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CULTURAL DIMENSION AS A FACTOR OF SUCCESS

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ABSTRACT

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The purpose of the thesis was to find out if and to what extent a Chamber of Commerce abroad can overcome effects of cultural differences in business and how obstacles can be avoided.

In the theoretical part the main issue was to define culture, discuss cultural theories and describe the development of international business. The empirical part of the thesis starts with an introduction of the German Chamber of Commerce network, and then concentrates on the German-Russian Chamber of Commerce in Moscow and its service providing department (IZDW). A survey among German companies, that have received service from IZDW, was carried out to analyze if the Chamber of Commerce abroad can be a solution as a mediator to overcome obstacles in cultural differences and communication. Furthermore, the Russian market, its business culture and obstacles foreign companies can face were discussed.

Contrary to expectations, the results indicated that the Chamber of Commerce abroad cannot help in avoiding the described obstacles. It is not possible to have influence on all cultural issues. Suggestions for improvement have been found and explained.

Keywords: Culture, Communication, Intercultural, German-Russian Chamber of Commerce in Moscow, International Trade

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Appendix 1

1 INTRODUCTION

Business is characterized by offering and purchasing services and goods. Success and failure are in the hands of the negotiators. A lot of considerations affect a decision for or against a certain deal. There are political, economic and legal issues, as well as the price and quality of the merchandise, terms of delivery and others. Moreover, besides the negotiation style and the planning issues the ability to communicate and the chemistry between the potential partners are a matter of concern. A business partner, who seems to be rude, offish, not cooperative or too direct, probably will not leave the negotiation with an order or a closed partnership. Trust, communication and transparency are the main factors that determine success (Elmuti & Kathawala 2001; Emerald Group 2006).

The thesis concentrates on the cultural and communication issues in international, cross-cultural business. The second chapter gives definitions of culture and determines cultural layers. Chapter three describes the development of international trade and establishes a relationship to the cultural issues. In the fourth chapter cultural theories will be described and demonstrated by means of country examples. Chapter five introduces the empirical part, which is seeking for solutions for cultural clash in business. Furthermore, it gives a first description of the Russian market and suggests the Chamber of Commerce abroad as a potential mediator between international business partners. The following three chapters deal in detail with the organization of German Chambers of Commerce and their representations abroad as well as the commercial work with its different services.

The author of the thesis did a three-month internship at the German-Russian Chamber of Commerce in Moscow. She was involved in the work of the marketing and communication department and moreover had the possibility to get acquainted with different departments, such as the service providing department IZDW. Due to the personal interest in cultural issues the idea arose to include the Chamber in the thesis as a mediator between cultures on a

business level. With the manager of the IZDW it was then agreed to carry out an analysis about the success of their work in the form of a survey. During the internship a customer satisfaction questionnaire was developed in cooperation with the head of the department for the business partner search. An address list of companies, which have received services in 2008 and 2009 was allocated confidentially. Free times at work and after the internship at home were used to call the companies and interview them. Thus, chapter nine deals with the survey method and the questionnaire, followed by the respondents in chapter 10. Then, in chapter 11 and 12 the results are stated and analyzed. Finally a conclusion with own suggestions was developed.

The thesis, however, does neither aim at providing a solution package for cultural clashes nor an instruction to enter the Russian market. The objective is rather to discover and show the impact of the cultural dimension and give suggestions for the processed case.

The survey does not primarily aim to discover cultural issues by interviewing respondents about this matter, but to analyze the effectiveness of the IZDW's services. From the results of the survey we then link to the cultural issues and analyze if the Chamber of Commerce's work between cultures does avoid cultural obstacles. The results of the survey were surprising to the author of the thesis.

2 CULTURE

Culture – a word with different meanings, a word that cannot be explained with few words, because of its subtleties and complexities (Steers 2005). Originally it comes from the Latin “colere” and means “to cultivate” (Harper 2001). A lot of writers have found definitions that describe culture. Thus, culture may be described as “the collection of beliefs, values, behaviors, customs, and attitudes that distinguish the people of one society from those of another” (Steers 2005, p. 137). Or in other words, culture is the way people think, act and do. It includes practices and values: practices are how people do things; values are created by people - it is the way things should be done. Culture is given from one to another generation, what means that it has a long history.

Culture is normally not noticed by its bearers, because people do not recognize their own culture. It can be self-explanatory using water as a metaphor for culture: “Water is the last thing a fish notices” (Steers 2005, p. 137). Thus, people often do not see how culture affects their behavior, because they are so strongly deepened in their own one and thus are too close to it. “Normal people assume that other people, if they are not apes or dogs, are basically like themselves. Under the same circumstances and all other things being equal, the assumption goes that other people would feel, think, and act like they do” (Di Luzio 2001, p. 57). But if someone is acting in another way, shows different behavior, people get probably first irritated about it and then aware about the fact that there must be something else than their own way to think, act and do.

There are several options to classify culture. One way is to divide culture in its elements: Communication and language concern the spoken, written and body language; value, beliefs and attitudes concern for instance the personal space; religion; norms of behavior, such as eating and drinking; manners and customs, e.g. hand shaking; aesthetics, for instance taste or advertising; education; social aspects; etc. As culture concerns an appropriate entity – such as a country, group, or minority - it can be divided into different layers, which are the national, industrial or business, organizational, and finally the individual culture.

National culture concerns mainly a country, or an area within a country. It distinguishes through common language, or even dialect, shared religious and moral values, national symbols and rituals, shared history, patterns of family life and value, roles of males and females, attitudes to education, ways of resolving conflicts, geographic homeland, climate, economy, political system, and ethnic and racial identity (Guirdham 2005).

In contrast to it, organizational culture means mainly the culture within a company or organization. It can be characterized by its common language and shared technology, norms of behavior, for instance the relation between management and employees, preferences of formal or informal means of communication, the degree of empowerment of employees, the system of rules, and dominant values of the organization.

Business culture concerns the international business practices and behaviors that companies use in doing business with other companies. It includes for instance negotiating tactics, international management, and cross-cultural communication. The manner to do this certain business is closely connected with the national culture in which a company is bedded. Thus the management style or communication style is probably influenced by a person's country of origin and can differ a lot from the other party.

Nowadays cultures are getting more and more interconnected (economically and politically) and the business world is becoming global. It "requires a greater degree of international and cross-cultural communication, collaboration, and cooperation than ever before" (Steers 2005, p. 20), to succeed in this global economy. Improving cultural awareness can help companies to build international competencies and enable individuals to become more globally sensitive. In other words: the knowledge of the impact of cultural differences is one of the keys to international business success (Global Business Media 2010).

3 DEVELOPMENT OF INTERNATIONAL TRADE

Trade between several countries – international trade – has a long history. Already on the ancient silk routes that connected Eurasian countries, people were trading internationally. In the past decades international trade has significantly changed through the industrialization processes in many countries. The ongoing globalization process led and leads to more integration of economies, societies and cultures (Wikipedia 2010a).

