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# TRADE BETWEEN FINLAND AND FRANCE: CHALLENGES IN CROSS- CULTURAL COMMUNICATION

Case: Merivaara and UPM

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ZIMMERMANN, LINNEA: Suomen ja Ranskan välinen kauppa:  
Haasteet kulttuurienvälisessä  
kommunikoinnissa  
Case: Merivaara ja UPM

Kansainvälisen kaupan opinnäytetyö, 48 sivua, 3 liitesivua

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Kulttuurista voi helposti muodostua kompastuskivi kun siirrytään uusille markkina alueille rajojen yli. Menestyäkseen liiketoiminnassaan, usea vieraaseen kulttuuriin liittyvä alue täytyy opiskella.

Tämä opinnäytetyö keskittyy haasteisiin mitä yritykset kohtaavat kommunikoidessaan yli maan rajojen. Suomen ja Ranskan välinen kaupan käynti on valittu pääpisteeksi, ja case-yrityksinä ovat Merivaara ja UPM, joilla molemmilla on toimintaa Ranskassa.

Opinnäytetyö on kvalitatiivinen ja deduktiivinen lähestymistapa on valittu käytettäväksi. Teksti muodostuu teoriaosuudesta ja empiriaosuudesta, mikä on tehty haastatteleamalla case-yrityksiä. Teoriaosuuden kulttuuria käsittelevät kappaleet on tehty suurimmilta osin tunnettujen kulttuurintutkijoiden, Geert Hofstede ja Edward Hall, avulla.

Kun teoria- ja empiriaosuuden tiedot yhdistettiin, tulokset olivat samat. Edessä on monta kulttuureihin liittyvää haastetta, kun siirrytään uudelle ja tuntemattomalla markkina alueelle, mitkä täytyy hallita. Tutkimuksen perusteella voi todeta, että ns. kielimuuri on yksi suurimmista haasteista, samoin oikein kommunikointitavan löytäminen. Kun molempien maiden edustajat oppivat ymmärtämään kollegoidensa kulttuuria, ja tapaa kommunikoida, yhteistyön tekeminen on mahdollista.

Asiasanat: kulttuuri, kommunikointi, kansainvälinen kauppa, kulttuurienvälinen kommunikointi, haaste

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ABSTRACT

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Culture can easily turn out to be a stumbling block when entering new markets across borders. Several issues related to foreign culture must be studied in order to gain success in your business.

This thesis focuses on the challenges companies face when communicating across borders. Trade between Finland and France has been chosen as the focus point with two case companies Merivaara and UPM; both have activities in France.

The thesis has a deductive approach and the qualitative method is used. The study consists of a theoretical part as well as an empirical part which is formed by interviewing people in the two case companies. The culture chapters in the theoretical part have been done mainly with the help of two well-known culture gurus; Geert Hofstede and Edward Hall.

When combining both the theoretical and the empirical part, the study results were the same. There are several cultural challenges when entering new and unknown market areas that must be covered. Language barrier has proven to be one of the biggest challenges along with the right type of communication skills. Once the business people from both countries learn to understand their colleagues' cultures and are able to break the language barrier, there are no problems at all in doing business together.

Key words: culture, communication, international business, cross-cultural communication, challenge

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# 1 INTRODUCTION

## 1.1 Background of the thesis

The importance of knowing a foreign culture is becoming more and more crucial nowadays. Businesses are crossing borders in order to expand their market areas, and at the same time they are stepping on a ground that they do not necessarily know well. Too many tend to forget the impact culture has on international business, thinking business is business wherever you go. This is where things go badly wrong and the end results are not the ones people wished for. The beliefs, norms, behaviours and attitudes are just some features related to culture. These all are very different depending on a culture. People behave differently in France and in Finland; they believe in different things and have different set of norms and attitudes. This all complicates trade between the countries. Everything else related to business can be crystal clear but knowing a foreign culture and identifying the specific features of it is proven to be quite difficult.

This thesis focuses on trade between Finland and France, from the focus point of what kinds of cultural challenges these countries face when communicating with each other. France is one the biggest economies in Europe and Finland is doing more and more business with them. In order for Finnish companies to be successful with French people it is important to get a deeper insight into the business culture of the target country.

## 1.2 Research questions, objectives and limitations

The main objective of the study is to find out what are the challenges in cross-cultural communication between Finland and France. This objective is reached by combining the theory and the empirical part together.

The thesis answers the following questions:

- What are the challenges in cross-cultural communication between the countries

- How can these challenges can be managed
- How is the trade between the countries working
- How does the difference between the business cultures work in real life

This thesis is about the trade between Finland and France, focusing mainly on the culture aspect. The basic economic relations and how the trade between the countries is working in general are briefly explained in the first chapter giving space to the main topic; culture. As culture itself is a wide topic, communication between the two cultures and language are chosen as the head points to focus on. In this way the reader is given a wider understanding of the cultural issues that arise when doing business across borders. Having lived in France more than three years, the author reflects her own experiences about the culture in the conclusion part.

### 1.3 Structure of the thesis

This study has seven chapters. The first one, the introduction, gives the reader an understanding what the text is about by explaining the structure of the thesis, objectives, research questions and method, and how the data was collected.

The second chapter starts the theory part of the thesis. In the second chapter, the relations between the countries are gone through by talking briefly about the history of the countries and explaining the economic relations. This part gives the basic information needed to understand the trade between the countries. The second chapter also includes culture. It defines culture in general and explains the differences between culture and organizational culture which are not to be understood as the same. After that the importance of culture in international business is explained with a list of managerial tasks that requires cross-cultural competence. This chapter presents Geert Hofstede and Edward Hall. These culture gurus and their views of culture are well known around the world. Hofstede's dimensions are used in this thesis and for that reason defined in this chapter. Also Hall's dimensions: high vs. low context and polychronic vs. monochronic cultures are defined in order to help understand the following chapters.

The third chapter is about the French culture. It is first described in general and then the business culture is explained. As French take great pride in their language and language being one of the main points of the study, the importance of knowing the French language is gone through in this chapter. With the help of Hofstede's dimensions, French culture, mainly business, is defined, following Hall's cultural factors for France.

The fourth chapter examines the Finnish culture and business culture. Hofstede's dimensions for Finland are described in order to better understand the differences with French culture. Hall's cultural factors monochronic and low context culture are also explained in relation to the country.

The fifth chapter deals with communication. This chapter focuses on defining communication in general, presenting different communication styles with some graphs and lists some main challenges in cross-cultural communication. All-in-all this chapter gives better understanding to the challenges the countries face when doing business together. The challenges listed in this chapter and the information given in the previous chapters gives an answer to the main research question.

The sixth chapter is the case study chapter. Here two companies, Merivaara and UPM Profi, were interviewed with a set of questions related to the topic. This way a real life experience on how the two cultures work together was added to the text and eventually combined together with the theory.

The last chapter, chapter seven, concludes the text and gives some future research suggestions.

#### 1.4 Research method and data collection

The qualitative research method was used for this study. For the theoretical part, data was collected mainly from books and the internet, the internet served as a main source giving several usable sources. Book sources were mainly used for Hofstede's and Hall's theory parts, and for describing business cultures. For the empirical part of the study data was collected from the interviews held at the companies and from their internet sites. The interview questions for Merivaara

and UPM were the same and they were done by thinking the theory part and the topic part as a whole in order to receive a congruent text.

The approach method used for the thesis was deductive, as the study moves from the more general information to the more specific starting with the basic theory and ending with the case company study.

## 2 COUNTRIES AND CULTURES

### 2.1 History of the countries

When Finland declared its independence on December the 6<sup>th</sup> 1917, France was among the first nations to recognize the sovereignty of the country in January, 1918. Finland and France tied their full diplomatic relations in 1919. The two countries have had great relations for decades. When Finland joined the European Union in 1995, it brought the two countries even closer together. Since Finland has had the European Union membership, it has increased the relations with France in politics, economic and culture. (Kirkkola 2012.)

### 2.2 Economic relations

The economic crisis in 2009 has left its marks to the trade between Finland and France. Finnish exports to France in 2006 valued €3, 5 billion, when currently it is around €2 billion annually. Export from France to Finland is around the same level as what it was about ten years ago, €1,7 billion. At the moment, France is Finland's 8<sup>th</sup> biggest trading partner. In 2011, the share of exports from Finland to France was 3,1% and import from France was 3,3%. (France Diplomatie 2012.)

Finland exports mainly machinery, health-care products, paper and cardboard, wood products, chemical supplies, metal and metal supplies, and electrical machines to France. The country imports chemical products, means of transport, food and beverages, motors and industrial machinery from France. (Kahdenväliset suhteet 2011.)

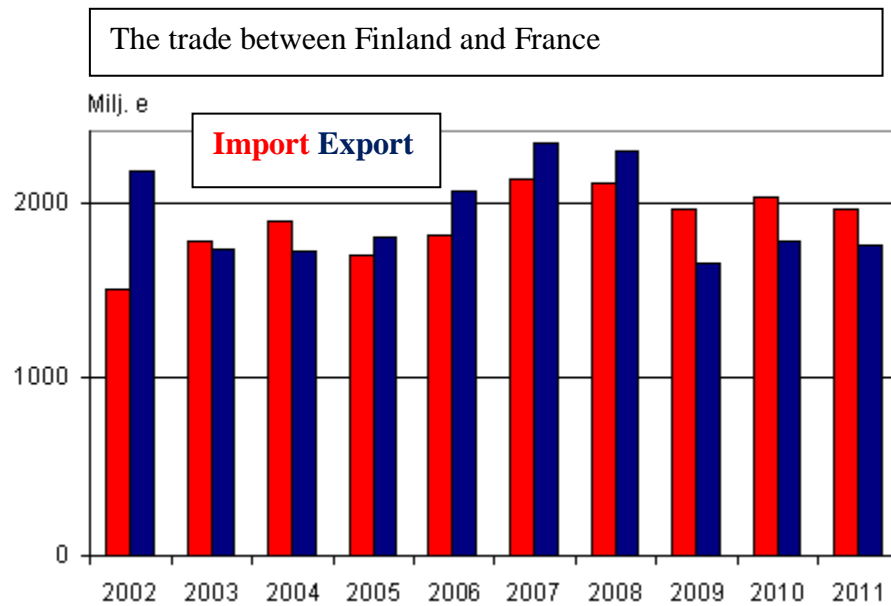


FIGURE 1. Trade between Finland and France

The figure above demonstrates the trade between Finland and France in euros between years 2002 and 2011. The red bar demonstrates the import and the blue one export. The affect the economic crisis has had on the trade is notable after the year 2008. (Tullihallitus 2012.)

