

#### 4.4 CQ questionnaire data

Before the interviews all participants were asked to fill in the CQ questionnaire based on 11-dimension scale by Van Dyne et al. (2012) presented in Table 4. The used numeric scale is from 1 (strongly disagree) to 5 (strongly agree) with 3 as neutral value. The results are presented in Table 5.

Revealing personal attitudes and experiences of each person these data could be hardly generalisable, however, some common trends could be drawn even from these available data as general reflections on the obtained results.

All respondents display high level of metacognitive CQ as well as motivational CQ which may reveal the fact that all interviewees are fully aware of how intercultural aspects influence their business interactions and highly appreciate cross-cultural tasks they have to fulfil. Yet, metacognitive CQ is in general

slightly lower in case of agricultural sector managers which may be due to the shortage of additional cross-cultural trainings in comparison to other participants. This in turn might be more typical attitude to optional cross-cultural trainings for more traditional region-oriented industries rather than modern global ones.

Cognitive CQ and behavioural CQ in general could be described as moderate. Presumably by the mentioned above reason agriculture sector representatives display lower cognitive CQ, as its aspects are generally transmitted to individuals via trainings and similar ways rather than directly through own experiences. On the other hand, managers with higher level of cross-cultural training (B group) have not demonstrated more than neutral attitude which may indirectly indicate that level of training is not the main or /nor the only influencer.

Behavioural CQ reflects more individual traits rather than conscious knowledge. Due to significant influence of personality on behavioural patterns data on behavioural CQ are hardly generalisable at least on such small sample like the presented.

Table 5. CQ questionnaire data

	1	2	3	4	5
Metacognitive CQ	A			CC	BB
			C	ABBC	
			CC	AB	B
Cognitive CQ		C	ABB	C	
		CC	BB	A	
Motivational CQ				ABCC	B
				ABCC	
			C	ABC	B
Behaviour CQ		C		ABBC	
		B	AB	CC	
		B	C	ABC	

A – answers case A, B – answers case B, C - answers case C

#### 4.5 Discussion

As it was earlier stated, drawing universal conclusions from just a few cases mixing respondents with different backgrounds and tasks unevenly is close to impossible.

General cross-industrial and intercultural comparisons cannot be done not only because of small sample, but also because there is no data obtained on Finnish-Polish interactions in agriculture. Another unclear field for comparison is challenges of MNEs in Russia or Ukraine. In other words the collected data do not consistently represent all claimed groups (Table 6).

Table 6. Scope of the collected data

Sector	Cultures of interaction		
ICT/MNE	Po		
ICT/SME	Po	Ru	Ua
Agriculture		Ru	

In general communications with EEs are reported to be not more challenging than with other “western” counterparts, but at the same time much less challenging than interactions with “eastern” partners like Chinese.

The interviewed IB specialists rather unanimously regard their EE experiences as successful in general, especially with Poles.

As it was mentioned by the interviewed B-case managers Russian and Ukrainian business cultures and behaviour patterns are very similar to each other due to historical and ethnical reasons. This also complies with literature data. Only minor differences can be detected, but in our study it could be neglected as attributable to the effect of personal biases typical for small samples and cultural background of the researcher.

The researched in present studies experiences of Finnish managers with Polish business culture apply purely to ICT industry. All interviewees underlined that Polish behavioural patterns have been recently severely developed towards western business cultural standards and the respondents do not face any serious challenges in their cooperation with Poles. Some excessive reasoning and grounding of the subject of negotiation is often needed in order to proceed with cooperation, but this hardly introduces serious complications into interactions. This might be the sign of Polish business culture’s historical affinity

to other Slavic cultures, because the same notion has been also reported about Russian/Ukrainian cultural peculiarity obviously caused by distrust to outsiders and aliens. This might indicate a higher level of collectivism and in-group orientation in comparison to western and in the discussed case northern cultures. In general it was mentioned that Polish business culture is getting more homogeneous with pan-European business culture.

As a general trend, all the managers who have been observing the cultures in question in long time perspective pointed out that EE business behaviours have been rapidly changing towards homogenous globally orientated attitude making cultural differences less vivid. This notion might to some extent support the viewpoint of the academics who consider cultural influence on communication process less vital at least in perspective. Further cultural convergence is believed to be one of the main trends in 21<sup>st</sup> century and this has been confirmed by the present research in general.

The similar idea is related to the discovered fact that cross-generational differences in communication styles are remarkable, especially in case of post-soviet cultures. It has been reported that behaviour displayed by different generations of counterparts in Russia/Ukraine are very dissimilar mostly due to the processes of business culture convergence in global world. However, one of the agrarian sector managers faced less trustful attitude of younger middle-level managers contrary to the observations of his ICT colleagues stating more global and trustful orientations of younger generation partners. This presumably could be assigned to industry specifics and be caused by power orientations related issues, but considering possible biases such conclusion should be drawn with due caution.

Business culture in Russia/Ukraine (and Poland as well) has been transforming since the end of the soviet period. The view of cultural transformation processes in Russia (and therefore in Ukraine) has been presented by E. Groznaya (2009) describing three types of business culture simultaneously existing in modern Russia. This view also reflects the situation with generational differences between businesspeople in post-soviet area. Leadership styles defining those

three business patterns are “Russian technocrat” (classical Soviet old generation representatives), first Russian entrepreneurs as transitional type and so called modern Russians (represented by younger post-soviet generation). This viewpoint has revealed the compliance with the data gained during the interviews with ICT industry Finnish managers. They reported that new generation of Russian (Ukrainian) businesspeople are less constrained in acting globally and are western-like in their behaviour, while older “Russian technocrats” are more reserved and hierarchically oriented.

The main challenges the interviewed managers face with Russians and Ukrainians besides being generation-specific have in many respects industry-specific features.

Industry-independent challenges are mostly related to in-group orientations typical for more collectivistic cultures. Partners are reserved and display high level of distrust until open relationships are created. The process of trust building however is extremely time-consuming. However, the other side of this is more solid and loyal relationships once the trust created. Information sharing problems is one of the challenges caused by the above reasons. The interviewed managers have to pay special efforts to get essential answers and often face certain resistance. Another challenge is about excessive reasoning and grounding required in order to get the issues agreed.

All the respondents named language barrier as the most critical. Interpreters induce the risk of additional biases, though external and internal interpreters bring different kind of bias which must be considered. Still there are certain industry specifics detected. For example ICT counterparts more frequently speak English at least at some level. Coping with language barrier commonly comes to the employment of Russian-speaking managers or operating via trusted distributors as mediators.

Challenges related to power orientations are usually depicted as difficulties with key decision-maker identification and longer paths to core persons sometimes invisible until the completion of the deal. Decision-making is not apparent and

transparent, but this is not generally considered as a challenge though. Rather high power distance can be indirectly noticed through demonstrative behaviour like displaying the outward signs of power and success; this is more typical for conservative agriculture managers.

Additional efforts are frequently paid to overcoming the win-lose approach sometimes preferred by Russians/Ukrainians. However, this trait has been transforming to more integrative attitude in recent years.

Russians/Ukrainians are flexible with timing, some difficulties are often faced in keeping up with schedules but this is usually assigned to bureaucratic and other external environmentally caused reasons rather than counterpart's mind-set.

Most of the respondents mentioned the importance of clear rules setting and careful preparation work with agreements as Russians/Ukrainians often interpret the agreed terms in the own favour and try to get more than granted. The more issues are plainly formulated and approved including "common sense" and "common practice" related ones the less conflicts and misunderstandings appear on implementations stages.

Another challenge faced by the respondents is difficulties in long-term planning and business reporting required for this. Russians/Ukrainians do not look into long perspective preferring to think the current moment. This is clearly different to Finnish way of planning.

Rather consistent comments have been received regarding feedback giving specifics. Russians/Ukrainians are likely to give feedback and are more active in negative feedback giving, displaying emotions mostly in such kind of situations. Positive feedback is also common when deserved. Slavic counterparts are more inclined to feedback giving being out of group, in face-to-face mode.

All in all the faced challenges are got over through open and friendly behaviour, longer time and additional efforts paid to relationship creation. Maintaining these relationships is also repaid. Preparing to negotiations beforehand is believed to



be important component of success, however, the managers stress the meaning of market and technical details rather than cultural specifics. High professional level of Finnish counterpart is named as another considerable factor.

The interviewees unanimously reported that their Finnish origin has rather positive effect of relationship building thanks to good reputation of Finland in EE countries, also culturally.

Industry-specifics in communications with Russians/Ukrainians can be generalised in view of strong dissimilarity of ICT and agriculture sectors. The respondents who disclosed their opinion regarding the matter are unanimous in depicting general development of Slavic business cultures towards western patterns. However, agriculture sector is intrinsically more region-specific and more traditionally oriented, while survival in ICT sector requires intensive global interactions in order to keep up with the mainstream. This affects the general meaning of international communications, which are in agriculture so far not as crucial as in vitally global ITC segment. Agrarians are more conservative and very slow in accepting new trends. Consequently, businesspeople in rural industry display more culturally typical behaviour rather consistent with the picture obtained from literature sources. Older generation in ICT sector also tends to demonstrate more “expected” behaviour predicted with the help of the frameworks discussed in literature review above. Remarkably, managers in agro sector who are involved into more science intensive sphere like genetics and biotechnologies reveal more ICT-like attitudes and behaviour.

The obtained results are concordant with the data from the discussed literature sources as regards to power distance, uncertainty avoidance, long-term orientations, and collectivistic behaviours. Hofstede’s MAS index has not arisen as an issue related to challenges presumably due to relatively similar values in discussed cultures.

Rather contradictory data collected on high vs. low-context behaviours. By this reason it is difficult to ascribe Russian/Ukrainian business cultures to either

extreme of the hypothetical scale. This might seem that either these cultures are somewhere in-between and (/or) can flex or the respondents representing low-context culture do not apprehend high-context behaviours fully.

Consistency with the Lewis's theory does not seem to be straightforward either. For example the observed level of emotionality in case of EEs is rather modest. Talkativeness and other signs of temperamental conduct are usually demonstrated only when certain point of trust is reached.

Being moderately consistent with the data from literature sources describing certain distinction of EE cultures, the obtained results reflect strong developing and changing nature of EE business behaviour. With its own specifics these cultures are in their transition towards western model. In case of Poland it could be even said that this transition has been almost gone through.

## **5 CONCLUSION**

The presented study has revealed that Finnish managers come across certain challenges when entering into business interactions with Eastern Europeans. These challenges are not only commercially and environmentally induced, but are also related to definite cultural distance between Finns and Slavs who are in turn believed to be rather diverse.

The main difficulties impeding business communications of the parties are language barrier, relationship building and trust creation processes, dissimilar attitudes to long-term planning, information sharing and complexity of hierarchical decision-making. Careful work on the agreements, comprehension of negative feedback, excessive reasoning required and getting over distributive win-lose approach are also the items from the list of challenges.

The discussed challenges are rather industry-specific, varying more considerable dissimilarities in traditional sectors like agriculture to less significant in new intensive sectors like ICT. The intensity of the challenges

depends on the generation of businesspeople Finnish counterpart cooperates with, however, this dependence is noticed to be sector-specific as well.

The major ways to overcome the challenges are careful relationship creation based on openness, honesty and trust. Enough time should be devoted to this process as the significance of good relationships with EE partners cannot be overestimated. Attention must be paid to coping with language barrier and high professionalism of Finnish negotiators. Patience and tolerance are essential.

Cultural intelligence of Finnish managers affects their success in international cooperation and is likely to be influenced by the sphere of activities.

Still, the importance of cultural differences should not be exaggerated due to intensive convergence processes occurring within European business cultures. Young generations of businesspeople grown up in more and more global world reveal quite similar business behaviours and value orientations regardless cultural background which is particularly applicable to innovative science-intensive sectors.

The results obtained are rather consistent with the mainstream of the modern studies, but some contradictions like low- vs. high-context behaviours have been also observed.

The research does not contribute to the array of contemporary studies much because of serious limitations of such kind of research. Case-study method restricts generalizability of data due to high personal biases and must be accepted with due caution.

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#### **INTERNET SOURCES**

<http://www.crossculture.com>

<http://geert-hofstede.com/>

<http://www.qualitative-research.net/index.php/fqs/index>

<http://www.mindtools.com>

<http://cpi.transparency.org/cpi2012/>

## Interview questions

1. How intensively have you been involved into international negotiations?  
Grade using the following scale (1 – strongly disagree, 2 – disagree, 3 – neither agree, nor disagree, 4 – agree, 5 – strongly agree)
2. How long is your experience in international negotiations?
3. How long is your experience in negotiations with Eastern Europeans (Poles, Ukrainians, Russians, other EE countries?) Did you have previous cross-cultural communication experience before starting your cooperation with EEs?
4. How long experience in negotiations of the same type do you have with counterparts representing other than EE cultures?
5. What kind of education do you have? Have you got any special education (or trainings) in cross-cultural business/communications/negotiations/sales?
6. What is the sphere of these negotiations (sales, purchasing, marketing, joint projects etc.)? What are the subjects of these negotiations (sales contracts, deliveries, HR, technical specifications...)?
7. What are possible specifics of these negotiations (face-to-face or on-line, group or personal, multiparty negotiations etc.)?
8. What is your role (sales manager, technician, technical manager, coordinator, other)?
9. How big part of your work is devoted to communications with EEs ?
10. How considerably the outcomes of these communications influence the whole business of your company?
11. How successful these communications generally are (using the above scale)? Do you feel them challenging or smoothly running? Does this successfulness differ between EE cultures you have been working with (if ever)? How successful they are in comparison to domestic negotiations? Other cross-cultural negotiations?
12. Do you prepare for negotiations beforehand? How much time these preparations usually take? What kind of preparations?



13. Do you usually tailor your negotiations strategies and tactics to EE specifics?
  - 13.1. What are the specifics of preparations when you get ready to negotiations with EEs?
  - 13.2. How do you cope with language barrier? If you use interpreter, do you think there is some interpreter's bias?
  - 13.3. What is the role of relationship in this cooperation? How do you create relationship with EEs? Are there any specifics typical for EEs? What is important when creating good relationships?
  - 13.4. Are you aware of the peculiarities of EE communication and negotiation behaviour? Do you consider EE negotiations styles?
  - 13.5. Can you describe EEs' negotiation styles? What are the challenges you face? Please name considering possible dissimilarities between different EE cultures.
    - 13.5.1. Negotiation strategy (win-win or win-lose)
    - 13.5.2. Outcome orientation
    - 13.5.3. Behaviour (formal vs. informal style, body language, reading between the lines, emotions, risk taking, power orientation)
    - 13.5.4. Negotiation process (agenda setting, scheduling, information processing, etc.)
    - 13.5.5. Specifics of negotiation teams (if relevant)
    - 13.5.6. Timing and time frames
    - 13.5.7. Decision making
  - 13.6. How the parties share responsibilities?
  - 13.7. How do you avoid misunderstandings? How do you manage conflicts?
14. Do you think that your EEs partners consider cultural differences with Finnish counterpart? How?
15. Do they give any kind of feedback on your cooperation? What kind of?
16. How your industry specifics may be influencing the counterpart's behaviour? Communication between the parties?

## 11-dimension Expanded CQ scale – questionnaire

I develop action plans before interacting with people from a different culture	1	2	3	4	5
I am aware of how my culture influences my interactions with people from different cultures	1	2	3	4	5
I adjust my understanding of a culture while I interact with people from that culture	1	2	3	4	5
I can describe the different cultural value frameworks that explain behaviours around the world	1	2	3	4	5
I can describe the ways that leadership styles differ across cultural settings	1	2	3	4	5
I truly enjoy interacting with people from different cultures	1	2	3	4	5
I value the status I would gain from living or working in a different culture	1	2	3	4	5
I am confident that I can persist in coping with living conditions in different cultures	1	2	3	4	5
I change my use of pause and silence to suit different cultural situations	1	2	3	4	5
I modify how close or far apart I stand when interacting with people from different cultures	1	2	3	4	5
I modify the way I disagree with others to fit the cultural setting	1	2	3	4	5

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1 – strongly disagree

2 – disagree

3 – neither agree, nor disagree

4 – agree

5 – strongly agree