Along with the development and establishment of global telecommunication and the internet the once biggest obstacles to doing business internationally, distance and time (Mitchell 2000), have disappeared. The changing technology facilitates a more direct contact and more trade in shorter time. Today decisions can be made via e-mail and mobile phones, meetings hold with video-calls. And if a personal meeting is needed, a flight can be booked quickly and easily via the internet. Costs for communication, and transportation of goods and passengers have declined to a minimum compared to the situation 20 years ago.

Another significant development is the formation of several free trade agreements, organizations and unions with the objective to reduce barriers in the international trade. In 1948 the General Agreement on Tariffs and Trade (GATT) was signed by 23 countries, and in 1995 replaced by the World Trade Organization (WTO) with already 153 members that represent more than 97% of total world trade” (World Trade Organization 2010). The European Economic Community (EEC) started in 1958 with six countries that had the objective of economic integration, and in 1993, when the European Union was created, “the EEC was transformed into the European Community, one of the EU’s three pillars” (Wikipedia 2010). Today there are 27 member states belonging to the EU, and the next EU expansion will come soon for sure. In 1994 the North American Free Trade Agreement (NAFTA) between the United States, Canada and Mexico came into force. In terms of purchasing power parity GDP of its members “the trade block is the largest in the world” (Wikipedia 2010b). Those are only a few examples of the agreements among many.

The gradual reduction of trade barriers, such as tariff barriers and non-tariff barriers - for instance quotas, embargos, subsidies and export controls - lead to a higher integration of societies into an enlarged economy and trade area. The right of abode enables people to move more freely, in matters of working and living, within a certain free trade area. A common currency, legal system and agreed official common language decline barriers in trade and between people.

Thus on one hand this trend of building unions and trade areas has a personal side, concerning the people directly. Some are complaining about the fact that the people's own culture is transforming to a general EU culture. Others appreciate the new possibilities, for instance to get to know a lot of other cultures and learn from it – what will be a good skill in doing business with “foreign” companies. On the other hand this trend concerns the business world directly. Today almost every company has been at least once in contact with a foreign company and has had to manage with different habits and business culture. The results of such meetings are one of the issues of this work and will be considered in the following chapters.

“Without international trade, nations would be limited to the goods and services produced within their own borders” (Wikipedia 2010c). Some examples will make this more understandable:

Today, as already said, we (de-)note a rapid growth in trade through the technical change that allows the fragmentation of production (Weinstein 2005). Thus a huge number of products are not any more produced in one country, but they include work of different countries. As for the automobile industry, companies such as Volkswagen use vertical specialization. Some components as the design are produced in Wolfsburg, Germany; other parts might be produced in Korea, Singapore or somewhere else. The reason is that the parts are produced in companies that are specialized and can lower costs per unit. As for the textile or technical industries, outsourcing is used. Companies shift parts of their production process into another country to profit from lower labor and

production costs. This shift of production parts may help to understand why trade has grown more rapidly than production (Weinstein 2005).

The vertical trade has led to a changed consciousness among manufacturers, suppliers as well as customers. Manufacturers have to take responsibility for the whole supply chain of a product, from the raw material extracting company, and the intermediate product, to the final product. Questions about the producing conditions, forced labor, corruption, political and economic situation in the supplier's country are what worry. Thus today's policy among related suppliers is to go into long-term relationships. Furthermore, sustainability is what companies investigate in. That emphasizes the long-term relationships. In long-term thinking it is more effective to invest in good working relations. That may cost in the beginning a lot of time and money, but later it will pay off. In addition, today's customers are aware and demanding, and the modern technique allows them to inform about products and companies well.

As the examples show, many companies are today involved in production processes and because of this negotiate with international partners. And not only in situations such as outsourcing and vertical specialization, but also joint ventures, mergers, and day-to-day business require personal contacts in negotiations, meetings, events and other situations. Companies have to find agreements, make deals, cooperate and build on partnerships and long-term relationships.

International trade is not a new thing. But anyway companies face obstacles when negotiating or doing business. According to surveys, the main reasons are not realized cultural differences and problems in communication. In the next chapter we are going to clarify the importance of culture and communication for success in doing business by means of cultural theories.

4 CULTURAL THEORIES

This chapter concentrates on theories that analyze the impact of cultural differences and relate to global business. The importance of cultural theories has risen in the last decades, together with the development of international business. Cultural theories aim at identifying similarities and differences among cultures and at categorizing them (Guirdham 2005). “At present, there are more than a dozen models of cultural differences, each claiming to offer the best way to understand and measure culture” (Steers 2005, p. 130). Hofstede remarks in his book *Culture’s consequences* that people use models, when they try to understand social systems (2001). Since such theories and models are made by the perspective of its definer they cannot be fully objective. But the more descriptions about a culture from different angles exist the more precise the picture.

This chapter is seeking to give an overview about the dimensions of cultural theories that have been developed in the last decades. Four theories will be explained by means of the countries Finland, Germany, Russia, Japan and the United States. The first three countries have been chosen due to author’s close relation to them through studying, working and living. The last two countries have been chosen to have a deeper insight through.

4.1 Edward T. Hall

Hall’s theory concentrates on three issues, which are cultural differences in interpersonal communication as well as personal space and time (Steers 2005), to which he refers as cultural dimensions.

The first dimension, the context, is divided into low-context culture and high-context culture. Cultures of low-context focus on the message itself, meanings are explicitly stated through language, things are fully spelled out. Indirectness, innuendos and body language are little used. The communication is direct and precise, and based on feelings or true intentions (Gudykunst & Ting-Toomey

1988). Whereas in high-context cultures the focus lies on the context, “the social cues surrounding the message” (Steers 2005, p. 132). Furthermore, personal reputations, close human relationships and mutual trust are of high importance – higher than written promises. Examples of the first group are Germany, United Kingdom, and the United States. Representatives of the high context culture are Asian countries, as Vietnam, China and Japan, Arab cultures and Russia (Gelfand & Brett 2004, pp. 166). Thus, as an example, in Russia contracts are not that important as oral agreements and handshakes are (Dumetz 2009).

The second dimension refers to the personal space a person is claiming to feel comfortable. People from northern Europe as Finland, some Asian countries and the United States take more distance when speaking to each other. People who may quickly touch another person when speaking or passing each other and who stand closer together are, for instance, from Russia, Latin America and the most of the Arab countries (Steers 2005). Germany takes a place between Scandinavian cultures and the United States (Priest 2008).

The third dimension concerns the manner of using time. Hall distinguishes between monochronic and polychronic cultures. Monochronic countries as the United States, Germany and Scandinavian countries can be roughly characterized by punctuality and scheduling their working time precisely, “always focusing on the ultimate goal” (Steers 2005, p. 133), concentrating on one activity at a time and thus do not value interruptions. Their counterparts may appear to them a bit disorganized and unfocused, because doing multiple activities at the same time, taking more effort in relationships than in appointments and schedules is how organization and business culture is working there. Southern Europe, e.g. France and Spain, South America and Arab countries, belong to polychromic countries.