### 2.3 Culture

*“The human-made part of the environment” –Herskovits-*

*“Culture is the collective programming of the mind that distinguishes the members of one group or category of people from another.” –Geert Hofstede-*

The above definition by Geert Hofstede is one of the most common definitions of culture. Hofstede himself used Kluckhohn’s definition of culture to create his own shortened version of it. Clyde Kluckhohn was an American anthropologist and social theorist and his definition of culture sounds like this: “Culture consists of patterned ways of thinking, feeling and reacting, acquired and transmitted mainly by symbols, constituting the distinctive achievements of human groups, including their embodiments in artifacts; the essential core of culture consists of traditional ideas and especially their attached values.” (Hofstede 2001, 9-10.)

Culture is something that develops all the time inside each society. This way it shows how the people of the society are and how do they differ from others. You can tell through culture how people of one society live and how they behave with each other and with other groups. Culture also defines the values and beliefs of members. One must understand that culture is not about right or wrong; every country, society, group, and people in general sees things differently. Every culture has their own ways of doing things; the concept of what is acceptable and unacceptable is defined within each culture. Culture is also not about individual behavior, it is more about group behavior. It is also not inherited. People learn their culture by living in a specific social environment. They are not born with the values and attitudes of one culture; they grow into it by absorbing the life and ways of thinking and behaving while getting raised in a society. Culture, in other words, is learned and it is something that is passed on from generation to generation. (Cavusgil et al. 2007.)

Geert Hofstede has labeled four elements that describe the visible signs of culture; values, symbols, heroes, and rituals. Values are the core element of culture. Values are invisible but come visible through a person's behavior. Symbols are usually complicated and only understood by those who share the same culture. The meanings of different words, gestures and pictures can be confusing for someone coming from another culture. Still, symbols are the most superficial part of the four elements as they can be so easily copied by others. Heroes are any persons, dead or alive, that are highly appreciated or valued in a specific culture. These can be real or imaginary and they act as models for behavior. In France for example, Asterix is seen as a cultural hero whereas in Finland Väinämöinen could be considered as one. Rituals could be described as collective activities that basically are not that necessary for the performance of wanted end results, but within a culture are socially essential. Rituals are done by the people for their own sake; ways of greeting, social ceremonies, business meetings, they all serve some sort of ritual purpose. The heroes, rituals, and symbols are all visible to an outsider through practices. The way you behave tells a lot, but the cultural meanings of these are invisible. (Hofstede 2001, 10-11.)

### 2.3.1 Organizational culture

Organizational culture should not be considered as the same as national culture. The differences between these two are in values and practices. In an organization, the members have learned to think, act, and feel the same way, but they did not grow up in it which makes it completely different from national culture. Hofstede has defined organizational culture as “the collective programming of the mind that distinguishes the members of one organization from others.” The way people act and interact in one organization is the thing that separates them from other organizations; even though they are located in the same area. In a nutshell; organizational culture is about the style of business operations within a company; how the staff communicates with each other and how they communicate with clients and customers. (Hofstede 2010, 343-346.)

### 2.4 The importance of culture in international business

*“It is not right or wrong, good or bad, it is just different”  
–Mark Hehl-*

As companies all over the world are becoming more and more international, it becomes crucial to know a foreign culture in order to gain the wanted results in a new market area. With this in mind, taking time to know with whom you are doing business with gives a great advantage to your business interactions. Knowing the culture of your business partner is really important and will be appreciated and taken as a sign of respect. As one might guess, culture practices can be a deal breaker, they can either make or break a deal, so in other words; by getting to know a foreign culture is a key to a successful business encounter in that culture. (Idesli 2013.)

Many companies overlook the importance of culture when doing business with a foreign country. This normally leads to a failure or even an insult to the partner. What is considered completely normal in your country might not be good at all in another, and can be even taken as an insult. Trade is becoming more global all the time which means that companies should react to this by considering the

importance of a foreign culture and becoming more aware of it. The challenge is to understand that e.g. the way we work, politics, entrepreneurship, religion, customs etc. are different in every country. With the knowledge of the other culture you are sure to succeed and more than likely will be more successful in your business negotiations with e.g. product prices, etc. (Hehl 2011.)

Below is a list of managerial tasks that requires cross-cultural competence in order to be successful in international business. The communication and interacting with foreign business partners is bolded in order to show the high importance of it among the others in the list. :

- Developing products and services
- **Communicating and interacting with foreign business partners**
- Screening and selecting foreign distributors and other partners
- Negotiating and structuring international business ventures
- Interacting with current and potential customers from abroad
- Preparing for overseas trade fairs and exhibitions
- Preparing advertising and promotional materials

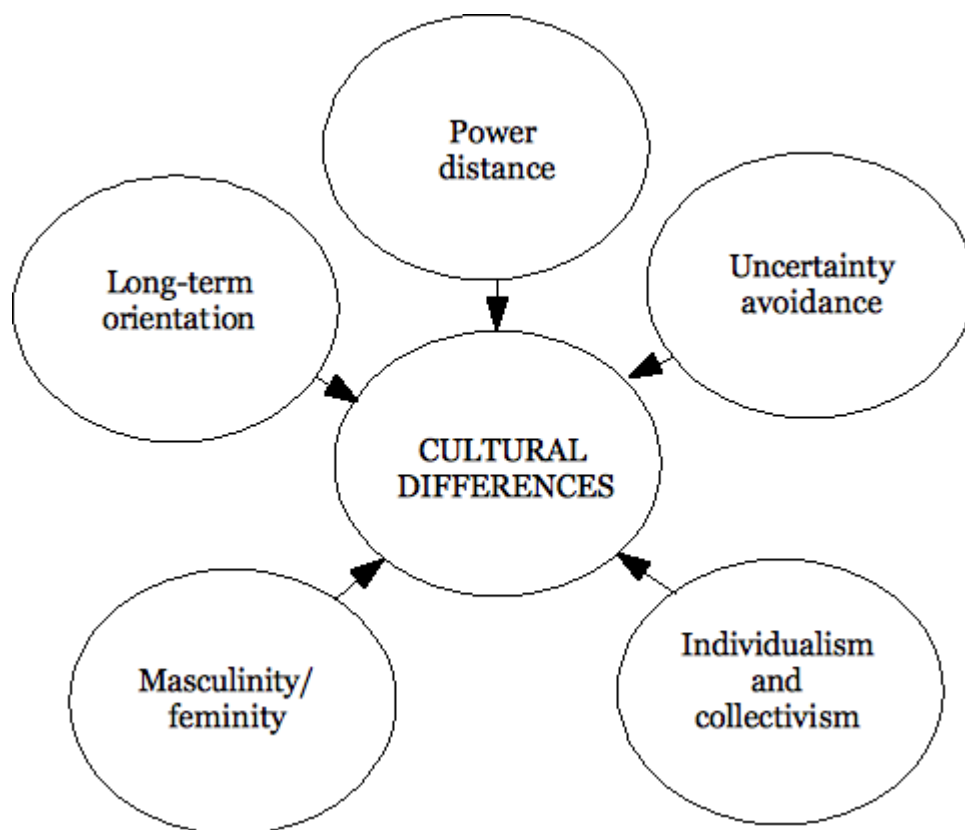
(Cavusgil et al. 2007.)

## 2.5 Geert Hofstede

Geert Hofstede, born 1928, is a Dutch researcher in the fields such as organizational culture and cultural economics and management. He is a well-known physiologist and anthropologist with books that have appeared in several languages. The text, *Culture's Consequences* (1980) is Hofstede's best known book, and his most popular text: *Cultures and Organizations: Software of the Mind* (1991) has been published in 16 languages. (Hofstede 2001, 596; Hofstede 2010, 559.)

### 2.5.1 Hofstede's Dimensions

Hofstede conducted a broad research study back in the 1970's about the values of people in more than 50 countries. Hofstede did a study with employees of a large company, International Business Machines (IBM), to see how different people are working in the same company all over the world. The results of the study showed that all the employees from all the countries shared similarities except what came to nationality. Answers to questions about values were always different depending on the country. Along with this study, Hofstede has conducted several other studies related to the issue, and as a result came up with five dimensions of national culture differences. These dimensions are seen in the picture below. (Hofstede 2001, 29; Hofstede 2010, 30-31.)



(Global marketing today 2013.)

FIGURE 2. Cultural differences

**Power distance:** Power distance is the dimension that shows the unequal distribution of power within a country seen by the less powerful members of organizations and institutions (families, schools, communities) (Hofstede, 2010.) The basic issue in power distance is the way a society deals with inequalities among people. Countries having a high degree of power distance are very hierarchical in a way that everybody has their place in society or at the work place. On the contrary, countries ranked with low power distance, the power is distributed equally and people feel freer to e.g. talk with their bosses. (The Hofstede Centre 2013.)

**Uncertainty avoidance:** Uncertainty avoidance explains how societies deal with uncertainties, unknown issues. No one knows what will happen tomorrow or in the future, but we have to live with it anyways. Uncertainty avoidance shows how different cultures react to such things. Hofstede has defined uncertainty avoidance as “the extent to which the members of a culture feel threatened by ambiguous or unknown situations”. (Hofstede 2010, 188-191.) Countries with a high rate of uncertainty avoidance feel more uncomfortable with the fact that the future cannot be controlled. The need for details and rules are important in such countries. In countries that rank low in uncertainty avoidance index, the feeling for the unknown is more relaxed, people rely more on practices than on principles. (The Hofstede Centre 2013.)

