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The significance of the Russian language in Finland

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Degree Programme in Business Management
Thesis
May, 2011

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Year	2011	Pages	56
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The purpose of this thesis was to study the present significance of the Russian language for Finnish entrepreneurs who do business with Russia. During the past several years these two countries are trying to cooperate with each other in different ways that allows them to build mutually advantageous economic relations. Today, business between Finland and Russia is growing very fast. Entrepreneurs from both countries are willing to work together and launch different projects in development and innovation. Russia is the closest fast-growing international market in relation to Finland and it offers many investment opportunities for Finnish entrepreneurs. Also, Russian tourists are visiting Finland quite often and this factor positively influences the Finnish economy. However, the objective was to analyze whether services in the Russian language in Finland would attract more Russian tourists or whether this does not matter.

The thesis is divided into two main parts. The first part consists of the theoretical background of this study which is based on the literature that has been reviewed by the author and observes mainly relations between Finland and Russia in both economic and business fields, statistical data about Russian tourists in Finland and the role of language and communications in international business.

The second part contains quantitative and qualitative research that has been conducted among Finnish entrepreneurs learning Russian and Russian tourists who are visiting Finland.

At the end of the thesis the findings of the study are presented along with the author's opinion and suggestions on how to improve services oriented to Russian customers in Finland.

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1 Introduction

1.1 Background

Today Finnish newspapers more often raise the subject of the large number of Russian tourists in Finland. Helsingin Sanomat, the largest newspaper in Finland and the Nordic countries, has a huge archive of articles related to news about Russian visitors in Finland. Such interest in the issue does make sense. Firstly, the large flow of Russian tourists has become an important factor for Finnish retail business and tourism. Nowadays, more and more enterprises are trying to focus their operations on customers from Russia. According to the statistics, in 2008 Russian tourists spent 595 million Euros in Finland, which is 27 per cent more than in 2007 (Travel 2009)

Secondly, economic growth in Russia in recent years has made it easier for its citizens to travel abroad. Finland has always been one of the most popular destinations among Russian tourists mainly because of its closeness to home and the wide variety of existing high-quality services and products that are manufactured there. Finland offers great opportunities for holidays with family or friends. There are a large number of ski and spa resorts which are very attractive for tourists. Russians come to Finland because of the many different possibilities to spend their holidays.

Thirdly, the close geographical location between Finland and Russia allows these two nations to interact in all areas of business. Particularly in tourism and trade because the number of Russian tourists in Finland is constantly growing and indices of economic exchange between Finland and Russia are increasing very fast (Suomi Venäjällä 2011)

At the moment, economic relations between Russia and Finland are lifting. Both countries are actively cooperating in different projects. During several years Finnish entrepreneurs have shown a growing interest in relation to Russian markets (Vneshmarket 2007) However, there are still some difficulties that limit business operations inside the international field and also reduce customer satisfaction. As mentioned above, Russians have possibilities to travel a lot around the world, but, unfortunately, not many of them speak English or other foreign languages. This is mainly due to the lack of motivation among students in Russia who prefer to learn other subjects instead of foreign language courses. Children learn English at school, but when they graduate it depends on them whether they continue learn this language or not. People do not have opportunities to practice their language skills after school if they do not travel abroad often enough. All movies and TV shows are dubbed into Russian while Finnish citizens can watch them in the original. To my point of view, all of that affects Russian children's vision of the importance of knowing the English language. People do not see the neces-

sity of learning it. But, at the same time, Russians love to travel abroad and spend their money on high-quality products and services in other countries. This aspect makes them a valuable asset in tourism and other industries.

Finland is quite an international country, especially its metropolitan region. Students from all over the world come to Finland for education. There are a large number of Finnish universities that offers Degree Programmes in English for foreigners. As a result, people have more opportunities to learn and practice languages in Finland rather than in Russia because of the large number of international citizens.

Due to the closeness between Russia and Finland, it is quite obvious that Finnish business is frequently related to Russian customers or partners. These two nations have all aspects for mutually advantageous economic relations. Together Finland and Russia can develop their business communications and get a profit from tourism. But successful results are closely connected to an awareness of not only the financial situation in the partner country, but also an understanding of culture and language.

There are many language schools in Finland which present Business Russian language courses for entrepreneurs who want to learn Russian. These schools are successful, because there is always a flow of entrepreneurs who operate with Russia and would like to learn the language and culture.

1.2 Purpose of the study

The main purpose of the study is to observe the real position of the Russian language for Finnish entrepreneurs whose business is connected to Russia.

Furthermore, the objective of this study is to define the existing business and economic situation between Finland and Russia, to determine the biggest consumer group among foreigners in Finland, to find out the impact of Russian customers on Finnish retail business and, to carry out research among Finnish entrepreneurs learning Russian language as well as Russian customers who come to Finland and use its products and services. The idea of this research is to understand the real significance of the Russian language in Finnish business connected to Russia, and the importance of services in Russian for Russian clients in Finland.

The thesis consists of theoretical background and research sections. In the beginning there is general information about Finnish-Russian relations and a categorization of Russian visitors in Finland. Different statistical data were used for analyzing Russian influence on the business market. The thesis includes facts about Russian influence on Finland from different print and

digital sources. Also it describes the ideas of entrepreneurship, tourism and customer satisfaction. The statistical data from various research companies, such as Tak Oy and Statistics Finland, have been used in order to define Russian customers in Finland.

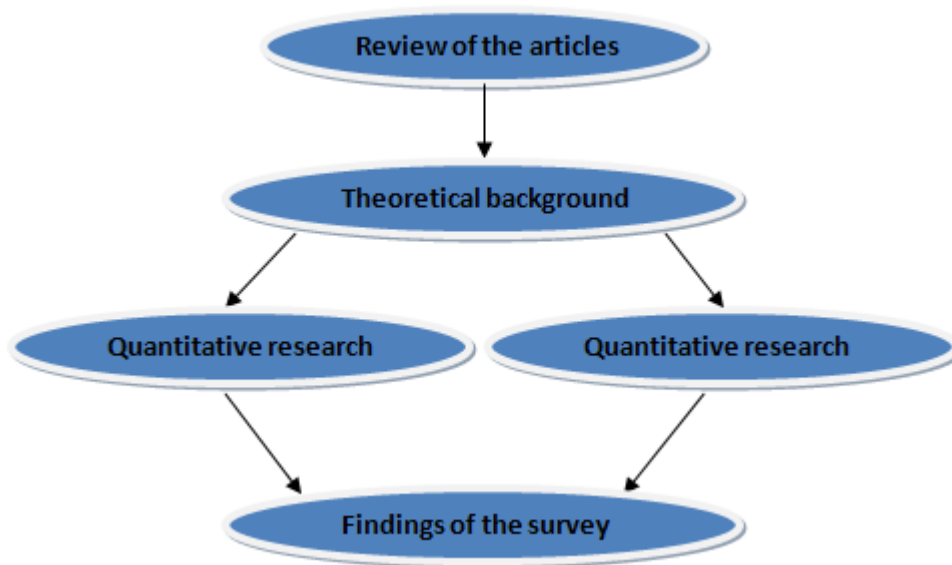


Figure 1: Structure of the thesis

The marketing research consists of the practical work based on a survey among Finnish entrepreneurs learning Russian and Russian tourists coming to Finland. It was conducted both as quantitative and qualitative research. The results of the quantitative research show in percentage how many respondents use the Russian language at work and how many of them think that it is important in Finland. The findings of the qualitative research give an idea the Russian customer's opinion of Finnish services.

The content of the work creates a clear picture of Russian tourists in Finland and their impact on the Finnish economy which allows a conclusion about the level of significance of the Russian language in Finland.

1.3 Limitations

Due to circumstances, this research has some limitations that have to be mentioned. The quantitative research in this thesis was conducted among different groups of entrepreneurs who are learning Russian. The duration for collecting replies was three weeks which is not enough to survey large number of respondents. As a result, the response rate is not very high.

1.4 Definition of the terms

Definitions that are mentioned below will help to understand clearly the meaning of the terms which have been used in this thesis. This will help avoid any possible confusion later in the text.

Devaluation is a significant drop in the value of a currency, relative to the price of gold, or the currencies of other countries (Investor Words 2011)

A collapse is an unexpected and dramatic slowdown in economic activity which leads to a fall in prices with a drop in the level of employment (Business Dictionary 2011)

The World Bank is one of the major sources of financial and technical help rendered to developing countries (The World Bank 2009)

The International Monetary Fund (IMF) is an organization of 187 countries that promote global monetary cooperation, protects financial stability, assists international trade, fosters high employment and sustainable economic growth, and decreases poverty around the world (IMF 2011)

An agreement of partnership and co-operation between the European Union and Russia is an accord that leading to make stronger their democratic system and to develop their economies through collaboration in a broad variety of areas and through political discussion (Summaries of EU Legislation 2010)

The current account balance is the section in the country's balance of payment which fixes the balance of trade (exports and imports of goods and services), net factor income and net transfer payments (Wikipedia 2011)

BRICs countries refer to a fast developing group of countries. This is an abbreviation of Brazil, Russia, India and China (Traderslog 2010)

The Goldman Sachs Group, Inc is one of the largest investment banking and securities firms which focuses on investment banking, securities, investment management, and other financial services mainly with institutional clients (Goldman Sachs 2011)

Re-export is imported product which is exported by the importing country (Business Dictionary 2011)

The economic zone is a geographical area that has more free-market-oriented laws than a country's typical or national laws. The main objective of launching such zones is to develop a country's economy. Today there are 16 federal economic zones in Russia and a number of regional projects (Wikipedia 2011)

The organization for Economic Co-operation and Development (OECD) is an international economic organization of developed countries who come together to stimulate economic progress and world trade. It was founded in 1961 and consists of 34 countries. The OECD defines itself as a forum where governments can share experiences and find together solutions to common problems (OECD 2011)

Research and Development (R&D) is a complex of actions including both scientific research, and manufacture of small-scale product samples before the real entrance of a new product or system to the industrial production. Expenses on R&D are an important indicator of the level of innovative activity of the company (Wikipedia 2011)

The World Economic Forum is an independent international organization focused on improving the state of the world by interconnecting business, political, academic and other leaders of society to build global, regional and industry agendas (World Economic Forum 2011)

The International Institute for Management Development (IMD) is a non-profit organization which is located in Switzerland (IMD 2011)

2 Review of articles related to the topic

The objective of this chapter is to study the relations between Finland and Russia in economic and business areas. The information which is presented below is guided by different sources and relates to the influence of one country on another due to its closeness. It can help the reader understand why Russia and Finland can have mutually advantageous economic relations.

2.1 Economic growth in Russia and its impact on Finland

The Russian Federation has always had a great impact on Finland's economy. Nowadays there is a successful economic change in Russia since the crisis of August 1998. This was one of the most difficult economic crises in Russian history. The main reason for it was the huge government debt of Russia generated by the collapse of the Asian economy, a liquidity crisis, a low world price for the raw materials which makes the basis of Russian exports, and also a populist economic policy and the building of a pyramid of state credit obligations.

The consequences of this crisis have seriously affected the economy of Russia and the country development as a whole. In six months the ruble exchange rate fell more than 3 times in relation to dollar. The trust of the population and foreign investors at the Russian banks, the government, and also the national currency were undermined. A significant number of small enterprises were ruined and many banks went bust. The banking system was in a state of collapse for a minimum on half a year. The population lost a large part of their savings and the standard of living fell. Nevertheless, ruble devaluation allowed the Russian economy to become more competitive (Wikipedia 2011)

There are many other dramatic events in Russian history that has damaged its economy, but now the country is recovering step by step. In 2009 Russia joined the World Bank and the International Monetary Fund. In 1994 an agreement of partnership and co-operation with the European Union was signed by the Russian government.