Due to the lack of a scale system Hall’s theory describes countries as either belonging to one or the other dimension, as for instance either high-context or low-context culture. A scale system would show a more precise extent as the

next study of Hofstede will show and furthermore makes it easier to compare countries with each other.

Moreover, culture is not a condition but can change with years, as countries might move from high- to a low-context culture. Especially the interaction between cultures might lead to changes.

4.2 Geert Hofstede

Geert Hofstede's theory about cultural values and dimensions is probably the best known and most quoted approach that relates to business organizations. His point is that different cultures can be distinguished "based on differences in what they value" (Steers 2005, p. 134). Hofstede has developed four cultural dimensions, which go back to his cross-cultural study in the 1960's among 80.000 employees working for IBM, a large multinational company. The fifth cultural value was added later. The values that he established from the research are

- Power Distance
- Uncertainty Avoidance
- Individualism versus Collectivism
- Masculinity versus Femininity
- Long-term versus Short-term Orientation

Power distance describes the extent to which people accept differences in authority and power. Countries with low power distance, like Scandinavian countries and Germany, do not stress hierarchical structures in the family or at work, but expect a democratic and equal treatment. Whereas cultures with high power distance, e.g. Asian, Latin American and Arab countries and Russia, expect that authorities use their power. They appreciate a strong leader who is able to lead, and see it as natural. The power distance index (PDI) scales the different countries. Thus, Finland (33 points) is below Germany (35) and the United States (40). Japan (54) is in a middle field, and Russia has a PDI of 93 –

higher score than China (80), but lower than Malaysia (104) (Kwintessential 2010).

Uncertainty avoidance refers to the extent to which people feel threatened by uncertain situations. Cultures with low uncertainty avoidance do not need to know everything, and try to have as few rules as possible at work to stay open minded to new ideas and situations. Whereas cultures with high uncertainty avoidance need “certainty, clarity and predictability” (Steers 2005, p 136), as well as strong social norms and guiding behavior. They feel uncomfortable in unstructured and surprising situations. The United States (46), most Scandinavian countries (Sweden 29 and Denmark 23) refer to the first group, Japan (92) and Russia (70) to the second. Finland (59) and Germany (65) are somewhere in the middle.

The third dimension describes to what extent countries rely to individualism or collectivism. People of the first category stress on independence, responsibility for their selves, freedom, and admire individual achievement in their jobs. Most of Europe or Western countries, e.g. Finland (63), Germany (67), and especially the United States (91), are individualistic. Japan (46) and Russia (42), and especially Malaysia (26), Singapore (20) and Taiwan (17) rely on allegiance and stress to group interests. Decisions are more likely made by the group than by an individual. Loyalty to the group, as well as the family and personal relationships, play an important role (Steers 2005).

The masculinity versus femininity dimension describes the way cultures try to reach their goal. If they tend to be more aggressive, have higher value on material possessions and pursuit on personal goals, they belong to high masculinity. Feminine cultures stress more on quality of life, personal relationships and the welfare of others. Austria and Japan have a quite high masculinity (79, 95), Germany and the United States are more masculine than feminine (66, 62), Russia more feminine (37) and Finland, Norway and Sweden have high femininity (26, 8, 5) (Clearly Cultural 2009).

However, statistics should be taken with a pinch of salt, since they do not always show the real picture of a country or culture. A good example is Russia that is scaled as a rather feminine culture, even if it is not exclusively. Different resources offer different results. Gibson et al. for instance describe in their book *Multinational Work Teams* (2001) people in Russia as a moderate context culture. Thus, Russia can be very materialistic and would be described as a more masculine culture. It depends on whether you describe business culture or attitudes and values in familiar surroundings. In business, Russians are known as rather distant, kind of rude and they do not give more information than is needed. On the other hand, Russian hospitality is well known and in such surroundings people are warm. Altogether Russia highly stresses on relationships. Whereas the German business culture and behavior in private life are described as rather medium.

The later developed fifth dimension is about long-term orientation. It describes whether people focus on working for today or for future. Japan for instance has “a long-term orientation that values hard work and personal sacrifice for future benefits” (Clearly Cultural 2009). They have a high concentration on future generations, whereas Russia emphasizes the present. The threat about the – uncertain – future leads to stress here and now. Political and economic situation in a country has a great impact. The more uncertainty there is the more people will focus on short-term plans.

Table 1 A comparison of Hofstede's cultural dimensions (Clearly Cultural 2009)

Hofstede's Cultural Dimensions – A Comparison					
	Power Distance	Uncertainty Avoidance	Individualism	Masculinity	Long-Term Orientation
Finland	33	59	63	26	n/a
Germany	35	65	67	66	31
Russia	93	70	42	37	n/a
United States	40	46	91	62	29
Japan	54	92	46	95	80

Table 2 shows Hofstede's dimensions with the examples of Finland, Germany, Russia, the United States and Japan.

4.3 Fons Trompenaars

Fons Trompenaars's study about relationships and attitudes across cultures is the result of research among 30 countries in each with 100 people and includes three main categories - personal relationships, time and environment - with seven sub-categories of culture dimension (Guirdham 2005):

1. Relationships with people
 - Universalism vs. Particularism
 - Individualism vs. Collectivism
 - Neutrality vs. Emotionalism
 - Specificity vs. Diffuseness
 - Achievement vs. Ascription
2. Attitudes to time
 - Sequential vs. Synchronic
3. Attitudes to the environment
 - Internal vs. External control

Most of these dimensions we can find almost alike in Hofstede's and Hall's theories. Interesting for the thesis is the neutral versus emotional dimension that describes to which extent we display feelings and emotions. In neutral countries as Finland and Japan, people do not expressively show when they are happy or unhappy. Whereas countries e.g. Germany and Switzerland and also Russia are emotional cultures, people show their emotions, smile, greet each other with more enthusiasm and talk loudly when they are excited (Trompenaars & Hampden-Turner 1997).

4.4 The Globe Study

The Globe Study, an abbreviation for *the Global Leadership and Organizational Behavior Effectiveness Research Program*, is about cross-cultural interactions. From a research with 17,000 managers from 62 societies from 1994 to 1997 the differences of leadership behavior in organizations has been analyzed. By means of nine cultural dimensions, which are the quantified results from the

major attributes of culture, differences between societies can be scored (House 2004). The nine attributes are

- Future Orientation,
- Gender Egalitarianism,
- Assertiveness,
- Humane Orientation,
- In-Group Collectivism,
- Institutional Collectivism,
- Performance Orientation,
- Power Distance,
- Uncertainty Avoidance

The Globe Study gives a more complex picture of the cultural interaction. But as we can see, the most dimensions overlap with the above introduced theories. Thus, Hofstede's five dimensions have been expanded to nine. Power distance and uncertainty avoidance remain the same, however may not fully overlap in their meaning. Hofstede's dimension collectivism has been split into institutional collectivism and in-group collectivism. Masculinity versus femininity can be found in assertiveness and gender egalitarianism, and long term orientation became future orientation. Humane orientation and performance orientation have been added. Furthermore, House et al. has developed his nine dimensions into 18 by asking the respondents to describe first their culture as it is and second how it should be (House 2004; Western Washington University 2010).