**Individualism vs. collectivism:** Individualism represents the societies where people do not have such close connections to each other. Everyone is supposed to take care of themselves and their close family only. In collectivism societies, people are close with each other; they form in-groups and take care of everyone in exchange for unquestioning loyalty. (Hofstede 2001, 225.) The self-image of a people living in an individualistic society can be defined in terms of “I”, when again in collectivistic society it is “We”. (The Hofstede Centre 2013.)

**Masculinity vs. femininity:** The masculinity dimension stands for a society where there is an actual separation between gender roles: Men are confident, strong and focused on material success; women represent a more modest and caring side, and they are more interested of the quality of life. In a feminine

society there is a harmony of relations; both genders are supposed to be caring, modest and concerned with the quality of the life. (Hofstede 2001, 297.)

**Long-term orientation vs. short-term orientation:** Hofstede has defined long-term orientation as: “The fostering of virtues oriented toward future rewards-in particular, perseverance and thrift. In opposite pole, short-term orientation, stands for the fostering of virtues related to the past and present-in particular, respect for tradition, preservation of “face”, and fulfilling social obligations.” There are some main characteristics that describe well these dimensions. Long-term orientation stands for resiliency, persistence, thrift, having a sense of shame, and personal adaptability. Short-term orientation could be described as big on tradition, saving face is important, personal steadiness and stability, and quick results expected. (Hofstede 2001, 359.)

## 2.6 Edward Hall

Edward Hall (1914-2009) was born in Webster Groves, Missouri but spent most of his early years in New Mexico. He is an anthropologist and author of books *Silent Language*, *Hidden Dimension*, and *Beyond Culture*. Edward Hall studied intercultural relations and nonverbal communication that he used when consulting businesses and government agencies. (Edward Hall 2013.)

### 2.6.1 High and low context cultures

Hall’s High and Low context cultures were first presented in his book *Beyond Culture* in 1976. (Hall 1976.) Low context cultures count on verbal expressions where the attention is on spoken words. Most of the low context cultures are located in the Northern Europe, such as Finland, and North America. In low context cultures the communication is direct and accurate and they get down to business first. Expertise and performance is highly valued in low context cultures and negotiations should be done as efficiently as possible. People from low context cultures have plenty of connections but they are for shorter periods of

time, or for some specific occasion. Low context cultures represent logical, analytical and action oriented ways of working. (Cavusgil et al. 2007.)

In high context cultures relationships are highly valued, and nonverbal communication is the key point. In high context cultures indirect communication style is preferred over direct one as people want to show respect for others and stay as polite as possible in order to not lose their “face”. For people living in high context cultures the social trust must be established first and negotiations are usually slow and ritualistic. Some high context cultures are for example Japan, China and France. (Cavusgil et al. 2007.)

### 2.6.2 Monochronic vs. polychronic time

Edward Hall has studied the conscious and unconscious ways people, depending on their culture, observe and use the orientations he calls monochronic and polychronic time. People from polychronic-time cultures are used to doing many things at the same time, and relationships and spending time with others are more important than anything else. Time does not have such an important role for people from polychronic cultures. When again in monochronic-time cultures, people tend to focus on one thing at a time and they rely on schedules. Time is something you follow and organize your life around it. Cultures representing monochronic time can be found from North America and Northern Europe, e.g. Finland, whereas polychronic time cultures are those from Southern Europe, e.g. France, Africa, and South America. (Google books 2013.)

In polychronic cultures, people tend to put high value on relationships; they interact with many people at the same time, which then again explains why tight scheduling is impossible for them. Punctuality for people from polychronic cultures is not that important, two friends having a conversation would not worry about an appointment they would be late from, instead they would terminate their conversation before going anywhere. (Google books 2013.)

In monochronic cultures people are depending on schedules, this makes it easier for them to focus on one thing at the time. Interruptions are not appreciated, and

privacy for others must be allowed. People from monochronic cultures are punctual, committed to their jobs, and used to short-term relationships. (Google books 2013.)

The list below helps to understand the differences between the two time orientations. It gives a great model of how these orientations are seen but the generalizations do not apply in all cultures the same way.

<b>Monochronic People</b>	<b>Polychronic People</b>
Do one thing at a time	Do many things at once
Concentrate on the job	Can be easily distracted and manage interruptions well
Take time commitments seriously	Consider an objective to be achieved, if possible
Are low context and need information	Are high context and already have information
Are committed to the job	Are committed to people and human relationships
Adhere religiously to plans	Change plans often and easily
Are concerned about not disturbing others; follow rules of privacy and consideration	Are more concerned with those who are closely related than privacy
Show great respect for private property; seldom borrow or lend	Borrow and lend things often and easily
Emphasize promptness	Base promptness on the relationship
Are accustomed to short term relationships	Have strong tendency to build lifetime relationships

(Personal coaching and mentoring blog 2012.)

FIGURE 3. Differences between polychronic and monochronic culture

### 3 FRENCH CULTURE

*“La France est la lumière du monde” –President De Gaulle-*

The culture of France is highly shaped through the country's history. The greatness of the history can be seen in everyday life and in the behaviours of the people. During the time of Napoleon, the thriving culture of France emphasized the influence of the country. From the end of the 17<sup>th</sup> century till the beginning of the 19<sup>th</sup> century, the French culture spread all over Europe. People everywhere were admiring the French way of behaving, eating, and the sense of fashion. The French art and literature were so appreciated that eventually French language replaced Latin. France was the kingdom of sophistication. The influence of the great history can also be seen in the comment of an old president of France, De Gaulle: *La France est la lumière du monde*, France is the light of the world. (Petäistö 1995, 33, 42-43.)

French is the official language of the country with a population of over 65 million. Eighty percent of the population are Catholic; other main religions in France are Islam, Protestantism, and Judaism. (Zimmermann 2013.) Hexagon is the symbol of the country and it also refers to the nation's six-sided shape. France is one of the largest Western European countries with Paris as its capital. (Danahay 2013.) The French value family a lot and people spend time with their families often on different occasions. The dinner table is one of the places families get together. In France eating together at the table is really important. The passion of French people is food; French cuisine is practised all over the country and admired all over the world. Wine and cheese are their national pride. (Kwintessential 2013.) Polite greeting when meeting someone is crucial in France, people are taught good social behaviour from the moment they are little. When meeting someone you shake hands or kiss on the cheek, but this is usually only done between people who are close friends or relatives. (Danahay 2013.)

### 3.1 Business culture

*“To go to France it is almost the same as going to Japan; it is not enough to know how to negotiate, in order to be successful, you must know the broad meaning of the mentality and the culture of the country” –Petäistö 1995-*

What comes to business, French tend to be quite independent. With their grand history behind them reflecting on their business behaviour, the French see themselves as unique and do not really believe you are able to adjust to their requirements. You can either be better or worse, but they see you different, and you will not be seen as equal. (Lewis 2006, 256.)

French companies are known to be quite hierarchical, with the CEO having great power in his hands. Directive senior management is more common in France than a collaborative one. The CEO is the one with the ideas and power, but the implementation is done by the ones working under the CEO. Under the CEO, the managers and other workers are hierarchically in a strict order according to their responsibilities. (World business culture 2012.)

What comes to meetings and negotiations, there are several things one must know. The French people value politeness and formal style, and this should always be kept throughout the whole meeting. To show polite manners, people you meet for the first time should always be addressed as ‘Monsieur’ or ‘Madame’. It does not matter what kind of a business meeting or a negotiation it is, the French are always formally dressed and keep this way even during the business lunches or dinners. In other words, suits should be kept on during the whole meeting. (Lewis 2006, 257.) Appearance is very important, the picture you give about yourself reflects your company as well. Formality in dress codes vary depending on the position within a company and a region; the southern French companies have less formal dressing codes, but they are always well presented no matter what the situation. (World business culture 2012.) Personal matters are not discussed during meetings. French people take a long time to build a relationship, so first name basis does not happen in the first meeting, if ever. Too friendly behaviour might make them suspicious and even insult their values. Nowadays, first names are mainly used between younger generations only. Meetings are always long with lots of talking; the French do not like silence. During negotiations, they take

a lot of time before deciding on any result, so a foreign partner should not expect to get an answer during the first day. For them, a long process gives time to go through their own ideas and thoughts first before coming to the decision making point. With long negotiations, the French like to get to know their partners better in order to create long-time relationships, and also to find the weaknesses of the other party. (Lewis 2006, 257-262.) Because of the formality and the hierarchical style they present, the meetings are often done with an agenda that is done before hand and everyone is seated in a hierarchical order by the boss. During these formal meetings it is almost frowned upon to say something against your boss; this should be done outside these meetings. Foreigners should also remember that before knowing their partners position in the company, strong opinions should be avoided. There are meetings that are arranged without the presence of the senior management. These are more open and the atmosphere is not as formal and strict. In these meetings French really like to express their own opinions and most of the time the situation turns into a competition of who has the best idea for the subject. This happens the most in the biggest organizations. The sense of competing is learned from an early age and this is why it is hard to put behind later on. With this in mind, the French are not that big on team working, people prefer to have their own personal ideas and objectives instead of working in a team. (World business culture 2012.)

Politeness, formality, and logic are the three words every foreign partner should remember. French want to see logic in everything, if something is not logical for them, they will most likely not buy it. In business, despite the formality, one should act more human than normally in order to show compassion for others; this is important in French culture. By being flexible, capable of long conversations, showing appreciation towards the ideas of the French partner, and showing that you are thinking in long-term instead of short, you will most likely gain success with your French partners. French put much more value on relationships than deals in general, and this is something a foreigner should understand in order to get to the next level with them. (Lewis 2006, 257-262.)