During the last ten years Russian economy makes a lot of progress. The current account balance has risen from 58. 6 billion US dollars in 2004 to 95. 3 billion US dollars in 2006 (The Russian Economy today 2010)

In 2009 Russia had -7. 9 per cent Gross Domestic Product (GDP) growth because of the rising unemployment, collapsing global demand and global improbability which damage investment and consumption. But, during 2010 the Russian economy started to grow again with a 3. 8 per cent increase in GDP. In 2011 Russia's Economic Development Ministry expect that country's GDP would rise 4. 2 per cent (Background note: Russia 2011)

History shows that the Russian influence on the Finnish economy has been always very significant. The volume of Finnish trade and other economic behavior with Russia and the Soviet Union changed significantly in the last centuries (Ollus & Simola 2006, 24)

Nowadays, Russia is the closest big market area to Finland which is growing very fast. It means that Finnish companies have a lot of space where to invest (Ollus & Simola 2006, 84). Also I would like to mention that today Russia is one of the BRICs countries. According to Jim O'Neill, a global economist at Goldman Sachs, it will be one of the biggest economies in the world by 2050 (Wikipedia 2011). Already now the Russian market presents a lot of opportunities for Finnish firms to develop.

2.2 Finland's competitiveness

According to the World Economic Forum (WEF) and the International Institute for Management (IMD), Finland is the most competitive nation. In 2003, Russian Federation's rank was 70 out of 102 in WEF and 26 out of 30 in IMD. Finland in this list has scaled from a middle-class country to the peak since the early 1990s (Helanterä & Ollus 2004, p. 81)

Finland is one of the most experienced users of technology in the world. In 2002-2003 and 2004-2005 Finland was number one in the performance list of the top 10 economies since 2001-2002. According to the report of the year 2010 uploaded by WEF, Finland now is number 6 in this table. It can be seen in figure 2.

Country/Economy	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Coverage	133	134	127	122	115	104	102	82	75
Sweden	1	2	2	2	8	6	4	4	4
Singapore	2	4	5	3	2	1	2	3	8
Denmark	3	1	1	1	3	4	5	8	7
Switzerland	4	5	3	5	9	9	7	13	16
United States	5	3	4	7	1	5	1	2	1
Finland	6	6	6	4	5	3	3	1	3
Canada	7	10	13	11	6	10	6	6	12
Hong Kong SAR	8	12	11	12	11	7	18	18	13
Netherlands	9	9	7	6	12	16	13	11	6
Norway	10	8	10	10	13	13	8	17	5
Iceland	11	7	8	8	4	2	10	5	2

Note: Top three ranks in each edition are in blue typeface.

Figure 2: Performance of the top 10 economies since 2001-02 (World Economic Forum 2010)

Furthermore, Finland is at the top regarding property rights, legal independence, company expenditure on Research & Development, and the diversion of public funds which helps to avoid organized crime among public officials. Also, public trust in politicians and the government's budget balance are categorized as one of the highest in the world (Helanterä & Ollus 2004, p. 82)

In addition to that, Finland is ranked as the country which has the third highest education rate in the OECD Fact book 2010 (Wikipedia 2011)

Through the WEF Business competitiveness index it can be seen that Finland achieves a good level in subjects connected to the quality of the national business environment and the complexity of company operations and approach positions. The capacity for innovation, the productivity of process complexity and the value chain lead Finland to have one of the best scores in the world.

According to the studies made by IMD, Finland has great experience in the issues connected to R&D. Also it has success not only in higher education as mentioned above, but also in the value traded on the stock market (Helanterä & Ollus 2004, p. 83)

2.3 Finnish expertise on Russia

In order for Finland to grow into a leading expert on Russia, the country has to understand its actions in Russia better than its competitors. It has to be understood what kind of effect Russia has on the development of the Finnish economy and society.

Education connected to Russia has to be evaluated with awareness in order to raise public interest in Russia. Learning the Russian language in schools has fallen during the last 10 years. Nowadays, only one per cent of the pupils in schools study the Russian language. Less than three per cent of upper secondary school students have had an intensive or long course in Russian. According to that, the number of students studying Russian language has to grow as well as the teaching of Russian culture, geography and history. This could significantly improve the opportunities for young people to operate successfully in Russia. Additionally, it could help to increase the level of Finnish expertise on Russia internationally.

The Finnish education system has provided an exchange programmes for its students for over sixty years, but, unfortunately, there is little interest among Finnish students in going on exchange to Russia. Earlier, this option between Russian and Finland did not exist, but now when it became available, Finnish students do not use it very well. Russian exchange students are very interested to come to Finland. It is important to develop the current situation in the student exchange system to increase students' interest in exchange studies in Russia. Of course, it is something that the Russian government has to build up. The Russian educational administration has to create some plan in order to bring the attractiveness to exchange programmes with Russia. This country can offer interesting cultural experiences that can be rewarding to students. Also, to my point of view, as long as students understand the importance of Russia for Finnish economy and the career opportunities in the future it will become more attractive for them to connect with Russia (Ollus & Torvalds 2005, p 42)

2.4 Trade between Finland and Russia

According to The Finnish Border Guard Rajavartiolaitos, the length of the common Finnish-Russian border reaches 1340 kilometers which also makes these two countries natural trading partners (Finnish 2010)

For several years Russia has been the fastest growing export market in the neighborhood with Finland. Finnish exports to Russia have risen, even though at least a quarter of that export is actually re-export which means products imported to Finland instead of being manufactured there. Finland's participation in the re-export trade is mainly due to the technically developed nature of Finnish logistics and conventionally large transit flows through Finland to Russia (Wikipedia 2011)

2.4.1 Transit route via Finland

After the collapse of the Soviet Union, it became compulsory for Russia to change its traffic connections. It was no longer effective to use port facilities in the Baltic States and in the Ukraine. As a result, Finland became a transit country for Russia with very fast growing traffic (Kilpeläinen & Lintukangas 2005, p 12)

In 2009 almost thirty per cent of the European Union's Russian trade went through Finland which is seven per cent less than the year before. On the figure 3, there are exports to Russia from the EU and Finland as well as transit from other countries which are going through Finland to Russia.

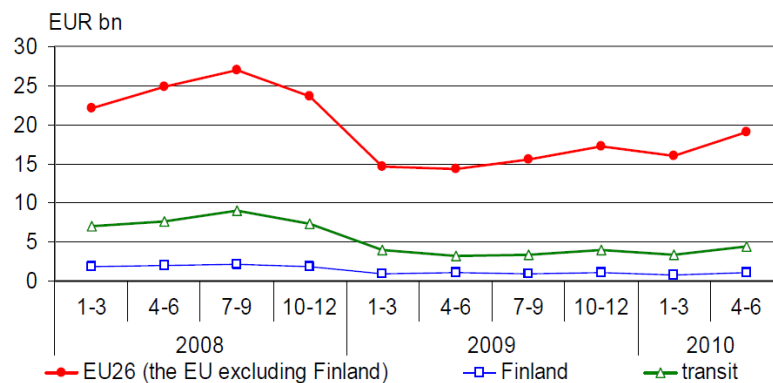


Figure 3: Exports from the EU and Finland to Russia, and eastbound road transits via Finland (Tulli 2010)

2.4.2 Exports and imports

From 2000 to 2004 the development of Finnish foreign trade started to slow down and began to grow again only in 2004. The most important Finnish export product at that time was paper, but due to critical market conditions in this area, the improvement of Finnish exports was quite difficult. The same situation we could see in Finnish imports, but it was not as dramatic as in exports. In 2005 Russia became the largest export market for Finland.

The importance of Russia as a trading partner for Finland has got stronger as Russia has become an increasingly more important source of energy and raw materials for Finnish industries. Today Finland imports many products and essential requirements, such as fuel. The amount of Finnish imports from Russia has grown in 2000-2005 by 20% annually. The total value of imports from Russia in 2010 was EUR 6.5 billion (National board of customs 2010)

As is known, Russia is a resource-rich country and, as a result, it exports to Finland such natural resources as oil, natural gas, metals and other raw materials. Conversely, Finland exports to Russia mainly industry products: machinery, equipment and other completed goods (Kotilainen 2004, 91)

During the last decade trade between these two countries has developed and improved. Nowadays, we can surely declare that Russia has become one of the most important trading partners for Finland. According to the figure 4, Finland imports from Russia more than it exports to Russia. Also, it can be seen that at the moment Russia is first among other countries that export its products to Finland. Thus the Russian Federation is quite an important resource for Finnish trade.

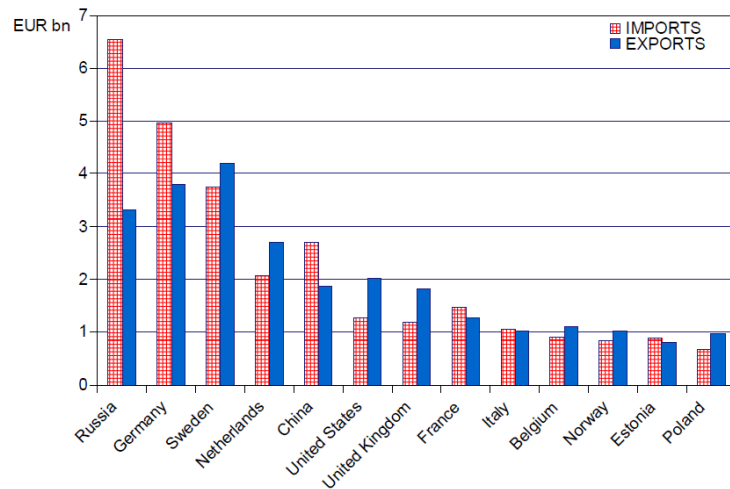


Figure 4: Foreign trade by counties, 2010 (Tulli 2010)

The figure 5 demonstrates the correlation of products that are imported to Finland from Russia. The brackets show the share and change from the previous year. According to the National Board of Customs, the total value of imports in 2010 was 6.5 billion Euros. Finland mostly imports oil and gas from Russia, and after that electricity, metals, chemicals, wood and coal. Other products imported to Finland takes only 4.7 per cent of the whole amount of imports.

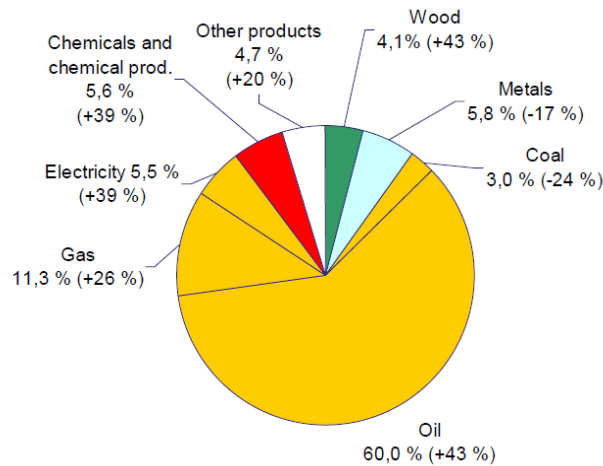


Figure 5: Imports from Russia by products, 2010 (Tulli 2010)

The Total value of exports to Russia in 2010 was 3.3 billion Euros. The sixth figure shows what products Finland exports to Russia. Mainly it is chemicals, industrial machinery and equipment, power generating machinery, electrical machinery and equipment, paper and paperboard, metals and metal products. A smaller number of exports include food and beverage, transport equipment, petroleum products and other products.