With the knowledge of such theories managers are better prepared for the realities of doing business in a world of internationalized business. But cultural theories should just be an orientation. As Tayeb says: "a country's culture is too vibrant and complex an entity to be simplified and described only in terms of these dimensions" (Guirdham 2005, p. 59). One critic to the models is that they do not include the reason *why* differences between cultures occur. "The use of culture as a post hoc explanation of observed differences does little to help us understand the underlying causes of behavior" (Guirdham 2005, p. 60). Thus,

the Russian management style is connected with the country's history, which led to a collectivistic, short-term oriented and not uncertainty avoiding culture. The following quotations describe well the Russian business culture:

“Understanding against whom you are negotiating is a critical part of the negotiator's brief – and this requires attention to the relationship factor. There are two concepts, which I have found to be the keys to determining who holds the cards in any particular negotiation. These are: “kto kogo” (...), the sense of which is “who does what to whom”; and “kto za kem”, the sense of which is “who stands behind whom”. In short – who is really calling the shots? These phrases indicate that interrelationships and networks of obligations, formal and informal, are vital parts of the structure of the Russian political economy” (Prior 2009, p. 106).

“Who you are and what your personal values are do matter” (ibid., p. 110).

“-Rome was not built in a day (coincidentally, Moscow thinks of itself as the “Third Rome”): nurturing business relationships in Russia takes time – you should allow three years;” (ibid., p. 111).

These three quotations reflect the institutional collectivism, which was developed in the Globe Study. Russia scored as rather collectivistic with 4.50 points – the highest in the world is 5.22 points – and Germany with 3.79 as more individualistic – the lowest was 3.25 points.

“The smoothing factor (...) - It's not bribery or corruption (...). It is the way in which decision making and processes are smoothed and made easier through networks and relationships (family, school and university friendships, business contacts, hunting-shooting-fishing contacts) which have obligations and favors offered and favors returned (Prior 2009, p. 109).

“Strong personal relationships, rapport, integrity and trustworthiness are vital qualities for business success. The ability to do a deal on the shake of a hand is still important (ibid., pp. 109-110).

“The Negotiation (...).The first task is to be accepted as a serious and credible negotiator, interlocutor or potential partner. First impressions will count. The quality of your preparation will matter. Respect for your negotiating partners is essential. Know that they will have done their homework – including intensive research on the internet to cross-reference and check who you are, and whom you represent” (ibid., p. 111).

These three quotations reflect the in-group collectivism, which was mentioned in the Globe Study as well as in Hofstede’s dimension as collectivism versus individualism. According to the Globe Study Russia has a score of 5.63 and is therefore collectivistic, whereas Germany with a score of 4.02 is individualistic – within a measurement between 6.36 and 3.53 in the world.

“Pragmatism, gaining short-term advantage (if possible personal), are playing the game while at the same time undermining it, and a disregard for rational thought, planning, process, collaboration, are the characteristics of Russian management” (Horowitz 2009, p. 57).

This quotation refers to the future orientation of the Globe Study; in Hofstede’s dimensions called long-term orientation. According to the Globe Study Russia has a score of 2.88, which is the lowest and means that it has a high short-term orientation. Germany with 4.27 points is in the middle field with a tendency to long-term orientation.

On the contrary German business style can be described as following:

“Responsibility is expected to be delegated by the manager to the member of the team who is technically competent to carry out a particular task. The team member then expects to be left to perform the task without undue interference or supervision” (WorldBusinessCulture 2010).

“In-depth, long-term planning is both expected and respected. Such planning helps, in large measure, to shape the future” (WorldBusinessCulture 2010).

“Germans are uneasy with uncertainty and ambiguity. They like to analyse problems in great depth before reaching a conclusion and are uncomfortable with 'feelings' or 'hunches' in the business setting” (WorldBusinessCulture 2010).

The first quotation well describes Germany’s quite low power distance. According to the Globe Study Germany has a score of 2.54 – the lowest is 2.04 – whereas Russia has a score of 2.62. The second quotation refers to the future orientation of the Globe Study, mentioned already above. The third quotation reflects Germany’s high uncertainty avoidance with a score of 5.22 – the highest score is 5.37 – whereas Russia has a score of 2.88 – the lowest one.

These quotations, affirmed by the scores, show that Russian and German business culture is different. The next chapters describe and analyze the work of a Chamber of Commerce abroad that support German and Russian companies. A case will analyze to what results the different business cultures lead when companies of both countries try to develop a partnership.

5 INTRODUCTION OF THE EMPIRICAL PART

This part examines one particular institution working as a mediator that supports German companies in Russia. The main objective is to find out to what extent such mediators can be a solution to overcome the intercultural obstacles. For this purpose a research was realized through a survey of the German companies that have expansion plans in Russia. Moreover, it describes one particular market – the Russian market – and the difficulties foreign companies face in it.

Companies do business with other countries either distantly from home or build up a representation, for instance a daughter company in another country. Germany as a trade partner plays an important role in the Russian economy, as

can be seen on Table 2. In 2008 and in 2009 it is the most important trade partner to Russia with 9.2 and 8.5 per cent of the world wide contribution respectively, followed by the Netherlands and China. As an exporter Germany follows in 2008 and 2009 close behind China.

Table 2 Foreign Trade of the Russian Federation (Federal Customs Service of RF, 2010)

	Entire Trade				Export		Import	
	Prop. %	2008	Prop. %	2009	2008	2009	2008	2009
Worldwide	100	734,7	100	469,0	467,6	301,7	267,1	167,4
EU	52,1	382,4	50,3	236,1	265,9	160,7	116,5	75,4
Germany	9,2	67,3	8,5	40,0	33,2	18,7	34,1	21,2
Netherlands	8,4	61,8	8,5	39,9	57,0	36,3	4,8	3,6
China	7,6	55,9	8,4	39,5	21,1	16,7	34,8	22,8
Italy	7,2	53,0	7,0	33,0	42,0	25,1	11,0	7,9
Belarus	4,6	34,1	5,0	23,4	23,5	16,7	10,6	6,7
Ukraine	5,4	39,8	4,9	22,9	23,6	13,8	16,3	9,1
Turkey	4,6	33,8	4,2	20,0	27,7	16,4	6,1	3,2
USA	3,7	27,1	3,9	18,4	13,4	9,2	13,8	9,2
France	3,0	22,2	3,7	17,1	12,2	8,7	10,0	8,4
Poland	3,7	27,3	3,6	16,7	20,2	12,5	7,1	4,2

(Milliard US-Dollar)

As said before, international trade is not new, but companies face again and again obstacles when trying to enhance business in another country – as is the case with German companies in Russia. Since the breakdown of Communism, a lot of foreign companies settled down in Russia – especially in Moscow and in Saint Petersburg. A lot of questions must be considered – legal, political, economic, which is not an easy undertaking.