Business lunches are very common in France. They are very proud about their food culture, so taking your French partner to lunch, and talking about food in general is a good sign. The time of lunch is always dedicated for building a better

relationship, so business is rarely talked during that time. Lunches are long and the business issues are usually talked after eating, during coffee. Good quality restaurants should be always chosen in these occasions. (World business culture 2012.)

### 3.2 Vous ne parlez pas français?

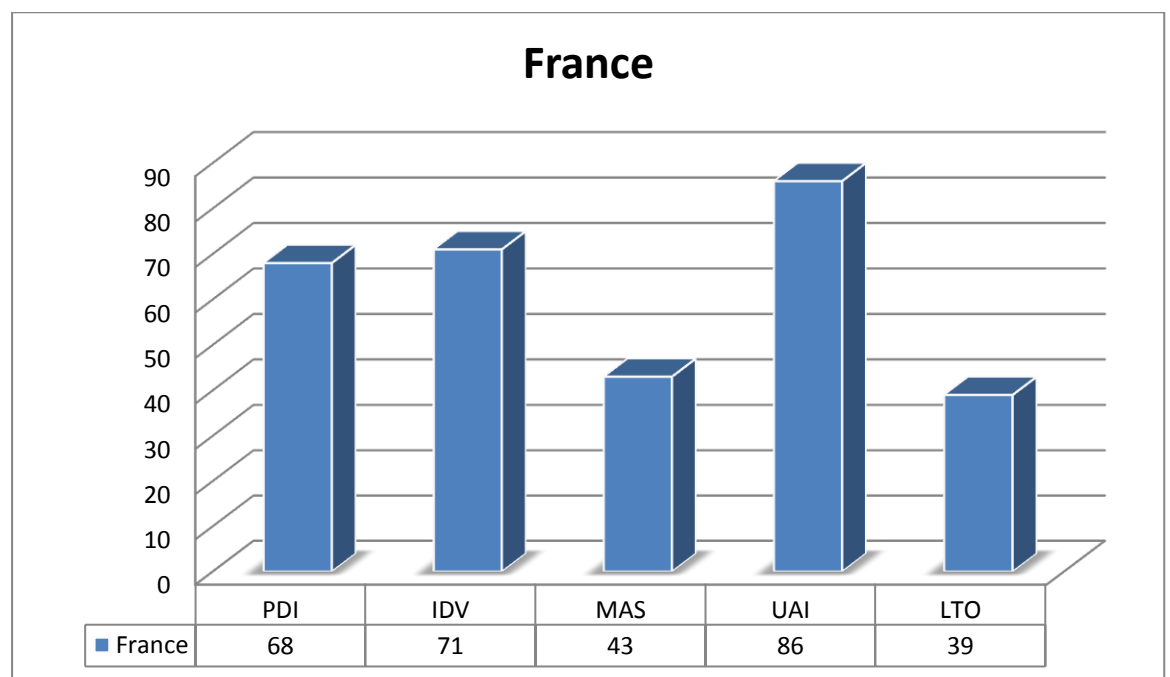
French people take great pride in their language. And they are not so wrong to do that. French is spoken in more than 40 countries as first or second official language. There exist over 200 million French speaking people in the world. What comes to business, as the economy is getting globalized all the time, knowledge of French language nowadays can be of great value, especially in specific fields such as in international banking, finance, science, law, and industry. France is, however, one of the four largest industrial economies in the world. (Bellanger 2001.)

In the business world, almost everyone in France speaks English. As a foreigner coming to France in business, even a small phrase in French will make you give a better impression of yourself than not trying at all. (Jones 2011.) Some say that if you do not speak French in France, it is not a great beginning for your business together (Lewis 2006, 256). There was a time when only few people in France spoke English. If you stopped a person on the street to ask something in another language than French, they turned away and refused to talk. This is partly reason of their national pride, French language used to be the language everyone spoke or wanted to speak, and now English has taken that place. In order to really succeed with your business, French language should be known. You are able to do your business in English as well, but by speaking French, you are most likely being welcomed more warmly into the relationship with a French company. French people see their language as the language of sophistication, which is why they only speak English when they really have no other option. In their minds, everyone should know French. In case a foreign business partner has no skills in the language, he should at least learn some basic phrases and apologise for the lack of French language. This way the French people will understand and the

meeting is shifted into English. (Petäistö 1995, 60-71.) These days, because of their national pride about the language, it is even recommended to speak English if French is not known perfectly, this goes to written French as well. This is a better option in French people's mind than speaking or writing poor French. (World business culture 2012.)

### 3.3 Hofstede's dimensions for France

The results of Hofstede's dimensions for France can be seen in the graph below. The business related results for Hofstede's dimensions are further explained in the text after.



(The Hofstede Centre 2013.)

FIGURE 4. Hofstede's dimensions for France

#### **Power distance index**

France gets a score of 68 in the power distance index, which is relatively high. This has to do with the many hierarchical levels they have in the country. High score on PDI means that the country accepts inequalities in society and among people. Having many hierarchical levels refers to the fact that everyone has their

own place, with own responsibilities. In businesses French are well aware who is the boss, and they try to avoid conflict with upper management. The leadership in France is really autocratic and people have a certain expectation of inequality. (The Hofstede Centre 2013.) Companies having a high power distance usually centralize the power as much as possible. French people expect the upper management to tell them what to do. The salary is very different between the upper and lower levels of organizations. French people tend to have very different kind of feelings towards superiors; they either love them or hate them, but with equal intensity. Normally the French do not agree with the power distance principal. (Hofstede 2010, 73-76.)

### **Individualism vs. collectivism**

With the score of 71, France is a highly individualistic culture. With this in mind, they prefer individual goals and opinions, instead of working in a group. (The Hofstede Centre 2013.) People are more self-centred, they work to gain their own interest. This creates competition inside companies, as everyone wants to get their opinions out. The employees show loyalty to the company, and try to impress their employer and their interests towards the business as long as it goes together with the employee's own interest. French people try to improve their connections in business life all the time. In individualistic cultures the relationship between the employer and the employee is strictly professional. (Hofstede 2010, 119-124.)

### **Masculinity vs. femininity**

France is a rather feminine country with a score of 43 in masculinity vs. femininity index. Quality of life is important for them, and people in general work in order to live and not the other way. By being a feminine country, different careers are optional for both men and women. People in general prefer free time over money. (Hofstede 2010, 170.)

### **Uncertainty avoidance**

France has really high (86) uncertainty avoidance. In high uncertainty avoidance countries people usually need rules and regulations in order to work, and they do not take risks. People expect to have rules and security at work, and if these ones do not exist, it creates stress. In France everything should be planned carefully and with expertise, fast changes for example in the company's way of working can create stressful situations; French people find it hard to be flexible with new ideas. People tend to work hard in order to keep themselves busy. The boss is expected to be an expert. (Hofstede 2010, 208-213, 217.)

### **Long term orientation vs. short term orientation**

France scores 39 from long term orientation index, which makes it a short term oriented society. French people are big on tradition. They value past and present; this can be seen also in business life in how they put importance on this year's profits instead of the profits ten years from now. Saving face is important and maintaining personal stability. Free time is valued. (Hofstede 2010, 251.)

### **3.4 Hall's cultural factors for France**

France is seen as a very polychronic culture. In business life people are often multitasking. They like to change plans often and easily. This can be confusing for a foreign partner. Human interaction is valued over time; the French like to think what will be achieved instead of when it will be achieved. This is contradictive with the fact that schedules and deadlines can be really demanding in business life. At work, people are not as focused as in monochronic cultures; there is always someone calling, doors are open, and someone is stopping by. (Rutledge 2011.)

France is also a very high context culture. French people rely on nonverbal communication and indirectness; they expect you to know what is not being said.

Time is open and flexible and relationships are valued over tasks. French people feel more secure being part of a group, so personal distance is not big. There is less written or formal information. (Mc Jeffrey 2013.)

#### 4 FINNISH CULTURE

Finland is a Northern European country, located next to Russia and Sweden. The country has been under the power of Sweden and Russia until 1917 when it won its complete independence. This was during the Second World War. Finland managed to defend its freedom from the Soviet Union. After this the country has made remarkable changes by turning from a farm/forest economy to a modern industrial economy. (Central Intelligence Agency 2013.) Finnish people migrated to the country about 2,000 to 3,000 years ago. They were the first people able to create a society that far north. (Lewis, R, D, 2006). In the battles against Soviet Union during the World War II, Finland lost 10% of its area, which shaped the country into a new form (Jarvenpa 2013.)

Finland has two official languages, Finnish and Swedish. Swedish is spoken by a minority of the population, about 6%. The population of the country is about 5.3 million, and the majority belongs to the Lutheran Church of Finland (82.5%). (Central Intelligence Agency 2013.)

Finland was the first country to give women the right to vote as well. This reflects in the country's strong level of equality. Finnish people are really modest, they do not boast with their achievements. People love their country and the environment with all the forests and calm atmosphere. This being said they have a very high national self-consciousness. (Lewis 2006, 330-332.)

There are two things important in Finnish culture: *sisu* and *sauna*. *Sisu* is a Finnish concept describing the inner strength of the people, the determination. It is mostly translated as strength of will and determination that Finnish people have. With *sisu* you can overcome many obstacles in your life. It also means that what must be done will be done, no matter what it takes. *Sisu's* roots take back to the early times of Finns, when they had to fight against the hard nature and foreign outsiders trying to take away their country. *Sisu* helped them overcome these obstacles. Nowadays *sisu* is mainly used as an inspiration for example for athletes, artists and designers. (The meaning of *sisu* 2013.)

*“One should behave in the sauna the way one behaves in the church”-An old Finnish proverb-*

Sauna is a big tradition in Finland. There are almost two million saunas in the country. In the old times sauna was a place to heal and keep religious ceremonies. It is seen as a quiet, clean and peaceful place to relax. Sauna is a passion for a Finn and an essential part of national identity. Almost everyone has a sauna in Finland or access to one. (Pure inside out 2013.)

