Power relations, networking and time orientation in Russian- Norwegian

business relations: identifying and overcoming cultural challenges.

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Chapter 1. Introduction

1.1 Introduction

The present thesis is an exploratory research where I identify areas where challenges may arise in Russian-Norwegian business cooperation when Norwegians carrying out business in Russia. Based on interviews, three main issues emerged: *boss-subordinate relations, networking and time orientation*. The focus of the thesis is how to deal with these differences and how to deal with the challenges that can be caused by them. Therefore, in this thesis I will discuss these three major issues in Russian and Norwegian business cultures and discover how the differences in boss-subordinate relations, networking (personal connections) and time orientation can be overcome.

This thesis includes a practical investigation and theoretical description of the three main issues and ways of overcoming these through the adaptation process. This study can be useful for anyone interested in managerial practices in Norwegian companies established in Russia because my research provides insight into the differences between Russian and Norwegian managerial practices and how to deal with the connected challenges that arise between the two.

1.2 Relevance and importance of the study: why study cultural differences in a business context?

Swahn (2002: 3) states that every culture is unique and a company operating abroad will face cultural conditions that are different from its own. People in different countries think, feel and act in different ways. In addition, national culture is a part of everyday life and is reflected in organisational life in a company.

This means that individuals participating in cross-cultural activities need to properly interpret the actions and attitudes of their counterparts in the workplace that are different than their own. They have to learn how to cooperate with business people from different cultures. Learning about cultural characteristics of other cultures is a step towards international business success.

Most studies and publications on intercultural business use a comparative perspective that aim to compare two or more cultures in an organisational context. Lacking within these publications are works that give practical suggestions on how to overcome and address cultural differences for international companies. The current study is performed with this perspective. The Norwegian-Russian context is interesting because of the increasing pace of business relations and the lack of research in this area. There are a number of publications on the Norwegian and Russian business environments, but they tend to provide "do's and don'ts" rather than an analysis of cultural traits and managerial practices (Swahn 2002: 3).

A number of researchers (Kluckhohn and Strodtbeck 1961, Hofstede 1980, Trompenaars 1993, Hall 1977) study cultural differences and management practices in business. They agree that knowledge about cultural characteristics is indispensable for employees participating in international activities. Business people with international experience also emphasize the importance of knowledge about culture. It is no longer sufficient to be solely competitive. Company leadership needs to be culturally aware and integrate this awareness into the development of the companies' strategy to be successful.

My research is a cross-cultural study because I take two cultures, Norwegian and Russian, for the research. I've conducted my field work in Russia interviewing people from two Norwegian (fish trade and telecommunication) companies established in Moscow where both Russians and Norwegians work. I chose to do the data collection in the central part of Russia -Moscow in particular- even though there is not as much cooperation with Norway there as in the Northern Russia. But my interest was to look at how business processes take place in a large city with a huge trade market, many opportunities and much capital. That is why I chose the central region of Russia for my research.

I decided to study Norwegian and Russian culture in business relations because currently there are many Norwegian companies operating in the Russian market. It creates a need for studies that can examine different cultural characteristics of both countries in a business environment. This study will make visible in what circumstances such cooperation can become more effective. I interviewed four business people from two Norwegian companies established in Moscow. My data shows that boss-employee relations, networking and time orientation are the major issues that can cause intercultural misunderstandings. They have to be prevented. To this end, it is important to take cultural differences into consideration when two cultures meet in business (Ketting 2010: 4-5). Consequently, this particular research topic is a topic of importance.

On fieldwork, I first conducted semi-structured interviews based on a interview guide (Appendix I) and then I came up with two research questions:

1) Why do cultural differences in boss-employee relations, networking and time orientation cause challenges for Russian- Norwegian business cooperation?
2) How can these challenges be dealt with?

My findings guided me to choose a theory that could explain the information I received during my interviews, since the empirical data was collected prior to my literature review.

1.5 Structure of the thesis

In Chapter 2, I discuss my qualitative methodological research approach during the fieldwork in Russia. The selection of participants and the process of interviewing are outlined. Moreover, advantages and difficulties of the interview process are pointed out. In Chapter 3, I review the data presentation and discuss the information I received from my respondents. In Chapter 4 formulates the conceptual and theoretical framework of this study. Based on the received date, I present the theoretical description of such concepts as: culture, boss-employee relations, networking, time planning and adaptation. Chapter 5 analyzes this studied data to demonstrate the main challenges in Russian-Norwegian business communication, primarily in Norwegian companies based in Russia. Chapter 5 is dedicated to the data analysis. My data shows the main challenges in Russian-Norwegian business communication particularly in Norwegian companies that are established in Russia. Building on my empirical data, I describe how to overcome these challenges by means of an adaptation process and who is adapting to what managerial practices and why. In addition, aspects that assist business people to adapt managerial practices are underlined. In Chapter 6, I discuss the major differences between Russian and Norwegian business cultures and highlight how they can be dealt with. I outline the results of my research and draw the final conclusions by focusing on the work fulfilled. Finally, the limitations of the present study and suggestions for further research are pointed out.

Chapter 2. Methodology

2.1 Doing cross-cultural research

A cross-cultural study specializes in anthropology and related sciences such as sociology, psychology, economics, and political science. It uses field data from societies to examine the scope of human behavior and test hypotheses about human behavior and culture. A cross-cultural study is a comparative study of thought and behavior across cultures. It is important to study culture and social behavior as it has been one of the most interesting and productive developments during the past quarter century. This increased interest is undoubtedly influenced by several factors such as opening international borders, large migration streams and increased cross-cultural communications (Vijver 1997: ix).

From a business perspective, a cross-cultural study makes contributions to understanding the international business market. People with different cultural backgrounds are more likely to have different attitudes and styles of decision making in negotiations, business processes, and problem solving because of differences in their cultural value system. The ability to effectively manage business in a cross-cultural context has become one of the critical success factors in today's business world in the face of increasing globalization of the economic market (Park 2006:1).

Below I explore the issues that were most important in my cross-cultural data collection: gaining access to participants, advantages and deficiencies of the snowball technique, aspects of the interviewing process, the role of my Russian nationality in the research and the importance of being a bicultural researcher. I will also describe what difficulties I had and how I coped with them.

2.2 Participant selection: my respondents

Often cultural research faces methodological challenges. Liamputtong (2008: 9) writes that gaining access to research participants in cross-cultural research can be problematic, because of difficulties in gaining participant trust. In some cases it may be even more problematic because of cultural differences, when a researcher wants to interview a person from the other culture. In such cases, having connections to the culture can be extremely beneficial through knowing the language or already being acquainted with the culture.

In this project, I selected the business environment of Norwegian companies in Russia for collecting data about cultural differences. A typical respondent in international business research is often a powerful business person representing "corporate headquarters, subsidiary management or an industry association" (Welch 2002: 612). Sometimes it can be challenging to interview these hard-to-reach people because they often do not have free time.

Welch (2002: 613) uses the term "elites" in order to describe such an informant (usually male) who occupies a *senior* or *middle* management position and has functional responsibility in an area with corporate values. Usually such person has considerable industry experience frequent long relations with the company and often considerable international experience. This applies to my research because I have interviewed four business people (two Norwegians and two Russians) who all have considerable experience and knowledge about Russian- Norwegian business cooperation.

Type of company/ organization	Name	Norwegians	Russians
Business	**Company A** - fish trade company	1 male senior (top) manager position 15 years experience	0
	Company B - telecommunication company	1 male senior (top) manager position 2 years experience	2 females middle manager position 4 and 5 years experience
	Total: 4	2	2

Table 1. Interviewees

To ensure business confidentiality, I will not mention the names of the two companies (Company A and Company B) as requested by the respondents. All the respondents are Russian and Norwegian managers with considerable experience working together in the Russian market. Of the respondents two are middle managers and two work in senior manager positions as Chief Directors. Company A is a fish trade company and Company B is a telecommunication company.

Both the Norwegian respondents live and work in Russia. The Chief Director of telecommunication company has lived in Russia for two years, compared to the fifteen years of the Chief Director of the fish trading company. The Russian respondents were two women with four to five years of experience working in the telecommunication company. Therefore, the data is rather reliable because frequent, daily based contacts between two nationalities took place. I am grateful for being given permission to talk with these people, because they have high positions and long-term experience from Russian–Norwegian business relations. They willingly shared many details and examples with me.

2.3 Gaining access to business people

Gaining access to "elite" settings and individuals creates different challenges compared to "non-elites". Access to businessmen is regarded as particularly difficult because they are often very busy

and occupied with their primary duties at work. The process can be far more time-consuming than making contact with "non-elites". Access to "elite" and "non-elite" groups also differs in terms of strategies for gaining agreements for interviews. For example, researchers are advised to avoid using complicated terminology when interacting with "non-elites" (Taylor & Bogdan, 1998). The challenge for researchers in business settings is different. Generally, in studies involving business people, researchers are advised to draw attention to their institutional affiliation and to use personal connections when possible. Such tactics may be hard to accomplish and failures are unavoidable. Very often it is difficult to say or even impossible to know the real reasons why some people refuse to speak to a researcher. It can be antipathy, lack of time, unwillingness to share information, fear to be a part of the research or cultural differences between researcher and participant in general (Welch 2002: 614).

In my case, it was difficult to get in contact with Norwegian companies established in Russia. At the beginning I tried to get in touch with HR (human resources) directors of the companies. I wrote several letters to eleven different Norwegian companies asking for a meeting, but in ten cases they refused without explaining the reasons. Only one telecommunication company answered positively and the Chief Director agreed to give me an interview.

2.4 Snowball sampling: advantages and deficiencies

Potential research participants often want to identify a common person that both the participant and researcher know in order "to check the researcher's credibility and trustworthiness" (Liamputtong 2008: 9). Often researches gain access to their potential participants through acquaintances and friends. In my situation, when I got the first contact with Norwegian telecommunication company, it began a chain or snowball effect. The first respondent -Chief Director of telecommunication company- recommended me to their two colleagues from the same company and acquaintances from the fishing trade company. They, in turn, advised me to interview people from governmental organizations. There are positive and negative sides with this approach. The positive side is that it helped me to develop important links within the Russian-Norwegian business sphere. With any hard-to-reach group this snowballing technique seems to be appropriate, as it facilitates new and relevant contacts for the researcher (Liamputtong 2008: 10).

In qualitative research, snowballing is a type of sampling. In this method, participants or informants "with whom contact has already been made use their social networks to refer the researcher to other people who could potentially participate in or contribute to the study. Snowball sampling is often used to find and recruit hidden populations, that is, groups not easily accessible to researchers" (Heckathorn 2002: 12). Thus, the sample group grows like a rolling snowball. As the sample builds

up, enough data is gathered for the researcher's needs. Snowball sampling is a useful tool for building networks and increasing the number of participants. However, the success of this technique depends greatly on the initial contacts and connections (Heckathorn 2002: 12).

Specific to business and marketing, snowball sampling can be used to identify experts in a certain field. In my case this identification was in the fish trade and telecommunication industry. Usually such experts have many contacts. After gathering information in my field work, I asked informants to suggest another "expert" who could offer more information. The advantage of this was that I could find people who are experts in the sphere of Russian-Norwegian business cooperation quicker**.**

Therefore, when attempting to gather information on a particular topic where a limited number of participants are available, the snowball approach increases the efficiency of the interview process. It was helpful for me to use this method because I saved time while seeking possible respondents relevant for this study.

In this way, snowballing is a "door opener" to "elites or business people in my case. It helps not just to save time and effort, but is a good tool to collect relevant data needed for input into the study (Salganik& Heckathorn 2004: 230). The snowballing technique was indispensable for me, because without further recommendations I would have had more problems with accessing interviewees. The outcome of the snowballing technique provided me with the second source of reliable data related to the sphere of Norwegian-Russian business cooperation from the Chief Director of the fish trade company. Due to problems interviewing the "elites", business people from telecommunication company advised me on their acquaintances from governmental organizations (Innovation Norway, Russian-Norwegian Chamber of Commerce, Norwegian Embassy in Moscow) for interviewing. As a result, I conducted eight interviews with them. However, they did not give me sufficient information about the discussed topics as they do not work primarily in the business sphere. For this reason, I did not include the interviews conducted with government officials into this thesis.

Snowball sampling has a number of deficiencies. Firstly, it was challenging for me to find initial contacts to agree to meetings and interview. Secondly, the question of building trust was difficult despite my topic not being considered to be sensitive. I felt in the beginning that the two Norwegian respondents thought I would assess the Russian-Norwegian business relations solely from the Russian point of view. Essential in my interview process was establishing trust with my respondents. This was accomplished by discussing the main purpose of my research in detail before conducting the interview. Finally, in snowballing the quality of the data can be less valuable. This can happen if initial respondents discuss the research topics with future respondents and in this way

influence their answers. It can make the results less accurate (Atkinson & Flint 2003: 280). To address this potential obstacle I requested that the interviewees not discuss interview topics with colleagues. This was emphasized within the telecommunication company context where I interviewed three business people. It contributed to making the data more reliable and valuable.

2.5 Interviewing process

Based on the project topic and its qualitative orientation, interviews were chosen as the main research method for collecting data. Interviews are an important methodological tool in studies about human affairs. Such affairs are necessarily seen and interpreted through the eyes of the people involved. For this reason well-informed respondents "on the inside" can provide important insights into the research matter (Yin 2003: 92).

Although four interviews are relatively limited to exploratory qualitative research, a few long interviews are useful for a study. They can provide a wealth of information and give an overview of things that are not obvious to an outside observer (Kendall 2008:62). All the interviews conducted were done face-to-face. I took notes in my interviews, because most of the interviewees said that they felt uncomfortable in the presence of a recorder. As a result, no recording device was used. Interviews lasted from fifty minutes to two hours.

2.6 Semi-structured interviews

I chose to conduct semi-structured interviews. My point was not to formulate concrete questions according to known concepts and existing categories, but to collect maximum information concerning two nations and their interconnection in the business sphere. I did this with the help of the broad topics suggested to respondents. These topics are *first impression about people from another culture, boss-employee relations, networking and time planning and the way to deal with the challenges*. I suggested the same topics to all the interviewees and sometimes asked additional qualifying questions if they appeared during conversations. The respondents seemed comfortable with such an approach. They spoke easily about their own experiences and gave examples of situations they faced in their daily practices at work. Talking to respondents, I wanted to hear their own personal experience of working with people from another country. As described above, before going to the field I made an interview guide (Appendix I) with topics for discussion. The interview guide helped me to direct the conversation to the issues I wanted to explore and provided me with guidance on directing my interviews.

2.7 Developing topics for the interview guide

The interview guide was made based on findings from the doctoral thesis of Natalia Swahn (2001) about the role of cultural differences between Norway and Russia in business relationships. In her

2001 research, Swahn interviewed thirteen Norwegian business people working for Norwegian companies in Russia and two Norwegian researchers that had previously worked with Russians. My research was also conducted in Moscow, Russia, but differs in my inclusion of Norwegian and Russian business people.

Swahn's (2001) work inspired me to develop the list of topics for my interviews (Appendix I: interview guide) and I wanted to check what issues still can cause challenges and how they can be overcome. Literature on national business culture, the studies of Hofstede (1980) and Trompenaars (1993), was also of great help for generating the main topics for the interviews. Before going to Moscow for interviews, I had several topics for discussion (Appendix I: interview guide) about the spheres where the key challenges in business between the two nationalities might appear. These were formed according to Natalia Swahn's work.

1) Differences in boss-employee relations and managerial style in the workplace can cause problems in Russian- Norwegian cooperation.

In her findings, Swahn (2001: 139-142) states that there is a strong differences in hierarchical structure and power distribution between Russian-Norwegian businesses that occurs often and negatively influences the cooperation. For example, Russian subordinates often expect closer supervision from managers and Russian managers have more responsibility for taking final decisions than Norwegian ones.

2) Networking and personal connections in business are extremely important for Russians, while less so for Norwegians.

Swahn (2001: 143-145) argues that personal connections in business are strongly valued in Russia for increasing ease of task accomplishment. Comparatively, in Norway tasks are accomplished through legal systems and institutions. There is no need for Norwegians to use personal connections in order to get necessary information.

3) Russians lack long-term planning in business whereas Norwegians are accustomed to make long-term plans.

Swahn (2001: 149) claims that, Russians might not follow the pre-established plans and schedules if circumstances change. For Norwegian it is important to make plans for relatively long periods. The planning horizon is shorter in Russia than in Norway.

4) The heritage of the Soviet period still influences Russian business practices.

In her research, Swahn (2001: 150) found that aspects of the Soviet system still currently exist in Russian society. These features are low service quality, low business competence and suspicion towards foreigners.

5) Norwegians separate and Russians mix the individual and collective spheres of life.

Swahn (2001: 145) describes how Norwegians clearly distinguish between different spheres of life and tend not to mix their private life and work life. Usually at work, Norwegians do not establish the same personal connections with their colleagues as Russians do.

My initial goal was to check which of these findings are still relevant and causing challenges in Norwegian companies established in Russia. As a result of my interviews, three issues came out as especially important: boss-employee relations, networking time planning.

2.8 Advantages and challenges in the interview process

Language

Language and communication are the basis of qualitative research. Language is a fundamental tool through which the qualitative researcher can understand human behaviour, social processes and the cultural meanings surrounding human behaviour. Language represents data in qualitative research and communication is the process through which data is generated between a researcher and a study participant. In cross-cultural research, the researcher is often at a distance with the study participants from another culture both culturally and linguistically. To improve accurate methodology in cross-cultural qualitative research, a researcher has to pay attention to language and communication issues throughout the entire research process. It is important to understand how data that originates in another language is produced and interpreted (Hennink 2008: 22).

The role and influence of language in qualitative research becomes increasingly complex while conducting cross-cultural research. A great amount of qualitative research is conducted by researches that are not familiar with the language and culture of the study participants. It has been suggested that a researcher who conducts cross-cultural research should be an "insider", a person who shares social, cultural and linguistic characteristics with the research participants. This can reduce cultural and linguistic barriers. Participants tend to believe that they have common experiences and viewpoints with the researcher who shares the same race or ethnic background. It is argued that research participants provide their "best" accounts to researchers who share social and cultural characteristics (Hennink 2008: 24).

Being a bicultural researcher

The most common difficulty for "outside" researchers is the lack of ability to speak their language . To address this, sometimes bicultural researchers work on research projects to overcome linguistic and cultural barriers. Bicultural researchers share linguistic, social and cultural aspects with the participants. They are people that have knowledge of both groups. Some researchers may choose to work with an interpreter or translator in cross-cultural research. This may not be as efficient as being a bicultural researcher, because there are difficulties associated with interpreters. For

example, interpreters often work for short periods and they seldom become totally involved in the research. Therefore, they do not have a full understanding of the research aims and questions (Liamputtong 2008: 8).

In qualitative research, the context is important and misunderstandings can easily appear. Such kind of problems can occur when working with an interpreter. Very often, even if an individual speaks the particular language, it can be difficult to understand the other culture completely. In this way, being able to speak the language may be insufficient in cross-cultural research. Based on my experience, the ability to speak the language of the participant is an important element in conducting an interview and sharing social and cultural background. This ability evidently reduces the distance between the parties. In my case, I speak both Norwegian and Russian. This was a great advantage because I was able to interview two Norwegians. However, one of the Norwegians was interviewed in English because he preferred this language due to using it every day for business. My ability to speak Norwegian, English and Russian enabled me to communicate with informants in the language of their choice. This helped me to understand particular words or expressions that were best expressed in one language or the other. In my opinion, this helped me to collect more information than a non-bicultural researcher or "outsider" could collect.

Another advantage for me was that three years ago I took a course about Norwegian culture at the University of Tromsø. This course helped me to understand Norwegian culture better and formulate accurately the statements in the interview guide.

The role of my nationality in the research
Access to data often depends on the identity and nationality of the researcher whose gender, age, race, nationality, marital status and profession can be of great importance (Radsch 2009: 97). During my fieldwork and interviews, I recieved the impression that my Russian nationality was a challenge for me. In most interviews I felt that people carefully selected words in order not to say something inappropriate about Russians and Norwegian-Russian cooperation. Nearly all the Norwegian respondents tried to say something positive about both cultures after giving a negative comment. At the same time it can be explained as a desire not to see different as negative. Often I experienced that people tried to be less critical in what they were saying about misunderstandings between the two cultures. So they were doing this by using such expressions as: "a little bit", "maybe", "probably" and so on. This can be explained as a natural human desire to avoid conflict or minimize the gap between the two cultures. However, this did not prevent me from getting interesting information about both the actual and potential problems in business between the two cultures.

Difficulties during the interview process

As almost all the interviews lasted more than one hour, much information was received. It is natural that all interviewees have their own opinion concerning the discussed topics. Some respondents supported their point of view with factual examples from personal experience. Thus, it was challenging to interpret and make a judgment about what some interviewees were trying to say or hide. I faced the problem that some respondents often had difficulty in expressing themselves and observed that some of the interviewees tried to avoid giving negative information. This was especially so when I asked about their first impression of the other culture.

One challenge was that people often concentrated on one issue that they thought was the most important. By asking several questions, I tried to lead them in different directions to get new impressions and viewpoints. In these situations, I moved from general questions about their impression of the other culture to more direct questions about specific managerial practices (power relations, networking and time planning) and asked them to apply them to Norwegian and Russian business cultures. Extending my questions I enquired about how potential clashes caused by these differences can be avoided. Often people shifted the topic from concrete to general and started to talk broadly about society. For example, this happened when we spoke about power relations and networking processes.

As my approach aimed at building trust and making people feel at ease during the interviews, I tried to draw their attention to particular parts of my identity that seemed relevant and similar to the person I was interviewing. That is why, when I was talking to Norwegian respondents, I tried to highlight my identity as a student *in Norway*. Often this meant emphasizing the ways in which I was similar to them. I hoped to gain "insider" status while speaking with Norwegians rather than simply being Russian by nationality. By activating particular personal characteristics at different times, I attempted to shift from an outsider to insider. This helped me a lot to build trust with my informants and gain different perspectives.

Chapter 3. Presentation of empirical data

Three major issues emerged from my interviews: boss-employee relations, networking and time planning.

Number	Issues that were discussed in the interviews concerning Russian-Norwegian business cooperation	Issues that arose as being particularly important for Russian-Norwegian business cooperation
1	Boss-subordinate relations	Boss-subordinate relations
2	Networking	Networking
3	Time planning	Time planning
4	The heritage of the Soviet period	
5	Separating and mixing individual and collective spheres of life	

3.1 Power relations (boss-employee relations)

The first issue that was raised in interviews was boss-employee relations. Respondents talked a lot about the difference between Norwegian and Russian managerial style. The HR manager (Russian woman) from the telecommunication company described: "in many Russian companies a boss is the main person who solves all the problems at work and has all concentration of power in his or her hands. But in this company (Norwegian), democratic style definitely prevails and you can easily come to your boss with a suggestion about a project for example and it will be taken into account afterwards. So, our employees feel free to express their ideas, but for Russian workers it is very difficult sometimes to get used to such system".

It is evident that there is an essential difference between Russian and Norwegian managerial style at the workplace. The middle manager (Russian woman) from the telecommunication company points out that "usually in Russian companies, in contrast with Norwegian companies, there is a huge distance in a way between a boss and employees, because the boss in the main authoritative person that takes all the decisions in a company and simple workers have no right to express freely their opinion about these decisions". Generally, Russians are used to hierarchical styles at work where the boss is the person that has all the power. Norwegians are used to a more democratic style in communication between boss and employees. On the other hand, two Chief Norwegian Directors

(heads of the telecommunication and fish trade companies in Moscow) responded that Russians working for their companies in Moscow are getting used to democratic styles at work. The Chief Director of the fish trade company who has been working in Moscow for almost 15 years describes: "When I began to work with Russians fourteen years ago, they waited all the time that I would tell them what to do and would give them commands to follow, but at the same time Russian workers were afraid to ask me questions if they didn't understand something. So, I repeated very often that it is very good when they ask questions and suggest new ideas to develop our company. I was really surprised when after some time, the situation changed and my people became more relaxing towards me and we could discuss arising issues and problems together without feeling uncomfortable. And when I hired more people I've noticed that they were getting used very quickly to more democratic relations with me. I think this happened because we began to trust each other and were interested in the same result as we had the same goal - to earn money for the company."

3.2 Networking

When I discussed the topic of networking and personal connections, all four respondents emphasized that it can cause misunderstandings in Russian-Norwegian business cooperation. The Norwegian respondents agreed that personal connections are extremely important for Russians, but less for Norwegians. The Chief Director of Telecommunication Company describes: "Personal connections in business are more important for Russians than for Norwegians, because there is no so stable law system here in Russia in comparison to Norway. In Norway we don't usually use personal relations (but the formal ones) when we want to get things done. Here in Russia though it is a very widespread and common practice to have acquaintances and friends from public organizations and other companies. I can say for sure that, it is a must to have personal networks with public organizations because through them we can get different kinds of information about new products, laws and current situation on the market, for example. We also support friendly relations with our partners and customers".

The Russian manager (woman) from the telecommunication company highlights: "We use very often our personal connections at work if we want something to be done more quickly, for example to find a suitable room in a hotel for the guests from Norway that are coming very often and sometimes we have just one-two days to organize all these things: transfer, hotel, food. And of course, we use connections with our partners because it is beneficial for both sides. You can always be sure that people will help us as well as we help them. For Norwegians it is strange at the beginning, but I think they are getting used to it after some time and even start to like it as it helps your business a lot. In other cases, you have to go through all this bureaucratic procedures and wait

for a really long time to get things done". Another Russian middle manager (woman) from the telecommunication company underlines "I think 'connections' with our customers play a positive role for our company. By having good relations with them, we prolong our business relations in its turn". Personal networks are important for Russians because of the complicated legal regulations in Russia and tasks are accomplished faster with the help of personal connections. At the same time, Norwegians became used to formal procedures that are not always efficient in Russia for the same reason.

3.3 Long-term planning

The third major issue that came out to be challenging according to my respondents was time planning. The interviewees confirmed that this aspect is problematic for Russian-Norwegian business cooperation. During the interviews, Norwegian business people spoke actively about the topic of time planning when asked about long and short term planning in Russia and Norway. The Chief Director of fish trade company describes: "When I began to work and conclude contracts with Russians, I understood that we have different thinking about time. First of all there were big problems with deadlines; often Russian workers couldn't complete their work in time (before the deadline). That is why, it was really difficult to set the frameworks for work to be done. Another problem was that it was very complicated to agree with my Russian partners on the delivery date for example. They always said the approximate date that no one could confirm it…Maybe it is the influence of the Russian history when everything could be changed all of a sudden. Although, to my mind now the situation is changing for the better in Russia, especially in big cities such as Moscow and St. Petersburg. This is because they know that if the delivery date will be postponed, they will lose a lot of money and the customer will find another client that will do everything properly and in time." Here I recognized that the interviewee told me about the Soviet period when the situation in the country was not stable and communist ideas rooted deeply in traditional Russian culture.

The two Russian middle managers from the telecommunication company agree that Russian businessmen have difficulties with long-term planning. One of them states: "Everything changes so fast in this megapolis that it can be really a challenge to make concrete plans for a long period of time. So usually Russians make particular plans mostly for the nearest future. To my mind, it is easier and more appropriate for constantly changing circumstances. But Norwegians are used to plan far ahead and the long-term projects are under a huge question mark in Russia….although of course, we have our business plans when we have our development strategy and intentions for a long time in the future, but it is just a formality in most cases. Norwegians have another attitude to time. Usually they want everything to be done in time and according to the plan". From this it is

possible to infer that for Russians it is difficult to keep deadlines and to make long-term predictions due to uncertain and irregular procedures.

3.4 Overcoming potential challenges

By challenge in this thesis I understand a difficulty or misunderstanding that can be dealt with and addressed without causing long-term tensions or frictions. After identifying the differences in Norwegian companies in Russia, I came to the last topic for discussion with my respondents. This topic is about overcoming and avoiding the existing differences that can cause challenges and difficulties in Russian-Norwegian business interaction. The Chief Director of fish trade company describes: "It is important for both sides (both Russian and Norwegian) to understand that in order to make business function in a proper way, we have to learn to work with each other effectively. So, from my experience I can say for sure that one side has to adapt to another side, to another way of conducting business. For example, as I've mentioned before, my people (Russians) accepted the way I communicated with them, these democratic relations between me and all the employees of different positions. After some time they became to behave in the same way towards me and other colleagues. They could just come to me and discuss working problems with me as if we were of the equal position at work. The same situation was with deadlines and attitude to time; my Russian colleagues began to understand that if they don't stick to deadline, the company can lose much money. Of course, it took time for them to get used to it, but it was worth it". The Russian middle manager (woman) agrees that in Norwegian companies Russians adapt to the democratic relations and describes their relations with her Norwegian boss as "friendly and democratic" than with her previous Russian boss. The Chief Director of telecommunication company says that he himself has to accept the importance of networking in Russia and adapted this practice to make business personal connections: "I myself was not used to make personal connections with the so called *necessary* people when I was working in Norway, because I didn't need it there, but here in Russia, I see that personal connection is an obligatory part of business. With the help of my Russian colleagues, I began to make personal connections with people that are most important for our business: our partners and customers. Though it was not so easy and it took quite a lot of time to learn how to do this and to make the right connections". His colleague the Russian HR middle manager (woman) points out: "In order to make good and useful personal connections and to build a network with necessary people, you have to be very patient as it takes much time. In order to sustain such relationships with partners and public organizations, you have to meet and communicate with them often". Evident from these accounts is the need to take into consideration that the adaptation process is time-consuming and business people need time to adapt to new managerial practices rooted in another culture.

In addition to this, I asked people what helped them to adapt the managerial practices of another country. The Chief Director of the telecommunication company and his two colleagues highlighted that "intercultural trainings played an important role in understanding another culture better". One of the Russian middle managers (woman) from the same company supports his idea by saying: "Our company organizes special courses or intercultural trainings for all the employees (both Russian and Norwegian) when they start working. In my opinion, this is very helpful as we (Russians) got acquainted with Norwegian business culture, the peculiarities of Norwegian managerial practices. The same is with Norwegians. So, from the beginning it became clear what differences between two cultures exist and how we can deal with them. For me personally, it was useful to learn that Norwegians have more democratic relations at work between boss and employees". The Chief Director of fish trade company didn't have international trainings when he began working with Russians 15 years ago, but indicates two additional factors that are important for successful adaptation: "While working with Russians, I understood that personal interest and trust are the key elements. I mean from both sides. When two cultures meet on the business arena and begin to work with each other, they have to be really interested and respectful towards the other culture and take into account the existing cultural differences between their countries. Trust is the second important element because it is essential for business relations, and through frequent interactions both sides gain experience and trust that leads to further adaptation. Of course it is not so easy to build trust, it takes much time, you have to meet people, to work with them for quite a long time, but this is the way it is. Without trust, it would be very difficult for me to survive on the Russian market". Russian middle manager (woman) from the telecommunication company considers that common goal to make a profitable business is also of great importance. She describes: "It is necessary to understand that if we want to get good results and make money, we have to adapt practices from each other, as both sides are interested in one common aim-to do profitable business and earn money for the company".

3.5 Concluding remarks

The data received from four business interviewees from the fish trade and telecommunication companies established in Moscow show that ten years after Swahn conducted her research, the boss-subordinate relationship, networking and time planning are still major issues for Norwegian companies in Russia. This means that these issues have to be addressed and dealt with. It was confirmed by the respondents that:

1) Differences in boss–employee relations are pronounced in Russian and Norwegian cultures.
2) Networking and personal connections are extremely important in Russia.

3) Russians lack long-term planning in business and Norwegians are used to making long-term plans.

Interviews show that differences in boss–employee relationships, networking and time planning distinguish themselves as areas where challenges are likely to emerge for Norwegian companies in Russia.

	Russia	Norway
Differences that cause challenges	Boss is on the top, decisions should be made by the upper level	Democratic style at work, everybody is a part of decision-making process
	Personal networking is extremely important	Personal networking is less important in business
	Lack of long-term planning	Long-term planning in business

Table 2. Differences in managerial practices between Russia and Norway

- Norwegians have a flat structure and democratic style at work, while Russians are used to a hierarchical structure.

- In comparison with Norway, formal procedures are not so reliable in Russia and networking helps to ensure that tasks are done properly.

- Due to quickly changing circumstances, Russians are not used to make long-term plans, whereas long-term planning is a necessity for Norwegians.

Managerial practices that are challenging for Russian-Norwegian business cooperation because of cultural differences are as follows: power relations based in boss-employee relations, networking, time orientation in terms of planning. I will concentrate on these topics further in my theoretical chapter, as they are crucial for this research.

My findings show that the main way to deal with these differences is through the process of adaptation. By adapting managerial practices of another culture, the business situation between Norwegians and Russians is progressing and can be positively changed through the course of time. In order to overcome these challenges, Norwegians or Russians have to adapt to another way of doing business. In the first case, Russians working in Norwegian companies have to get used to a more democratic style at work and to a more even structure when we take into account *boss-employee relations*. In the second case of *networking*, Norwegians are more likely to adjust to the fact that networking is important if they want to do business in Russia successfully. In the third case

of *time planning*, Russian businessmen have to get used to and adapt to long-term planning. Further discussion on these processes will be covered in Chapter 5 *Analysis*.

When Russians and Norwegians work together, both sides should take into account cultural specialties of each other if they want to carry out business with international partner. By exploring current literature on power relations, networking, time planning and adaptation I will expand on my description of these issues. Based on my literature review findings I will then have demonstrated why these differences exist.

Conceptual model

Differences that can cause challenges for effective Russian – Norwegian business cooperation (Norwegian companies operating in Russia)

Boss-employee relations

Networking/ personal connections

Long-term planning
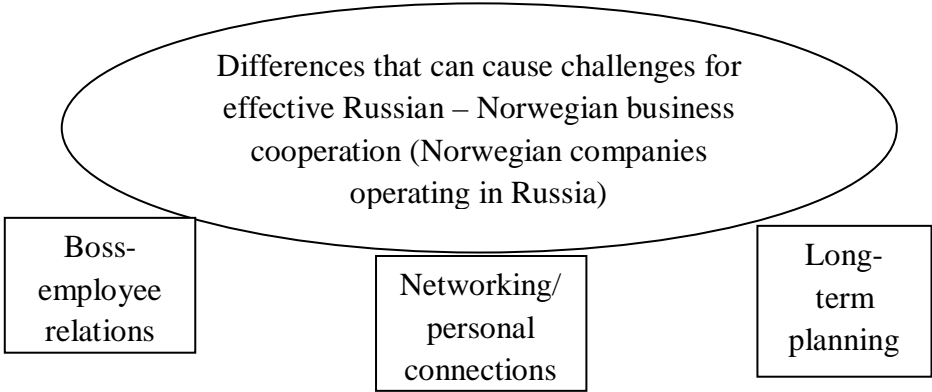
Chapter 4. Theoretical and Conceptual orientation

Cultural differences in business can result in needless misunderstandings and a lack of success in a company. In this chapter, I will start by defining and reviewing the concept of culture to show how deeply culture is grounded in people and how complicated the levels of culture are. I will then concentrate on three areas where there are major differences between Russian and Norwegian business cultures: boss-employee relations, networking and time planning cultures. These three major issues came up as a result of interviewing Russians and Norwegians business people working in Norwegian companies in Russia. By the means of theory, the purpose in this chapter is to discuss why the identified areas may cause challenges when Russian and Norwegian partners work together.

4.1 Culture and international management

Defining the concept of "culture"

The concept of "culture" is very broad and has several meanings. In anthropology different researchers give various definitions of the word "culture". Some give a broad definition like Fayerweather (1959: 7) who defines culture as "the attitudes, beliefs, and values of a society". In contrast, Whitehill (1964: 69) offers a more general description of culture as "the whole complex of distinctive features characteristic of a particular stage of advancement in a given society." Faure (2002: 393) attempts to capture the specific concept of culture by defining it as "a set of shared and enduring meanings, values, and beliefs that characterize national, ethnic, or other groups and orient their behavior". Culture is a product that reveals itself in social behaviors like beliefs, ideas, language, customs and rules. Cohen (1997: 11) expands the understanding of culture by addressing three key aspects. Firstly, it is a societal and not an individualistic quality. Secondly, it is acquired not genetically. Finally, its attributes cover the entire field of social life.

From the first aspect, dictating norms is not an individualistic task but rather the society to which they belong to. Regardless of the individual's personal feelings, an individual is bound to the actions of the society. The second feature attributes culture to the methods that develop the cultural norms within the individual members. These methods are both formal and informal. The formal methods include education, role models, propaganda and the culture's system for rewards and punishments (Cohen 1997:11). The informal methods consist of how members assimilate influences framed by their environment such as family life and social situations at work. Cohen's third feature conveys that culture is not just about the artifacts that members surround themselves with, but that there are intellectual and organizational dimensions as well. The artifacts are the most visible aspects of a group's culture. However, a culture's identity is also rooted in "intangibles" that

include etiquette conventions, the manner in which interpersonal relationships are conducted and how a member's life and actions should be conducted (Cohen 1997:13). It is generally recognized that the "norms, roles, rules, customs, understandings and expectations" of interactions in relationships are primarily defined and transmitted by culture (Berscheid 1995: 531). Consequently, cultural influences have been found in interpretation and expression of interpersonal interactions (Lalonde 2004: 503).

G. Hofstede (1980) sees *culture as mental programming* and defines it as "the collective programming of the mind which distinguishes the members of one group or category of people from another" (Hofstede 2001: 9). It is a collective phenomenon, because it is at least partly shared with people who live or lived within the same learned social environment. Culture is **learned**, not inherited. It derives from one's social environment, not from one's genes. Culture should be distinguished from *human nature* on one side and from an *individual's personality* on the other. Culture, unlike human nature and personality, is singularly a learned trait. Figure 1 shows that.

Figure 1. Three Levels of Uniqueness in Human Mental Programming
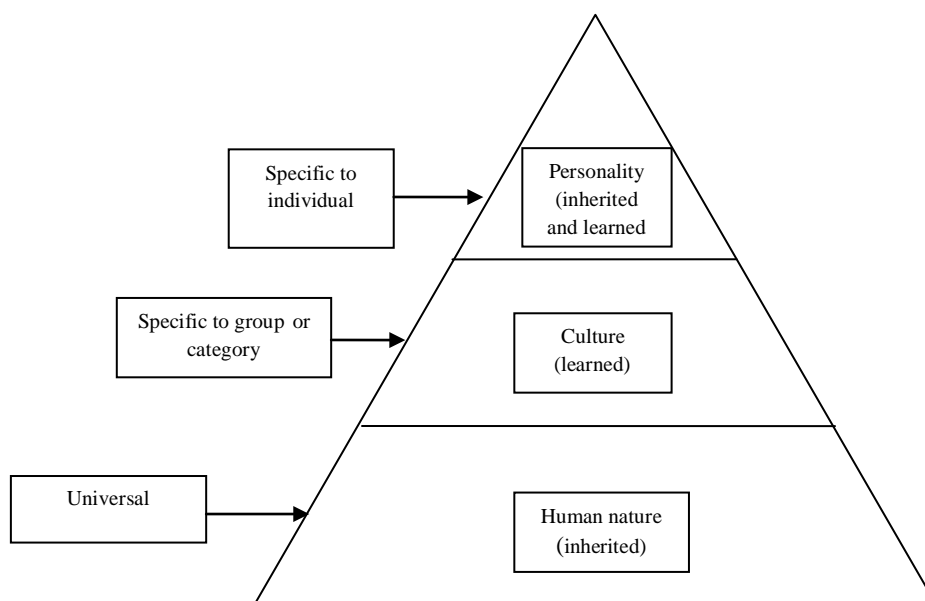
Pyramid of Uniqueness in Mental Programming

As figure 1 depicts, human nature contains characteristics that all humans have in common. It is inherited "mental software". For example, human nature contains universal shared traits of fear, anger, the need to interact with other, and the "basic psychological functions" (Hofstede 1997: 5).

The transition into culture is related to what an individual does with these feelings. Personality contains an individual's unique mental program. Some of the programs are genetically inherited while others are learned. Hofstede defines learning in this area as "modified by the influence of collective programming (culture) as well as unique personal experiences" (Hofstede 1997: 6).

From the discussion above, it is seen that culture influences behavior. Culture differs and is influenced by personality and human behavior. Cultural attributes cover the entire field of social life. These attributes dictate how interpersonal relationships are conducted and guided by core values.

Levels of culture

Culture is seen as something that societies or groups have in common. People unavoidably have several layers of mental programming because every person simultaneously belongs to different groups and categories according to the upbringing, social status and education. This corresponds to different levels of culture. For example, according to Hofstede, some of the levels are as follows:

• a *national level* according to one's country (or countries for people who migrated during their lifetime);

• a *regional* and/or *ethnic* and/or *religious* and/or *linguistic* affiliation level, as most nations are composed of culturally different regions and/ or ethnic and/or religious and/or language groups;

• a *gender level,* according to whether a person was born as a girl or as a boy;

• a *generation level*, which separates grandparents from parents from children;

• a *social class level*, associated with educational opportunities and with a person's occupation or profession;

• an *organizational* or corporate level according to the way employees have been socialized by their work organization. This level refers to a specific culture within a particular organisation that reflects organizational history, values, symbols and rituals. Shared perceptions of daily organizational practices are considered to be a core of organizational culture.

Another level of culture is *business culture.* Often organizational and business cultures are not differentiated by researches (Schein 2010, Hill and Jones 2001, Parker 2000). Swahn (2001: 41) underlines that business culture is not the same as organizational culture. Business culture reflects many of the same characteristics as national culture in terms of economic, political and educational features. Largely speaking, business culture includes all the aspects associated with business operations: management style, time planning, relationships with clients and partners and so on.

This division shows us that within a single national culture, there is a variety of subcultures. In a complex globalized modern society where people migrate geographically, these layers can coincide or clash. Hofstede (1997) highlights that the strong reason to collect data at the level of nations is that one of the purposes of the research is to promote cooperation between nations in business settings.

Culture and management practices

National culture is broadly defined as values, beliefs, norms and behavioral patterns of a national group. Leung (2005: 357) notes that the importance of national culture in international business has become increasingly important in the last decades. It is largely because of the work of Hofstede (1980) that shows how strongly national culture differences influence business activities and performance outcomes. There is empirical evidence that cultures vary and that management practices (decision-making, leadership style, ext.) differ between cultures. I consider that cultural differences in management practices matter to workplace performance. Differences in culture presuppose that what is preferable for one culture (the way of acting, set of outcomes) is not preferable to another culture. When within one company, management practices are inconsistent with these cultural values, it can cause dissatisfaction and distraction among employees. To achieve high performance outcomes, it is important to consider cultural differences in the business environment (Newman 1996: 755).

The study of Bhaskaran and Sukumaran (2007: 66) on culture and management practices demonstrate that business cultures based on different nationalities of employees and managers within one company can differ dramatically. Management practices in such areas as internal control processes, staff relationships and management selection can be significantly different across various business cultures. As such, different business cultures within one company can influence the company's performance efficiency. That is why it is important to be aware where potential clashes may emerge and how they are dealt with.

4.2 Power relations

In general, power and inequality are fundamental facts of any society. Individuals with international experience are aware of the fact that societies are unequal between themselves, but some are more unequal than others such as Norway and Russia. In Russia there is a hierarchy where one person has the most power and authority, while in Norway there is egalitarianism where all people should be treated as equals.

Literature shows that there is a difference in power relations (boss-employee relations) in diverse cultures. As I previously mentioned, Geerte Hofstede is one of the most influential researchers in the development of national culture theory. In his book, he takes a social–psychological perspective in defining culture as "the collective programming of the mind which distinguishes the members of one group or category from another" (Hofstede 2001: 9). Hofstede characterizes culture on the basis of power relations. Researches Damman, Bollinger, Puffer and others concentrate concretely on Russian or Norwegian power relations in their research. I will discuss this later in this chapter.

Generally, power distance includes the issue of human inequality and the way it is addressed in different societies. It regards the inequality of power in society in general, families, educational institutions and business (working organizations in particular) as in my research. Hofstede defines "power distance" as "the extent to which boss can determine the behavior of subordinate and the extent to which subordinate can determine the behavior of boss" (Hofstede 2001: 83). His idea is to show that power distance that is accepted by boss and subordinates and supported by their social environment is mostly determined by their national culture. The central topic in this dimension is boss–subordinate relations where disagreement with top managers and fear connected with expressing it take place. The power distance index shows us dependant relations in a society. Hofstede divides a number of countries in two groups: small power countries like Norway, Germany, Great Britain and large power distance countries like Asian and Latin American countries. Russia is not included in Hofstede's research, although he consideres it to be a large power distance country. This is because Russia is a huge country with a hierarchical societal structure. In small power distance countries, there is interdependence between boss and employee because they are relatively equal and employees can freely express their own opinion and disagreement. In large power distance countries, there is high dependence between boss and subordinates because of a hierarchy. Here subordinates do not usually contradict or disagree with the boss directly and the last word of boss is a law.

The difference in power distance depends on early socialization stages in the family upbringing and education. Attitudes towards parents and teachers are transferred towards bosses in the working environment. In small power distance countries, a child is treated as a grown-up or equal who can make his/her own decisions. Teachers treat students as equals and encourage their initiative. In this case, young teachers are preferred as they are seen more equal to students. In large power distance cases, children grow up with a high respect to their parents and they have to obey them. From an educational perspective, a teacher plays an important leading role and guides children in their studies. If a child misbehaves, a teacher can ask the parents to help handle the situation (Hofstede 2001: 98-102). Power distance is considered to be a strong influential issue in discussing the

differences between Norwegian and Russian cultures, as it is grounded in societies from early stages.

Described patterns of power relations transfer to the organizational context. In low power distance countries, bosses and subordinates are considered initially to be equal. In these cases, organizations usually have flat structures where different positions are just inequality of roles that can be changed. Salary ranges between boss and subordinate is rather small and bosses do not usually have many privileges. Unlike in countries with large power distances, workers may be as highly qualified as management. The boss relies on personal experience and on subordinates that expect to be consulted. Where as in large power distance countries, bosses and subordinates are unequal from the beginning. Organizations have hierarchical structures where power is centralized and concentrated in the hands of a boss. Salary range and privilege difference between managers and subordinates are rather large in comparison with low power distance countries. The boss relies on formal rules while the employees expect to be given direction for their work. All employees have to obey the boss and his final decision is indispensable and unquestionable. The boss can often be critical to subordinates due to their overall power. The high position of the boss depends mostly on his/her social status and age, than on the performance of the functions (Hofstede 2001: 107).

Power relations in Norwegian business
The purpose of Hofstede's reasoning is generally to describe the power distance in different countries transferring it to business level and boss-employee relations. The aim of Damman's (2008) research is to examine thoroughly the culture and management in Norway where she is concentrating particularly on Norwegian business and power relations as such. When it comes to relations between management and employee representatives (boss-employee relations), Sigrid Damman (2008: 50) writes that it is important to acquire prior knowledge about Norway and Norwegian culture to understand these relations better. Thus, apart from literature on management and culture, useful sources are studies on Norwegian history and art. These can be helpful in understanding Norwegian business culture better, which includes power relations in Norwegian companies. In her article, Damman describes how Norwegian culture and management are connected with each other and analyses Norwegian history and traditions by applying them to Norwegian business relations and practices.

In her opinion, Vikings and nature represent key values in Norwegian culture and there is emphasis on both equality and individual assertiveness. Negotiation and consensus seeking are important, and democratic style tends to be preferred. Damman's research shows how these values interact with global concepts and ideals by adapting to different practices under the influence of various actors in

different markets. "Currently, there is great variety and dynamism, and the established model for work and business relations are increasingly coming under question" (Damman 2008: 1). Furthermore, I will describe the main values and concept related to power relations in Norwegian business according to Damman (2008: 11). She considers that understanding the concept "equality" in Norwegian business life does not mean that all people are perceived as equal. It implies that they have to give the public impression that nobody is perceived better than anybody else and that all employees must consider and feel of equal value. Thus, interaction style prevails at the workplace where differences are down played and sameness is emphasized.

Power relations in Russian business

When it comes to power relations in Russia, it is also important to consider history. A centralized power system has prevailed in Russia for centuries and is generally embedded in Russian culture, and in the business culture of the country. For example, Bollinger (1994: 50) has strongly emphasized the inequality of power between the superior and subordinate in Russian companies. This value constitutes a permanent part of the Russian mentality as such. This was certainly the case under the Tsarist empire and then later in the Soviet Union. This phenomenon will continue despite of changes in the regime and economic system. With high power distance and strong collective mentality, an autocratic management style is found in Russian companies and culture. Therefore, it presupposes the subordinate's dependence to negotiate and discuss all working questions with the boss. The desire to take risks is incompatible in Russian culture. The decision making process is centralized in the country, meaning that all main decisions are considered on the upper level. Thus, high power distance on a business level rises to a *pyramid-shaped bureaucratic structure* (Bollinger 1994: 54) that is both formal and centralized. Work procedures and relationships between bosses and employees are formally established either through strict regulations and laws, or through custom and tradition. This leads to strict hierarchical lines and numerous detailed rules and regulations.

Puffer (1994:51) supports this point of view and writes that "power, responsibility, and decision making are typically centralized in Russian organizations, and many executives have difficulty delegating authority". Russian managers at all levels are responsible for all decisions. If some of the decisions are not explicitly approved by the head of the organization or have not been prescribed in standard procedures, subordinates cannot make the decisions themselves.

Four differentiating levels in power relations

In terms of power relations, Russian and Norwegian societies differ dramatically. In terms of organisational context, this difference can be seen in several components: organisational structure,

boss-subordinate relations, delegation of responsibilities and the role of a manager (Swahn 2002: 139-141).

Organisational structure

Generally, Norwegians have a flat organisational structure with few hierarchical levels, while Russians have a hierarchical pyramid with complicated power relationships between levels. Norwegian companies tend to have a lean structure with egalitarian relations between bosses and subordinates where the focus is put on the democracy. Organisational inequality is just inequality in the functions people present. In working life, Norwegians have hierarchy based on professional competence. Still, the ideal form of interaction is when differences of rank are downplayed. The value of equality is central, where a good performance is presented modestly and in the context of contributing others. In the Norwegian structure of authority, the norm is that managers are to be democratically elected. Openness is required to legitimize authority (Sejersted, 1997: 45-47). On the contrary, a typical Russian company presents a completely different picture. There is a considerable power distance between hierarchical levels where authoritarian leadership style prevails.

Boss-subordinate relations

In Norwegian companies, boss (top manager) has an organisational role. He/she organises working process to carry out organisational tasks. Therefore, the boss in Norwegian companies coordinates the work of subordinates and is considered to be one of the colleagues who can be equally right or wrong. In this case, team work is the essential part of conducting business. The status of top manager is defined by his working experience and not by his high position. A good boss is a democrat who is able to bring the collective to a consensus and facilitate team-work. In order to get work done in the best possible way, top manager (Cheif Director, head boss) usually delegates the responsibilities between subordinates and consults them whenever necessary (Hofstede 2001: 82). As for the distancing between boss and employees, it is common practice in Norway to have politely distant business relations. In Norway the boss and subordinates do not usually establish close relationships as in other countries like Russia. Norwegian boss-employee relations are often pure working relationships without personal or emotional aspects. In this way, the level of formality and equality in the workplace is maintained and this leads to democracy and decent working relations (Damman 2008: 15-16). Participation of subordinates in the decision-making process strengthens democratic elements by emphasizing interdependence and mutual connection between employees and managers (Sejersted, 1997: 48-49). In Russian society, the boss is the most important and powerful person. Subordinates in their turn, are expected to demonstrate respect and

certain obeisance to the boss. This type of relationship and approval-disapproval attitude does not facilitate teamwork, because subordinates try to fit to the boss's expectations instead of expressing their own opinion while carrying out tasks.

Delegation of responsibilities

In Norwegian companies, power is not concentrated on the top, but spread in the organisation. Norwegian bosses delegate responsibilities to subordinates because they are supposed to possess the information and skills necessary for fulfilling the task successfully. Delegation of responsibilities is considered to be a strong motivation, because the status of a person depends on their skills and fulfilling of their duties. Decision making processes has its own peculiarities. The boss does not give detailed instructions to subordinates, as they are usually expected to make decisions themselves based on their own knowledge and experience. The main duty of the boss is to clarify the task, explain the steps to carry it out successfully and give the feedback afterwards. In Russian companies, responsibility lies at the top level. To be more powerful, Russian bosses do not delegate responsibilities in the same way as Norwegian bosses and takes more decisions than Norwegian ones. Asking subordinates for advice is seen as a weakness and incompetence. The boss usually gives detailed instructions to subordinates, checks closely the process and results of their work and gives negative or positive feedback. Any negative outcome becomes the subordinate's personal mistake automatically (Swahn 2002: 140-141).

The role of top manager (boss) Though the value of equality prevails, Norwegian management usually has strong charismatic leadership and is considered to be a representative and "first among equals" (Byrkjeflot, 1997: 423). For a long time, managing in Norway was a question of administering stable growth. The key function was to set targets, organize work and make sure it was carried out according to given specifications. Now a manger's function in Norwegian companies is to define tasks and targets for subordinates. The Bosses most important role is a uniting symbol. As such, the manager's main task is to inspire others by defining orders. He or she must build an image of someone who may guarantee the structural order of organization and forcefully represent it to external world including other organizations, consultants, customers and the like (Sørhaug, 2004: 31). In Russian business, the manager is a powerful authoritarian person whose status gives them full control over subordinates. Very often, the boss takes care of the collective by making emotional bonds with subordinates. The manager in Russian companies has a strong desire to lead and exercise power. It is always an influential person that occupies the position superior to their subordinates (Puffer 1994: 43).

It can be seen that if a Norwegian company enters the Russian market, the cultural values of both countries should be taken into consideration by businessmen. In Russian and Norwegian businesses the distribution of power and power relations varies from company to company. All the companies have different approaches to business that depends on the size of the company and on management goals (Damman 2008: 36; Ardichvili, Cardozo and Gasparishvili 1998: 150-151). Thus, it is not necessarily a problem or challenge when two cultures (Norwegian and Russian) work together. However, the empirical data I received shows that power relations are still an obstacle within Norwegian companies established in Russia.

To sum up, the difference in power relations causes challenges for Russian-Norwegian business relations. It is historically based, that in Norwegian business there is flat egalitarian structure where the boss and employees are seen as equals. In Russian business there is a hierarchy where boss is the most authoritative person that possesses all the power and responsibility.

4.3 Networking

My data shows that networking is extremely important in Russia and Norwegian business people coming to work in Russia may not be prepared to take part in extensive networking. For Russian business people, networks are more important than for Norwegians for to several reasons:

1) History of Russia, networks and stabilization

2) Universalism in Norway and particularism in Russia

3) Low-context communication in Norway and high-context communication in Russia

Historical explanation

Following the break down of the Soviet Union, the Russian economy of the 1990s became more open to foreign business (Johanson 2006: 181). After the process of transformation, the Russian economy became characterised by market principles (Fey 2001: 854). Although business principles have changed dramatically, the business environment is still full of uncertainties. As a result, Russia still has corruption, intractable bureaucracy and an uncertain legislation system. Bureaucracy is especially difficult to overcome because of the frequent irregular payments related to customs, taxes and other services (Shama 1997: 517-518). As all the procedures are complex, ignoring of rules takes place very often. Legislation can be applied and interpreted in many ways, resulting in it being difficult to rely on legislation in Russia. It is challenging to change these influential environmental factors. Therefore, foreign business people have to find ways to deal with uncertain legislation and complex bureaucracy by making personal connections (Alteren 2010: 9).

Universalism in Norway and particularism in Russia

In this section, I will concentrate on the Trompenaars' dimension (1993) *universalism vs. particularism* as it will help me to discuss different roles of networking in Russia and Norway. His theory is based on the idea that every culture has a limited number of problems to be solved and one culture can be distinguished from another by specific solutions it chooses for these problems. Trompenaars' system is built on the concept of value tensions and implies that values create dilemmas. In his work "Riding the waves of culture" (1993), he specifies *universalism vs. particularism* dimension. This dimension is of cultural valuing and it explains what is more important for one or another country - rules or relationships.

Trompenaars tested this dimension on fifty five national cultures. The results found in every national culture, which illustrates the preferred response to different dilemmas concerning this dimension, can be used by business managers to foresee how people from different cultures may act and behave in business settings. However, in practice people do not strictly follow one or other extremes, usually they combine them or use them differently depending on the situation.

Universalism vs. particularism dimension is about differences in people's behavior. In universalist rule-based countries, behavior tends to be abstract and implies equality in the sense that "all persons falling under the rule should be treated the same" (Trompenaars 1993: 31). Here rules are the most important concept for these countries and illegal conduct or rule disobeying can cause collapse and serious problems. Particularist countries focus on present circumstances and a person is not simply a citizen, but a person of importance (a friend, a relative and so on). Therefore, this person must be treated exclusively, no matter what the rules say. Russia in this context is a particularistic country. Norway was not included in the research of Trompenaars. However, Sweden is the closest country in terms of cultural characteristics and in the thesis I will provide estimations for Sweden as that of Norway. In this case, Norway as well as Sweden shows high degree of universalism.

In a business context, universalist countries prefer detailed contracts that define what the parties agree to do. The conditions of such a contract have to be followed precisely. In particularist countries, relationships are more important and business starts with good relationships that can take some time to build. The contract in such countries is a statement of relationships and the conditions of a contract can be changed if relations change. Thus, for a company in particularist countries it is important to develop external relationships with other companies and organizations that can be useful for conducting good business (Trompenaars 1993: 38-40).

Trompenaars points out people's behavior in his dimension, while Hall stresses differences in communication between various countries. In his theory (1977) on cultural differences, Hall distinguishes cultures based on communication patterns and highlights two types of communication: high-context and low-context communication. In countries with high-context communication, most information is already internalized in the individual. This means that little is coded transmitted or explicit. In countries with low-context communication, information is expressed in the explicit code (Hall 1990: 6). According to Hall, no culture is on one or another end of the high or low-context continuum. With regards for Norway, Scandinavian cultures belong to the low-context end of the continuum. In contrast is Russia that belongs to the high-context end.

Levels of context affects business related situations and relationships. High-context societies are usually characterized by well-developed extensive communication networks: both internal (within one company) and external (with other companies, organizations and people). At the same time, low-context societies do not think this amount of communication networks is needed. In the business sphere, interactions between people from countries with different context levels might be a communicational challenge. The important point here is to find an appropriate balance and it requires certain knowledge and experience of working with each other. This aspect is connected to the attitude to personal relations. In high-context societies, business people develop close relationships with clients and business partners. Such friendly personal connections can be difficult to develop, but once established, they can be profitable for both sides. It is not the case for low-context societies where people appreciate privacy and not to disturb each other. Thus, not much attention is paid to external connections in low-context societies. In high-context societies external connections and long-established personal relations are given the priority.

Before I start the discussion of the role of networking in Russian and Norwegian business cultures, it is important to define the main term *business network*.

Business network as a part of social network
The definition of social network theory from the Encyclopedia of Social Theory states that (2005: 534): "Network theory is based on the idea that human behavior can be most fully accounted for by an understanding of the structure of social relations within which actors are situated. Network theorists assume that these structures have a more profound impact on behavior than do norms, value or other subjective states". Social network theory views social relationships in terms of nodes and ties. Nodes are the individual actors within the networks, and ties are the relationships between the actors. There can be many kinds of ties between the nodes. The power of social network theory

develops from its difference with traditional sociological studies, which assume that it is the attributes of individual actors whether they are friendly or unfriendly, smart or dumb, etc. Social network theory produces an alternate view, where the attributes of individuals are less important than their relationships and ties with other actors within the network. On the one hand, this approach has turned out to be useful for explaining many real world phenomena. On the other hand, it leaves less ability for individuals to influence their success because much depends on the structure of their network.

In my work, I will use social networks in a business context to show how companies interact with the outside world and what personal informal connections link them with other actors in the business sphere. Networks provide ways for companies to gather information, deter competition, and even agree about setting particular prices or policies. Furthermore, I focus on *external personal connections.*

Networks in Norway and Russia
The network of personalized relationships

In order to succeed and work effectively in the Russian business environment, it is important to be a part of networks. *External personal connections* were important in Russia before the fall of the Soviet Union and still continue to be an essential element in society (Puffer 2007: 3). To get things done quickly and to be provided with sufficient amount of information, you have to rely on personal connections. Networking is also important for conducting business in Russia as it presupposes trust building. Personal connections can sustain the stability that helps to maintain the existence of business. Reliance on networks can be viewed as a strategy to compensate for the lack of laws and regulations (Melkulov 2009: 96). Being a part of networks helps to develop common understanding between business partners from different cultures. Therefore, to develop more understanding between two business cultures there needs to be active involvement from both sides and ongoing interaction between business partners (Meyer 2002: 179).

Russians are in general relation-oriented to network through *personal connections. These connections are* very important on societal and business level in Russia. In business, it is important to make connections with people in order to cooperate with them. You have to meet people face-to-face to establish beneficial relationships. Relationships have to be taken seriously and maintained through regular visits. Through knowing people, you show who you are and gain good reputation. Personal connections can be rather useful when the information you need is hardly accessible. In this case, the network helps to stay updated about the latest development and regulations.

Establishing a network is a continuous process and can take considerable time and then expand over time (Alteren 2010: 20).

According to Swahn's research (2002: 112-113), the situation in Norway concerning personal connections in business is completely different. In Norway, businessmen prefer to use impersonal approaches to people and organizations. All the processes are usually legalized and there is no need to get information through a network of acquaintances. In Norway it is inefficient to rely on external personal connections, while in Russia it is quite a typical situation. Existence of such personal networks in Russia can create difficulties for Norwegian businessmen who are not familiar with this "system".

Use of contract and trust

Swahn (2002: 114) emphasizes that in personalized relationships the two important concepts are agreement and trust. For Russians, a contract is a statement of intentions between the parties and *agreement* to act accordingly as long as both parties agree. It is subject to negotiations thought the period of its duration and if circumstances change, Russian businessmen are not usually expected to continue following the contract. In this case, a personal relationship with a partner plays a crucial role. Such relations can be a good reason to follow the contract. As such, legal responsibility takes second place to personal connections. If there are no personal connections between the parties, contract terms are only formally binding. When both parties have established trust through cooperation or common social activities, they move to the sphere of personalized relations. Consequently, the interests of another party will be considered much more: the contract becomes not just a formal document, but an agreement between two parties. This means that both sides are interested in keeping these relations as well as taking care of other parties' interests. Such business relations might develop over time and have a long duration and flexibility that formal contracts usually lack.

When it comes to contracts (agreement) in Norwegian business, they are considered an official document that describes what parties will do exactly according to what is written there. It also provides recourse if the parties do not keep their side of the deal. For Norwegian managers the concept of "trust" means trust in a commonly accepted legal system to ensure accountability by both parties to the contract terms. It is also common for Norwegians to separate business and personal relationships. This makes it difficult for them to accept the Russian personal aspect in the business sphere, while for Russians it is considered to be quite normal. Comparatively, the concept of work ethics for Norwegians is to follow the terms of a contract between parties. Many Norwegians explain the importance of trust and existence of external personal connections in

Russia because of the inefficient work of formal structures such as legal and banking systems and this kind of networks serves as a substitute (Swahn 2002: 118).

Due to uncertain business environments in Russia, the concept *trust* is usually more connected with personal trust than with trust in legal systems and public institutions. For businessmen, it is usually about being true to the relationships of trust established personally. The specific character of personalized networks is that their members are interconnected by particular relations: friendship or fellowship. A businessman in this "system" is indirectly connected to other people whom they may not know personally but through friends. This means that a businessman is loyal not only to friends, but to their fellows too. This is where the border between the network and the "outside" lies. It can be rather complicated for outsiders to cross this boarder and to join (Swahn 2002: 115). Consequently, it is especially important for foreign companies wanting establishment in Russia to know who can be the actors of a network.

Actors of a network: public agencies, customers and partners
According to Alteren's (2010: 20-21) data analysis on networks from four firms located in Northern Norway, essential actors of a network are *public agencies* and *customers*. Her research shows that it is significant to establish good relations with bureaucrats and employees in public agencies if you want to work in an effective way. By doing this, it is easier to stay updated about new regulations that can be implemented and affect the companies' business sphere. The only problem here is that if your contact person is replaced and you have to start establishing a personal relationship with a new individual. Customers are considered to be the most important collaborating partners for those who sell to the Russian market. In order to sustain good relations with customers, regular visits are a necessity. By meeting your customers, you get to know them personally and can exchange information about "price, products, future deliveries and changes that are taking place in the industry" (Alteren 2010: 21). A business network in Russia usually includes partners and a partner company that gives support to the company's business activity. Moreover, if a partner company is also committed to other relationships, the company becomes indirectly linked with a wider network of interconnected firms that are committed to each other (Johanson 2006: 168).

Figure 2. Actors of a network
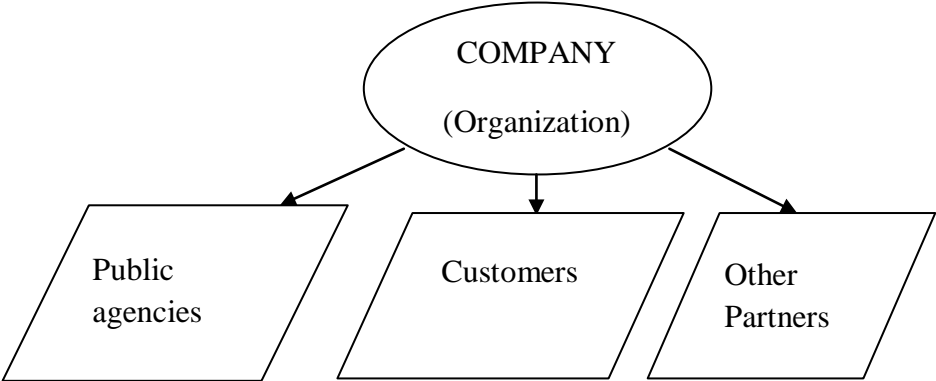
Selecting the trustworthy people to connect with can be problematic. However, connecting with the "right people" can give valuable support to the firm and each company "has to make its own assessments when it comes to which kinds of actors that would be beneficial for the firm to connect with" (Alteren 2011: 23).

In sum, Russian business personal place a greater value on personal connections when compared to Norwegians. This can be explained by the constantly changing circumstances in Russia and the bureaucratic complicity of formal procedures. Norwegians can face difficulties when coming to Russia and experiences the extensiveness of networking when compared to the formalized legal procedures in Norway.

4.4 Time planning

According to my respondents, Russia and Norway have different time orientations. Usually Russians are not accustomed to making long-term plans while Norwegians place considerable emphasis on planning. My data indicates that this difference can influence Russian-Norwegian business relations dramatically and cause challenges and misunderstandings. Consequently, the third area where challenges occur is *time orientation*. In order to discuss what is understood by time planning in business, my theoretical framework will take four theories on time from the following researches: Kluckhohn and Strodtbeck, Hall, Hofstede, and Trompenaars.

Time orientation

Kluckhohn and Strodtbeck (1961) work uses value orientation to describe cultural differences in time orientations. I will discuss time orientation value as it connects directly with time planning. The essence of this value is that the temporal feature of human life concerns the past, present and future orientations. Cultural systems with past orientations value traditions highly. Societies with present orientations pay less attention to traditions and to what might happen in the future, because they are concentrating on what is happening now. Social systems with future orientation value change and development.

Russia –polichronic culture, Norway - monichronic cultures

Hall's theory (1977) distinguishes between polychronic and monochronic cultures. This division is especially important to international business and can show why there are differences in time planning between cultures. Usually people that use polychronic time do several things at once and prioritize changes. Conversely, people that use monochronic time complete one thing before

starting another one and prefer to follow the present schedule. Comparing Russia and Norway, Russia is considered to be polychronic and Norway monochromic. In polychronic cultures, future plans can be changed as soon as something more important arises, and in monochronic cultures people are adapted to time and regular scheduled activities. This planned behaviour coordinates relations with other people and time is perceived as "being almost tangible" (Hall 1990: 13). Time is compared with money that can be "lost, spent or saved". In other words, polychronic cultures are more oriented towards human relations and monochronic cultures are oriented towards schedules, tasks and regular procedures. Here comes up the question of information exchange and communication. In monochronic cultures, conversation or information exchange can be limited due to the next planned appointment or schedule. In polychronic cultures, involvement into conversation is larger and conversation is more likely to continue despite of outside circumstances.

This dimension is closely connected with Hall's first concept about high- and low-context communication described before. Hall brings the parallels between high-context and polychronic cultures and low-context and monochronic cultures to light. It is naturally that, in a business context, these two opposite perspectives emerge in meetings and planning. Therefore, in high-context / polychronic cultures, the purpose of the meeting is to reach consensus. Usually there is no rigid fixed agenda, though business commitments and meetings are considered to be important to discuss all questions. As for planning, short-term planning prevails and no serious long-term plans for the future are discussed.

People from low-context / monochronic cultures working together with the representatives from high-context / polychronic cultures can feel devastated as the first category are used to following agendas and structured information. Commitments and meetings are taken seriously by representatives of low-context / monochronic cultures. Usually long-term planning is considered to be important and should be discussed properly in the meetings (Hall 1990: 14-17).

Long-term orientation in Norway and short-term orientation in Russia

Hofstede's study (1980) shows that there is long-term and short-term orientations in life. Long-term orientation values are focused more towards future (like in Norway) and short terms orientation values (like in Russia) are centered more towards the past and present as well as stability and traditions. Hofstede's study is based on the Confucius' ideas about inequality. This dimension can also be applied to business relations when question about planning arise (Hofstede 2001: 353-354).

Time as a sequence in Norway and time as synchronization in Russia

Trompenaars' concept (1993) related to managing time is largely equivalent to Hall's dimension described above (monochronic and polychronic). Trompennars differentiates between secuential and synchronization time as applied to Hall's types of sequential-monochronic, sychronic-polychronic (Trompenaars 1993: 123-125). Trompenaars points out that countries with a sequential view of time (like Norway) are usually long-term oriented in their business strategies, while countries with synchronous view of time (like Russia) are typically short-term strategically.

However, Trompenaars' study has been subject to criticism. Hofstede, the theory of whom I mentioned earlier, assumes that Trompenaars confuses the individual and societal levels of analysis. Hofstede argues that Trompenaars doesn't take into account how different value can operate on different levels. Despite these two researchers studying different frameworks, their findings on different countries are significantly similar, as both researches investigate times role in potential consequences for organizational behavior.

Trompenaars further discusses characteristics of cultural oriention towards past, present and future. Here we can see connections between Kluckhohn and Strodtbeck' concept and Hofstede's dimension on time orientation. People from past-oriented cultures place considerable emphasis on the country's or company's past achievements. Whereas, people from future-oriented cultures are interested in the prospects, potential and future achievements. At the same time, present-oriented cultures pay more attention to the contemporary access, such as plans that can be made for short periods of time. In sequential business environments, companies that are future-oriented tend to develop long-term plans and strategies by following each point. In present-oriented and synchronous cultures, companies do not plan future details and are guided by general goals that are worked out gradually (Trompenaars 1993: 122-123).

Time planning in Norway and Russia
Following my review of four theories of time planning, I will apply them to the Russian-Norwegian context of study.

Planning

Russians have a more situational and spontaneous approach to planning than Norwegians. Planning of an event usually happens without concrete details. The course of an event is more likely to change due to circumstances. For Norwegians, the main issues in arranging time are organized planning and established order. An event is usually well planned and prepared in advance. Norwegian business people usually define the procedure, the purpose and prospective outcome of

an event. The whole procedure closely followed according to prepared plans and schemes (Swahn 2002: 148).

Type of culture

Russian culture is polychronic. Efficiency in business is seen in reassigning priorities during the course of an event according to often changing circumstances, such as a sudden meeting can be considered more important than a current activity. For example, Russian business person can spontaneously leave a meeting to speak with a business partner even though the other activity (meeting) has been planned for that period of time. Norwegian culture, in contrary, is monochronic. Efficiency is associated with planning, assigning priorities in advance and following the schedule. Business people in Norway prefer to do one thing at a time (according to the plan) and not to deviate from their schedule in favour of other activities (Swahn 2002: 148).