In the thesis one example of the institutions that help companies in the foreign markets will be examined: the Chamber of Commerce.

6 INTRODUCTION TO THE GERMAN CHAMBER NETWORK

The German Chamber network abroad offers their experience, connections and services to German and foreign companies in 120 locations in 80 countries around the world. German Chambers abroad are located in all countries, which are of special interest for German companies.

German Chambers abroad are closely connected to the Chambers of Industry and Commerce in Germany. Together, they support German companies to establish and extend their business relations to foreign countries. The umbrella organization of the Chambers of Industry and Commerce is the Association of German Chambers of Industry and Commerce, which also coordinates and supports the German Chambers abroad.

Furthermore, cooperation with various German trade associations strengthens the link between German Chambers abroad and business and markets. In the promotion of business in other countries, the German Chambers abroad have traditionally always worked in close collaboration with strong partners, such as Germany's missions abroad, i.e. embassies and consulates, and *Germany Trade and Invest*.

The German Chambers abroad have three main tasks. First, together with Germany's missions abroad they **officially represent** the interests of Germany's industry and commerce in respect of political and administration authorities in their host countries and they publicize and promote Germany as a business location. This function obliges the German Chambers abroad to neutrality and objectivity. Second, they are **membership organizations** for companies actively involved in bilateral business relations. The members give them the authority needed when interacting with politics, business and government in terms of promoting bilateral business relations. Finally German Chambers abroad are **service providers**. They support the market interests of German companies in the host country. At the same time they provide services to local companies which are involved in bilateral business. They are

increasingly active in the marketing of Germany as a business location for interested companies in the host country. Under the service brand “DEinternational” the German Chambers abroad provide so-called *basic services* which are globally harmonized and so-called special services according to special requirements of the very location (AHK GB, 2010; AHKs, 2010). The first two letters of DEinternational are an abbreviation of the German word “Deutschland”, which means Germany.

7 INTRODUCTION TO THE GERMAN-RUSSIAN CHAMBER OF COMMERCE

The German-Russian Chamber of Commerce in Moscow (subsequently abbreviated as GRCC) is the official representative of all German companies doing business in Russia and of all Russian companies doing business in Germany. Currently the GRCC, with branches in Saint Petersburg, Novosibirsk and Kaliningrad, has about 700 German and Russian member companies. About 30 people work in the GRCC in the following departments: Management; Member’s Service; Events; Public and Government Relations; Communication and Marketing; Sochi Desk for the upcoming Olympic Games 2014 in Sochi, Market Information; Personnel; Accounting and Secretary.

Impuls. Lobby. Service.

Figure 1 Slogan of the German Chamber of Commerce Moscow

The slogan of the GRCC is “Impuls. Lobby. Service” and describes the main tasks of the Chamber, mentioned in the previous chapter.



Figure 2 Organization of the German-Russian Chamber of Commerce

Due to legal requirements in Russia the structure of the GRCC outside is not the same as inside. Since in the Russian legal system a chamber of commerce is not allowed to do commercial work, but has to live from contributions of the members, the GRCC has all in all three legal entities: The first entity is the GRCC on its own. It is a noncommercial organization in a form of an association. The second structure is the Delegation of the German Industry, which is the representation of the Association of German Chambers of Industry and Commerce in Moscow. In the Russian legal system a representation is not a juristic person, because it is not allowed to do commercial work or offer services. The third entity is the Information Center of the German Industry (German: Informationszentrum der Deutschen Wirtschaft – IZDW), officially called DEinternational. It is the commercial “department” that has in Russia the Russian form of a *company with limited liability* - the “OOO” – and offers different services. These three entities frame the GRCC.

The thesis concentrates on one of the entities, the Information Center of the German Industry.

8 INFORMATION CENTER OF THE GERMAN INDUSTRY (IZDW)

The *special services* of the IZDW are adapted to the Russian market. The focus of the thesis is the Market Entry Service, in which the IZDW assists and supports German companies with their Russian market entry and expansion plans. In close cooperation with the clients it develops solutions tailored to its clients' needs and guides them throughout the process.

The Market Entry Service includes five divisions:

- Marketing Research
- Address Research and Direct Mailing (Business Partner Mailing)
- Business Partner Search
- Market Advice
- Office Representation

8.1 Marketing Research

The first step for a successful business is to get individualized market information. By being prepared to the new market the risks of international business activities becomes more manageable. The marketing research is a tailored analysis of the Russian market and includes an overall assessment of the situation in the particular industry, e.g. employment, companies' structure, and market trends; competition analysis and profiles of competitors; mapping distribution possibilities; profiles of potential business partners; and price analysis are studied. The market reports are compiled based on the clients' requirements and needs.

8.2 Address Research and Direct Mailing (Business Partner Mailing)

Address research includes the identification of business contacts according to the clients' requirements and target group(s). These may be potential customers, dealers, distributors or suppliers. The client receives a list of

companies with addresses, telephone, fax numbers, e-mail and web site, but without a contact person (step 1), since the data source is an extract from IZDW's databases. The center offers also a telephone verification of the address list – with a contact person (step 2).

8.3 Business Partner Search

For the business initiation the right contact person in Russia is an important factor. The IZDW offers a target oriented search and contacting of potential business and distribution partners (step 1). As a second step (step 2) a check of the interest in a cooperation as well as information about the partner are offered. Step 3 is individual market advice.

8.4 Individual Market Advice

Additional to the business partner search the IZDW offers their support in analyzing the market potential of the client's products and in organizing an appointment with the selected potential business partners. Furthermore the client will be accompanied by an assistant to the appointment with the Russian companies and on fairs. The organizational relation between address research, business partner search and individual market advice is pictured in Table 3.

8.5 Office Representation

For many German SMEs, market entry and expansion in Russia is challenging because of language barriers, a lack of country and market knowledge and different time zones. A representation by IZDW enables German SMEs to tap into the Russian market within a foreseeable time frame. IZDW offers a Russian postal address with individual phone and fax number in addition to handling all correspondence by bilingual employees. If requested, other services such as sales support and distribution can be provided.



Figure 3 Organization of the three main services of IZDW

9 SURVEY METHOD AND THE QUESTIONNAIRE

For a few years the IZDW has been offering its services to clients. But in this time nobody has yet implemented a control or analysis system about the success of the work. Thus, this is the first time that they get feedback about customer satisfaction.

The used method for the survey was a qualitative questionnaire that was tailored for the special requirements and circumstances of the IZDW and its services. A qualitative survey is characterized by its not predetermined and comprehensive information carrying approach and is suitable when differentiated and detailed statements of individual opinions and impressions are needed (Winter 2000). Especially to collect detailed improvement proposals to survey the reasons for dissatisfaction, the qualitative method are perfect. From the results it is possible to get relevant assessment criteria for the relevant issues and to start subsequent actions.

There are some advantages of using qualitative methods. The method adapts to the object of investigation and not the other way around and is therefore very flexible. Furthermore, you get deeper information content due to an open survey. Through the personal interaction it is possible to ask about backgrounds and remove ambiguities. The more time-consuming analysis and the fact that from qualitative data numerical quantities cannot be derived are one of the disadvantages of this method.