#### 4.1 Business culture

The history of Finland has left its marks on the behaviour of the Finnish business people. The fact that the country has overcome many obstacles in the past has made the people stronger and this way made them stronger also in the business world. Finland depends on traditional industries such as pulp and paper, but high technology products are making their way up as well. (World business culture 2012.)

Finnish people are not the best communicators, but they speak foreign languages very well. The low profile Finnish people have in business life often confuses their foreign business partners who do not know how to approach them. In general Finnish employees are reliable, punctual, honest and loyal. (Lewis 2006, 332.)

What comes to Finnish business structure, everyone in an organization should be aware what their responsibilities are, and the organizations trust that the employees have the required skills to fill their positions in the organization. The low-key way of managing is very common in Finland; the managing part should only be about delegating tasks. (World business culture 2012.) Managers in Finland are into up-to-date technology, and they want proper training for the whole personnel of the company (Lewis 2006, 336.) Within large companies, bigger decisions are done in a team of senior executives. The process can be very slow and in general Finnish people do not change plans until after very careful thinking involving all parties.

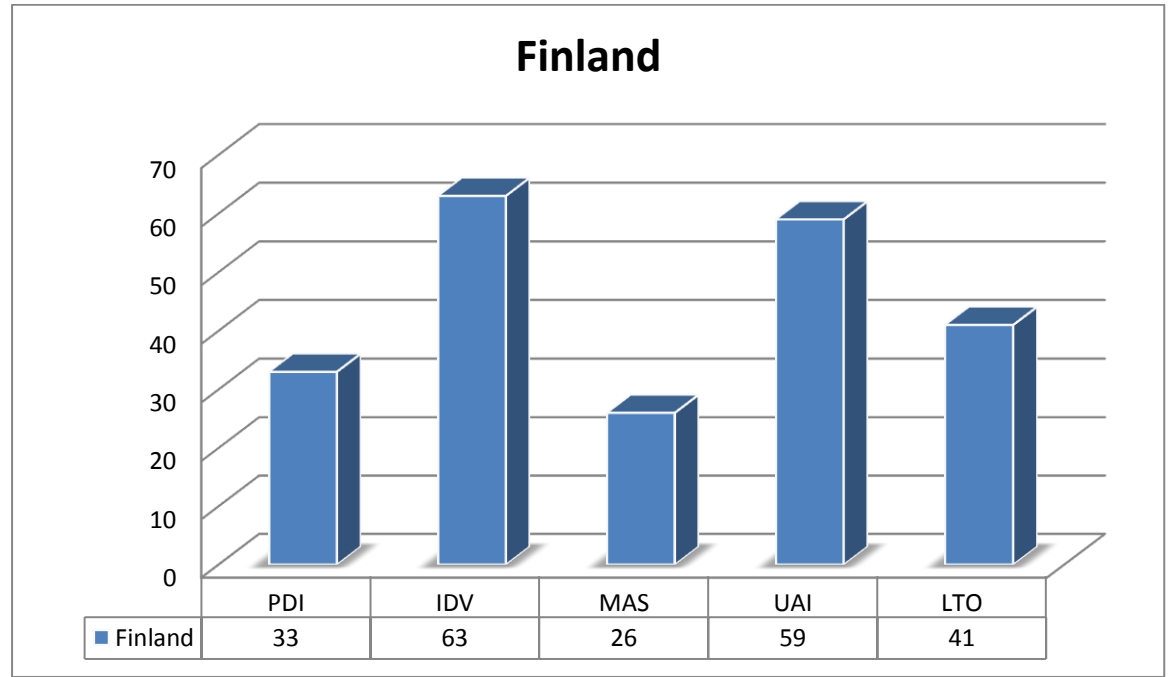
Finnish business persons have an individual style in working, so meetings are important in order to share the information and show the progress that has been made. Meetings can be bizarre for a foreign business partner as they tend to be long but very quiet. For Finns, less is more, so they expect you to speak at the meeting only if you have something concrete to say about the topic. Meetings in Finland almost always have a well-planned structure; there is an order in the meeting that is followed, and everyone speaks in their own turn. Interruptions are considered rude in Finland. Small talk before and after the meeting is rare, people might exchange a couple of words, but all-in-all Finns are not the best in small talk. (World business culture 2012.)

Finland being the first country in Europe to give women the right to vote reflects in their positions in business life as well. Equality is everything and women are more and more entering into senior positions of some large Finnish companies. (World business culture 2012.)

So, in order for a foreign business partner to be successful in Finland one should always remember to be as direct as possible, Finnish people appreciate when you will get to the point as fast as possible. You should also try to be modest and keep a low profile. Finnish people are very different than Southern European people, so talking too fast or raising your voice is not a good idea. First names can be used, and casual dress code should be kept in mind. Women should never be underestimated in Finland; instead you should pay attention to them. Finns are serious about their physical space; one arm length should be kept between people. Time is something you do not waste, punctuality is the key. Finns are good listeners and foreigners should also listen to them, because even though they do not say much, they really mean what they say. Last, foreign business partners should try to enjoy the silence, as awkward as it feels; it is part of their social interaction. (Lewis 2006, 332-337.)

## 4.2 Hofstede's dimensions for Finland

The results of Hofstede's dimensions can be found from the graph below.



(The Hofstede Centre 2013.)

FIGURE 5. Hofstede's dimensions for Finland

### **Power distance index**

Finland's score on power distance is one of the smallest being 33. Finland has equal rights for everybody and a hierarchical system does not exist. Upper management is accessible and managers want to train their personnel.

Communication in Finland is direct and the salary gap between the upper management and the bottom of the company is not as big as in the high power distance countries. Power is not only in one hand, it is decentralized; everyone has their own responsibilities. In general Finnish people are independent and expect to be consulted instead of told what to do. (Hofstede 2010, 73-76.)

**Individualism vs. collectivism**

With the score of 63, Finland is quite an individualistic country. In an individualistic society management is the management of individuals instead of groups. In case of hiring or promotion, decisions are mainly done based on skills and rules. In Finland tasks are more important than relationships, and mostly the relationship between the employer and the employee is only based on the working contract. (Hofstede 2010, 124.)

**Masculinity vs. femininity**

Finland is rather feminine as a country with the score of 26. In feminine country people work in order to live and not the other way round. Quality in working lives is valued and in cases of conflicts, negotiations and compromises are used instead of letting the strongest one to win. Women have an increasing role in professional jobs and everybody is involved in the decision-making process. Equality is important and a notable value in Finland. (The Hofstede Centre 2013.)

**Uncertainty avoidance**

Finland is quite in the middle of the uncertainty avoidance index. For Finnish people time is money and punctuality is seen in everyday working life. They have a certain set of rules on how to work which are needed. Finns tend to work hard and keep themselves busy all the time. People are motivated by security. (The Hofstede Centre 2013.)

**Long term orientation vs. short term orientation**

Finland scores 41 on the scale which make them a short orientation culture. Finns are big on tradition, and they value free time with families. At work they want to

get results done fast. They have a very direct and honest way of thinking; if something is true, then the other thing must be false. (Hofstede 2010, 251.)

#### 4.3 Hall's cultural factors for Finland

Finland is seen as a really monochronic country. Business tasks are done one at a time, multitasking is really rare. Meetings and appointments are held in specific times and working time is separated from free time. (Tamas 2007.) In monochronic cultures people are more focused on the present. Time is linear and punctuality is an important feature along with all the scheduling needed. Everything has a specific deadline that must be followed and respected. (Cavusgil et al. 2007.)

By being monochronic with time, Finland is also a low context culture. Finns are very individualistic and privacy is important and should be given to anyone who wishes it. Finnish people are very direct, so verbal communication is crucial; Finns will only say what they mean. People work hard and do not express feelings easily to a stranger. People in general are rule oriented and they have a separation between time, relationships, activities and space. (Executive planet 2007.)

## 5 COMMUNICATION

*“No one would talk much in society if they knew how often they misunderstood others” –Johann Wolfgang Von Goethe-*

Communication is about exchanging information and ideas with other people. There are three steps that are involved in communication with others; thought, sending and receiving. Thought is when you have an idea in your mind. This can be a feeling, information, concept or idea. Next step is sending when the message is given to the other person in a form of words or symbols. Receiving is about understanding the message. The receiver puts the information into a concept in a way that she understands. (Communication and leadership 2013.)

There are several barriers that can make the receiver of the message understand a message in a wrong way. These are: culture, noise, ourselves, perception, message, environment and stress. Noise coming from the environment for example can easily distract the receiver. The sender and the receiver must focus on the messages sent to each other. In high context cultures (Hall), people are louder and noise is considered normal at the workplace as well. This can cause communication problems; people might interpret messages in a wrong way because they are interrupted by the noise surrounding them. In order to overcome these barriers, active listening and feedback is needed. (Communication and leadership 2013.)

### 5.1 Language as a communication tool

The way language and speech is used in communication varies according to a nation. Language is the tool in communication to deliver the message, but there are strengths and weaknesses in every language. (Lewis 2006, 63.)

French, for example, like to use their language as an advantage in negotiations. They are fast, exact and logical with their language. French as a language is a good arguing tool. It is spoken with fast speed and most of the times it leaves the other party confused and without reply. The words in French help the people to

use them as precisely as possible as every one of them has a specific meaning, so it is impossible to speak whatever. (Lewis 2006, 63.)

Finns on the other hand are more into thinking in advance on what to say, everything is well prepared. When they reach a decision it is hard to leave that behind. Finnish language is vivid and friendly but still really precise in a boring way. (Lewis 2006, 64.)

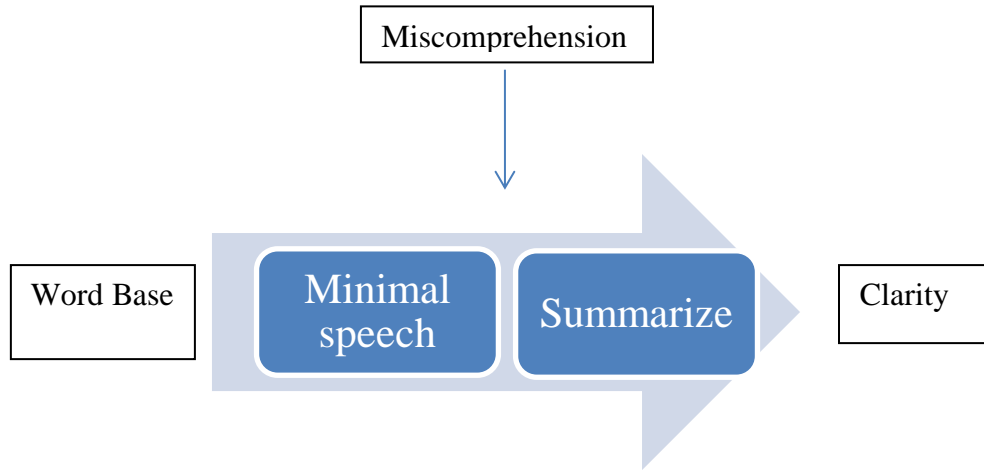
The way people use their language with different speech styles brings along misunderstandings. French people might sound rude because of their direct way of approaching conversations with their language, and Finnish people most likely confuse foreign people with their silence. (Lewis 2006, 66.)

In international business, being able to communicate with a foreign language is a great asset. It makes the collaboration and understanding the other culture much easier, which again can make your business grow internationally. There are both verbal and nonverbal characteristics in language. Most cultures are using lots of nonverbal communication, such as facial expressions and different gestures. These are also used along with verbal communication to really make the point wanted. (Cavusgil et al. 2007.)

The meaning of a word might not mean the same in every language. National languages, dialects and translation tend to make communication even more difficult. Sometimes a mistake in the use of language might cause embarrassing moments. For example advertisements are often translated into a specific country's own language; this often makes the ad lose its original meaning, and can even appear insulting for the people of specific culture. People interpret the words in different ways and this must be taken into account when crossing borders in business. (Cavusgil et al. 2007.)

## 5.2 Different communication styles

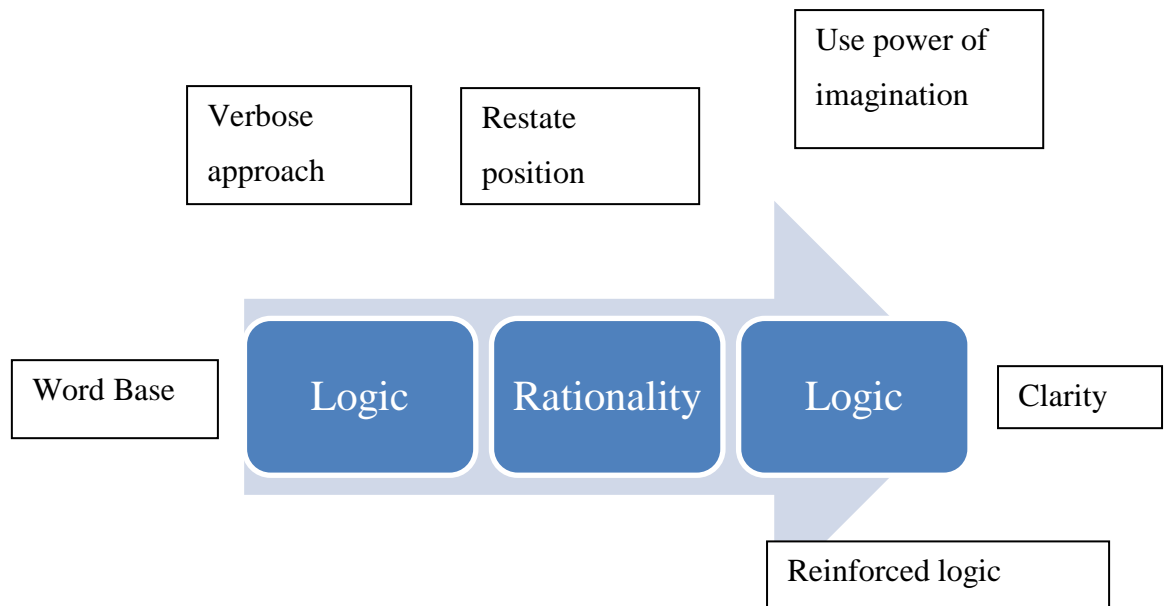
### Finnish communication style



The picture above presents the Finnish communication pattern during meetings. Finnish people want to express themselves with as few words as possible. They see it to be the way to make things clear and understandable. (Lewis 2006, 67-68.)

Finnish people enjoy silence, what comes to communicating they are really quiet. In Finland, people expect you to speak up when you have actually something concrete to say. Finns feel completely comfortable in silent situations; something that makes other nationalities confused. The silence way for Finns is just not to give out more than what is expected to. Finnish people do not use a lot of nonverbal expressions, so it is sometimes difficult to understand what goes on in the mind of a Finnish person. Finns often say that they do not speak well foreign languages. This is not true, most of the people speak at least two other languages with the Finnish language. People might feel shy to start speaking a foreign language. The fear of making mistakes makes them easily pretend they do not speak the specific language. This has to do with the fact that Finns do not like to lose their face in business situations. (World business culture 2012.)

### French communication style



The French communication pattern above defines how the French like to use several ways of approaching the issue, even an imaginative way. Despite the variety of tactics, the logic must be kept throughout the communication. (Lewis 2006, 68.)

French are really serious about what you say and how it is being said. French feel a great pride towards their language which is why they want to make it sound as elegant as they can. During negotiations, French might appear a bit dramatic for a foreign partner. They tend to interrupt several times and change ideas, but all-in-all it is their way of reaching the end result. Logic is always present in French conversations, if something is not logical, the French will not see it as a good idea. (World business culture 2012.)

### 5.3 Challenges in cross-cultural communication

Communicating across borders is never easy, and it is not supposed to be. People say and do things differently in different countries. Even the way we say hello varies a lot depending on the country and its culture. In some countries a simple

'Hi' is completely normal to use as a greeting, in others it is not. There is not right or wrong way of doing things; it is just different wherever you go. When planning on going international with your business there are several things to take into account to be successful. (King 2013.) There are so many parts on what culture affects what comes to international business communication. These are: free trade policies, localization and standardization strategy decisions, brand effectiveness, business relationships, advertising, international business management, international marketing, international negotiation and consumer behaviour. Once a company possess cultural awareness, it will have competitive advantage in international business. (Guang, Trotter 2012.)

The graph below shows the four major risks in international business, and with that highlights the importance of knowing your business partner's culture. Once we enter a new country, everything is different; their language, lifestyle, beliefs, behaviours, norms and consumption behaviour. These all affects their ways of doing international business. (Cavusgil et al. 2007.)



(Cavusgil et al. 2007.)

FIGURE 6. Risks in international business

Communication is not just what you speak to another person, there is a lot more to that. You have to be able to read the body language as well, listen to the tone of the voice, understand how things are said and what is left unsaid, and in the end realise the cultural meaning behind of what has been said and how it was said. In order to really understand your foreign business partner, all these should be studied carefully. This way you can be aware of everything that takes part in international business communication. (King 2013.)

There are six main cultural differences that can be seen as challenges in cross-cultural communication. Communication style is the first one. People in different cultures communicate in a very different ways. The languages are different and even in countries with the same language the meaning of words and phrases are probably used and understood differently. Communication style includes also the factor of whether a country uses a lot of nonverbal communication or relies more on verbal communication. Personal distance and sense of time is also included in communication style. Being monochronic or polychronic as a culture tells a lot about the country's way of communicating.

The way people handle conflicts is the second challenge. Some cultures see conflicts as something positive whereas some want to avoid them. For example in some Eastern countries, open conflict is seen embarrassing. In those countries personal differences should be avoided in public places and they should be resolved quietly.

The approach method towards completing tasks is the third challenge. In some cultures relationships come first, establishing a good relationship is a sign to success in completing tasks. When again some cultures see that the relationship will develop while completing the task, tasks should receive the major focus.

The fourth challenge is about different decision-making styles. The way decisions are delegated depends on the culture. Some cultures are more into delegating decisions to subordinates, whereas some cultures like to keep the power of decision making in the hands of one individual.

The different attitude towards disclosure is the fifth challenge. The way people react to conflicts, misunderstandings, or some personal matters varies from culture

to culture. In some cultures people are not as direct as in some, so asking too straightforward questions about a conflict for example, or a reason to it, might be hurtful to some people. Not all cultures want to share their personal information in every place.

The last challenge is the approach to knowing. Different cultures see it differently how we know things. European cultures for example think that the information is received through cognitive methods, such as counting and measuring. This could be compared to African cultures, where knowing comes through symbolic imagery and rhythm. People are different and see the process of learning things differently. (DuPraw, Axner 2013.)

Along with these six challenges, one must also study the language of the country, the time concept; monochronic or polychronic, social differences, religious beliefs, high or low context, the power distance and whether the country is past, present or future oriented.

## 6 CASE COMPANIES: MERIVAARA AND UPM

Merivaara and UPM (Profi) were chosen as example companies because of their business connections with France. Merivaara has their sales department in Lahti, Finland, so contact with a French client is crucial. UPM Profi has a slightly different system, because they have an actual sales team in France. Because of the difference these two organizations have in how they connect with a French client, the results got through the interviews differed a lot. The interviews were held the 29th of April 2013, and the questions for both of the companies were the same.

### 6.1 Merivaara: Business in general

Merivaara was founded in 1901 in Finland. The company started first by manufacturing iron beds for homes and hospitals. Instrumentarium Oy owned Merivaara for half a decade, but now it is privately owned. Merivaara manufactures designs, and markets a wide range of hospital-grade furniture and systems for health care providers in over 120 countries. The company also provides integrated operating room systems. Quality is important for the company, both products and operational processes has to meet the company's high standards. All products are CE-labelled, which means that they can be sold legally inside European Union. Also the quality management of the company meets the directives of the European Union. (Merivaara 2013.)

There are about 140 people working for Merivaara in four countries. The headquarters are located in Lahti with production, sales, marketing, R&D, and after-sales service departments. There are subsidiaries in Sweden and Norway, and a sales organization in Russia. Merivaara exports more than 85% of their production. (Merivaara 2013.)

What comes to the mission and values of the company, Merivaara wants to provide comfort and well-being for both caregivers and patients. This is done by developing safe and durable products and solutions. The quality of the products and operational activities is improved all the time, the company has a 'zero defect quality' system. Merivaara is a very people driven organization with continuous improvements. (Merivaara 2013.)

The company faces challenges as well. By being a growing organization, it brings its own challenges to the business. Also the competition globally is hard. At the moment the price level is decreasing which leaves its affects to the business and brings challenges for the company. The economic crisis has not really leave its marks on Merivaara, but there are other factors that are affecting their business. European countries are cutting their health care budget which makes the competition between organizations even harder. (Hälli 2013.)

#### 6.1.1 Merivaara's business with France

Merivaara has been doing business with France about 20 years. In 2002 the company had a subsidiary in France, but at the moment there is a distributor, a representative of the company. In the French market, the delivery room solutions are strong and rising products among others for Merivaara. The business with France has not always been easy, there were some challenges first. In the beginning it was hard to understand what the French client wanted, the language barrier caused the biggest problem for communication and understanding each other. Now the communication is working much better. The company has a person working with the French contacts who knows the culture, language and the communication habits. This has made the business collaboration much easier for sides. (Hälli 2013.)

With the EU membership, Finland has gained better relationship with France and other European countries. For Merivaara it has given a sense of belonging to a group, being one among others. Of course the membership has given Finland the opportunity to go forward with trading and it has clearly made things easier. (Hälli 2013.)

Merivaara sees French clients quite demanding and pedantic. In the everyday interaction, the business does not differ from the other countries. What is different is that French people expect every material in French, and they have their own versions for every issue, which makes the routine for Merivaara a bit more difficult than normally. A French business partner does not give up easily if they have something on their mind. They also tend to change their delivery often in the beginning of the process. (Hälli 2013.)

### 6.1.2 Merivaara and business culture

According to Nina Hälli, the Area Export Manager of Merivaara, the differences in the cultures makes Finnish people scared to enter the French market. In order to succeed in France, one must know the history and respect their culture. The language for French people is also very important, by being able to speak French you are more likely to gain better status in the French market. French are more into long conversations, when again Finnish people go directly to business.

*“In France you have to know how to read between the lines to really understand them.”*

Business culture is seen as the way businesses work and behave in different countries; what kind of communication habits they have, how to negotiate, whether to give business gifts or not, and what kind of contract law they have. Nina Hälli sees Finnish business culture as open, direct, and relaxed. People speak directly and go straight to the business. They are open, they tell sometimes maybe too much; being too trustful of business partners. Finnish business culture is also relaxed; you can speak with anyone without a problem. People are fast, efficient, and they have a need for privacy. In French business culture, Hälli sees long conversations important; French people want to achieve a result that pleases everyone. Relationships are important; you have to get to know people when doing business with them, not forgetting the importance of polite manners. The use of French language is important. At Merivaara they see that now that there is a person that actually speaks French, they have someone who defends them and their voice. Humour is also something that is included in the business culture, as long as it is not at their expense. French people tend to have always some kind of drama related to their work. It is not always easy to work with them, they can be really demanding and egocentric, but once you get to know them and establish a good relationship with them, you are sure to receive positive feedback. (Hälli 2013.)

When speaking about the importance of knowing a foreign business culture, Hälli wants to underline the importance it has for Merivaara. France is one of the most important countries in Europe for Merivaara what comes to revenue, and they want to put an effort for potential growth in the market. At Merivaara, they

searched for a person who knows the French culture and the language in order to show the French people that they are important for the company. (Hälli 2013.)

What comes to the statement of Edward Hall about time and relationship, and how they are seen differently in every culture, Hälli agrees with it completely. She underlines the importance of getting to know a foreign culture and this way establishing long lasting relationships. (Hälli 2013.)

When asking how the trade between the countries should be improved, Hälli states that there would be many markets open for Finnish companies. She thinks that the biggest fear is the language, and explains that nowadays it is not necessary to know French.

*“People should be more daring to enter the French markets, though it is not enough that you know the culture, you should learn the mentality, manners, and communication habits as well.”*

Finnish company should have a representative in France that helps with the business, and sales persons should not be too aggressive, French people appreciate when you are more human and show compassion towards others. (Hälli 2013.)

According to Hälli in order for a Finnish company to be successful in the French market, a person with an insight of the language and the culture is needed. To gain good status in the French market, one must be culture sensitive, lively, humoristic and have some patience, everything else follows. Dress code is important in France, so formality must be considered before entering the country. (Hälli 2013.)

### 6.1.3 Communication at Merivaara

In Merivaara, the personnel communicates via email mostly, even though they are located in the same department. They also have different meetings and the canteen of the company is seen as a great communication place as well. The open-plan office model makes the communication easier between colleagues in Merivaara. With clients, Merivaara communicates mostly by telephone and email. In important or unpleasant matters, the phone is used more. Also, in order to have face-to-face meetings, traveling to a clients' country takes place several times a

year, mainly when it is needed. For example, Hälli travelled four to five times to France last year (2012) to meet with clients. But with France, as with other countries, communication via telephone works both ways very well. (Hälli 2013.)

When asking about negotiation skills, Hälli states:

*“The importance of establishing a good and lasting relationship comes before negotiation skills.”*

The biggest difference between the Finnish and the French culture according to Hälli is the communication habits. She states that both sides should learn to give time for each other. Manners are also quite different in the two countries; in short it takes time to get to the wanted point, but with established relationships and capability to create good conversations despite ones' cultural differences, everything is possible. (Hälli 2013.)

Hälli sees language as the biggest challenge between the countries and between establishing a good relationship. Before Merivaara had some problems with the R&D because they did not understand each other with the French representative. Hälli states that it was important to learn to read between lines with the French client and to understand what they really wanted. Communication skills are important in order to receive the right answer. Matters that are important for Finnish people might be not important at all for French people. This difference gap has to be understood to be successful. Hälli suggests that by telling both parties the differences these two countries have in their cultures, the business collaboration would be most likely easier. (Hälli 2013.)

Language skill is seen important but English is also enough today in France. If you know French your business interaction might work easier. Hälli says that once you speak French, you establish a better relationship sooner. When you do not know the local language at all it can cause challenges in your business encounter. Once you learn even a bit of the language, you will learn a bit about the culture as well. (Hälli 2013.)

## 6.2 UPM: Business in general

UPM was founded in 1996, and it is a biofore company that creates value from renewable and recyclable materials. UPM manufactures pulp, paper and timber. The company has a long history in the Finnish forest industry. Their first pulp, paper, and sawmills started operations in the early 1870s. In 2012 the sales of the company was 10,4 billion. At the moment UPM has production facilities in 17 countries and a global sales network. The company has 22,000 people all over the world working for them. The CEO of the company is Jussi Pesonen and the headquarters are located in Helsinki, Finland. (UPM 2013.)

UPM has a set of values that includes: Trust and be trusted, achieve together, and renew with courage. The company aims to create a clear and innovative picture of the future. They want their employees to search for results and make brave decisions and get everyone involved. At the same time everybody should put an effort to renewal. Employees' wellbeing and the capability to lead is an important thing for the company as well. (UPM 2013.)

UPM Profi is one of the smallest sections of UPM, and it started working in 2006. Between years 2008 and 2009 the industrial production side started activities. UPM Profi composite is an environmentally innovative material made from the best parts of cellulose fibres and plastic. More than 50% of the product is manufactured from recycled materials and all the materials are non-toxic for the environment. The composite is proven to be able to resist humidity and to be tough. The manufacturing process of the UPM Profi composite reduces land-fill and waste incineration. The composite can be recycled to energy or even converted to new UPM Profi products. UPM Profi production facilities are located in Finland and in Germany. (Tiihonen 2013.)

UPM Profi products are used mainly to patios, terrace areas, garden decks, marinas and boardwalks. The products are very durable and they have a long life cycle. UPM Profi products are mostly targeted for European markets. (Tiihonen 2013.)

The economic situation has been seen at the UPM Profi in a way that the distributors are less willing to take risks considering their buying behaviour. At

UPM Profi, the work is really seasonal, so the winters are quite calm, and between February and March, the stock gets full, and the deliveries are starting to come. By being a 'high end' product, the bad economic situation has not affected that much on UPM Profi's functioning. Of course, when people are not building that much because of the economic situation, then the deliveries are also decreasing. (Tiihonen 2013.)

#### 6.2.1 UPM Profi's business with France

UPM Profi has been doing business with France since the beginning of 2006. According to Antti Tiihonen, the Customer Supply Chain Manager, in France the market is a bit different than what it is in the Nordic countries. For example here in Finland, the operation is really centralized, when again in France there are many individual clients and also many big clients. This difference also affects to their work load, when dealing with one big client, the delivery process is simpler than when dealing with several individual clients, which takes more work to be done. Along with Finland and Germany, France is one of UPM Profi's main markets. (Tiihonen 2013.)

When asking how the business relationship is with France, Tiihonen states that for them it is really crucial that they have the French sales team in France, otherwise it would not work. Also in Finland, French language is needed, as there are customers that do not or are not willing to speak English. Tiihonen clarifies that with every other foreign client they have, they can speak English with, but with French clients, their own language is needed especially at the customer service level. Despite the language barrier problems, trade between the countries is working well. According to Tiihonen, EU membership clearly facilitates the trade between the countries; especially common currency makes many things simpler. (Tiihonen 2013.)