Time orientation

In general, Russians are not typically long-term planners. The reason for this is an unstable economic situation in the country. As a result, projects in Russia are often short-term with an expectation for a quick successful ending. Moreover, for Russians the concept of "long-term orientation" presupposes a shorter time period than for Norwegians. In Norway business processes are often largely predictable and regulated. This predictability and economic stability in the country favour a relatively long-term orientation and lead to continuous business projects that are planned ahead for several years (Swahn 2002: 149).

To sum up, different time orientations in planning can cause challenges for Russian and Norwegian business people working together. Norwegian culture puts much more emphasis on planning and arranging actions. Russians, on the contrary, tend not to make long-term plans. This is partly connected with an uncertain economic and political situation in the country. In the business sphere, Russians do not usually make precise plans or follow concrete deadlines. They tend not to mention concrete time periods and continuing economic instability in Russia contributes to such attitudes towards planning. Based on these differences, misunderstanding in Russian- Norwegian business cooperation can arise.

All the described differences in boss-employee relations, networking and time orientation between Russian and Norwegian business cultures have to be prevented and overcome. My data shows the challenging situations and how these can be dealt with by *adaptation* when one partner adapts managerial practices of another partner.

4.5 Adaptation of managerial practices

In this new millennium with global business opportunities, cultural transformations take place in different parts of the world. Leung (2005: 358) has an optimistic outlook for the future as he proposes that international business practices would "indeed become increasingly similar. Standard, culture-free business practices would eventually emerge, and inefficiencies and complexities associated with divergent beliefs and practices in the past era would disappear". However, Hofstede (2001) argues that cultural mental programs of people around the world do not change rapidly, but remain consistent over time. His findings indicate that cultural shifts are relative and not necessarily should occur because characteristics of culture are rather stable. However, my empirical data shows that through adaptation, Norwegian and Russian cultures can influence each other when one partner *adapts* the managerial practices of a partner from the other country. By *adaptation* I mean the process of cross-cultural individual learning. This occurs when business people from one culture accept and adapt behavioral patterns of a partner from another culture in order to ensure mutual business relations. Barkema (1997: 427-428) argues that the capacity to work with a partner from a foreign country can be learned and if partners understand the process, they will easily learn how to cooperate and adapt managerial practices of their foreign partner.

Adaptation is a dynamic interactive process that helps to exchange necessary working practices between partners from different cultures by making adaptations to the needs of the counterpart. In business relations, the process of adaptation is considered to be a business investment made for strengthening the social relationships between the parties in expectation of future profitable business. Such investments tie together people from different cultures working in one company. Though the process of adaptation can be challenging for one or another partner, the result of successful adaptation is of great importance for a company (Hallen 1991: 31; 35).

The adaptation process can eliminate or reduce difficulties and cross-cultural misunderstandings. For business partners it is important to recognize the role of adaptation in their relations. That is, when people from two different cultures work cooperatively in an atmosphere of mutual understanding and respect by adapting particular practices from each other. From this, the outcome can be more productive than either group working independently. Consequently, in order to achieve high performance business people working in multinational companies, they need to strategically adapt the necessary management practices from another culture. In most cases, work units whose managerial practices fit better with the national culture have higher financial performance (Newman 1996: 754). In this case, Russians adapting to the Norwegian style in Russia.

In the business environment, adaptation is a significant feature in the dynamics of business relations. Parties make adaptations to organize the fit between a firm and its environment to develop lasting relationships with each other. Adaptation is considered a central issue of profitable working business relations as it applies to the general needs and capabilities of a firm (Hallen 1991: 30). According to many researchers (Schneider 1989: 149; Schein 2010: 70) for every international organization from the point of view of culture, there are two critical functions. Firstly, to deal with external adaptations (external environment) in order to survive and grow and, secondly, to manage internal integration. External adaptation is a special strategy of an organization to perceive and respond to the opportunities in the external environment. Internal integration, in contrast, concerns relations within an organization: relations between employees and boss-subordinate relations. In our case, such issues as power relations and time orientation relate to internal adaptation and networking to external adaptation.

The process of adaptation is time-dependent. The adaptation behavior is expected to vary between the relationship stages: in the initial stage and in the mature stage. On the first stage, creation of the "internal" fit and building up good relationships inside the firm should be prioritized. On the second mature stage, adaptation is made to support and expand current business (Ford 1980; Hallen 1991). Consequently, it is necessary for a person to work in an international environment to understand how to adapt.

In the next chapter *Data analysis*, that builds on theory and the received data, I will analyze the role of the adaptation process in my study and describe who is adapting to what managerial practices and why.

Chapter 5. Data analysis

Who adapts?

As seen from the previous chapter, the adaptation process is a decisive process in Russian-Norwegian business relations in Russia. My findings show that as the interviewed firms are Norwegian and the environment is Russian, then internal adaptation should go from Russian to the Norwegian side. Whereas the external adaptations should go from Norwegian to Russian way of conducting business. Furthermore, I will describe in details who is adapting to what organizational practices and how this can happen according to the empirical data I received.

5.1 Boss-employee relations

As I mentioned before, it is necessary for one side (Norwegian or Russian) to accept and adapt the behavioural patterns from the other culture to make the Russian-Norwegian cooperation more successful. In the case of boss-employee relations, my findings show that Russian employees have to adapt to the more democratic Norwegian style in the workplace. This is because in both companies that I interviewed, Norwegians are the top managers and influence the managerial style at workplace. The Chief Director of the fish trade company underlines that "Russians accept democratic relations at work between boss and employees" and one of the Russian middle managers from the telecommunication company describes her relations with her Norwegian boss as "friendly and democratic". This kind of adaptation can be challenging for Russian employees as they are used to more hierarchic and tough managerial style when the top manger has all the power and middle-managers do what they are told to from the top. One of the middle managers (Russian woman) from the telecommunication company says "usually in Russian companies, in contrast with Norwegian companies, there is a huge distance between a boss and employees". This means that Russians working in Norwegian companies have to understand and learn that it is important when everybody (not only the top manager) is a part of decision making process and responsible for the ultimate decision. Therefore, it is significant for Russian employees to be active during the regular meetings and not to be afraid of punishment for freely expressing their opinions and ideas. In this way, Russian workers face the fact that they also have responsibility for the final decision. In my case, both Russian middle managers appreciated the new democratic way of working with the boss that led to successful adaptation.

5.2 Networking

In the case of networking, my empirical data shows that Norwegian employees in Russia have to adapt behavioural pattern from Russian business people to help conduct business in a more satisfactory way. The Chief Director of the telecommunication company who has been working in Moscow for two years describes: "Personal connections in business are important in Russia".

Networking is necessary for implementing a financially well driven business. Here emerges the question of the Russian business environment. One of the Russian middle managers (woman) from the telecommunication company states: "In Russia things change very quickly and the unstable economical situation in the country influences business a lot. So, networks help to get updated information and be informed about what happens in the market". The business environment in Russia is characterised by uncertainties caused by heavy bureaucracy, changing in business structures and regulatory frameworks and so on. My findings show that an essential part to succeed in such environment is to use networks. Nowadays, managers have to rely on contacts for seeking stability and maintaining the business in Russia. Knowledge is developed through interaction with business partners. The Chief Director of the telecommunication company underlines that "people from public organizations, partners and customers help to get information about new products, laws and current situation on the market". To get things done in Russia, it is important to establish relationships with people you want to cooperate with by meeting them face-to face. Consequently, the process of building networks is time-consuming. One of the Russian middle managers (woman) points out: "in order to build a network with necessary people, you have to be very patient as it takes much time. You have to meet and communicate with them often". In general, it is necessary to build business personal connections when working in Russia as useful contacts make things work more effectively and help you to stay updated about new laws and developments (Alteren 2010: 18).

5.3 Time planning

The received data shows that another important factor to take into account when Russian and Norwegian business people are working together is time planning. According to my interviewees most Russian managers lack long-term planning. "It can be very complicated to agree with my Russian partners on the delivery date for example" complains the Chief Director of the fish trade company. This attitude to time cannot be easily accepted by Norwegian managers. Norwegian culture puts much focus on planning and arranging actions, while Russians tend not to plan too far ahead. Russian middle manager from the telecommunication company describes "Norwegians are used to plan far ahead and the long-term projects are under a huge question mark in Russia" In this case, Russians have to adapt to the Norwegian way of planning and try to stick to deadlines and make precise plans for a relatively long periods of time. Consequently, it is important for Russians "to understand that if they don't stick to deadline, the company can lose much money" comments the Chief Director of the fish trade company. However, this can be challenging for Russians to adapt to long-term planning, due to uncertain and changing economic and political situation in the country.

5.4 Concluding remarks

My data shows that in order to work successfully in Norwegian companies in Russia *democratic boss-employee relations* and *long-term orientation* should be adapted by Russian businessmen. This is considered to be an internal adaptation. On the other hand, the issue of network importance should be accepted by the Norwegian employees and they have to adapt by making personal connections with partners, customers and public agencies in order to succeed in business in Russia.

5.5 Managerial implications

From the following, I will make some practical suggestions on how knowledge about cultural differences and adaptation can be obtained by both Russian and Norwegian representatives. Then I will discuss what made my respondents successful with such adaptations. My findings show that personal interest, trust, a common goal and intercultural trainings are essential factors that help business people from one culture to adapt managerial practices of another culture.

Personal interest and cultural competence

The Chief Director of the fish trade company points out that "personal interest and trust are the key elements" in Russian- Norwegian business relations. He continues "it is important to be really interested and respectful towards the other culture". It is meant by this that personal interest (dedication) to communicate with people as well as cultural awareness – respect for another culture is essential in Russian- Norwegian cooperation. Cultural awareness is considered to be an important element of intercultural business relations. In this case, it is the knowledge about the other's countries culture and about the risks for cooperation associated with the differences in the usage of it in daily business practice (Swahn 2002: vii).

Building trust

The Chief Director of the fish trade company believes that "Trust is the second important element because it is essential for business relations, and through frequent interactions both sides get experience and trust that leads to further adaptation". Establishing trust between employees from different cultures is significant in business. The process of adaptation is closely connected to the social exchange in business relations that is important when dealing with foreigners. Therefore, building trust without suspicion between partners by meeting people (through the process of socialization) is a crucial element in the social exchange processes. The theory of social exchange assumes that processes are evolving over time as partners mutually and sequentially demonstrate their trustworthiness. They can demonstrate their trustworthiness by committing themselves to the exchange relationship. One important way of showing commitment is by adapting to the others way of conducting business. These adaptations by the two parties are elements in a trust-forming social exchange process in business relationship and they relate positively to each other. This process can

be considered as business investments made to strengthen the social relationship between the parties in expectation of future profitable business (Hallen 1991: 31).

Dasgupta uses "trust" in "the sense of correct expectations about the actions of other people" (Dasgupta 1988: 51). On this view, trust is formulated in terms of an ability to predict certain behaviours. At other times, it is developed in terms of expectations one might have about the predictability of a partners behaviour. It can be quite difficult for people from different cultures to trust each other. There is a form of mutuality in any trusting relationship. Trust can be built only if there are some common values between the partners. This mutuality of values may explain why there is not simply economic calculation in trusting people. When people trust, in light of shared values, their trust involves a mutual identification with these common values or aims. As such, their trust grows out from this mutuality of values and common goals, rather than from economic calculation (Brenkert 1998: 299).

Common goal
The presence of common goals for conduting profitable business was a strong point according to my two respondents: Chief Director of the fish trade company and The Russian middle manager from the telecommunication company. The middle Russian manager (woman) describes: "both sides (Norwegians and Russians) working in one company are interested in one common aim-to do profitable business and earn money for this company". Chief Director of the fish trade company adds "the existence of common goal is important". Every business, no matter small or large, has goals toward which it works. These can range from the obvious of making a profit, to goals geared toward employee happiness and safety that result in keeping employee turnover low. Keeping these goals in mind will help focus the business and help leaders make the correct decisions to achieve these objectives (Hofstede 2002: 786). This concerns the process of adaptation that goes much easier if both sides understand the importance of adapting managerial practices from the other culture for the sake of company goals.

Intercultural trainings
My findings also show that in Norwegian companies established in Russia, it is important to organize cultural trainings. They help to develop business competence and transmit knowledge about managerial styles at work, decision- making process, the role of networking in both cultures and time planning in business processes. These training sessions should be made for both Russian and Norwegian business people. Possessing this knowledge will help Russian employees to adapt the Norwegian managerial style and the long-term planning approach. For Norwegian employees it will assit them in adapting the Russian managerial practices that emphasizes making personal

connections. The Chief Director of the telecommunication company underlines "Intercultural trainings played an important role in understanding another culture better". His colleague, the Russian middle manager describes that their company "organizes special courses and intercultural trainings for all the employees: Russian and Norwegian". She points out that "this is very helpful" as business people from both countries became acquainted with different business cultures and the peculiarities of managerial practices of each other.

Intercultural training (organizational learning) is a mean to develop intercultural skills and knowledge. In practice, top managers should suggest concrete courses and trainings to employees in order to improve their effectiveness when working with foreign partners. Theoretical and practical knowledge can be obtained through intercultural trainings main aim to help people cope with events in a new culture that differ from their own culture. Thus, intercultural training is an important factor for increasing cultural awareness and trust of the people in an intercultural company. Intercultural training helps employees to work and "live" within another culture by getting practical skills that allow them to use the received information (Swahn 2002: 161-162).

In order to avoid intercultural tensions and conflicts, trainings should prepare individuals on early stages of the working process. One of my respondents, the Russian middle manager from the telecommunication company says that business people have intercultural courses "when they start working" in their company. According to Hofstede (2005: 358-362) there are several types of trainings that have to pass through three stages: awareness, knowledge and skills. In this way, intercultural trainings prepares people for more effective interpersonal relations and affects their ability to communicate and to deal with people of different cultures in a positive way. The main task for the management of an intercultural company is to find and implement appropriate kinds of training in their companies (Fowler 2005: 402).

Conceptual model
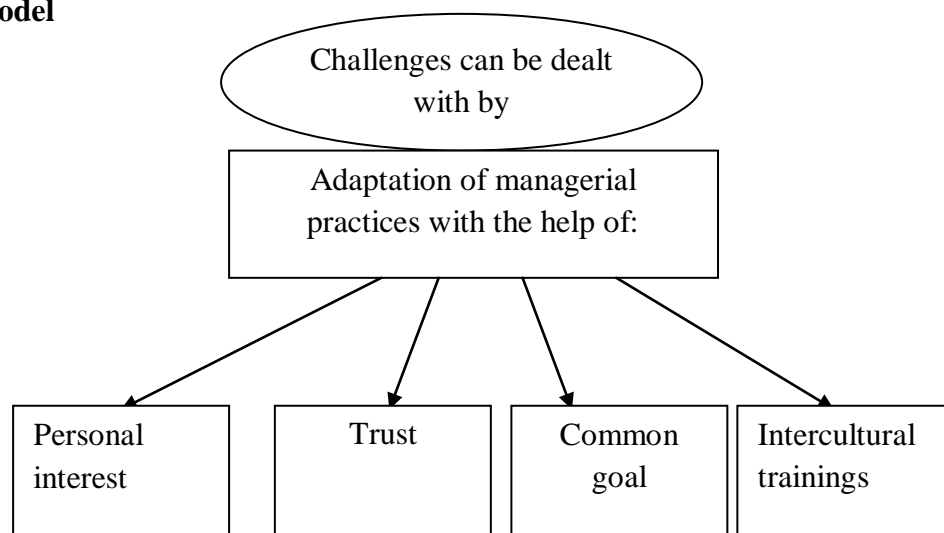
Chapter 6. Conclusion

6.1 Conclusions

This thesis project focuses on Russian-Norwegian business relations in Norwegian companies established in Russia. The study is devoted to identifying the differences that can cause challenges in mutual business relations and how to find ways to deal with these differences. Cross-cultural differences in business have been actively studied during the last decades and the importance of these studies is widely acknowledged. However, little research has been conducted to study the cooperation between Russians and Norwegians in Russia. This study made some practical contributions to this area.

The data collection was made in two Norwegian companies (a telecommunication and fish trading company) established in Moscow Russia. This study was of an exploratory nature and I have chosen to use a qualitative approach. I conducted semi-structured interviews with four respondents during my fieldwork. This included two Norwegian top managers and two Russian middle managers. The Norwegian respondents live and work in Russia and have frequent daily contacts with representatives from Russia. The empirical data I received and my theory review helps to answer two initial research questions:

1) Why cultural differences in boss-employee relations, networking and time orientation cause challenges for Russian- Norwegian business cooperation?
2) How can these challenges be dealt with?

These findings confirmed that differences in power relations, networking and time planning are challenges for Russian-Norwegian business cooperations and can cause misunderstandings. As such, one of the major differences between Russia and Norway in business is *boss-employee relations. This* includes managerial style, delegation of responsibilities and the role of a manger in the work place.

Norwegians have a flat organisational structure with few hierarchical levels, while Russians have a hierarchical pyramid with complicated power relationships between levels. Therefore, Norwegian companies tend to have a lean structure with egalitarian relations between boss and subordinates that focuses on democracy (Sejersted, 1997: 45-47). On the contrary, a typical Russian business presents a completely different picture. There is considerable power distance between hierarchical levels and authoritarian leadership style prevails.

The boss (top manager) in Norwegian companies is a democratic person who coordinates the work of subordinates and is considered to be one of the colleagues. Teamwork is an essential part of

conducting business. The top manager usually delegates responsibilities between subordinates and consults them whenever necessary (Hofstede 2001: 82). In Russian society, the boss is the most important and powerful person. Subordinates are expected to demonstrate respect and certain obeisance to the boss. This type of relationship and approval-disapproval attitude does not facilitate teamwork, because subordinates try to fit to their boss's expectations and not to express their own opinion while carrying out tasks.

In Norwegian companies, the boss does not give detailed instructions to subordinates; they usually are expected to make decisions themselves based on their own knowledge and experience. The main duty of a boss is to clarify the task, explain the steps to carry it out successfully and give feedback. In Russia, responsibility lies at the top level of business. To be more powerful, the Russian boss does not delegate responsibilities in the same way as Norwegian bosses and takes more decisions than Norwegian top managers. The boss usually gives detailed instructions to subordinates, checks closely the process and results of their work and gives negative or positive feedback (Swahn 2002: 140-141). Therefore, on the basis of this difference in boss-employee relations, challenges arise for Norwegian companies in Russia.

Another major difference between the two cultures, according to my respondents, is the relation to *networking or business personal connections.* Russians are in general relation-oriented and *personal connections* are extremely important for them in business. It is significant to make connections with people if you want to cooperate with them. Usually the actors of a network are public agencies, customers and partners. You have to meet people face-to-face to establish beneficial relationships. Relationships have to be taken seriously and include regular visits for maintenance. Personal connections can be rather useful when the information you need is hardy accessible. In this case, the network helps to stay updated about the latest development and regulations. Establishing a network is a continuous process that can take much time and continue to expand over time (Alteren 2010: 20). The situation in Norway is completely different. Here businessmen prefer to use impersonal approaches to people and organizations. All the processes are usually legalized and there is no need to get information, for example, through the network of acquaintances. In Norway it means inefficiency, while in Russia it is quite typical situation. Existence of such personal networks in Russia can obviously create difficulties for Norwegian businessmen who are not familiar with this "system".

My findings show that the last problem for Russian-Norwegian business relations is *time planning*. According to my respondents, Russia and Norway have different time orientations. Russians are not usually used to making long-term plans, while Norwegians put emphasis on long-term planning.

Russian businessmen have a more situational and spontaneous approach to planning than Norwegians. The course of an event is more likely to change due to circumstances for Russians. For Norwegians, the main issue in arranging time are organised planning and established order. An event is usually well planned and prepared in advance. Norwegian business people usually define the procedure, the purpose and prospective outcome of an event. In Russia, efficiency in business is seen in reassigning priorities during the course of an event according to often changing circumstances, such as a sudden meeting can be considered more important than a current activity. In contrast, Norway associates efficiency with planning, defining priorities in advance and following the schedule. Norwegian business people prefer to do one thing at a time on a plan and try to avoid deviating from their schedule in favour of other activities (Swahn 2002: 148).

Therefore, Norwegian culture puts more emphasis on planning and arranging actions. Russians, on the contrary, tend not to make long-term plans. This is partly connected with uncertain economic and political situations in the country. In business, Russians do not usually make precise plans or follow concrete deadlines. They tend not to mention concrete time periods because of economic instability in Russia that still impacts attitudes towards planning. On the basis of these differences, the challenges and misunderstandings in Russian-Norwegian business cooperation appear.

The received data demonstrates how these challenges can be dealt with by the adaptation process when one of the partners adapts the managerial practices of the other partner to improve mutual cooperation. In business relations, the process of adaptation is considered to be a business investment made for strengthening social relationships between the parties in expectation of future profitable business together. Such investments tie together people from different cultures working in one company. Although the process of adaptation can be challenging and time-consuming, the result of successful adaptation is of great importance for a company (Hallen 1991: 31; 35).

There are two types of adaptation: internal and external. The first one means the adaptation within an organization or company and the second one–adaptation to the outside environment (Schneider 1989: 149; Schein 2010: 70). My data shows that **to work successfully for Norwegian companies in Russia** *power relation issues* that include boss-employee relations, managerial style and delegation of responsibilities and *long-term orientation* should be adapted by the Russian side. This is considered to be an internal adaptation. In addition, the importance of networks should be accepted by the Norwegian employees for adaptation. This can be accomplished by making personal connections with partners, customers and public agencies in order to be successful in the Russian business market. This is considered to be an external adaptation. My findings suggest that

personal interest, trust, common goals and intercultural trainings are essential factors that help business people from one culture adapt the managerial practices of another culture.

To conclude, I believe that this study has made theoretical contributions to this research area that was underexplored before. It makes a step towards identifying cultural differences in boss-employee relations, networking and time planning between Russian and Norwegian business cultures. This study demonstrates through its literature review why these differences exist. The empirical data explains how these differences can be addressed and overcome by the adaptation process and what factors can contribute to making this process more successful. My findings provide insight into the managerial practices of two cultures, contribute to mutual understanding and facilitate the effective cooperation between Norway and Russia.

6.2 Limitations and suggestions for further research

In this research I encountered some limitations. First of all, the number of interviews that I conducted with business people from Norwegian companies is relatively limited (four) and I wish I could have interviewed more people. However, as I described in my methodology chapter, I had difficulties obtaining appointments with business people because they are busy with primary duties at work and are hardly accessible. Secondly, I can suggest that what my respondents presented in the interviews can be a result of their position. Thus, if the Chief Directors (top managers) were Russians and middle managers were Norwegians, probably the Norwegian partners would have to make the adaptation of managerial styles. Thirdly, in my mind the gender aspect can be important. For example, if the middle managers were men, the results could be not the same because the capability of men to adapt may differ compared to women. Therefore, it is important to take into account all aspects for future research. I would also recommend studying my primary issues of boss-employee relations, networking and time planning more in depth by taking them as separate units of analysis. For these reasons, it is important to interview more people to be more informed on how to deal with these potential obstacles. As I can see from my research, it would also be beneficial to study how the management of a company recruits employees that are better adapted to working in international environments.

In this thesis, I interviewed business people from Norwegian companies based in Russia. It can also be interesting to conduct an identical study about Russian companies established in Norway to determine what difficulties these company have and how they can be dealt with. My data suggests that further research is needed to study intercultural training to see what effects this training produces and what particular kind of training is needed. As it was proposed by my respondents, intercultural training is one of the main factors that facilitate successful adaptation process in

companies. It would be useful to study different types of trainings and analyze which of them are more efficient than others and why.

Appendix: Interview guide (list of suggested topics for the interviews)

- General information: name, age, position

- Background information: first contact with Russians/Norwegians, first experience of (business) culture

  For Norwegians: the duration of staying in Russia, preparation before going/moving to Russia

- Power relations-relations between boss and employee, organizational structure, leadership style. Decision-making process

- The role of networking. Business personal connections in Russia and Norway

- Time planning: long-term and short-term

- The heritage of the Soviet period (low service quality, low business competence and suspiciousness towards foreigners)

- Separating and mixing the spheres of life: individual and collective

- What can be done to improve the intercultural communication between Norwegians and Russians at work? How can the challenges (potential clashes) be avoided? The role of intercultural trainings (for Norwegians and Russians)?

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