The qualitative method fits the best for this survey for several reasons. First, we have only a small number of respondents, about 60, thus a quantitative method would not bring representative results. Second, the companies got different services, which led to different questions that must be asked. Third, the companies come from different branches, some are from niche and that affects additionally the results and emphasize again that a quantity method is not the right way. And finally, the IZDW focused on the individual comments of the respondents and not on the before compiled questions. Thus, the results are individual and an intersection or trend cannot be measured.

The questionnaire was compiled in cooperation with the head of the department for the business partner search. It contains 15 questions containing yes/no questions, scaled questions and the possibility for comments. Due to the low reply quota to questionnaires, sent by email it was decided to call the companies directly. Thus, the questionnaires were filled out by the author itself. Therefore there was no need for a fully developed questionnaire. A sample of the used questionnaire is found in the appendix (Appendix 1).

10 RESPONDENTS

The chapter gives an overview about who the respondents are and what branches their companies are looking for. The respondents are divided, first, into the year the companies have received a service, and second, into the service they received. Included tables will help to make it understandable. Additionally, the chapter describes the survey process.

The respondents of the survey are contact persons of companies, which had ordered a service from the IZDW in 2008 or 2009. Usually companies that order a service are not members of the GRCC, since members are companies that are already on the Russian market e.g. Siemens, Knauf. The special services fit to companies that have plans to expand their business and enter into the Russian market but do not have experience and partners to do this step alone. Companies often get the first contact with the GRCC, through the Chambers of Industry and Commerce in Germany. Every company has to be a member of the Chamber of Industry and Commerce. Another way to get in contact with the GRCC is through the website that gives information about services.

About 3000 German companies per year contact the IZDW concerning a placement of Russian business partners. Two third of the companies were looking for industrial goods (25%), component manufacturers (20%) and consumer goods (20%). The other third were looking for tools and equipment (10%), service providers (10%), suppliers (7%), building industry (5%) and others (3%). Table 5.1 shows the branches of interest and a trend to 2008. The requests are manifold and some concern a niche or specific branch. Examples of the requests are: dealer for spraying diffuser for wall painting, spray guns and surface engineering; manufacturers of pipe clips and assembly rails; manufacturers of beta-lactam antibiotic; manufacturers of sodium tripolyphosphate (STPP); manufacturers of extinguishers and specialized dealers of fire safety; dealers of filter aids; manufacturers of sawmill machines; dealers of coal mining vehicles; shoe dealers; manufacturers of safes and vaults; etc.

Table 3 Structure of Requests (GRCC Moscow, 2009)

Rate	Branches	Examples	Trend
25%	Industrial Goods	Plant and Machinery	constant
20%	Component Manufacturers	Engineering, Plant Engineering, Components for Cars, Electronic Engineering	increasing
20%	Consumer Goods	Cosmetics, Textile, Shoes, Entertainment Electronics, White Goods, Groceries	increasing
10%	Tools & Equipment		constant
10%	Service Provider/Investment Companies/Mediator	IT, Anti-Crisis-Consultant	increasing
7%	Supplier Search	Semi-finished Goods for Chemistry, Fuels for Third Country, Wood, Groceries, Package, Metals (Steel, Cast Iron), Building Materials	increasing
5%	Building Industry	Material, Technologies	constant
3%	Others	Pharmacy, Agriculture etc.	constant

10.1 Respondents in 2008

19 of the respondents who had applied for a service in 2008 have been called and asked about their satisfaction and success of the service provided by the IZDW. From these 19 companies one company does not exist anymore, due to liquidation. Two others could not give any information, because the contact person had left the company. Another contact person did not want to give any information and two companies could not be reached.

Out of these 13 companies seven have ordered an address research, including one research for suppliers. Six of them have ordered step 1, one company has ordered step 2. The residual six companies out of 13 companies have ordered a business partner search. Among these companies three of them ordered step 1, three companies have ordered step 3 - an individual market advice (see table 5.2 and 5.3).

Table 4 Number of companies in the survey

Amount	2008	2009
Number of Companies	19	37
Number of companies that could not be reached	2	14
Number of companies that were liquidated	1	-
Number of contact persons, who have left the company	2	7
Number of contact persons, who did not want to give any information	1	-
Number of companies that have been surveyed	13	16

10.2 Respondents in 2009

Out of 37 companies that had applied for a service in 2009 23 respondents could be reached by a call. From these 23 companies seven contact persons do not work anymore in the company, thus the company could not give any information. Hence, 16 companies are incorporated into the research.

Out of these 16 companies 13 have ordered an address research, all of them step 1. Three companies have ordered business partner search, including one research for suppliers. All of them have ordered step 1 (see table 5.2 and 5.3).

Table 5 Structure of the survey companies

Amount	2008	2009
Number of companies that have been surveyed	13	16
Number of companies that ordered address research	7	13
-Out of these address research step 1	6	13
-Out of these address research step 2	1	-
Number of companies that ordered business partner search	6	3
-Out of these business partner search step 1	3	3
-Out of these business partner search step 3	3	-

10.3 Survey Process

It took about two months to conduct the survey. The aim was to reach all companies and get at least comments about the received service. Unfortunately it was not that easy to reach the contact persons. Problems that showed up were that some contact persons have left the company and nobody else has the information about the subject; the contact person is in vacation; the contact person is in a meeting; some of the telephone numbers were wrong and it took a while to find the right number through internet research; busy contact persons and long “talks” with mail boxes and “hold-the-line-ladies”. But in the end it was

possible to get some responses that show meaningful results and allow drawing conclusions for this work.

11 RESULTS OF THE SURVEY

Below the results of the survey are presented in the order of the questions in the questionnaire. The questionnaire is included in the appendix (Appendix 1).

The companies received the information about the services of the IZDW half-and-half from one of the Chambers of Industry and Commerce's presentations and special country related consulting days, and from the web side of the German Chamber abroad.

Because the companies had received first information about the Russian market and the services of the IZDW from Chambers of Industry and Commerce and GRCC they were aware that the services are not free of charge.

All companies decided within three months to take a service from the IZDW, most companies decided it immediately.

Question 4 refers to companies with address research. All the companies prefer to get data in an excel table, because the table does more clearly arrange and represent the addresses.

From the companies with address research step 1 in 2008 four answered that more or less the addresses fit to the ordered target audience. Three companies did not get the right addresses. The company with step 2 said that the received addresses fit to its ordered target audience. The companies with address research in 2009 answered that 30 to 50% fit to their request.

Question 6 refers to companies that ordered address research. The majority answered that 20-50 addresses should be provided. But, of course, then, they

should fit to the ordered target audience (see question 5). A few companies would like to receive 50-100 addresses.

Question 7 refers to companies that ordered an individual market advice. One company answered that it was cumbersome, because they do not speak Russian language and could communicate via a translator. Another company said that the contact person that has been in the appointment, spoke Russian, thus the interview process went well. Other companies have not given response to this question.