#### 6.2.2 UPM Profi and business culture

Tiihonen relates business culture to the values of the company has; a common way of functioning and reacting to different things. The importance of knowing a foreign business culture for UPM Profi is related to the fact that they have a

French sales team. This reflects to the company's desire to interact the right way with a French client. (Tiihonen 2013.)

Finnish business culture is seen really German like. People are direct and straight forward, they have punctuality with timetables, everyone knows what they are doing, and responsibilities are shared equally. French business culture on the other hand is described as hierarchical. Establishing a relationship with your business partners is important for French people. The biggest difference between the countries is in the temper of the people, French people are more temperamental than Finnish people, and this causes sometimes confusions. (Tiihonen 2013.)

When comparing to other countries, the trade with France can sometimes be different what comes to the rules and details. German clients for example, are usually really absolute about details and rules concerning negotiations or deliveries, when again French people might have a long list of requirements but they do not necessarily in the end stick with all of them; they might change or leave something away easily. (Tiihonen 2013.)

When talking about Edward Hall and his vision of cultural differences, Politeness is a word that comes out when thinking about France. Finnish people are used to expressing themselves directly and it is important to remember that when for example writing an email to a French client, the formality is important and the email must be written in a really polite way in order not to be disrespectful towards them. Also the language skill is always appreciated. Tiihonen states that as they do not have direct contact to the clients, the cultural differences are mainly experienced with the French sales team. The way how French people understand the term 'urgent' is noticed to be different compared to the way Finnish people see it. Getting an answer to an email might sometimes take longer than a Finnish person would expect it to take. (Tiihonen 2013.)

Tiihonen explains how buying something from France is easy, but selling something there is another story. The importance of having the French sales team comes out when thinking how to improve the trade between the countries. (Tiihonen 2013.)

### 6.2.3 Communication at UPM Profi

Communication inside the company is done via telephone, because of the nature of the job; the salespeople are located all over the world. Also different meetings are held, and latest communication technologies are used for them. Bigger face-to-face meetings are organized a couple times a year. With clients, email is mainly a used method; this way the company has some proof of the handled issue with the client. French clients differ from that, they prefer to call or even send a fax. Sometimes even deliveries from a French client are done handwritten and sent by fax, which is really exceptional as other countries do not use it anymore. (Tiihonen 2013.)

Tiihonen has noticed that there is a difference in the way negotiations are handled in Finland and in France. He states that Finnish people are direct and like to get straight to the point when French people like to observe in time where things go. He also notifies that French negotiations might get aggressive sometimes but then already next day people are really friendly to each other. (Tiihonen 2013.)

At UPM Profi both English and French are used with French clients. The official language of UPM is English so with the French sales team mainly English is used. Language barrier is seen as a challenge as the trade would be of course more easier if Finnish people would speak more French or French people would be more willing to speak English. (Tiihonen 2013.)

Tiihonen concludes that in order to be successful in the French market, depending on the field of business, it is recommended to have representatives of the company inside the country who knows the culture and the language. (Tiihonen 2013.)

## 7 CONCLUSION

France and Finland have been doing business together for a long time already, and the trade is working well despite the marks the economic crisis has left on it. Once Finland joined the European Union, the countries' relations got much better in politics, economy and culture.

Culture in general already is a complicated topic, and there are several definitions for it. Once businesses are crossing borders to enlarge their activities, they are stepping on a ground that they do not know that well. Culture plays a major role in business across borders, and can either make or break a deal. In order to succeed, one must get to know the business culture of the chosen country. The beliefs, attitudes, norms and values are different wherever you go, and to be able to interpret those differences can turn into your advantage.

The process to be able to communicate across borders includes three phases: awareness, knowledge, and skills. Awareness describes the self-understanding of your own culture, the way you were brought up. It also means that you understand that others may come from a completely different environment, different culture, with different values and behaviours. Knowledge is the second phase which means that in order to work on international field, you learn about other cultures. This includes learning about their values, behaviours, habits and everything in between. This way you are able to understand a bit better why they are behaving the way they are in e.g. a business meeting. Skills include practice combined with awareness and knowledge. Once you have learned about the other culture you must put it in practice by entering a foreign country and a culture. Communication comes much easier when you know with whom you are doing business with. Once you have learned about your colleagues' rituals, values, symbols etc. the communication in a foreign environment does not feel that threatening anymore. (Hofstede et al. 2010.)

Some of Hofstede's dimensions can be used to describe some specific issues related to communication. Power distance and uncertainty avoidance have the biggest differences when comparing the scores between France and Finland. In

France where the power distance is high the hierarchic way of life reflects to the way people communicate in business. There is a huge gap between the upper management and the basic employees. The one holding a higher authority is expected to tell others what to do. The communication goes hand in hand with rules that must be obeyed. A foreign business partner should always know with whom he is speaking to, and normally this should happen with a person having a same position at a firm. Formality and polite manners should not be ignored when communicating with a French person. In high power distance country such as France, the communication is indirect. People are not direct with either verbal or nonverbal communication. This can cause confusion for a foreign business partner who will have hard time figuring them out when reactions are very reserved as well.

In Finland the power distance is one of the lowest which shows that the communication is more open and flexible. Subordinates are able to speak with their bosses without a problem. This means that subordinates can even contradict their bosses. In a dispute situation every member of a company is allowed to give their opinions to resolve the situation, when again in France people expect that the boss is the one who will solve any problem and subordinates will just follow his lead. In a low power distance country such as Finland, people are direct and mean what they say. Feelings and reactions are not hidden and people tend to say what really is on their mind.

Uncertainty avoidance is very high in France which shows that the people are more worried about unknown situations. In business, communication is important between people, this brings them security and sense of belonging to a group. French people rely on rules, and they do not tend to change things a lot. When something is changing or a new thing is coming up that they do not know about, people get more nervous and seem to have difficulty accepting the change. With a high uncertainty avoidance culture, it is always good to communicate with them ahead of time in case of a change of plans for example. This gives them a fair amount of time to prepare for the change.

Finland has a lower uncertainty avoidance rank than France, which shows that they are more flexible with new situations, and are able to adapt to them more

easily. Finns do not need such a long notice before something is changing. Finnish people also feel more comfortable communicating with strangers than French people.

France and Finland are two really different kinds of countries. France is one of the biggest economies in Europe, when again Finland is a small country in the North of Europe. These two countries have really different cultures as well. What comes to business, French have roots more in the Latin way of working, when Finns drive the German punctuality. Language skills should not be ignored either when entering French markets because of their national pride towards their language. This skill can make trading with the country much easier. All these cultural differences evidently cause conflicts, but with mutual understanding and learning from each other, anything is possible.

The two cultures are so different that without being able to study the other culture, it is nearly impossible to do business with each other without making a mistake. The author of the thesis has had some working experience in France and has lived several years under the influence of French culture. This has made her realize the differences and the huge need for understanding a foreign culture better in order to be able to work in it. French people are dramatic and emotional which is really different to the direct and punctual Finnish way. This in mind, France has a lot to offer to Finland and vice versa when thinking about their different production requirements. Finnish companies should learn the French mentality and culture better to increase their position as the country's trading partner.

For further research ideas it would be interesting to interview the French sales team of UPM and probably also the representative of Merivaara in France. This way a French point of view to the culture could be added to the study, in order to get a deeper insight into the topic. During the writing process of the study, the author changed her topic and her focus point a bit by focusing more on cross-cultural communication instead of cultural challenges in general. This made some of the answers got through the interview irrelevant because there were not enough questions related to communication. Because of this, answers received from UPM unfortunately lacked depth to reach the main focus point: communication. This in mind, a study on the French sales team of UPM and their cultural insights would

be interesting, and would most likely give a more accurate picture of the topic from a different angle.

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## APPENDICES

APPENDIX 1. Interview held on the 29<sup>th</sup> of April, 2013 in Merivaara and UPM Profi.

1. Overall look at the business...
2. What is the type of business you are doing?
3. How would you characterize the organization?
  - a. What are its principal values?
  - b. What are its greatest challenges?
4. Did the economic crisis affect your company in general?
  - a. According to the statistics, export to France decreased by 28% during the crisis; what kind of affects did it have to your business with France?
5. What is the type of business you are doing with France?
  - a. How long has it been active?
  - b. How is it working in practice? How big it is?
  - c. How would you define the relation between your company and France?
6. In real life, can you tell how does the trade in general work between Finland and France?
7. EU membership has clearly brought the countries closer and France sees Finland as a loyal partner what comes to business. What are your opinions about this statement related to your business?
8. How would you define business culture?
9. How does your staff communicate with each other?

10. How do they communicate with clients and customers?
11. Culture in business is described as a deal breaker. How does your company see the importance of knowing a different business culture? (in this case French business culture)
  - a. Are good negotiation skills enough or do you have to know more?
12. In your opinion, how would you characterize Finnish business culture?
  - a. What about French culture?
13. What is the biggest visible cultural difference between Finland and France?
14. Are there any significant differences in trading with France when compared to other countries you have business with? Culture related?
15. Edward Hall, a culture guru, talks a lot about the importance of knowing the differences in how time and relationships are valued in business cultures. France is clearly seen as a country where time is open and flexible, and relationships come before tasks. In Finland on the other hand, punctuality in time is crucial, and individualistic working style is preferred as privacy is very important.
  - a. Would you underline this statement? Opinions?
  - b. Does this difference cause problems?
16. What are the challenges you face when trading with a French company? Culture related?
17. Have you had some cultural misunderstandings?
  - a. How has those been solved?
18. How would you improve the trade between the countries?

19. How do you see the importance of language skills? Does your company operate with English or French language with the French clients?
  - a. Do you see a difference in behaviour when English language is used instead of a French language?
  - b. Would you say that a language barrier is one challenge culture wise?
20. In your opinion, how should a Finnish company prepare itself in order to be successful in the French market without failing with the cultural issues?