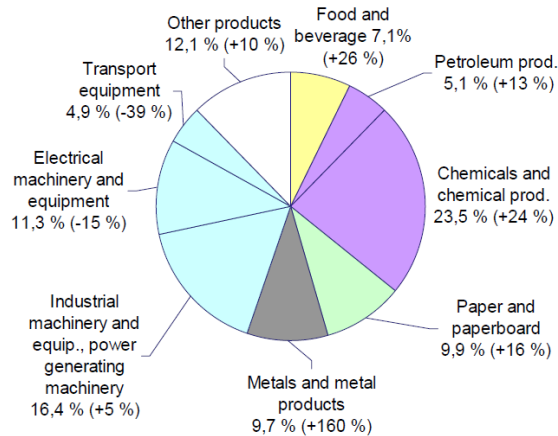


Figure 6: Exports to Russia by products, 2010 (Tulli 2010)

Those numbers that are illustrated in figure 5 and figure 6 one more time confirm that Russia is the important export market for Finland, especially for enterprises that have an opportunity to export to Russia its production. Also imports from Russia are very significant for Finland because of the energy and other sources of raw materials that are offered by Russian Federation.

2.4.3 Finnish investments in Russia

Basically, Finnish companies invest their capital in wood, building, and food industries in Russia. According to the Finnish ambassador to Russia, Harry Helenius, the economic interest of companies define a level of development in trade relations between these two countries (Vneshmarket 2007)

Nowadays, the Russian market offers many investment opportunities for foreign entrepreneurs due to its growing strength in recent years. Russia knows that foreign investments are quite important for its economic development and the government tries to support foreign investment by launching individual economic zones, high-technology parks, and areas for tourism.

The Russian government has a legal constitution to support foreign investments. For example, the Investment Code that was passed in 1999 describes national treatment of foreign investors and gives them the right to take part in investment operations in any form approved by law with rights equal to Russian investors. However, there are some industries that have limit on foreign ownership. Also, corruption can be a large problem in the legal system which leads to contract non-observance (Global impact Russia 2010)

In the 1990s, Finnish companies started to invest in Russia. Since then these investments grew very fast (Ollus & Simola 2006, 84). Before most of the Finnish investments were directed to the Northwestern and Central federal districts, but nowadays Finnish firms are searching for new investment objects which are closer to those cities where the market potential is large.

According to the republic of Karelia State Government Bodies' official web portal, Andrey Nelidov, the President of the Republic of Karelia in Russia, has mentioned three priorities of cooperation with Finland and has discussed it with the special representative of the Ministry of employment and economy of Finland Eino Siuruainen. Today the main task for Finnish diplomat is to search for new ways of cooperation between Finland and Russia. The first priority which was pointed out is support in the area of housing and communal services area. The second priority named by Andrey Nelidov is the development of a wood industry complex mainly by increases in volume and quality of deep processing of wood. The third priority of joint actions is tourism. Nelidov considers that southern tourism has almost settled the potential. Everywhere people find the same standard set of services. But the potential of northern tourism has only started to reveal itself and promises good prospects. Nelidov underlined that Kareliya is a pearl of the Northwest, and it should not be developed only as industrial region. The beauty of such places as Kalevala can amaze the imagination of any European.

Separately the head of Karelia has talked about the establishment of a Finnish industrial park in the republic. This idea appeared three years ago, however, since then the Finnish investor

did not show the activity and almost did not make contact with the Karelia's government, although they are still interested in the realization of this project (The official Karelia 2010)

An industrial park is a territory where scientists develop ideas and technologies which are necessary for some manufactures, and businessmen invest in these projects and conduct manufacture on their basis. There are already ten similar complexes in Finland that function quite successfully. About 10 large Finnish investors are ready to develop «industrial zones» in Karelia, but for this purpose the republic should execute a number of conditions: supply of the ground areas, a construction of roads and an engineering infrastructure. Investors build shops, mount the equipment, and train the personnel who are local residents (Karel Inform 2007)

The northwest part of Russia consists of Saint-Petersburg and the surrounding Leningrad region, the republics of Karelia and Komi, Murmansk, Archangel, Vologda, Pskov and Novgorod regions together with Kaliningrad which will turn into an enclave within the EU because of its growth. Geographically, Northwest Russia is larger than Finland by five times and its population is 14.3 million people. The most important groups of this region located on the territory from the Finnish border to the Urals are in the ground of energy, basic metals, forestry, and information and communications. Northwest Russia is rich in raw material sources together with cheap and skilled labor as well as admission to the fast-growing Russian markets. The Russian growth phenomenon suggests excellent opportunities for Finnish industrial companies in Russia. The export of technology to Russia will be increasing together with growing investment. There are also possibilities for small and medium-sized Finnish subcontractors to start activity in Russia and for manufacturers to launch cross-border networks.

For last six years, the Russian economy has grown three times faster than the EU economy. One day, the logistically beneficial geographical location between the key markets of Russia and Europe will increase its potential. Because of its neighborhood, Finland can benefit the most from Russian growth and economic income of its operations. Finnish trade with Russia is growing which makes Russia one of Finland's leading trading partner next to Germany as mentioned above.

It is also significant to underline that Finland is very positive about Russian entrepreneurs who invest in the Finnish market (Vneshmarket 2007)

2.4.4 Russian investment in Finland

The Finnish-Russian chamber of commerce in Moscow studies the development of the Russian economy as a whole and promotes growth of commercial relations between these two coun-

tries. The head of the chamber Juha Stenholm underlines that at the moment the Russian-Finnish trade and economic relations develop with an amazing speed.

The core of modern economic development in Russia is the possibility to use various natural resources, for example the manufacture and sale of oil, natural gas and other raw materials. Because of the lack of rich natural resources Finns should improve the technologies of processing those raw materials and manufacture the goods which should have demand not only in the domestic, but also in the foreign market. The economy of such a country as Finland cannot effectively function without foreign economic relations and cooperation. The competitive advantage is one of the basic conditions of success in business.

Trade with Russia has always had a great value for Finland. Today this value only continues to increase. In comparison with other European or Non-European countries growth of Russian economy is stable at the moment. According to the data which was published by the European Fund of reconstruction and development, Russia takes the third place in the world economy of growth. It is natural that foreign companies are interested in the growing markets. That is why it is obvious that the closeness to the dynamically developing Russian market is the competitive advantage for Finnish companies. That neighborhood gives many possibilities for big and small enterprises in Finland.

There is also a growing interest among Russian companies doing business in Finland mainly because of the good logistical and telecommunication possibilities in the country. Usually, foreign investments in Finland are directed to the wholesale and retail trade, information technology and research activity. Approximately 15% of the labor in Finland is situated in foreign companies. Russian investments are basically carried out in the tourist sphere and real estate. However, there are also other directions of these investments. For example, Russia's largest oil company Lukoil has bought a network of Finnish gas stations Teboil. A Nickel and palladium mining and smelting company in Russia has bought factory in Harjavalta which is realizing nickel. Among Russians Finland is known as the country with advanced technologies and no corruption. The Finnish educational system is good organized and its graduates are high quality experts. The fact that Finland is a stable country that enters into the European Union is quite important for Russian entrepreneurs (Economic Newspaper 2010)

Russian companies are increasingly using Finland as a core of the European markets. It is possible that the number of Russian firms will continue to grow, mostly in Southeastern Finland.

2.4.5 Real estate for foreigners in Finland

Today, the purchase of real estate in Finland is very attractive for Russian citizens because there is a mass of positive aspects in such acquisition. First of all, house purchase in Finland is a reliable investment of money. The prices for real estate grow regularly 10-15% per year. Secondly, Finland has a stable economy with low real estate prices which involves here a huge amount of foreign investors. Thirdly, the process of buying the real estate in Finland does not make any problems. Legislation has developed and improved the mechanism of purchase and sale. Now everyone has the right to own the property in Finland. Efficiency and the predictability of legal systems, respect for property rights is guaranteed equally to all foreign investors and owners of real estate. Today, buying a house in Finland is easier than buying an apartment in Moscow because of the absence of a red tape and bureaucracy (JustReal 2009)

According to Statistics Finland, in 2009 the reduction of prices on real estate was 6.8 per cent. The average price of real estate in Finland in August 2009 was €1878/square meter. Real estate prices in new buildings went down less in 2009 - only by 1 per cent (2.6 per cent with inflation). The reduction of real estate prices has more affected Helsinki, than other regions of the country, mainly because of the raised role of city in the export-focused economy.

So, in Helsinki Metropolitan Area, which includes the cities of Helsinki, Espoo, Vantaa and Kauniainen with a general population of 1 020 166 people, the average prices for real estate have gone down by 7.5 per cent to 2708 Euros per square meter and on 4.6 per cent – in new buildings (Kiinteistö Lappee Oy 2010)

The boom in real estate prices in Finland proceeded from 2001 until the second quarter of 2008. That has been caused by following factors:

- A strong economy and salary growth
- Changes in the real estate market and low interest rates for credits that made real estate purchase in Finland more accessible for the big amount of population.
- The loyal tax system (Kiinteistö Lappee Oy 2010)

Since 1980 real estate prices in Finland went through four full cycles characterized by sharp lifting and deep recession:

► INFLATION-ADJUSTED PRICE CHANGE OF EXISTING DWELLINGS			
	Finland	Helsinki	Rest of Finland
1983 – 1989	64.0%	68.5%	--
1989 – 1993	-49.2%	-53.4%	-44.4%
1993 – 1994	6.6%	10.3%	3.2%
1994 -1995	-4.8%	-6.3%	-1.9%
1995 – 1999	45.0%	62.8%	38.0%
1999 – 2001	-6.9%	-5.5%	-12.0%
2001 - Q2 2008	42.0%	45.7%	33.4%
Q2 -2008 – Q1 2009	-6.4%	-8.6%	-4.0%
Source: Statistics Finland			

Table 1: Finnish house prices 2010 (Global property guide 2010)

2.5 Russian tourists in Finland

Tourism provides major income to the Finnish service industry. The Finnish service industry within marketing has to be continually developed in order to keep this position (Ollus & Torvalds 2005, p 44)

The number of foreign tourists in Finland declined in 2009 for the first time after its growth during previous years. But, the number of visitors has visibly increased by 840 000 people between 2004 and 2009. During this six-year period the highest number of foreign visitors was Russians. Visits from Russia have increased significantly from 2005.

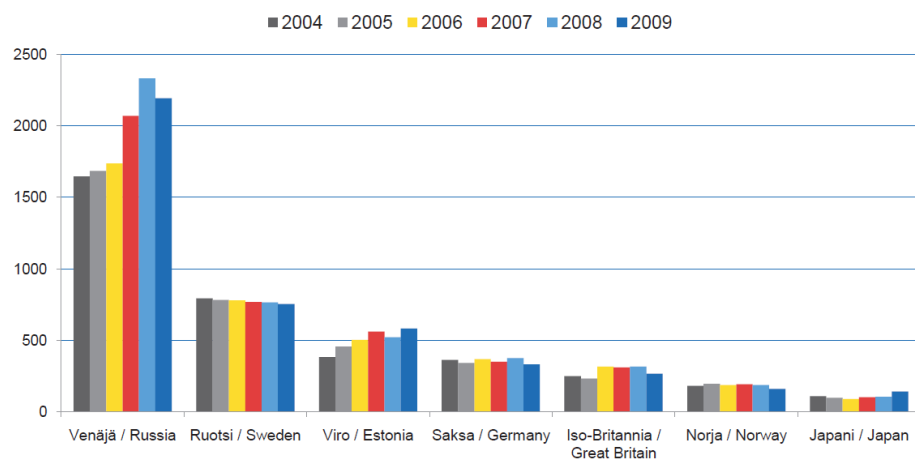


Figure 7: Foreign passengers visiting Finland (Border interview survey 2009)

Tourism from Russia to Finland has reached a new high level in 2010. According to a survey by research company TAK Oy, almost three quarters of the eight million people who come to Finland across the Russian border are Russian nationals. More than 100 000 Russian visitors come to Finland in January during the Christmas holidays in Russia. This number of tourists is

growing every year. In 2010, it was decided to add an extra 35 trains and 70 flights in addition to the normal cross-border transport services from Russia to Finland due to the large number of tourists.

Arto Asikainen, the head of the Moscow Office of the Finnish Tourist Board, estimated that during Christmas holidays in 2005 the total number of Russian overnight visitors was 50 000. 35 000 Russian tourists spent their New Year in Finland in 2005. Consequently, we can point out a growth of 40 per cent in the sales of tours to Finland from Russia this time around. The number of visas given by the Finnish Embassy which is located in Saint Petersburg has grown by a third from Christmas 2005 (Helsingin sanomat 2005)

Moreover, in 2006 32 passenger trains entered Finland through the Vainikkala border. This is ten trains more than the previous year. Some of the trains had special routes that bring their passengers directly to their destinations, such as Vuokatti resort. The normal trains were also fully booked. There are three peak periods for the Russian Christmas and New Year holidays in Finland. The first one starts after December 15th. The second peak is larger and it takes place between Christmas and the New Year. The third one is the largest flow of tourists and comes after the New Year during the long holidays in Russia between the 2nd and 10th of January (Helsingin sanomat 2006)

Arto Asikainen considers that currently there are even more Russian tourists travelling to Finland mainly because the Russian economy is doing well. Statistics from the research and analysis centre TAK OY show that the Russian visitor spends on average around EUR 119 on services and EUR 228 on products during a single trip to Finland (Invest in Finland 2011)

The high-speed train Allegro, which started to operate on December 12, 2010 between Saint-Petersburg and Helsinki, made it faster for Russian tourists to come to Finland. Now instead of five hours the journey between these two cities takes three and a half hours (Wikipedia 2011). Arto Asikainen believes that Saint Petersburg can become a new gateway to Finland. For example, there are direct flights from the capital of Kazakhstan to Saint-Petersburg with the travelers continuing their journey on the Allegro train to Finland (Invest in Finland 2011)

According to statistics Finland, overnight stays by local and foreign tourists at Finnish accommodation enterprises in 2010 started to rise in July and continued its growth in October as well. As a whole, 55 000 overnight stays were documented for Russian tourists and they are still the largest foreign tourist group in Finland. The number of their overnight stays was 15 per cent higher than one year before (Statistics Finland 2010)

2.5.1 The reasons for visiting Finland

As mentioned before, Finland is a very popular destination for Russian tourists mainly because of its closeness and availability. It is quite easy and cheap to get a Finnish visa in Russia. Also the journey way to Finland does not take a lot of time.

Today the main reason for visiting Finland among tourists is to spend leisure time here. In 2009 the share of these kinds of trips reached 50 per cent. There is also a large number of business travelers in Finland. Another big group of guests come to visit their friends and relatives (Border interview survey 2009)

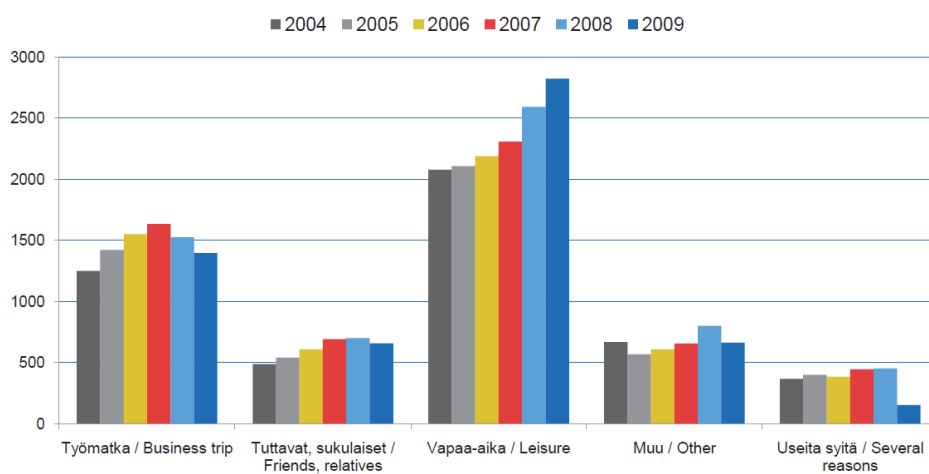


Figure 8: The reasons of visiting Finland (Boarding interview survey 2009)

Quite often Russian tourists choose Finnish ski resorts for their vacation. In 2008, total sales for ski lift passes exceeded EUR 44 million which is 12.4 per cent more than in 2007 (Invest in Finland 2008)

According to the Research and Analyses Centre Tak in Lappeenranta, the most popular reason for visiting Finland is shopping. It attracts Russian tourists because of the quality and price; the chance to buy goods on sale and a wide variety of products.

Shopping in Finland saves Russian tourists money, because of the lower prices on clothes than in Russia. Helsingin Sanomat made a comparison which shows that Finland offers some western goods cheaper. Such brands as H&M or Seppälä in Finland cost from twenty to fifty per cent less than in Russia (Helsingin sanomat 2010)

The most popular purchases are licorice candies, Finnish knives, such as “puukko”, Lappish cheese, fish, sports equipment during sales period, washing-up liquid “Fairy”, bread, soft butter with Omega-3, coffee, thermal underwear, bedding, pillows, blankets, apple and pear

cider, cloudberry liqueur, sportswear: Reima, Karhu, Rukka, souvenirs: Arabia and Iittala (Stop in Finland 2010)

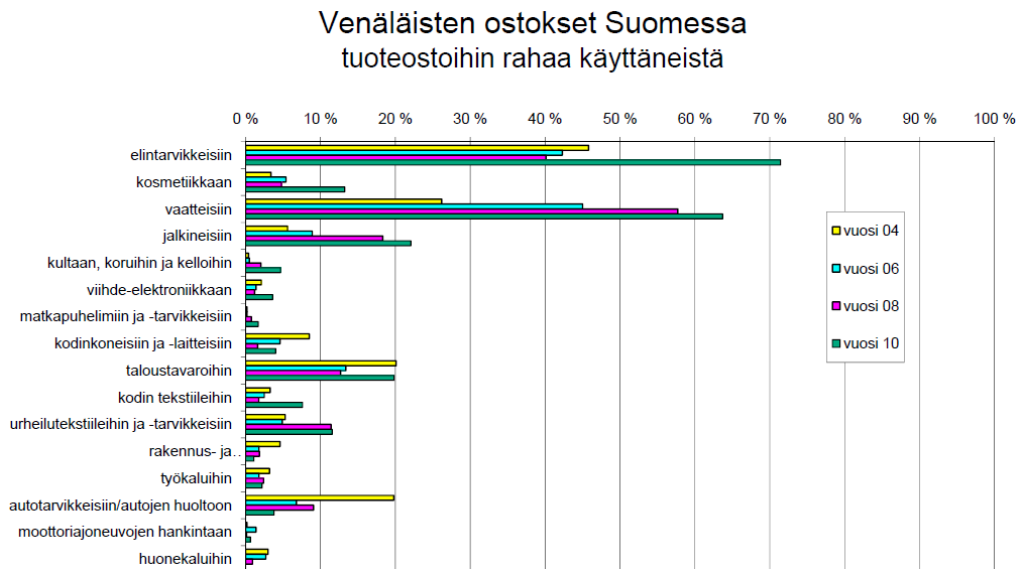


Figure 9: Products that Russian buy in Finland (TAK OY 2010)

Prices in Russia and Finland are different because of the taxation. In Finland those who are non-EU citizens are permitted to get back the value-added tax paid. In Russia, customs duties and taxes are added to the prices of all imported goods (Helsingin Sanomat 2010)

Quality is still the most important factor in relation to price among Russians. Finnish stores offer a good quality of products (Helsingin Sanomat 2006)

According to the poll conducted by TAK Oy among 2, 700 Russians on the border-crossing stations in Southern Finland, a typical Russian family who comes to South Karelia for shopping stays in Finland only one day. The monthly income of the family is around 2, 000 Euros. Most Russian tourists come from Saint Petersburg and represent the ordinary Russian middle class (Helsingin sanomat 2010)

2.6 Finnish products and services

As mentioned above, one of the main reasons for travelling to Finland from Russia is shopping. People come here to spend a lot of money on products. Russians trust Finnish brands and buy a large amount of Finnish production. Finnish cosmetics manufacturers are very popular in Russia. The climate condition in Finland and the northern and central parts of Russia is quite similar. Also, Russians trust European markets because of their better quality. The Finnish brand Lumene has had a strong position in the Russian market already for decades and is still very well-liked in the make-up and skin-care zone (Product market study, 2004)

Of course, some Finnish products can be bought on the territory of the Russian Federation, but people still prefer to bring it from Finland as they believe it is better quality and cheaper.

2.7 Russian immigrants in Finland

In reality, the number of Russian inhabitants is not that big in Finland, only two per cent at the most. However, Russian immigration can be felt in the everyday life of border communities, and statistics.

According to research by Perttu Vartiainen, the Rector of the University of Joensuu, and Professor of Social Geography, in areas that have been losing net population, the relative impact of the Russians will be strong in the future. It is important to mention that immigration can be the only positive way to solve the problem of the high proportion of net emigration and mortality in the area. Consequently, the number of Finns will decline when the number of Russian speaking residents increases.

Two thirds of immigrants who live in Finland are from Russia or the Soviet Union, and 90 per cent of all immigrants in Eastern Finland are Russians. In 2005, almost 4, 000 Russian people lived in South and North Karelia as well as those who speak Russian as their mother tongue. It is important to mention that there are many people who speak Russian, but they are not Russian citizens. For example, they may be Estonians residents who moved to Finland from the Soviet Union.

The influence of Russian immigrants is obvious mainly in communities close to the border such as Lappeenranta, Imatra, and Tohmajärvi. Perttu Vartiainen says that the number of Russians on the streets has become even bigger than their actual proportion of the local residents.

Except permanent residents, tourists or cross-border shoppers, there are people who are in Finland on a semi-permanent basis. For example their relatives are living in Finland, and they visit them quite often with long-term visas. Probably these travelers represent 43 per cent of all trips to Finland by Russian citizens. During the period of the strawberry harvest, Finnish small communities use seasonal workers. Also, many Russian students study at the universities of Finland. Another group of Russians immigrants are entrepreneurs who have business operations in Finland. Some of them are searching for a place to stay in a safe environment.

Vartiainen pointed out that Russian immigrants are finding work in Finland faster than immigrants from other countries. Most of them are becoming net taxpayers in few years after they move to Finland. It is a big bonus for small municipalities.

Finland is a perfect place to live for many Russians because it is close to their home country which allows them to visit their relatives often, and it is also in the West. However, not everyone gets used to the new environment fast and easy. Problems occur among those who do not speak Finnish. As a result they become isolated in their own groups. Also, marriages do not always turn out well, when Finnish men bring wives from abroad. There were even some criminal convictions for marriages of convenience, when partners got married only with the purpose to secure the foreign partner a residence permit (Helsingin Sanomat 2005)

2.8 The most popular areas among Russian people

There are a few regions below that are popular among Russian visitors. In my opinion, these regions have constantly growing requirements in knowing Russian language in tourism and retail business.

2.8.1 Lappeenranta

Tak Oy has pointed out that Lappeenranta is one of the most popular destinations among Russian tourists. According to the statistics, a third of all Russians who come through the South-Eastern border are visiting Lappeenranta. Thirty per cent of Russians visit Helsinki, twenty two per cent go to Imatra, fifteen per cent to Kotka and four per cent to Kouvola (Lappeenranta 2011)

Retail business in Lappeenranta is concentrating mostly on Russian tourists. The manager of one fashion store says that almost 90 per cent of all purchases are made by Russian customers. Today Lappeenranta is leaving behind the capital of Finland, Helsinki, in the volume of tax-free sales which means that there are even more buyers from outside the European Union. In April 2010, Lappeenranta's tax free sales statistics were higher than the one in the nation's capital.

It is clear now that the tourism industry in Lappeenranta is quite important. Russian visitors spend 160 million Euros in the city each year. Mika Peltonen, managing director in South Karelia Chamber of Commerce, pointed out that one in ten service industry jobs in the region have appeared because of the Russian tourists (Helsingin Sanomat 2010)

There are plans to translate into Russian the signs of street names and the basic objects of the city's infrastructure in Lappeenranta. Many tourists are coming to visit this city because of its close location to the Russian border.



Figure 10: Lappeenranta on map

This is one of the biggest cities in Finland with a population of about 72 000 inhabitants (Lappeenranta 2011). Lappeenranta has an excellent location which makes it very international. Saint-Petersburg, one of the biggest megacities in Europe with about five million citizens, is only 200 kilometers from it. Cooperation between Russian and Finnish enterprises is growing very fast. Many Russian visitors come to Lappeenranta for shopping and other tourist services on a daily basis. Annually, hundreds of thousands of tourists come to do shopping, and approximately 20 per cent of all Finnish tax-free purchases are made in Lappeenranta. Lappeenranta offers everything necessary for export and import: professional and logistics services, customs warehouses, bonded area services, express services, containers and processing services (Lappeenranta 2011)

Lappeenranta is planning to increase the number of Russian visitors by 20 per cent by 2012. According to the Finnish-Russian Innovation Centre, 600 thousand Russians visited Lappeenranta in 2007 and the majority of them were coming as tourists. Seppo Miettinen, the head of the city, said that there are a number of large investment projects at the moment which are directed at the increase of stream of Russian tourists in Lappeenranta. He has declared that city authorities expect to increase the quantity of Russian tourists by 20 per cent, and also to extend average term of their stay in Finland.

According to the director of Finnish-Russian Innovation Centre in Saint-Petersburg, Igor Kuprienko, in the last two years businessmen from Saint-Petersburg have spent one hundred direct meetings with businessmen from Lappeenranta and about 400 hundred Finnish companies have visited the northern capital in Russia.

Today there are many interesting possibilities for cooperation between these two cities. For example, many Russian companies open offices in Lappeenranta which allows them to enter the international markets.

Seppo Miettinen considers that in the nearest future Finland expects a new wave of business and tourist activity. In spring 2010 one of the biggest Irish airlines Ryanair has started to fly from Lappeenranta. Before, Ryanair was operating only through the airport in Tampere. It is logical to think that now more Russian tourists will use Lappeenranta airport because it is cheaper and faster way to fly to Europe. Also it is possible that other low budget airlines will expand their operations on Lappeenranta airport.

Also, it is easier now to get to Lappeenranta by the new fast train Allegro which I have mentioned above. With the Allegro the journey from Saint-Petersburg to Lappeenranta now takes two and a half hours. There are buses which go from railway station Vainikkala to Lappeenranta in what takes around 20 minutes.

Also the city has started the largest tourist project: Finnish Holiday Club Resorts Oy has begun building a resort on the bank of the beautiful lake Saimaa in Lappeenranta. The project costs around 200 million euro. The spa hotel consists of 222 hotel rooms, 300 cottages, an aqua park, a skating rink, area for golf and several restaurants. It is calculated that almost 30 per cent of all clients will be Russian visitors, mainly from the Northwest region and Moscow (Rosbalt Peterburg 2010)

2.8.2 Helsinki

Helsinki is the capital of Finland and the biggest city in the country. Over one million inhabitants live in Finnish metropolitan area which includes Helsinki, Espoo, Kauniainen and Vantaa. Today Helsinki is the centre of culture, trade and science. The main offices of the most well-known Finnish companies are located in the metropolitan area. Also here we can find the most famous museums and eight of the twenty universities in Finland open for Finnish and foreign students. There is a large flow of tourists from different parts of the world who are coming to see the most popular sights (Helsinki 2011)

For a long time Helsinki has attracted Russian tourists. Many travel agencies offer trips to the Finnish capital to have a great shopping and get to know its culture. A large number of visitors from Russia are come few times per year to spend here their money for products and services which are better than in their country.

The Finnish tourist industry says that Russians are now the biggest group of foreign guests in Helsinki. Eating in expensive restaurants or shopping in the fashion stores on Aleksanterinkatu Street you will hear Russian speech. In the Louis Vuitton store on the Pohjoisesplanadi Russians are also frequent buyers. A member of Aero furniture store with Finnish design classics said that some Russians have left a lot of money there by buying the classic plastic bubble chairs which cost 3, 500 Euros each. In the centre of Helsinki there are shops where it is possible to buy Russian souvenirs as well (Hub pages 2011)

2.8.3 Lapland

Today many Russians are interested to come to Finland to experience the true Finnish Christmas with Christmas Eve Dinners as Finland is a home for Santa Clause (Hub pages 2011)

This winter 2010-2011 the capital of Finnish Lapland, Rovaniemi, has increased the number of Russian-speaking service staff because of a big number of Russian visitors. Lapland is also planning to attract Russian tourists at other times of the year by fishing holidays in the cottages. Lapland airports are already experiencing visits from wealthy Russians flying by their own airplanes (Invest in Finland 2011)

2.8.4 Tohmajärvi - port to Russia

Tohmajärvi is a municipality of Finland which is situated in the province of Eastern Finland and is a part of the North Karelia region. By the end of October 2010 the population of the municipality was 5,028 inhabitants (Wikipedia 2011)



Figure 11: Location of Tohmajärvi in Finland

Tohmajärvi is a great place for businessmen who wish to engage in business with the East, because there is a Niirala custom which takes the third place among East Borders by liveliness. Also it takes the second place in the amount of cargo transportation, the third place in the public transport of passengers. The distance between Niirala and Petrozavodsk - 280 km, between Niirala and Saint-Petersburg - 350 km (Tohmajärvi 2008)

Such closeness to Russia has a big influence on the region and its life as a whole. A sign at this border welcomes everyone in both languages - Russian and Finnish. Tourists can see the exchange rate of the rouble at the local petrol station. In the Rajatukku store, the salesperson Jelena Pajunen declares that 60-70 per cent of the customers are Russians. The most popular products among them are motor oil, bed linen, and detergents which are more expensive in Russia than in Finland.

Andrey Kondratyev, the owner of a second hand store in a former cowshed, says that people from Russia are also taking refrigerators, freezers and bookshelves. Also, Kondratyev buys wooden furniture made by Russian carpenters and sells it to Finns.

The chairman of the local Municipal Board, Tuomo Eronen, tells that the Russian impact is indisputable. For example, there was created a separate class for about 25 Russian pupils who are going to local school to supply to their needs. Russian language has been the first foreign language at the school for about ten years (Helsingin Sanomat 2005)

2.9 The Russian language in Finland

Today knowledge of Russian has become an important advantage in Finland. According to the Research made by the Confederation of Finnish Industries (EK), the role of the Russian language in Finland's business life grows every year. Consequently, necessity of this knowledge is also increasing, especially in building sphere (Privet Finlandia 2010)

Information given by the magazine Stop in Finland tells that Russian has taken the third place in importance by leaving behind German. Almost third of employers in Finland consider compulsory knowledge of Russian among employed workers (Stop in Finland 2010)

During the meeting of the Federation of Foreign Languages Teachers Leif Richard Fagernäs, the head of The Confederation of Finnish Industries, stated that there is a growing requirement of experts who knows Russian culture and its language. According to his words, export to Russia increased three times, and tourism from Russia to Finland has grown more than a quarter.

Statistics made by The Confederation of Finnish Industries shows that about three thousand Finnish enterprises are engaged in export to Russia, and almost thousand in import. Interest in Russian language and culture is not that big among Finnish employees while enterprises are looking for such workers who have such kind of knowledge (Rianovosti 2007)

2.9.1 Russian speakers in Finland

Today, speakers of Russian have become the largest foreign-language group. According to the Statistics Finland, the number of families where both spouses can speak Russian is 10.700 as well as there are 10, 100 families where at least one of the spouses is Russian-speaking person. In 2010, the number of Russian-speaking families is 1.000 more than one year before. Usually there are families where one of the spouses is a Finnish-speaking man and another one is a Russian-speaking woman. During year 2009 the number of such pairs increases by around 100. In 1990 Russian-speaking families figured 300 and in 1995 almost 3,000. Today around 7.300 couples in Finland speak Russian. One-parent families with a Russian-speaking mother already come to 3.300 (Statistics Finland 2010)

On the table below we can see Russian-speaking families in 1995 and 2009.

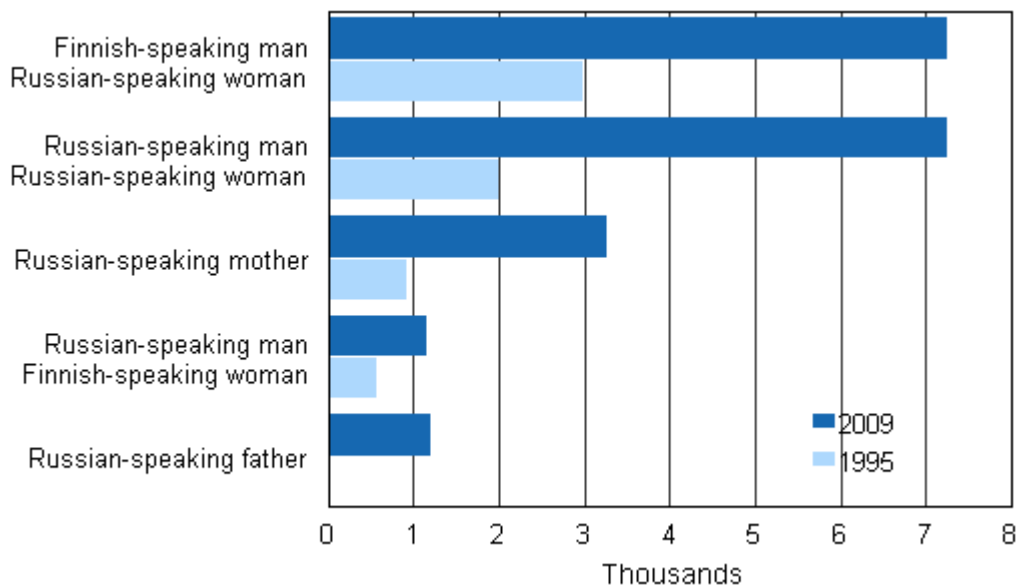


Figure 12: Russian-speaking families in 1995 and 2009 (Statistics Finland 2010)

2.9.2 The Finnish president's views on the Russian language

On May 2008, a correspondent of the news agency Regnum had an exclusive interview with the president of Finland Tarja Halonen where she told her own opinion about the increasing influence of the Russian language in Finland and the possible growth of the Russian-speaking population in connection with the huge flow of tourists from Russia, especially during winter time. As it was found out, the President is very positive about the Russian language and from her point of view it would be advantageous to raise the popularity of Russian among Finnish inhabitants. Trade with Russia is developing very well; therefore there are no obstacles to the improvement of language relations. International legislation allows learning Russian language

without any interdictions. Tarja Halonen admitted that she studies Russian as well. Now the Russian-speaking population is growing and also many Finns know Russian, although the number of people who speak Russian is still less than the number of people speaking Swedish. However, Tarja Halonen underlined that the value of Russian in Finland is quite important (Information Agency Regnum 2008)

3 Theoretical background

3.1 International business

International business is defined as actions that consist of business connections between parties from more than one country. These actions' connections can include buying materials in one country and shipping them to another for processing or manufacturing, delivering products from one country to another for retail sale, manufacturing a factory in another country to capitalize on lower labor costs, or taking a loan from a bank in foreign country to control operations in the local one.

Today companies engaging more and more international business. Those who have not been internationalized yet will be affected by the global economy in the future.

Exporting and importing are one of the major activities in international business. Usually it is divided into two groups: trade in goods and trade in services. The first group includes material products such as clothing, computers, and raw materials. The second group consists of such products as banking, travel, and accounting activities.

The second major part of international business activity is international investments which are also divided into two groups: foreign direct investments and foreign portfolio investments. The first group of investments are related to the control of property, assets, or companies located in host countries. The other group of investments purchases foreign financial assets (Griffin & Pustay 2010, p. 31-34)

Nowadays, companies are more and more motivated to become global. Many of them are facing the opportunity to develop a core competency that a firm has developed in its home market. Also, internationalization can obtain resources which can present materials, labour, capital, or technology. Sometimes companies must internationalise because of certain products or services that are unavailable or cannot be bought locally.

Seeking new markets can also be one of the reasons for the company to go international. In some day it becomes difficult for the company to produce high revenue and profit growth.

Each product has its own life cycle in the market and when it already has a strong position in the market the company searches for new ways to develop its operations. New market is always the best way to do it. It is also important to add that new markets allow companies to better compete with competitors. On the other hand, there are some companies who are not planning to go international, but they are forced to do so by the environmental causes of globalization (Griffin & Pustay 2010, p. 37-38)

3.1.1 Internationalization of Finnish companies

Finnish enterprises started to internationalize slowly by themselves in the beginning of 1980s. Investments started to flow into Finland later after that. In 1993 the government repealed the law avoiding foreign ownership of enterprises in Finland. As a result, there has been fast growth in foreign ownership of industrial enterprises. The increased number of foreign ownerships has had a mainly positive impact on enterprises. The foreign ownership has developed the technology and know-how, business authority skills which were previously not enough in Finland. Furthermore, foreign investors made it possible for extension into new foreign markets. Today, there are a few cases where a Finnish company has been acquired by a foreign company and this foreign company now sells Finnish products even under its own brand. And conversely, some Finnish companies acquired by foreigners have continued to manufacture the products that they manufactured before the acquisition. Also, due to internationalization, Finnish enterprises had to get used to the orders and conditions of global competition.

Nowadays, due to the huge investment abroad, the largest Finnish companies employ more people abroad than in Finland. For example, Nokia, a Finnish multinational communications company, became mostly hold by foreigners and invested a lot abroad. It has more employees abroad than in Finland (Helanterä & Ollus 2004, p 85-88)

3.1.2 Internationalization of Russian companies

The situation in the internationalization process of Russian companies is quite different in relation to Finland. Russian companies are mainly owned by local shareholders and usually Russian industrial enterprises sell more in the domestic market than in foreign ones. Even though internationalization of Russian companies is growing very fast today, they still have a limited amount of assets, for example employees, abroad. However, during the last decade, the companies that export raw materials have developed their operations abroad (Helanterä & Ollus 2004, p 109)

3.2 Business communication

While our world is becoming more globalized, the demand for foreign languages continues to grow. It is a big opportunity for a company to learn a new foreign language even when its customers can understand and communicate in the company's language. This approach to the sale of products and services increase customer satisfaction and builds a positive relationship between customer and company. Knowledge of the language shows the personal interest in business relations (Thil & Bovee 2008, p 84)

Communication is an essential element of organizational activity. It is connected to all forms of a company's actions and leads to organizational success. The communication process in the company has to be seen as a central factor that establishes the organizational structure.

W. Charles Redding, a Purdue University professor, who wrote the book "Communication within the organization" related to this field, made a valuable contribution to the science, creation and study of the area of Organizational Communication (Zaremba 2006, p 5)

All employees' performances engage a high degree of communication-related activities. All operations in the company are going around the communication. People have to communicate with colleagues, suppliers, and clients. Each profession involves different branches of communication.

Alan Jay Zaremba mentioned in his book "Organizational communication" three reasons why communication in an organization's activity is so essential for its success. The first reason is that companies operate by depending on each other. When the company needs to create a product or service different departments inside the organization must cooperate. Consequently, the quality of communication between various units within the company is a possible influence on the corporate final product. Later on this product's quality will directly have an effect on the company's income. The second reason is that organizations are obliged to spread information about job outlook, must be prepared to get replies to the messages they communicate, and react smartly to comments in an appropriate way. Executives have to communicate efficiently in order to prevent misunderstandings between employees about their responsibilities and organizational policies. In this way it is important to remember that communication is a complex act of sharing the information among people. It is important to remember for those who send messages that they are also prepared so that receivers will probably have questions, commentaries and different points of view to the information they have communicated. The last third reason relates to the situation when poor in-house communication can affect interpersonal relationships that directly or indirectly damage the efficiency of an organization (Zaremba 2006, p 7) There are different types of communication. They can be intentional or unintentional, verbal or nonverbal. Also, communication is defined as permanent and contextual, formal and informal.

There are two types of communication networks: internal and external. Both of them transfer information from one party to another. The difference is that internal networks relates to those channels that carry information from inside the organization to outside the organization while external networks carry information from outside the organization to inside the organization. Usually, external networks are responsible for various messages transferred to the public (Zaremba 2006, p 136-137)

3.3 Business across cultures

As my thesis is directly related to communication between two different countries, it is important also to mention the meaning of culture for organizational communicators.

The companies that are going international face the cultural differences between nations. In this situation marketing depends a lot on cultural differences. There is a dilemma for the companies that go international whether they should use one standardized approach or a local approach to marketing the product (Trompenaars & Woolliams 2003, p 186)

Another dilemma for marketing concerns the decision to focus on creating a product or service for individual customer needs or the group.

It is important to remember for the company that goes international or concentrates on foreign clients that its actions have to pay attention to cultural differences. My personal opinion is that when the company focuses on those differences and tries to create a product or service that will fit the needs of the client from another country, tourist, then it will have success on the market.

3.4 Foreign languages in international business

To be repeated it is necessary to underline again that nowadays the global marketplace depends wholly on international manufacturers and consumers. More and more companies are going international by expanding their business to other foreign markets. Entrepreneurs not stop at the local market, they want to increase their sales and profit. Consequently, in order to improve operations, companies have to operate more widely by focusing on international customers.

For many professions today speaking a foreign language has become one of the important aspects of work. If companies want to manage global competition and collaboration, it is

necessary to be aware of foreign languages depending in the sphere of business (Centre for applied linguistic 1992)

Many enterprises see multilingualism as quite an important factor in employing and promoting. In some European countries the English language has become very popular among companies for negotiating with their foreign partners and they do not see the real necessity of learning foreign languages. I see a big barrier in this kind of situation as many companies limit themselves by cooperating mostly with those partners, who understand English.

However, even if English is now extensively used in European business, there are still some countries where English is not used in business, for example, France, Germany, Russia and so on. As a result, English is not always can be used to enter the foreign market (Associated content 2007)

Foreign languages are always necessary and valuable assets in international business for communication with employers, employees, customers and competitors.

3.5 Business-to-Customer

According to the literature Russian customers can be very profitable group of clients for Finnish entrepreneurs. A company will not be successful in the market without customers and it is quite important to base the business on customers' needs and the company's products or services complete those needs.

In the 21st century we have to understand that people now are very selective. There is a huge variety of different companies offering the same kinds of products. Consequently, the customer has the possibility to choose. Usually the client focuses on those companies which present better services that are more suitable for the customer. This means that companies have to concentrate their operations on the way to sell the product by making the customer happy, instead of concentrating on the product only. There can be a very good products, but without a high-quality service it cannot always be successful in a market (Hannukainen, Karpinen 2004, p. 248)

4 Marketing research

4.1 Definition of marketing research

Marketing research is a very important aspect of business strategy. It is a great benefit for the company to become more successful than its competitors. Marketing research is based on the gathering and evaluation of specific information in order to understand the market situation. Furthermore, the results of good marketing research can help to decrease and manage the factors of risk related to the product or service before it is produced.

The information gathered during the survey can be used to describe and differentiate marketing opportunities or threats (Proctor 2005, p. 3-4)

4.2 Types of data

Marketing research can be classified into four main types of data: primary and secondary; qualitative and quantitative. Primary research refers to generation of new information that does not yet exist. Usually it is conducted for the specific use of a consumer company or by the company itself. Secondary research involves the summary of already existing research. Quantitative research generates statistical information about respondents. Qualitative research is oriented to gathering information which explains why people use these services and what inspires them to use it as well as their feelings about these services (Proctor 2005, p. 16)

4.3 Marketing research process

To analyze and understand the real significance of the Russian language for Finnish businesses in Russia it was necessary to make a marketing research which helps to observe the situation deeper.

The survey is based on a questionnaire which asks respondents a selection of questions concerning their opinion. The survey method has its positive sides. The questionnaire is simple to manage and the data will show exactly what were needed to research because of the responses are limited to the alternative stated. Also, it is quite easy to analyze this data in the future (Malhorta & Birks 2006, p 224-225)

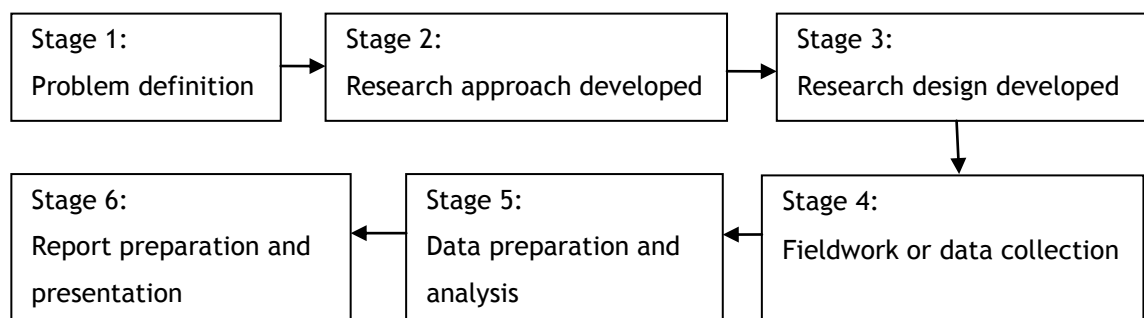


Figure 13: Marketing research process (Malhorta & Birks 2006, p 15)

4.4 Questionnaire design

A questionnaire is a group of questions which are designed to collect necessary information from respondents. The purposes of the questionnaire are to turn the information needed into a set of particular questions and to encourage the respondents to complete the questionnaire (Malhorta & Birks 2006, p 326)

It is quite important to create correct questions which can be understandable and easy to answer for respondents. The style of questions has to be simple and contribute to the information needed (Malhorta & Birks 2006, p 331)

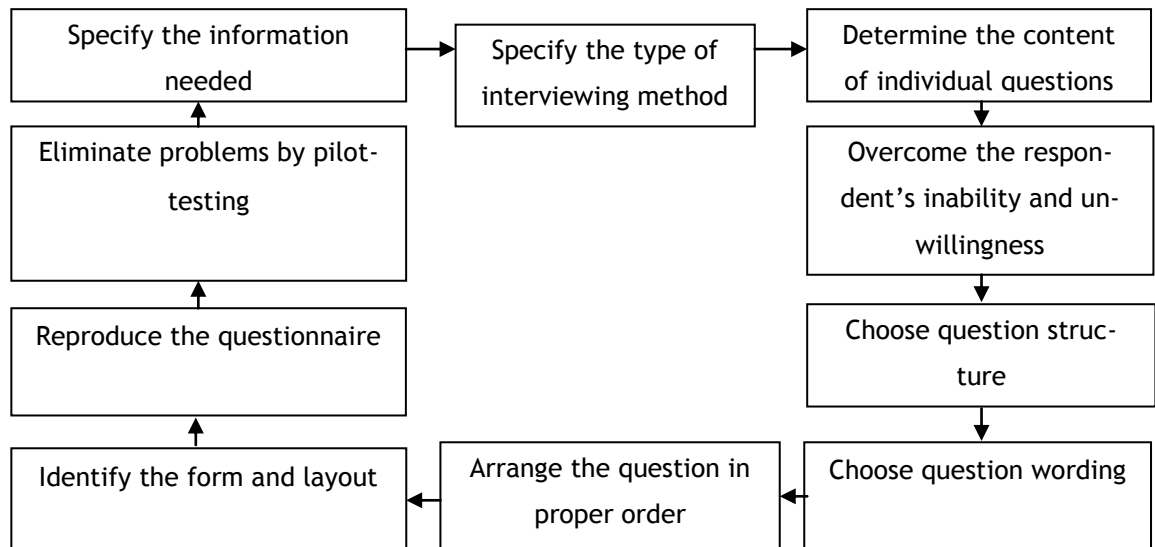


Figure 14: Questionnaire design process (Malhorta & Birks 2006, p 330)

There are two different types of questions: unstructured and structured. Unstructured questions are open-ended questions which let respondents answer in their own words. It is better to use unstructured questions at the beginning of the questionnaire. Usually it leads to information about personal factors. Structured questions are multiple-choice, dichotomous, or on a scale (Malhotra 1999, p. 302-303)

4.5 Quantitative research

There are a big number of Finnish entrepreneurs who learn Russian language for the purpose of increasing sales and customer relationship management. It was decided to conduct a quantitative survey among some entrepreneurs to find out how many of them learn Russian because of the necessity for business and how important they find this language for Finland.

As it became clear now, many Finnish companies concentrate their business operations on Russian customers. Unfortunately, there will always be competition among enterprises who work in the same field. To become strong in the market and to attract more clients, companies always have to search for a unique approach to the customers.

To get proper information about the significance of the Russian language for Finnish entrepreneurs it was decided to carry out quantitative research among businessmen in Finland learning Russian. It was important to create questions which would help to understand why they learn it and whether it influences their success in business or not.

For the questionnaire it was decided to use multiple-choice questions that present a choice of answers one of which the respondent could select. Also it included dichotomous questions which suggest two answers: yes and no. The questionnaire has been given to Finnish entrepreneurs whose business is connected to Russia. At the moment those entrepreneurs are learning Russian in a language school - Delores Interactive training. In order to get more honest replies, all questionnaires were anonymous. The questions were based on the topic of the importance of Russian for Finnish entrepreneurs. In total, there were seven multiple-choice questions.

4.6 Qualitative research

Due to a lack of information from Russian customers about Finnish services it was decided to arrange an interview with some tourists from Russia in the Helsinki metropolitan region. They were asked to answer some questions, but the respondents were also very welcome to share their own opinions about the topic.

All respondents were informed about the purpose of the interviews and its main topic. The style of the survey was informal and no personal information was asked. The questions related to the respondent's choice in services and products and their thoughts about the services in Russian instead of in Finnish or English.

Qualitative research was based on Russian customers who travel to Finland for different reasons, but use Finnish services and buy Finnish products. The respondents in face-to-face interviews were people from different age groups, status and sex. The aim of the interviews was to elicit the respondent's opinion about Finnish services and their view of the importance of offering services in Russian in Finland.

5 Results of the marketing research

5.1 Findings and analysis of the questionnaire results

In the figure 15 it shows how long the respondents are studying Russian language. The greater proportion of respondents, 54 per cent, had been studying Russian language for more than one year. Other 46 per cent were divided into two groups: those who study Russian from one to six months and those who study it from 6 months to one year. According to that, we can conclude that the respondents learn Russian for a long period of time.

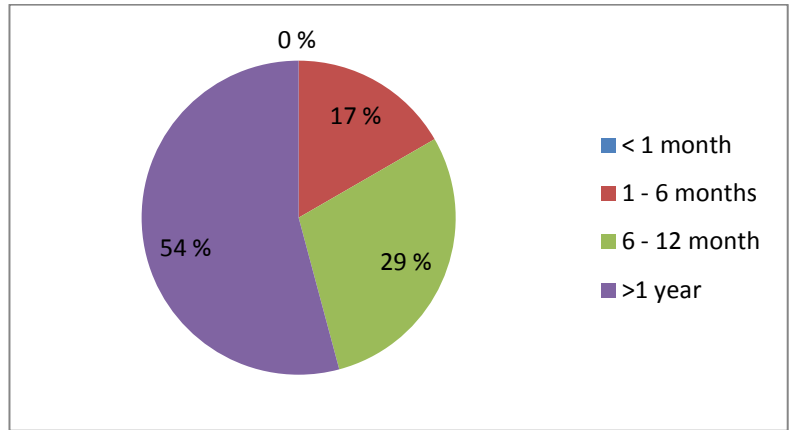


Figure 15: The duration of Russian language studies

As mentioned before, Delores Interactive training company concentrates on entrepreneurs who are willing to learn Russian for business purposes. 67 per cent of respondents proved that they need Russian language skills for business. 29 per cent of them learn it for personal development which means that they are just interested in learning the language for themselves.

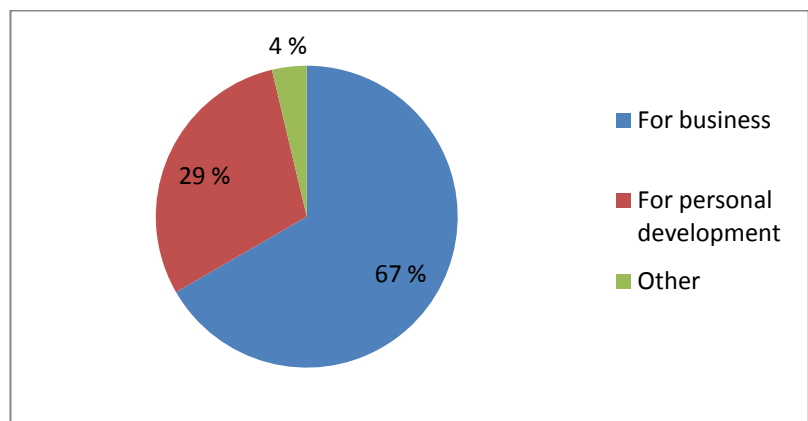


Figure 16: The reasons for learning Russian language

During the survey it was important to find out where respondents use their language skills and how many of them utilize it at work inside Finland. The majority of respondents have filled up that they speak Russian at work. 4 per cent of respondents use it at home and 29 per cent speak Russian in some other situation. Some of them replied that they communicate in Rus-

sian during their trips to Russia, or during Russian language classes. None of them answered that they speak Russian with friends.

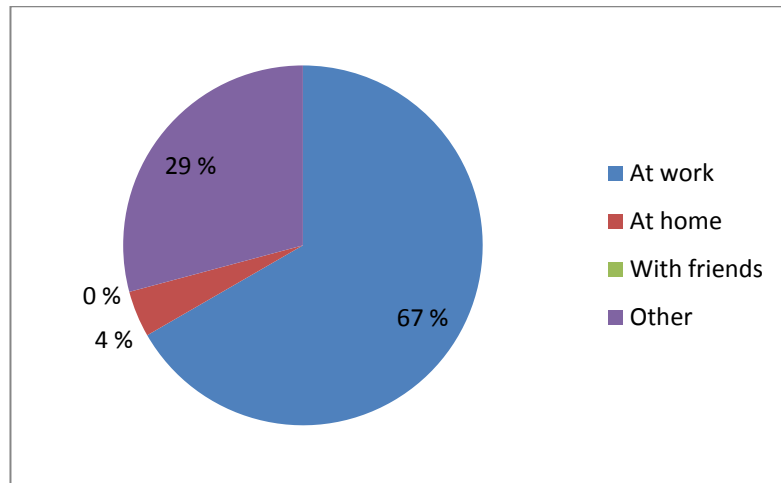


Figure 17: In which situations do respondents speak Russian?

Most of the respondents mentioned that their job is directly connected with Russian customers or partners. Only 21 per cent did not have any connections with Russia related to their work. Figure 18 shows the proportion of those whose job is related to Russia and whose not.

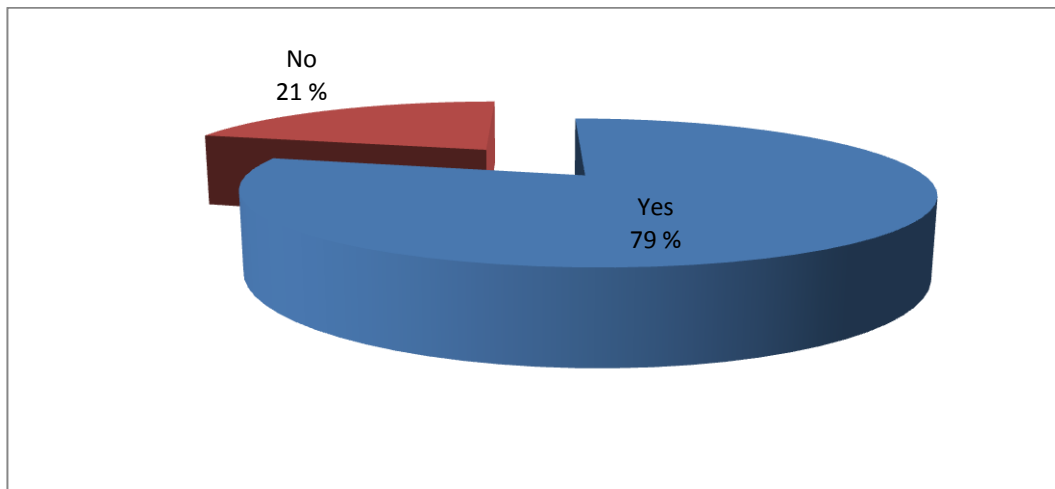


Figure 18: Job related to Russia

In the chart below it can be seen that knowing the Russian language at work is important for 75 per cent respondents. This means that most of them are facing the need to learn Russian to be more successful at work. The companies that somehow connect with Russia are looking for employees who can understand Russian or are willing to learn it. This knowledge helps to improve international business, to be aware of the customers or partners from another country and to understand many cultural details that might be important for business success between two countries.

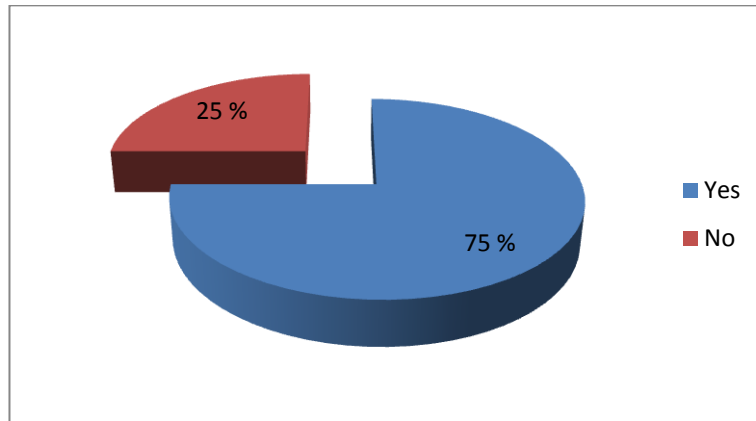


Figure 19: The importance of knowing the Russian language at work

One of the questions in the survey was created with the purpose of discovering the respondent's point of view about the following statement: The translation of Finnish products and services into Russian can directly increase sales of these products and services among Russian customers. The interesting fact is that none of the respondents underlined that he or she disagree in any forms with this declaration. As the result, they believe that Finnish services and products in Russian can directly develop business operations oriented on Russian customers. 62 per cent agree with this statement, 21 per cent neither agree not disagree and another 17 per cent strongly agree.

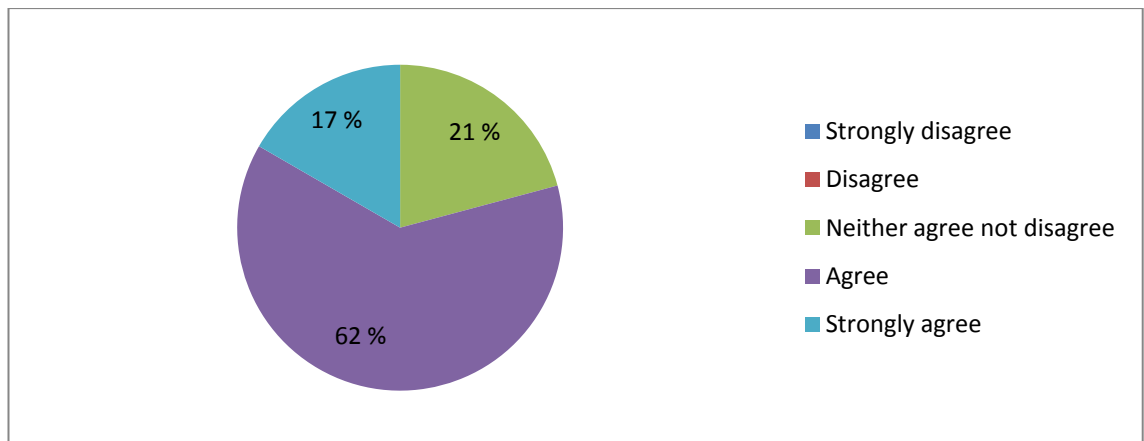


Figure 20: The translation of Finnish products and services into Russian can directly increase sales of these products and services among Russian customers

In the end respondents were asked to indicate which language from their point of view is more important in today's Finnish retail business. The majority of respondents decided that English has more demand in Finland, after that goes second official language in Finland - Swedish. Russian is in third place by its importance, after it goes Dutch, Spanish and Chinese.

During the survey it was observed that one of the main reasons why Finnish entrepreneurs learn Russian is that they find it necessary for their business or carrier.

The findings of the survey show that Russian language skills are very important and appreciated by Finnish companies working with Russia.

5.2 Findings and analysis of interviews

There are many different gathering points in Helsinki among Russian tourists. It is possible to meet them in big departments store such as Stockmann and Sokos, the city of Helsinki Tourist information office, which is located on Pohjoisesplanadi, 19, in the hotels, at the railway station when the Allegro train is leaving or arriving to Helsinki and many others.

During holidays in Russia and weekends, a large number of Russian tourists come to Finland and disperse into different cities. It is not a problem to find Russian tourists in Helsinki, especially on Aleksanterinkatu Street in the centre of Helsinki with many different stores including some expensive boutiques and well-known brands such as H&M, Mango, Zara, Lindex and so on.

For the interviews it was decided to start from Kamppi bus station. There is a bus which leaves for Saint-Petersburg twice a day: at 9 a.m and 11 p.m. In the morning there were not many people at the station; eight persons were waiting for the bus to arrive. Three women were asked to give a short interview, but they were not quite suitable for this research because they live in Finland permanently and speak Finnish very well. There was also one young man who was asked to answer the questions. He was not a tourist, but a student in Helsinki who was going to visit his friends and relatives in Saint-Petersburg during the Easter holidays. However, he commented that the situation concerning services in Finland for Russian tourists and concluded that facilities in Russian can only be an advantage for Finnish stores, restaurants and hotels today. He realized during his studies in Helsinki that there are Russian-speaking consultants in some big stores with large amount of Russian tourists.

“It is a big plus not only for Russian visitors to be supplied with services in Russian, but even for the stores, because they can suggest more for the client and satisfy him more”

Another destination was Sokos hotel President which is located on the crossing of two streets: Eteläinen Rautatiekatu and Arkadiankatu near the Finnkino cinema. There are many small and big buses that transfer people from Saint-Petersburg to Helsinki and back every day. Usually those buses are used by the visitors who come to Finland for shopping. Many of the buses make stops in front of big wholesale and retail stores with quite cheap products on the way

back to Russia. The ticket costs between 20 and 25 Euros. These buses are so popular among Russian tourists because it is the cheapest way to get to Finland.

Six respondents have been interviewed. All of them were very interested in the topic and found it quite relevant. One of the respondents was coming to Finland only for the second time in his life and he does not shop very much during his stays in Finland, because the reason of his journey is to visit his old friend who moved here more than few years ago. However, he said that he goes to some stores in order to buy gifts for his daughter. He does not speak English and Finnish, which is why sometimes he meets the language-related issues when the sales person asks him for help and he cannot respond. However, he does not see it as a big problem, because usually he does not need consultation about the product he wants to buy.

Other respondents visit Finland quite often for shopping and spending their holidays. Many of them discovered that more and more stores start to offer services in Russian and it leaves a positive opinion about the store. One woman emphasized that:

- *“Good service always makes me think that I will come back here again and recommend it to my friends”*

The importance of having services in the Russian language depends mainly on the assortment that the store offers. Usually clients need more help when they have to try on some clothes. In those situations they might need to ask about other colors or sizes. In addition, the same situation can appear in cosmetics stores.

One of the respondents noticed also that there are difficulties in ordering food in the restaurants if they do not have a menu in Russian. Sometimes it is necessary to choose among a few restaurants and prefer the one that offers services in Russian.

All that allows the conclusion that services in Russian offered by Finnish stores, restaurants and so on can play a big role in a company's success among competitors and bring profit.

After this conversation it was decided to meet some more Russian visitors who were coming to Helsinki from Saint-Petersburg by train. One woman with her daughter was interviewed on the platform while they were greeting each other there. The woman shared her thoughts about Finnish services and products. She said that Finland knows how to offer good services and it is such a pleasure to come here for holidays and shopping. Now her daughter is studying at a Finnish university of Applied Sciences and she visits her quite often, especially now that it has become faster to get here by Allegro train. She said that she does not speak English fluently and does not know Finnish at all. Usually when she needs to go shopping, her daugh-

ter joins her. Sometimes when she is alone it can be a problem for her to communicate with sales persons but from her point of view people who come to Finland very often should learn Finnish as well.

- *If people are interested to come to Finland and to make big purchases, why not to learn a little bit Finnish or English?*

This also makes sense, because it becomes very difficult to travel when there are no foreign language skills at all.

5.3 The background information about Delores Interactive training Oy

Delores Interactive training Oy is a language school which has specialized in Russian business education since 1991. It was launched by American and Russian immigrants. The school offers advanced methods of teaching Russian language to clients. There are fifteen experienced and educated teachers in the company and four employees in the office.

The language school specializes completely in studying Business Russian. Its clients are Finnish businessmen and employees of the companies that collaborate with Russia.

The company's clients have perfectly suit the needs of the survey, because in their experience it is easier to find out the current situation of the Russian language in Finland.

5.4 Suggestions on improving services oriented to Russian customers in Finland

The importance of Russian tourists in Finland has been described in various statistical data. There is a big amount of information that can illustrate how many Russian stays at Finnish hotels, border crosser statistics, the amount of money spent on shopping in Finland, and so on.

From a survey of the articles that showed a huge impact of Russian tourists on Finland's retail business, it is obvious that a large flow of Russian visitors brings a profit to the country. Nowadays, there is a lot of competition among Finnish companies that offers products and services to Russian tourists. To succeed in this competition these enterprises have to pay attention to each detail in their services that can make the customer happy.

While Russian tourists come to Finland and show a positive influence on the country's economy, it is important that they stay satisfied with the services that they use. As long as they are happy with it, they will continue to come to Finland and spend money of Finnish products and

services. All information in this thesis was gathered in order to support the idea that the Russian language can be useful for Finnish entrepreneurs as long as Russian customers are using their services.

There are many aspects that have to be taken into consideration before marketing a product or service to a foreign tourist. I would like to emphasize one which is, to my point of view, the most important for foreign customers. It is language. The company dealing with foreign customers has to pay attention to language-related issues which are an integral part of a successful tourism products or services.

The perfect situation for Russian customers would be the possibility to be served in their own language. It is important to remember that the tourist does not have to do everything by himself; good service has to offer him everything what he or she needs. It is advantageous to create colorful brochures about the service or product in the Russian language in order to be understood by Russian customers.

The Russian tourist is a key section of the Finnish tourism market, but there is still a priority given to services in English, Swedish and Dutch. Many Finnish web pages have translation in Russian, but usually it is only the smallest part which consists of only the main information about the company's services or products. The rest of the information can be found only in Finnish or English. But that information can be also valuable for the customer and then he or she can meet difficulties with understandings. As a result, the company risks losing their clients.

From my point of view the main weakness in the international tourist market is an information deficit because of language misunderstanding. When a tourist gets services in his or her own language, it does not make him/her waste time explaining needs.

Russian customers are ready to pay for good service and the companies have to be aware of that. This is especially true of clients to think that he deserves to get high-quality services for paying money for that.

Furthermore, I came to the conclusion that Finnish entrepreneurs can get many benefits from learning Russian. They would not have to pay extra money to the translator and it will also take less time for them during some business meetings with Russian partners. Understanding your future or present partners from another country can also play a big role in business. It helps to understand the culture of the partner and his or her actions related to the business.

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Appendix
Questionnaire

The purpose of the questionnaire: significance of Russian language for Finnish entrepreneurs.
The answers are confidential and no contact information will be showed publicly.

In the following multiple choice questions, please, circle the correct answer:

1. How long do you study Russian language?
 - < 1 month
 - 1 - 6 months
 - 6 - 12 months
 - > 1 year

2. Why do you study Russian language?
 - For business
 - For personal development
 - other _____

3. In which situations (where) do you speak Russian?
 - At work
 - At home
 - With friends
 - other_____

4. Does your job connect with Russia: clients/partners from Russia?
 - Yes
 - No

5. Is it important for you to know Russian language at work?
 - Yes

- No
6. Could you, please, indicate which foreign language in your point of view more important in Finnish retail business today? (1 - has more demand, 6 - has less demand)
- English
 - Swedish
 - Dutch
 - Spanish
 - Russian
 - Chinese
7. Do you agree or disagree with the following statement: The translation of Finnish products and services to Russian language can directly increase sales of these products and services among Russian customers.
- Strongly disagree
 - Disagree
 - Neither agree not disagree
 - Agree
 - Strongly agree

Thank you for your answers!