All companies said that they did not need any additional support, since they were informed beforehand what every single service included.

Four companies out of the address researches step 1 in 2008 answered that they did not get the right information or partner. Two companies did not answer to this question. One company got the right information/partner. The company with address research step 2 got the right information/partner. Out of the companies with business partner search only one company, which got an individual market advice, got the right partner. All respondents in 2009, except one with an address research, answered that they did not get the right information or partner.

The companies that answered to question 9 that they got the right partner still have this partner.

One company that ordered address research step 1 in 2008 was not satisfied with the service. The other companies with address research gave a grade between 2-4 (good-adequate). Needless to say that the grade means the service process and not the result.

The most companies did not order any other service. Two companies have ordered services from GRCCs in other countries. One company has ordered a market research about financial situation of potential clients in Russia.

Out of all companies only five companies agreed that the AHK can use the name of the company as a reference on the web side.

The comments of the different companies can be summarized in the following way:

Address Research Step 1

Among the 20-25 addresses a company received only two responses were from suppliers who speak English. In the end nothing happened. It seems that the extract of the suppliers was too imprecise and that IZDW was not really aware of the company's needs. Amongst others it failed because of the linguistic obstacles.

One third of the addresses were useful. The company contacted these potential partners by its own. The contacts are still hold, but at the moment there is no business going on. A period of three years is quite short in pharmacy industry to make any analysis.

One company was disappointed, because the extract did not really fit to their specific search. The extract was too imprecise, some addresses were incorrect. That is why they have started to make their own research and develop their own data base. If the data base of the IZDW were more precise and specific classification, it would be interesting to use.

One company did not get a deep understanding, for instance what the client is working with. But the company is aware of what they have ordered: a simple address research. After their own research of the addresses they got the information they were looking for. The company got a problem with the accounting department about acknowledgment of receipt and credit.

One company ceased manufacturing in the beginning of 2009. That is why they do not bring crude materials in Russia anymore. They have got some supplier addresses, but due to the decision about the manufacturing they did not carry on.

One company sent catalogues to the addresses, but did not get any answer.

At the moment business in Russia is not interesting for a company. That is why they have not used the address data yet.

One company's manager for the Russian market does not do his job, e.g. cultivate the contacts. Thus they have an intern conflict at the moment. But there is still an interest to do business in Russia.

Due to the global crisis the project did not get started.

A company got some interesting contacts, but then nothing happened. They continue to find contacts via fairs.

Some companies answered that it is too early to say anything or that they did not have the time to start the project, because they are at the moment concentrating on other countries.

Address Research Step 2

Service and data were excellent. But there were some problems with the invoice.

Business Partner Search Step 1

A company was looking for a representation in Samara, Russia, that could do the service there. They had contact with a partner, but then were afraid about doing this measure and led it be.

A company had no success with the service and stopped their plans for Moscow for this year. Market entry barriers (costs etc.) are too high in the telecommunication industry.

The contact person has been searching a partner for another company, has referred all information to this company and after almost a year broke up with

them. But he remembers that only one manufacturer answered to the inquiry. What happened after, he does not know.

Business Partner Search Step 3

In 12/2008 a company got mediation and support for a fair. The fair did not fit that well to their needs. But they got quite many contacts. Only one of these contacts led to cooperation: A German company located in Russia with a German contact person. What hinders the business is a problem in the Russian legislation about not (yet) licensed pharmaceutical. The company is waiting that something will change in the appropriate clause. Meanwhile they will cultivate this contact. All in all DEinternational is not the right way for them to get into foreign market. They have already experience with Indian-German and Rumanian-German Chamber of Commerce. Both do not lead to any satisfying result.

Everything was well prepared by the IZDW for a meeting. Unfortunately after meeting with Russian companies nothing happened. But there were also opportunities to get in contact with other companies. And now there are some contacts they will develop further.

The company was searching for distribution partners for laser systems, but did not find a suitable partner. Furthermore there were some changes in the company's organization. At the moment they do not continue this business. In some future they want to try it again, but with a private service provider.

The focus of the research lied on the comments the companies gave, the question about the price and performance ratio as well as the question about whether the company found a partner or not.

As the results show the service was not crowned with success. What might be the reasons, suggestions and proposals will be discussed in the next chapter.

12 ANALYSIS OF THE SURVEY

The chapter analyzes the presented results of the survey that aim at finding out about the satisfaction of the clients and consequently the quality and effectiveness of the IZDW's services. Suggestions for improvement are presented.

From the results of the survey we then link to the cultural issues and analyze if the Chamber of Commerce's work between cultures can be seen as a mediation that help to avoid cultural obstacles and to overcome effects of cultural differences in business.

In the results three tendencies have been found:

First, the economic crisis disrupted both the Russian and the German business. Some German companies answered that just when they were going to expand into the Russian market they were caught by the crisis. Other companies noted that the demand in Russia for certain goods went down due to the crisis, like the demand for keys for safes and vaults as an example. Since people have lost money there is currently no demand for safes and consequently no interest for Russian safe manufacturers to purchase suitable keys from German companies.

Second, all in all the companies accept the prices of IZDW's services and have confidence that these prices regard to the input and effort of the work. But some companies noted that there are also private companies or institutions that work for the same price more effectively, with better results for clients.

Third, many contacts with Russian companies that have been cultivated could not be developed further. Very often these contacts end in a talk, the Russian companies did not reply to requests or emerging relations disrupt due to linguistic barriers.

Since the results of the survey are not positive neither for the German companies nor for the German-Russian Chamber of Commerce it is recommended to check the quality of the services and analyze why some private institutions and companies are more effective and bring their clients more success. Whereas the still lasting economic crisis is beyond GRCC's power and concerns a wide scope of the worldwide business.

First, the IZDW should reconsider the services they provide. For instance, address research step 1, which brings almost no positive results to the clients, should not be provided at all. Only checked addresses, preferable with a contact person and possible language for communication should be offered, even though the IZDW asserts that they inform thoroughly their clients beforehand about the difficulties, which they could face when ordering address research step 1.

Furthermore, it might be risky to offer services as an expert of the Russian market, since an expert provides his/her service in a special field. But the Russian market is huge and wide and moreover it might be difficult to cope with the clients' needs that require an understanding of certain branches and niches. Experts from different branches could support the IZDW's work.

Another suggestion is to build up an internet based uniform platform where Russian and German partners can find each other directly by using search keys and is coordinated and supported by the GRCC. The challenge lies in establishing this platform on a national standard. It could also work as a shared task between the foreign or economic department of the Russian Federation and Germany.

Additionally, companies should employ bilingual – or even multilingual –and interculturally trained personnel.

Finally, as a service providing institution the IZDW should formulate goals, or even missions. On the official web side the service is advertised as „DEinternational – service for your success - from Auckland to Zagreb“

(DEinternational 2010). This slogan, which can be recognized as a mission, underlines the exclusivity of the tailored service provided by the German Chambers of Commerce abroad under the brand DEinternational. It does not include the aim for their work. It is a service for success, but does it really bring success?

The results of the survey have been conveyed to the IZDW.

The frame of the thesis is to what extent the GRCC can be successful and to what extent cultural differences cannot be avoided. As described in the third result on page 37, very often first contacts could not be developed further. Hofstede's approach has been chosen to identify if the GRCC meet the role of a mediator.

Table 6 Hofstede's cultural dimensions - a comparison between Germany and Russia (Clearly Cultural 2009)

	Power Distance	Uncertainty Avoidance	Individualism	Masculinity	Long-Term Orientation
Germany	35	65	67	66	31
Russia	93	70	42	37	n/a

As Hofstede identified, Russia is a rather collectivistic culture (see on Table 6) and thus focus on personal relationships, whereas Germany as an individualistic culture emphasizes independence, responsibility for one self and admires individual achievement in jobs. As a result it seems to be natural that Russian companies try to find business partners rather through relationships than through a bilateral Chamber of Commerce.

Moreover, the Power distance dimension identifies Russia as a culture that highly appreciates hierarchical structure and strong leaders instead of equal treatment through the hierarchy. This is connected to the long tradition of Russian people being ruled by czars, priests, revolutionaries, bureaucrats, and "apparatchikis". Since German organization culture concentrates rather on the equality and tries to extent new organizational concepts where hierarchy plays a

secondary role, it is an additional obstacle to find a common denominator for a joint project.

According to the Globe Study Russia's score in future orientation is 2.88 points. Germany has a score of 2.88. Through the author's own experiences in Russia it has been noticed that due to the uncertainties in history e.g. political uncertainty and inflation. Russians focus on today's life – who knows what will happen tomorrow. This can be seen in the private life as well as in the business culture. Thus, projects are often started without a thorough analysis if only the project can be realized financially. Especially in the real estate branch the results of such a policy can be seen in half-built buildings which are not caused by the economic crisis alone. Whereas Germans stress on sustainability and long-term relations. Thus it must be a great effort for the IZDW to bring these two different directions together.

Masculinity versus femininity dimension cannot be analyzed from the results of the survey. Uncertainty avoidance is in Russia as well as in Germany quite high and furthermore, does not have a relation to the survey.

Indeed, to promise success is risky since the Russian market is of course not the easiest to enter into. Its own business culture and the importance of connections and pulling strings make it a bold venture. The free market economy in Russia is young, it moves from planned targets to profit orientation, without historical basis in it and therefore Russia is in another stage of development than countries that practice market economy since the 50's. The current socioeconomic situation in Russia has been decisively influenced both by the tsardom and by communism (Vogler 2007). Furthermore, the rising competition on the Russian market, since German companies are not the only ones who see their chances in this upcoming prospective market, as was shown on Table 4.1, give Russian customers a great choice.

13 CONCLUSIONS

To what extent do cultural differences affect business? During the thesis writing process it has been found out that culture is not the only element that influences results in business. Many other issues are responsible for success, too. But cultural differences can be a reason for a failure. Could these failures be avoided? They can be diminished, but first they must be discovered as cultural clashes. People could be trained to become aware that cultural issues influence business and thus they can avoid critical incidents to a certain extent.

The German-Russian Chamber of Commerce is an institution that supports companies to expand their business and may lift some emerging obstacles. Unfortunately, it did not seem to succeed very well in its work.

But, if cultures such as Germany and Russia differ a lot in business practice and values, as has been discovered and shown through the dimensions of Hofstede and The Globe Study, a mediator e.g. the GRCC has hard work to do. After companies become aware of obstacles, they should decide what is more important, to make a deal with the other company and go beyond their own scope of action, or stay in their own scope and do business with companies that have the same practice and values.

During my writing process difficulties emerged when authors of the books I used quoted dimensions, but in different ways, and this led to confusion.

While gathering information for the empirical part and calling companies in the survey it became clearer and clearer that the thesis goes in an unexpected direction due to the mainly negative results of the survey. The original idea to introduce the Chamber of Commerce abroad as a mediator to avoid emerging cultural problems vanished almost completely. Instead, the central theme had to be redefined in *if* the GRCC may be a mediator.

The survey took a lot of time. Many companies could not be reached. A better preparation and taking into account that people may be on vacation or do not have time, could have helped to get more results.

For the author the main concern was to include her own experiences into the thesis. Experiences about the Russian market helped to examine the described theories critically and draw conclusions.

The next interesting step could be to analyze how successfully other bilateral German Chambers of Commerce abroad (GCCs) work and support companies. Provided that other GCCs get feedback from their clients, a survey among GCCs in different countries could be carried out to analyze how successfully in terms of client's satisfaction their commercial departments work. From the results it can then be analyzed what influence cultural differences between other countries have in business. Thus, it could be found out, whether the cultural differences or the quality of the service affect the success of GCCs' work.

Furthermore, it could be analyzed how Chambers of Commerce of other countries work abroad. An overall analysis of the organization of the different CCs could be mainly realized by an Internet research, since today the most institutions have quite good websites with presentation of their structure.

During the writing process it became clear that culture is an issue from which it is impossible to get an overall solution in avoiding obstacles in international trade. The best way to avoid cultural clashes is to become aware about differences that may emerge.

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Informationszentrum der Deutschen Wirtschaft
ООО "Центр информации немецкой экономики"

Customer Satisfaction Questionnaire
Service of the *Information Center of the German Industry (IZDW)*
In the Russian Federation

March/April 2010

Contact Person _____, Company _____

1. How did you learn about the services of the GRCC?

- Web side ____, - recommendation from: _____, - other: _____

2. Did you know before that the AHK services are not free of charge?

- Yes ____ - no ____

3. How long did it take you to choose a service of the GRCC?

- Until 3 months ____, - 3-6 months ____,
- 6-12 months ____, - over 12 months ____

4. Preferred form of data

- Excel ____, - Word ____, - other: _____

5. Did the information correspondent to your desired target audience?

- Yes ____ - no ____

6. How many addresses should be provided?

- 20 ____, - 20-50 ____, - 50-100 ____, - over 100 ____, - more ____

7. How did you like the interview process with potential partners?

- Open and constructive ____, - reserved ____, - misleading ____

8. What kind of additional support you would have needed?

- Attendance on fairs ____ - organizing the stay (visa, hotel) ____
- Others: _____

9. Have you found the right partner / the right information?

- Yes ____ - no ____

10. Does the partnership continues

- Yes ____ - no ____

11. How satisfied are you in general with the service received?

Excellent (1) _____unsatisfactory (6)

12. How satisfied are you with the price/performance ratio?

Professional _____unprofessional

Expensive _____not expensive

13. Do you have used other services of AHK?

- Marketing Research _____
- Office Representation _____
- Distribution Partner _____
- Event _____
- Law _____
- Attendance of Fairs _____
- Recruitment Services _____
- Non _____

14. May IZDW take your company into the reference list?

- Yes ____ - no ____

15. Comments: