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Marketing study: the future opportunities of development and the progress of the sales of Water Team Oy Ltd. in Kazakhstan

Bachelor’s thesis
Spring 2016
Faculty of Business and Culture
International Business
The thesis aims to investigate the problem of entering the Kazakhstani market, starting cooperation, and the progress of sales.

The research objectives include a cultural analysis, a market segmentation and water treatment analysis, as well as search of potential customers. It provides information about the progress of sales, implemented by opening a representative office and participation in exhibitions. The followed ways of improving marketing strategy, such as the development of a website, logo, brochures, business cards, a catalogue and a social network’s pages, developed during the thesis project, are discussed.

The theoretical framework presents information about the relations between Finland and Kazakhstan, barriers to enter the Kazakhstani market, international market entry, industry market potential, market segmentation, the opportunities for Water Team Oy Ltd. to promote their business, and e-marketing development. The researcher used and applied the theories of Grove, Hofstede, Armstrong and Kotler, Dann, House and Bradley.

The empirical framework includes two types of research methodology: quantitative and qualitative. A quantitative approach was followed by implementing an online survey in different regions of Kazakhstan. A qualitative approach was applied to an interview with the engineer of the Tassay company in Kazakhstan.

The final part of the thesis reports the results of the study, conclusions and recommendations for Water Team Oy Ltd for entering the Kazakhstani market.

Keywords: Kazakhstan, Finland, water and sludge treatment industry, marketing research, cooperation, negotiations, trade barriers, cultural barriers, market entry, e-marketing
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<td>B2B</td>
<td>Business to business</td>
</tr>
<tr>
<td>B2C</td>
<td>Business to customer</td>
</tr>
<tr>
<td>CIF</td>
<td>Cost, Insurance and Freight</td>
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<tr>
<td>CU</td>
<td>Customs Union</td>
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<tr>
<td>EEU</td>
<td>Eurasian Economic Union</td>
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<tr>
<td>EXPO</td>
<td>Exposition, large-scale public exhibition</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GLOBE</td>
<td>Global Leadership and Organizational Behavior Effectiveness</td>
</tr>
<tr>
<td>KZ</td>
<td>Kazakhstan</td>
</tr>
<tr>
<td>Ltd</td>
<td>Limited company</td>
</tr>
<tr>
<td>Oy</td>
<td>Osakeyhtiö (Finnish Limited company)</td>
</tr>
<tr>
<td>RU</td>
<td>Russia</td>
</tr>
<tr>
<td>SSR</td>
<td>Soviet Socialist Republic</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities and Threats</td>
</tr>
<tr>
<td>USSR</td>
<td>The Union of Soviet Socialist Republics</td>
</tr>
<tr>
<td>VAT</td>
<td>Value-added tax</td>
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<td>WTO</td>
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1 INTRODUCTION

Since the day of establishment of diplomatic relations between Finland and Kazakhstan, 13th of May 1994, the relations between both countries are developing (Kazakhstan - Finland relations, 2014).

Kazakhstan attracts Finns with its potential, as Kazakhstan is one of the most important trading partner in Central Asia for Finland. Moreover, around 100 Finnish companies are doing business with Kazakhstan and there is a huge potential for further development. An increasing number of Finnish companies are interested in starting a business in Kazakhstan. Education sector and the field of green technologies, such as alternative energy, water treatment and green construction are key for the cooperation between Finland and Kazakhstan (Finland, Kazakhstan to cooperate in development of ‘green’ technologies, 2015, [ref. 1 January 2016]).

In fact, Kazakhstan can offer growth, business development and rich natural resources to Finnish companies. Trade and economic relations are close, and the trade volume is growing each year. The trade turnover between the countries exceeded $ 1 billion only over the last year (Finland, Kazakhstan to cooperate in development of ‘green’ technologies, 2015, [ref. 1 January 2016]).

This study addresses the issue of the entrance of Kazakhstan market. The four aims of the study are, firstly, conduct a marketing investigation, secondly, consider the main challenges of market entry, thirdly, segment the market, finally, find new clients in Kazakhstan and understand their preferences in the field of water treatment technologies.

The problem’s target group is Water Team Oy Ltd., Finnish green company that offers all water supply solutions for both industrial and the municipal sectors.

The thesis investigates the issue of starting cooperation with Kazakhstani factories, plants and companies, which operate in water treatment industry.

The author conducted a market research, firstly, to understand in which regions of Kazakhstan tap water quality needs to be improved, secondly, to find companies in
these regions, potential clients, which are interested in cooperation and the
development of trade relations, thirdly, to identify the client's needs and preferences
in water treatment equipment.

1.1 Water Team Oy Ltd.

Water Team Oy Ltd. is a Finnish company, which operates in the field of water
treatment since November 2015. Water Team Oy Ltd. focused on contracting and
equipment manufacturing for water treatment systems. Water Team Oy Ltd.
provides maintenance, building and leasing services for water treatment plants for
municipalities, cities and for private sector. Water Team Oy Ltd. manufacture
several machines and equipment for water treatment.

The company is located in Seinäjoki, where such business operations as marketing,
sales, engineering and parts manufacturing implemented.

Important to mention, that Water Team Oy Ltd. manufactures and designs
machinery, does contractor work in the entire area of Finland and offers operator
and leasing services.

1.1.1 Products and Equipment

According to Finnish high-tech strongholds Cleantech (2014-2015, 3), technologies
of Finland in the areas of water, wastewater and sludge treatment meet the highest
waste water treatment standards. Waste Water Treatment is one of the clear
strongholds in Finnish cleantech and greentech with an approximate annual
revenue € 1 billion, bringing Finnish water treatment technologies around the globe.

Untreated waste water should generally be treated to remove 90% of the organic
material (BOD7), 85% of the phosphorus content and 40% of the nitrogen content.
(Finnish high-tech strongholds Cleantech 2014-2015, 12).
The distinctive features of the Finnish technologies are their focus on energy efficiency, reduction of losses and providing economic benefits in general. International competition has proved products and solutions of Finnish companies are used everywhere. For instance, Kemira, Outotec, Sewaco and Clewer are the world leaders among the waste water treatment companies. (Finnish high-tech strongholds Cleantech 2014-2015, 13).

The equipment of Water Team Oy Ltd. is not an exception.

Water Team Oy Ltd. provides individually designed solutions and hardware for enhancement and modernization of the existing facilities. The company implements individually designed solution, including installations, electric work and commissioning.

Water Team Oy Ltd. offers the following equipment:

1. Tanks and containers. Tanks and containers of Water Team Oy Ltd. are manufactured of material RST 1.4301 (AISI 304) or 1.4401 (AISI 316) and can be fitted with various options, such as inlets/outlets, valves, covers, mounting points.

2. Dosing and chemical equipment. For instance, the polymer preparing and dosing unit is designed for fully automatic preparation and processing of powder polymers. This system is used for wastewater treatment processes and sludge dewatering. Polymer preparing and dosing unit produces a finished polymer solution made of polymer powder and water.

3. Pretreatment, which includes sand separator, step and screw screens, screen press, drum screen, septic tank reception station.

   Sand separator. The sand separator is designed to separate sand or other solids from water.

   Step screen. The step screen is intended for pre-treatment of wastewater. The principle of operation is based on the filtering of waste water through the sediment layer, that allows to remove the solid particles.
Screw Screen. The screw screen is intended for pretreatment of municipal and other waste waters.

Screen press. The screen press compresses the screenings, removes water and transfers the screenings to a container.

Drum screen. The drum screen removes all substances larger than the size of the holes in the screen surface from the wastewater.

Septic tank reception station. The septic tank reception station is designed for the mechanical treatment of the sludge, elimination of gross solids by screening and removal of greasy floating matter.

4. Flotation. The flotation machine is a device for the waste water treatment, where the water and the compressed air are mixed in a sealed flotation vessel by dispersing.

5. Aeration systems. Aeration relates to a biological wastewater treatment process, which contributes to microbial proliferation.

6. Screw conveyors. Screw conveyors are manufactured to convey grainy and powdered-like matter.

7. Sludge dewatering, which includes filter belt press, drum thickener, screw press, saccate dryer.

Filter belt press. The filter belt press is designed for sludge dewatering. It is reliable in operation, doesn’t require much space and energy, and it is suitable for almost all types of sludge. The system consists of two parts, the drum thickener and the filter press.

Drum thickener. The drum thickener is designed in order to thicken industrial or municipal wastewater sludge, aqueous solutions and to remove the fibrous contaminants.

Screw press. The screw press is a compact solution for sludge dewatering. It is efficient and low-noise option.
Saccate dryer. The saccate dryer is a dewatering solution, which includes polymer preparation and dosing unit, drum thickener and all required pumps, in compact package for less demanding processes.

8. Sedimentation tanks. Sedimentation tank include lamella clarifier, sludge scrapers and vagon scrapers.

9. Silos: chalk silo, sludge silo, urea silo and other silos. A silo is a closed cylindrical tank of vertical type, which protects the contents from the environment. Silos are designed for the storage and further processing of different materials.

10. Closing gates: overflowing close gates, underflowing close gates and other gates. Typical closing gates are mounted with anchor bolts or molded in canal with concrete.

11. Other products: stairs, handrail, worktop, ladder, trapdoor, pipe clamp, segment elbows, pipe inlets, stainless still piping.

The guarantee period is two years. Water Team Oy Ltd. is able to design, manufacture and provide other products and services, which the client is interested in.

1.1.2 Services

Water Team Oy Ltd. does contract work, inspects, services and maps the current state of client plant and creates a service- and renovation plan for the plan according to the inspections. Water Team offers the following four services in planning and construction, for example:

1. Pumping stations
2. Septic tank stations
3. Extensions for buildings
4. Transformations
Moreover, Water Team Oy offers operator services for small and medium-sized municipalities and cities, as well as for water treatment facilities, where the Water Team Ltd’s employees take on the operation of the water treatment plant.

Water Team Ltd. is launching a new service package, full leasing service for Cleantech hardware. Furthermore, Water Team Ltd. brings leasing solutions on the market, where customers can buy a machine or a solution either as leasing or full leasing service.

1.1.3 Green Business Strategy

Green business is defined as a concept that, firstly, preserves environmental quality, secondly, provides safe-working conditions, thirdly, provides access to training, fourthly, is inclusive of gender, race, geographic and age diversity. Green businesses are committed to environmental sustainability, reduction of greenhouse gas emissions, use of renewable energy sources and preservation of water sources (The green business plan guide, [ref. 20 April 2016]).

The definition of "green business" is the key to recognize the companies, which care about environmental protection. In fact, "green business" chooses environmentally friendly activities.

In other words, current trends and technological progress put the pollution problem to the fore. Understanding these processes is due to the initiative of Water Team Oy Ltd, which includes the fact that the company should be responsible for the environmental improvement.

Water Team Oy Ltd has a goal to become a partner of the state in development. The company understands of the importance of respect for the environment and the responsibility as a player in water treatment industry. Introducing the innovative water treatment high-tech solutions to the production process of different plants and organizations, Water Team Oy Ltd. contributes to the environmental safety of these enterprises.
Water Team Oy ltd. considers clean water as a vital necessity and works every day for cleaner future. The main goal of the company is to become international, following the green strategy and continuously improving the operations.

Current target market for Water Team Oy ltd. is Kazakhstan.

The development between Kazakhstan and Finland in the field of water treatment can be proved by the fact that implementation of the leading Finnish technologies concerning effective use of and water as well as projects on waste treatment in Kazakhstan were discussed during the visit of Ambassador of Kazakhstan in Finland G.Koishybayev to Oulu. The Kazakh diplomat invited Finland, one of the leading countries in the world that introduces "green" technologies, to take an active part in introduction of green innovative projects in Kazakhstan. Finnish companies showed special interest in participating in the projects on tap and industrial water cleaning. (Ambassador of Kazakhstan met with businessmen of Oulu, 2015).

Water Team Oy Ltd. will consider all risks of entrance, however in Kazakhstan foreign investors are provided with a greater support, as well as financial incentives and guarantees are ensured (Nurali Aliyev Had a Meeting with the Minister of Foreign Trade and Development of the Republic of Finland, 2015).

Moreover, Kazakhstan is an emerging economy and the green economy projects are considered important for the further economic development (Market opportunities in Kazakhstan, 2012).

1.2 Background and the purpose of the study

On 22th of September, the author was in an internship placement at Water Team Oy ltd., and was assigned to conduct a marketing research in Kazakhstan, find new clients and progress the sales of the company.

The main goal was to start operations in Kazakhstan and to identify the industry sector, regions, where quality of water should be improved. The questionnaire was created and published online in order to get as many respondents, from different
regions of Kazakhstan, as possible. The interview was conducted with engineer from Tassay company, which is situated in Shymkent, Kazakhstan.

The author started looking for contacts in Kazakhstan, companies, which might be interested in projects and equipment of Water Team Oy Ltd. The research was conducted, and more than 300 emails to potential clients and partners were sent. Ten companies replied during first months to get information on equipment and terms of cooperation. The process progresses and will be described in details further in the study.

The thesis will be used by Water Team Oy Ltd. to strategically plan the next steps of the entrance to Kazakhstan and the international marketing strategy.

1.3 Research methods

The author used two types of research methods in the thesis: quantitative and qualitative in order to increase confidence in results.

Quantitative method, specifically online questionnaire, was used in order to identify tap water quality in different regions of Kazakhstan and to conduct a market segment analysis. Online questionnaire was chosen by the author because of its flexibility and comfortability to collect primary data.

Qualitative method, namely an interview, was conducted in order to understand the progress of the business relationship between Finland and Kazakhstan in a water treatment industry and preferences and needs for water treatment equipment in Kazakhstan. Qualitative method, according to Philip Kotler and Kevin Lane Keller (2012, 126 -131) permits a range of possible responses. Personal interviewing provides an opportunity to ask more questions and record additional observations. In particular, there are two types of personal interview, such as arranged and intercept. The author uses the arranged interview, contacts the respondent for an appointment. In intercept interview, researcher stop people at shopping centers or streets and ask questions, this type of interview is not suitable for Water Team Oy Ltd, as the questions are specific and were formulated about water treatment sector
in Kazakhstan. The respondent for the arranged interview was chosen carefully. The interview process will be discussed further in the study.

1.4 Research question

To narrow the research focus, the research question should be formulated. The research question of the study is:

How to enter Kazakhstani market and progress the sales of water treatment equipment for the Finnish company Water Team Oy Ltd.?

To answer the question, the author identified the main research objective, which will result in finding the solution for Water Team Oy Ltd.

1.5 Research objectives

The research study will provide with the information about marketing research, future opportunities of development and progress of sales of Water Team Oy Ltd. in Kazakhstan. Research objectives of the thesis are the following:

1. Conduct a marketing research in Kazakhstan, which includes cultural analysis, market segmentation and water treatment industry analysis, search for potential clients.

2. Show the ways to enter the market and progress sales such as opening representative offices and participating in exhibitions to increase awareness about Water Team Oy Ltd.

3. Improve marketing strategy; develop website, logo, brochures, business cards and social network’s pages.
4. Give recommendations and useful information about Kazakhstan market to overcome communication and trade barriers.

5. Mention future opportunities of development of Water Team Oy Ltd in Kazakhstan.

1.6 Structure of the thesis

Section 1 includes introduction, familiarization with Water Team Oy Ltd. and green business strategy, background and purpose of the study, research methods, research question and objectives.

In the Section 2 the author describes theoretical framework, which includes introduction to Kazakhstan, importance of business relations between Kazakhstan and Finland, barriers to enter Kazakhstan market, background theory on international market entry, industry market potential of Kazakhstan, market segmentation, opportunities to promote the business and e-marketing.

Section 3 shows the empirical study with the main focus given to the research approach methods and design, along with creation and implementation of the questionnaire and interview. In Section 3, the results of online questionnaire and interview are presented.

In sections 4, conclusions are summarized, while section 5 gives recommendations for Water Team Oy Ltd.

Finally, the examples of the questionnaire and the interview are added as an appendix.
2 THEORETICAL FRAMEWORK

2.1 Introduction to Kazakhstan

The Republic of Kazakhstan is a unitary state with a presidential form of government. The Republic of Kazakhstan proclaims itself a democratic, secular, legal and social state whose highest values are an individual, his life, rights and freedoms (Constitution of the Republic of Kazakhstan, [Ref. 25 November 2015]).

Kazakhstan gained independence on December 16, 1991. Before 1991, Kazakhstan was a part of USSR. Capital of Kazakhstan is Astana city. The state language - Kazakh. Russian language has the status of a language of interethnic communication. Currency is tenge (KZT).

2.1.1 Geography

In order to conduct the market segmentation analysis, the understanding of the geography and different regions of Kazakhstan is important.

Kazakhstan is located in the center of the Eurasian continent. Kazakhstan occupies the ninth place in the world by its size. In the North and West the republic has common borders with Russia, in the East with China, in the South with Kyrgyzstan, with Uzbekistan and with Turkmenistan. Besides that, there are two midland seas in its territory – the Caspian and Aral. Kazakhstan is the largest country in the world that has no direct access to the ocean (The Republic of Kazakhstan, [ref. 5 January 2015]).

The researcher attached the map of Kazakhstan as appendix 3 in order to provide information about regions and cities in Kazakhstan, which is useful while segmenting the market.

According to appendix 3, by its administrative-territorial structure, the country is divided into 14 regions and 2 cities of republican significance:
1. Astana - the city of republican significance – the capital of Kazakhstan

2. Almaty - the city of republican significance

3. Akmola region

4. Aktobe region

5. Almaty region

6. Atyrau region

7. East Kazakhstan region

8. Zhambyl region

9. West Kazakhstan region

10. Karagandy region

11. Kostanay region

12. Kyzylorda region

13. Mangystau region

14. Pavlodar region

15. North Kazakhstan region

16. South Kazakhstan region

2.1.2 Water Quality in Kazakhstan

The population of Kazakhstan as of June 1, 2012 was 16 million 760 thousand people. (The Republic of Kazakhstan, [Ref. 5 January 2015]). Approximately 55% of the population lives in urban areas, and the population is heavily concentrated in the northeast and southeast (Doing Business Guide, 2014, p. 12).
Access to safe water is a serious issue in Kazakhstan. Anatoly Ryabtsev (ref. 20 February 2016) emphases that Kazakhstan is water scarce country on the Eurasian continent in terms of water availability. Consequently, the water is available is not always fit for the consumptions, as there are almost all provinces and urban centers of the country have problems of good-quality drinking water supply. On average, 70-75% of urban population is provided with tap water and 15-18%, with water from decentralized sources.

For example, water in such cities as Karaganda, Ust-Kamenogorsk, Aktau, Atyrau, Aktobe requires a professional water treatment (How the water problem is solved in Kazakhstan? 2016).

Based on the information, the author concludes that the water treatment equipment will be useful in Kazakhstan, contributing to the improvement of water quality and infrastructure.

2.2 Finland and Kazakhstan relations

Tatjana Lipiäinen (2012, 1) mentions that Finland opened its first embassy in Central Asia in 2010, in Astana, and the Kazakhstani embassy in Helsinki was opened in autumn 2012. These diplomatic links play a political role for Finland in Central Asia, since Finland has particularly close economic and political relations with Kazakhstan. Finland maintains bilateral relations with all the Central Asian states such as Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan through its two ambassadors to the region, one based in Kazakhstan and one ambassador for Central Asia based in Helsinki. Kazakhstan is the most important trading partner in Central Asia. However, the Customs Union between Russia, Belarus and Kazakhstan has led to increases in import tariffs, which has caused concern among Finnish companies. The vast majority, at 95 per cent, of Finland’s imports from Kazakhstan are oil and gas products. Finland exports machinery and chemicals to Kazakhstan.

The Minister of Foreign Affairs of Kazakhstan Yerlan Idrissov (Kazakhstan and Finland intend to intensify cooperation in the field of "green" economy, 2015)
highlights, that Finland holds the leading position in Kazakhstan's main trading partner among the Nordic countries, and ranks as a second among the Nordic countries in terms of investment in the economy of Kazakhstan. Accordingly, the business cooperation between Kazakhstan and Finland with a focus on "green" economy and the transfer of "clean" technologies will have been strengthening from 2015. It includes the development of water treatment industry.

It is worth mentioning that Finland is among the world leaders in the field of education and clean technologies. This experience Finns are ready to share with Kazakhstan (Finnish businessmen are interested in Kazakhstan, 2015).

Over a million dollars have been invested into development of manufacturing from the beginning of 2015. According to statistics, there are already more than 70 Finnish companies engaged in trade and logistics in Kazakhstan. However, the main priorities of the Kazakh-Finnish relations in cooperation are particularly in the field of innovations and high technologies (KAZAKH TV, 2015). Based on these facts, Finnish companies, which specialize in water treatment industry, has many opportunities to start operations in Kazakhstan. For instance, business forums.

According to data available, there were already five forums in Kazakhstan based on development of relations between Finland and Kazakhstan.

"In Kazakhstan, Forum 2015 is the fifth forum. Firstly, we have started cooperation in 2007, when it was possible to organize a visit of 17 Finnish companies, and the number of companies interested in Kazakhstan is growing every year. We brought 74 companies out of 109 people, specializing in various industries in 2012. This statistic says that the Finnish business community show great interest in Kazakhstan ", - said Jania Adilbek (Finnish businessmen are interested in Kazakhstan, 2015), head of the company "Finpro Kazakhstan".

Recently, Kazakhstan joined the World Trade Organization (WTO). Kazakhstan is also a member of the Eurasian Economic Union (EEU), which includes also Russia, Belarus, Armenia and Kyrgyzstan. EEU is a regional economic integrator and provides free movement of goods, services, capital and labor; pursues coordinated, harmonized and single policies. EEU opens investors a market access up to 177
million people with the overall GDP of about USD 2,411 billion. (Finpro Helsinki & Almaty, Embassy of Finland, Astana, 2015)

To summarize, Finnish citizens do not require a visa to visit Kazakhstan during the period of July 16, 2015 to December 31, 2017, if the duration of each stay should not exceed 15 days. It is a chance for Finnish companies, especially for Water Team Oy Ltd., to visit business forums and exhibitions that will be organized in Kazakhstan during 2016-2017 years. (Ibid.)

2.3 Trade between Finland and Kazakhstan

The figure below shows us the development of trade and economic cooperation between Kazakhstan and Finland from 2012 to 2014.

![Trade and economic cooperation](image)

Figure 1. Trade and economic cooperation (Cooperation of Republic of Kazakhstan with the Republic of Finland [ref. 5 January 2016]).

In 2012, the volume of the Kazakhstan-Finnish commodity turnover was 776,4 million US dollars (export – 526,6 million dollars, import – 249,8 million dollars, that is 6.4% less than in 2011). In 2013 volume reached 916,5 million US dollars (including export – 669,2 million dollars, import – 247,2 million dollars). In 2014, bilateral commodity turnover reached 1156,1 million dollars (including export – 893,6 million dollars, import – 262,5 million dollars), that is 26,1% more than for the
similar period of 2013. (Cooperation of Republic of Kazakhstan with the Republic of Finland [ref. 5 January 2016]).

The significant role in development of cooperation between the countries belongs to the Kazakhstan-Finnish Intergovernmental Commission on the trade and economic cooperation, created according to the Agreement on trade and economic cooperation (1992). (Cooperation of Republic of Kazakhstan with the Republic of Finland [ref. 10 November 2015]).

Figure 2. Kazakhstan's import to Finland, export from Finland to Kazakhstan, trade and trade balance in quarters (Finnish customs [ref. 15 January 2016]).

The graph above depicts a trade development between Kazakhstan and Finland from 2008 to 2009. It fluctuated significantly for the following years. Export line decreased from 2009 to 2015. The import line reached a peak during 2013 and 2014, lately there was worsening of external factors for economic development of Kazakhstan. General slowdown of an economic growth in the world and increasing of the geopolitical instability took place.

However, according to Tengri News (2014) the heads of both countries, the president of Kazakhstan Nursultan Nazarbayev and the president of Finland Sauli Niinistö reviewing ways of enhancing cooperation in economic, trade, technologic and investment spheres. Nazarbayev noted the increased cooperation between the two countries.
"Kazakhstan is interested in your technologies, as well as experience in the development of the education system in view of a continuing program of industrial-innovative development. As a result of your visit commercial companies signed agreements worth $100 million, and the volume of trade turnover reached one billion dollars in 2014", - said the Head of Kazakhstan Nursultan Nazarbayev to Sauli Niinistö.

"The results of my visit to Kazakhstan were promising. Bilateral trade figures increased. I want to mention the increased interest of business circles of Finland in the development of cooperation with your country, "- answered Sauli Niinistö.

To better understand the trade situation nowadays, it is important to look at import from Kazakhstan to Finland and export from Finland to Kazakhstan in detail during 2014 and 2015 years.

2.3.1 Import from Kazakhstan to Finland

![Import from Kazakhstan](image)

Figure 3. Import from Kazakhstan to Finland (Finnish customs [ref. 15 January 2016]).

The graph of import from Kazakhstan to Finland 2014-2015 indicates the drop of import during the following years from around 44 million euros to around 10 million euros because of financial crisis in Kazakhstan and decline in oil prices, which
caused considerable damage to the economy of Kazakhstan. In 2014 the import reached a peak of about 50 million euros.

Figure 4. Import from Kazakhstan in October 2015 (Finnish customs [ref. 15 January 2016]).

The graph above compare the percentage of different products imported from Kazakhstan to Finland. According to it, the biggest part 94,4% is allocated for mineral fuels, which is the key product for economic growth of Kazakhstan. It followed by basic manufactures – 4,5%, crude material, inedible, except fuels – 0,7% and chemicals and related products – 0,5%.
2.3.2 Export to Kazakhstan from Finland

As is illustrated by the graph above, export to Kazakhstan was decreasing during the last two years.

Due to the continuing economic crisis in Europe, Finnish exports to Kazakhstan have decreased since 2009. Overall, Finnish companies have invested significantly in the technological development of Kazakhstan. President Nursultan Nazarbayev is trying to diversify the Kazakhstan economy, interest in Finnish innovation, for example in education systems, is growing; opportunities for Finnish clean-tech companies are increasing as well. However, Finnish companies often have to compete with Russian, Turkish and South Korean firms, which can offer cheaper prices for their products and services (Tatjana Lipiäinen, 2012, 2).

Figure 5. Export to Kazakhstan from Finland (Finnish customs [ref. 15 January 2016]).
Figure 6. Export to Kazakhstan in October 2016 (Kazakhstan’s import to Finland, export from Finland to Kazakhstan [ref. 10 January 2016]).

The pie chart above indicates the percentage of exported goods to Kazakhstan from Finland in October 2015. Machinery and transport equipment equals to 37.2% from the total export and takes the first place.

Machinery and transport equipment followed by mineral fuels, chemical and related products, basic manufactures and miscellaneous manufactured articles and food and live animals.

Finnish companies that manufacture heavy equipment have good opportunities to promote exports to Kazakhstan. Obviously, the country is particularly interested in heavy machinery and transport equipment.

Important to mention, that the business environment of Kazakhstan is developing to be more open as on 30th of November 2015, the WTO welcomed Kazakhstan as its 162nd member, closing the 20-year long chapter of negotiating its accession terms with WTO members (Kazakhstan joins the WTO as 162nd member, 2015).
2.3.3 Future perspective of development – EXPO

Suvi Metsola (2015) emphases that Kazakhstan is going through changes, as in the beginning of 2015 the country became a member of Russia-led Eurasian Economic Union (EEU) and joined the World Trade Organization (WTO) recently. Falling oil prices, a slowdown in exports and Russia’s economic difficulties negatively affected the economy of Kazakhstan. The country plans to revitalize its economy with Oil Fund of 10 billion dollars over the next three years. The World Bank predicts a little less than three percent of 2016 growth. The country’s vast oil and gas along with mineral reserves is forming the backbone of the economy. During the past years, Kazakhstan key goal is to diversity its economy and country by focusing on developing and investing in the following industries: metallurgy, chemical industry, petrochemical industry, machinery, food industry, agriculture and production of construction materials. It is a future perspective of development for Finnish industries, as Kazakhstan’s goal is to speed up the shift from raw materials to production and generation of new high-value adding products and services.

Kazakhstan and Finland intend to improve cooperation in the field of "green" economy. Kazakhstan expressed hope for a speedy confirmation of Finland to participate in the international exhibition "EXPO-2017" that will take place in the capital of Kazakhstan Astana.

Astana EXPO-2017 is one of Kazakhstan's key projects to position itself as a world hub on sustainable energy. Since the Expo was «recognized» by the BIE last June, the Expo teams have been able to officially start promoting their project and inviting countries to participate (Travis Kososki, 2014).

EXPO offers opportunities for development and improvement of business relations between Kazakhstan and Finland.

“Finland’s large high-tech companies are interested in cooperation with NC Astana EXPO-2017. The official confirmation of participation of our country in the international exhibition Astana EXPO-2017 will be sent at the end or at the beginning of this year,” said Minister for Foreign Trade and Development Lenita Toivakka.

There are no obstacles to future cooperation, Minister for Foreign Trade of Finland Lenita Toivakka. “Both Finland and Kazakhstan are seriously interested in deepening our relations in various fields.” (Michelle Witte, 2015)

2.4 Barriers to enter Kazakhstani market

Based on James C. Anderson and James A. Narus (2004, 15) business markets stressed doing business internationally because there are many barriers, such as language and culture, cross-border negotiations, trade barriers, currency exchange and payment risks. Innovations in logistics and transportation, advanced in communication technologies, ranging from telecommunications to Internet commerce and the ongoing reduction and elimination of trade barriers and tariffs enable companies to reach new markets more efficiently and faster.

Noel Capton and James M. Hulbert (2001, 8) consider that the choice of market ranks with the choice of technologies and products ad one of a firm’s most important decisions. Marketing has two key roles: opportunity identification and advice to corporate management on proposed strategic actions.

In order to identify opportunities for Water Team Oy Ltd., it is a key to consider all barriers to enter Kazakhstan.

2.4.1 Cultural Distance between Finland and Kazakhstan across GLOBE Model and Hofstede Model

The cultural environment of business penetrates all the functions and activities of a company or an organization. Approaches to the strategic process, the methods of formation and implementation of a business strategy are based on a culture that cannot be imported or easy to change. When entering a new market, it is essential to be sure to consider who will be potential consumers and of what cultural background.
Culture permeates all spheres of human life. Globalization erases national boundaries in the business, but national cultures remain. People working in the business sphere retain national cultures in their thinking and behavior traits. The influence of cultural factors is much more complex and ambiguous than the influence of economic or political factors.

Many cultural studies are used while entering international markets. In the case of Water Team Oy Ltd, the author will focus on two key studies, such as GLOBE study and Hofstede’s cultural dimensions.

The better understanding of Kazakhstan culture will give the opportunity to enter Kazakhstan market without difficulties and develop the successful cooperation with Kazakh partners.

According to Cornelius N. Grove ([Ref. 20 January 2016], 1) GLOBE means “Global Leadership and Organizational Behavior Effectiveness,” the name of a cross-cultural research effort that exceeds all others (including Geert Hofstede’s landmark 1980 study) in scope, depth, duration, and sophistication. The 62 “societal cultures” assessed by GLOBE comprise all the business-oriented societies including El Salvador, Georgia, Kazakhstan, Kuwait, Namibia, Qatar, Slovenia, and Zambia. Globe is effective study in the case of Water Team Oy Ltd. As it provides with the information about Kazakhstan in comparison with other studies about culture differences.
Michael H. Hoppe (2007, 3) considers based on country clusters according to Globe that cultural similarity is greatest among societies that included in a same cluster; cultural difference increases the farther clusters are apart. For example, the Nordic cluster is most dissimilar from the Eastern European. Kazakhstan is in the Eastern European cluster with Greece, Hungary, Albania, Slovenia, Poland, Russia, Georgia and Finland is in the Nordic cluster together with Denmark and Sweden. Country clusters informs us about the culture differences in many aspects.
In general, the three constructs of interest in GLOBE are culture, organizational practices and values, and leadership (Jagdeep S. Chhokar, Felix C. Brodbeck and Robert J. House, 2008, 2).

The goal of GLOBE is to describe and predict the impact of specific cultural variables on leadership and organizational processes (Ibid., 8).

Previously, GLOBE study recognized the 21 leadership scales ranked from the "most universally desirable" to "the least universally desirable", however they were statistically and conceptually reduced to six scales, resulting in six leader styles, such as performance-oriented style (called "charismatic/value-based" by GLOBE), team-oriented style, participative style, humane style, autonomous style and self-protective (and group-protective) style.

<table>
<thead>
<tr>
<th>Performance Oriented</th>
<th>Team Oriented</th>
<th>Participative</th>
<th>Humane</th>
<th>Autonomous</th>
<th>Self or Group-Protective</th>
</tr>
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<tbody>
<tr>
<td>Higher</td>
<td>Higher</td>
<td>Higher</td>
<td>Higher</td>
<td>Higher</td>
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</tr>
<tr>
<td>Anglo</td>
<td>SE Asian</td>
<td>Germanic</td>
<td>SE Asian</td>
<td>Germanic</td>
<td>Middle Eastern</td>
</tr>
<tr>
<td>Germanic</td>
<td>Confucian</td>
<td>Anglo</td>
<td>Anglo</td>
<td>African</td>
<td>Confucian</td>
</tr>
<tr>
<td>Nordic</td>
<td>L. American</td>
<td>Nordic</td>
<td>Nordic</td>
<td>E. European</td>
<td>Confucian</td>
</tr>
<tr>
<td>SE Asian</td>
<td>African</td>
<td>L. European</td>
<td>L. European</td>
<td>Middle Eastern</td>
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<tr>
<td>L. European</td>
<td>E. European</td>
<td>L. American</td>
<td>Germanic</td>
<td>Nordic</td>
<td>Middle Eastern</td>
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<tr>
<td>L. American</td>
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<tr>
<td>Confucian</td>
<td>L. European</td>
<td>Germanic</td>
<td>L. European</td>
<td>Middle Eastern</td>
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<tr>
<td>African</td>
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<tr>
<td>E. European</td>
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Table 1. Societal Clusters and Leader Styles (House R.J. 2004).

The table above illustrates societal clusters and leader styles. According to the table, performance-oriented and participate styles are highest in the rank for Finland, Nordic cluster.
The performance-oriented style (called "charismatic/value-based" by GLOBE) stresses high standards, decisiveness, and innovation; seeks to inspire people around a vision; creates a passion among them to perform; and does so by firmly holding on to core values. The participative style encourages input from others in decision-making and implementation; and emphasizes delegation and equality (Michael H. Hoppe 2007, 3).

The autonomous and the team-oriented is highest for Kazakhstan, East European Cluster.

The autonomous style is characterized by an independent, individualistic, and self-centric approach to leadership. The team-oriented style instills pride, loyalty, and collaboration among organizational members; and highly values team cohesiveness and a common purpose or goals (Ibid.).

Important to add that the GLOBE study answers which measurement standards to use so that they could be precise about the similarities and differences among various societal and organizational cultures. According to the GLOBE study there are nine “cultural dimensions”.

Based on the research of Cornelius N. Grove ([Ref. 20 January 2016], 3) the GLOBE researchers used a 7-step rating scale for these nine “culture dimensions”. Continuing with assertiveness as our example, “1” is greatly non-assertive, “4” is neither nonassertive nor assertive, and “7” is greatly assertive. Another significant fact about GLOBE’s nine cultural dimensions is that each one was conceptualized in two ways: practices or “as is,” and values or “should be.” These key cultural nine dimensions are based on findings by Hofstede (1980), Schwartz (1994), Smith (1995), Inglehart (1997), and others. They are:
- Power Distance: The degree to which members of a collective expect power to be distributed equally.

<table>
<thead>
<tr>
<th>Additional notes GLOBE</th>
<th>Power Distance</th>
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<tbody>
<tr>
<td></td>
<td>Practices</td>
</tr>
<tr>
<td>Finland</td>
<td>5.08</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>5.4</td>
</tr>
</tbody>
</table>

Table 2. Power Distance (Hofstede and/or Globe cultural dimensions [ref. 25 January 2016]).

Finland is a low power distance society. Most organizations do not adhere to strict dress codes in order to show status. For instance, in institutions such as parliamentary offices and legal institutions, a senior member may be dressed as informally as a junior staff member may. Titles or last names are rarely used when addressing others (Warner-Søderholm, 2012).

Kazakhstan is significantly different as the power distance is high. Kazakh companies are hierarchical built with the managers on the top and the subordinates under. The managers usually have a power to tell what decisions should be made and they are seen as a “guru” who have all the answers. Subordinates are not allowed to make decisions without the permission (Introduction to Kazakhstan, 2016). Titles or last names are used when addressing others, all members of a firm or an organization should be dressed formally.

- Uncertainty Avoidance: The extent to which a society, organization, or group relies on social norms, rules, and procedures to alleviate unpredictability of future events.

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<tr>
<th>Additional notes GLOBE</th>
<th>Uncertainty Avoidance</th>
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<tr>
<td></td>
<td>Practices</td>
</tr>
<tr>
<td>Finland</td>
<td>5.11</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>3.76</td>
</tr>
</tbody>
</table>

Table 3. Uncertainty Avoidance (Hofstede and/or Globe cultural dimensions [ref. 25 January 2016]).
Warner-Søderholm (2012) considered that the mean scores for Finland indicates a moderate collective value of striving for order in society in the Nordic region. Examples of uncertainty reduction can be proved by the high value placed on the extensive welfare system with comprehensive social security payments for sick leave, long-term disability, and unemployment, maternity and paternity pay. People’s approach to time is another element of Finnish culture that is reflected in the sense of order in society. It is usual for Finns to always be ‘on time’ for both business meetings and social gatherings. Agendas are frequently distributed in business meetings and social club meetings, and even for birthdays, weddings and other events, to ensure a sense of order. Good time keeping is important in the maintenance of good social relations, in both working and private life.

By comparison, Kazakhstan shows the high uncertainty avoidance value expectations due to the fact, that stability, structure and security are the priorities for the people in Kazakhstan. The high uncertainty avoidance can be illustrated by the political situation in the country, where Nursultan Nazarbayev has been the President of Kazakhstan for 25 years from 1991. However, this fact has no relations with how people in Kazakhstan conduct business. Kazakhs are polychromic and they do not follow an agenda (Introduction to Kazakhstan, 2016).

In comparison with Finns, for Kazakhs it is usual to be late, especially for social meetings, birthdays, weddings. It is impolite to come on time, when you are invited to the event.

- Humane Orientation: The degree to which a collective encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others.

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<tr>
<th></th>
<th>Practices</th>
<th>Values</th>
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<tbody>
<tr>
<td>Finland</td>
<td>4,19</td>
<td>5,8</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>4,44</td>
<td>5,66</td>
</tr>
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</table>

Table 4. Humane Orientation (Hofstede and/or Globe cultural dimensions [ref. 25 January 2016]).
There is a high level of the fairness and care that is expected in the Finnish society. The Nordic region is known for generously supporting aid work and refugee programs, and also for working as brokers in peace negotiation initiatives. Such initiatives may be seen to indicate a sense of humane orientation towards others (Warner-Søderholm, 2012).

Kazakhstan scored as middle humane oriented. In Kazakhstan, there are different types of social support, such as grants for students, the allowance for children under 18 years of age from low-income families, housing assistance, financial assistance to mothers of large families etc. Each year, the war veterans, retirees and invalids are provided by free of charge health resort treatment. For the purpose of social support and creating an atmosphere of attention and care, the implementation of the Law of the Republic of Kazakhstan "On special social services" is carried out (Social welfare, 2014).

- Collectivism I: (Institutional) The degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.

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<tr>
<th>Additional notes GLOBE</th>
<th>Practices</th>
<th>Values</th>
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<tbody>
<tr>
<td>Finland</td>
<td>4.77</td>
<td>4.34</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>4.38</td>
<td>4.16</td>
</tr>
</tbody>
</table>

Table 5. Institutional Collectivism (Hofstede and/or Globe cultural dimensions [ref. 25 January 2016]).

Finland score for institutional collectivism shows rather high level. In Finland there is the strong support for the labor unions, which is a good indicator of the institutional collectivism. Institutional collectivism is also seen in the high tax levels in all Nordic countries (Warner-Søderholm, 2012).
Kazakhstan for institutional collectivism is middle scored in comparison with Finnish society (Kazakhstan: national profile, [Ref. 6 February, 2016].

- Collectivism II: (In-Group) The degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.

<table>
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<tr>
<th>Additional notes GLOBE</th>
<th>Practices</th>
<th>Values</th>
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</thead>
<tbody>
<tr>
<td>Finland</td>
<td>4,23</td>
<td>5,6</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>5,5</td>
<td>5,62</td>
</tr>
</tbody>
</table>

Table 6. In-Group Collectivism (Hofstede and/or Globe cultural dimensions [ref. 25 January 2016]).

Pride is an important element of the Finnish culture – national pride and also pride in the achievements of the local community and the achievements of children. Children are encouraged to take part in numerous after-school activities such as sports, theatre clubs, music schools and bands, and water sports. Finland has collective school systems based on the philosophy of one state-run school system for everyone, the sense of pride in extra-curricular activities, the sense of responsibility and inclusion in local communities is a Nordic trait. In the Nordic region, the high taxation system supports a comprehensive welfare state, which in turn provides state care for the elderly or sick – thus the collective responsibility is not to provide a home for all generations but to contribute to the welfare state via paying one’s taxes. It is not therefore the norm to take care of elderly parents personally. The state provides a certain financial support in the form of grants or state loans for young people wishing to take further education (Warner-Søderholm, 2012).

Kazakhstan and the other countries of Eastern European cluster are collectivistic countries with strong relations to family and colleagues, where people tend to show great pride in their families and organizations, as they are devoted and loyal to their own people. The trust from a Kazakh partner means long-term relations and recommendations to others. Relationships prevail over task or orders (Gyula Bakacsi, Takacs Sandor, Karacsonyi Andras, Imrek Victor, 2002, 75).
- Assertiveness: The degree to which individuals are assertive, confrontational, and aggressive in their relationships with others.

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<tr>
<th>Additional notes GLOBE</th>
<th>Practices</th>
<th>Values</th>
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</thead>
<tbody>
<tr>
<td>Finland</td>
<td>4.05</td>
<td>3.91</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>4.51</td>
<td>3.88</td>
</tr>
</tbody>
</table>

Table 7. Assertiveness (Hofstede and/or Globe cultural dimensions [ref. 25 January 2016]).

All Nordic countries thus fall into the lowest band of countries in terms of assertiveness in their social relationships (Warner-Søderholm, 2012).

Instead, Eastern European cluster, which includes Kazakhstan, shows high level of assertiveness (Gyula Bakacsi, Takacs Sandor, Karacsoniyi Andras, Imrek Victor, 2002, 75).

- Gender Egalitarianism: The degree to which a collective minimizes gender inequality.

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<tr>
<th>Additional notes GLOBE</th>
<th>Practices</th>
<th>Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finland</td>
<td>3.55</td>
<td>4.47</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>3.87</td>
<td>4.85</td>
</tr>
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</table>

Table 8. Gender Egalitarianism (Hofstede and/or Globe cultural dimensions [ref. 25 January 2016]).

Based on the experience of the author, Finland can be described as the Nordic society that attributes most equal status to men and women compared with Kazakhstan, where women often are afforded less status than men, and fewer women are in positions of authority. However, both Kazakhstan and Finland have a high degree of gender egalitarianism (Gyula Bakacsi, Takacs Sandor, Karacsoniyi Andras, Imrek Victor, 2002, 75).

- Future Orientation: The extent to which individuals engage in future-oriented behaviors such as delaying gratification, planning, and investing in the future.
Future Orientation

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<tr>
<th>Additional notes GLOBE</th>
<th>Practices</th>
<th>Values</th>
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<tbody>
<tr>
<td>Finland</td>
<td>4.39</td>
<td>5.24</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>3.72</td>
<td>5.22</td>
</tr>
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</table>

Table 9. Future Orientation (Hofstede and/or Globe cultural dimensions [ref. 25 January 2016]).

Finland ranks moderately high in terms of future orientation. This result reflects in a culture where saving for the future and long-term planning at an institutional level is valued (Warner-Søderholm, 2012).

According to Globe study, Kazakhstan ranks low in terms of future orientation in comparison with Finland (Gyula Bakacsi, Takacs Sandor, Karacsonyi Andras, Imrek Victor, 2002, 75). People in Kazakhstan prefer quick results to long-term planning.

- Performance Orientation: The degree to which a collective encourages and rewards group members for performance improvement and excellence.

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<tr>
<th>Additional notes GLOBE</th>
<th>Practices</th>
<th>Values</th>
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</thead>
<tbody>
<tr>
<td>Finland</td>
<td>4.02</td>
<td>6.23</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>3.72</td>
<td>5.57</td>
</tr>
</tbody>
</table>

Table 10. Performance Orientation (Hofstede and/or Globe cultural dimensions [ref. 25 January 2016]).

In Finland, there is a desire to even out differences in earnings through a redistributive taxation system, and the social security system is constructive and guarantees a minimum standard of living for everyone (Warner-Søderholm, 2012).

In Kazakhstan, performance orientation is low, personal relationships are more important than performance and results. Kazakhstan is relationship-oriented country, which tends to value more informal relationships and open and on-going communications. Official qualifications, status and symbols are matter more than personal characteristics, skills and abilities of the person (Kazakhstan: national profile, [Ref. 6 February 2016].)
According to GLOBE study, there are many cultural differences between Finland and Kazakhstan, as they are placed in opposite clusters, Nordic and Eastern European. However to better understand both cultures, the author decided to compare both countries based on Hofstede dimensions and own experience living in Kazakhstan during 18 years.

There are six cultural dimensions in the Hofstede’s Model, such as power distance, individualism, masculinity, uncertainty avoidance, long-term orientation and indulgence.

![Finland](image)

Figure 8. Finnish score in dimensions (Hofstede’s Model, Ref. 29 January 2016).

Power Distance explains the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally (Hofstede’s Model, Ref. 29 January 2016).

Finland has a low score on this dimension, which means that every person is supposed to have equal rights. Power between members of the society distributed equally. Managers in organizations and firms count on the experience of their team
members. Communication is direct and participative. Attitude toward managers is informal (Ibid.).

Kazakhstan scores high on this dimension, because there is a hierarchical structure of companies and power is distributed unequally. It is important to address formally to managers and respect business etiquette. People are called by their title and surname. Managers have the power to make decisions, however their subordinates should follow and perform all tasks, that manager consider as important.

Individualism means the degree of interdependence a society maintains among its members. It shows how the people’s self-image is explained in terms of “I” or “We”. Finland is an individualist society with the score of 63. Finns are interested in taking care only of themselves and their families. For business point of view, hiring and promotion decisions are supposed to be based on merit and achievements of the person (Hofstede’s Model, Ref. 29 January 2016).

Kazakhstan is a collectivistic country with strong relations to family and colleagues were they work towards a common goal. Elements of nepotism and relations play a key role in hiring process and successful management career in organizations and firms. Kazakhstani society is rather social than task oriented.

Masculine society is the society that is driven by competition, achievement and success in comparison with a Feminine society, where the key aspects are caring for others and quality of life. Finland is a Feminine society with a score of 26. Finns significantly value quality of life, equality and solidarity. Status is not supposed to be shown. Conflicts are solved by negotiations (Ibid.).

Kazakhstan is a Masculine society. It follows that status and power are important. Competition is high and severe. It is key to be best in your field to get respect of others.

The definition of Uncertainty Avoidance according to Hofstede Model (Finnish score in dimensions, 2016) says that “It is the extent to which the members of a culture feel threatened by ambiguous or unknown situations and have created beliefs and institutions that try to avoid these”. Finland has a score of 59 on this dimension.
Secure and rules are important elements in individual motivation (Hofstede’s Model, Ref. 29 January 2016).

Kazakhstan has a higher score of Uncertainty Avoidance as people respects security and stability, as was identified also according to GLOBE study.

Long-term Orientation illustrates how every society has to maintain some links with its own past while dealing with the challenges of the present and future. With a low score of 38, Finnish culture can be classified as normative, scored of 38. Finns shows a great respect for traditions and a focus on achieving quick results (Hofstede’s Model, Ref. 29 January 2016).

Kazakh people are opposite as they pragmatic in their thinking. They prefer carefully plan their future actions to achieve results. However, as Finns, Kazakhs respect traditions and follow them nowadays.

Indulgence is defined as the extent to which people try to control their desires and impulses, based on the way they were raised. Relatively weak control is called “Indulgence” and relatively strong control is called “Restraint”.

Finnish culture is indulgent with a score of 57. Finns have a tendency toward optimism and a willingness to realize their impulses and desires in order to enjoy life and have fun (Ibid.).

Kazakhstani culture is restrained in comparison with Finnish culture. Few attributes can prove this fact. Kazakhs have a tendency toward pessimism. Smiling in public is not seem a norm but rather is suspect.

### 2.4.2 Conclusion On Culture Diversity of Kazakhstan

To summarize the results of two studies, GLOBE Model and Hofstede Model, the conclusions for Water Team Oy Ltd are mentioned below.

The high level of collectivism and team-oriented leader style show that the representative of Kazakh culture is guided by the opinion of a group, whether it be a family, a company or a nation as a whole.
While advertise the products, Water Team Ltd. should show the advantages to a society, not an individual. For example, advertising that focuses on individual success, independence and personal “I” will receive a negative evaluation in Kazakhstan.

In Kazakh culture people spend more time on communication with colleagues. Finnish partner should accept an invitation to a dinner by a Kazakh partner because it contributes to the business development and the future cooperation.

It is also typical to give presents to colleagues and doesn’t seem as a corruption or a bribe. According to the Kazakh concept of doing business, gifts aimed at further cooperation that will last for a long time. Doing business is based primarily on interpersonal relationships. Thus, the long-term relationship in the future should start with the building of the strong personal relationships. Good relations should be established at the beginning of business negotiations.

High power distance in Kazakhstan business is showed as the hierarchical built companies and the high bureaucracy. So it is important to call your Kazakh partners by the name and the patronymic in order to show your respect. During business meetings, Finnish partners need to tell about their positions in the company to the Kazakh partners. The attitude toward managers should be formal.

To finalize, establishing business relations will take time before signing up a first contract, because Kazakhstan businessmen value and looking forward to the security and the stability in the business cooperation. People in Kazakhstan value personal relations that why it is key to have many contacts in Kazakhstan.

2.4.3 Trade barriers

In 2010, the Russia-Kazakhstan-Belarus Customs Union began implementing a customs union by adopting a common external tariff (CET) with the majority of the tariff rates established at the level that Russia applied at that time (Kazakhstan: foreign trade barriers, [Ref. 7 February 2016], 230).
In 2012 Kazakhstan was scored as Finland’s largest trading partner in Central Asia measured in terms of trade in goods. Finnish companies in Kazakhstan encounter trade barriers, such as customs procedures, discriminatory or excessively burdensome product specifications as well as generally difficult practices and corruption. In recent years, challenges have also been posed by the customs union formed between Russia, Belarus and Kazakhstan. The enterprises reported unclear and changing rules and practices of the customs union that make it difficult for products to access the market (Mikko Nieminen, Heli Siikaluoma, Akseli Koskela and Leila Vilhunen, 2013, 45-46).

On January 1, 2015, Russia, Kazakhstan, and Belarus continued regional economic integration with the establishment of the Eurasian Economic Union (EAEU), the successor to the CU. Armenia joined the EAEU on January 2, 2015, and Kyrgyzstan has approved a “Roadmap” to join the EAEU. According to the membership in the EAEU, Kazakhstan’s import tariff levels, trade in transit rules, nontariff import measures (e.g., tariff-rate quotas (TRQs), import licensing, and trade remedy procedures), and customs policies (e.g., customs valuation, customs fees, and country of origin determinations) are based on the CU/EAEU legal instrument (Kazakhstan: foreign trade barriers, [Ref. 7 February 2016], 230).

Kazakhstan's accession to the World Trade Organization (WTO) took place on 27 July 2015. Finland piloted Kazakhstan to WTO accession process during its entire twenty-year history. The accession removes barriers to trade and improves the potential of economic cooperation between Finland and Kazakhstan. Customs duties, for instance, were set at a low level (Finland piloted Kazakhstan to WTO membership, 2015).

To sum up, the accession to the WTO provides a decrease in import tariff rates and improve the trade between EU and Kazakhstan.

1. Customs payments

Customs Guide, Kazakhstan Elements for success (2014, [ref. 25 March 2016) reports that according to Customs Union and Kazakhstan customs regulations, customs declaration involves the payment of:
- Customs fees;

- Import duties, based on CU Common Customs Tariffs. Import duty and taxes are due when importing goods into Kazakhstan by a private individual or a commercial entity. Import duties and taxes are calculated on the CIF value, i.e. the sum of the value of the imported goods and the cost of shipping and insurance. In addition to duty, imports are subject to Sales Tax, and Excise Duty. Kazakhstan applies duties and tariffs of the Eurasian Economic Union (EAEU) Common Customs Tariff. Duty rates vary between 0% and 100%, with an average rate of 7.8% (Import duty & taxes when importing into Kazakhstan, [ref. 24 March 2016]).

- Export duties on certain goods are set by the Kazakhstan government;

- Special, antidumping and protective duties on certain goods based on CU and Kazakhstan law;

- Excise duties on goods, according to the Kazakhstan Tax Code;

- 12% import VAT on the taxable value of goods, which includes the value of the goods at import; excise and customs duties and customs fees.

Customs payments, taxes and duties are payable before or during customs declaration procedure.

2. Labelling and packaging

According to Tariffs and regulations ([ref. 27 March 2016]) the products imported to Kazakhstan must include relevant information about the product in the Kazakh language. Russian may also be used as an additional language but Kazakh labels are mandatory as Kazakh is the country’s official language.

Consequently, goods should be securely packed, according to to the nature of the goods, means of transport and likely climatic conditions. The company should take into account the specifics of the Kazakh market, including its often extreme climatic conditions (both hot and cold) and rough handling on roads, railways and ports.
3. Export documentation

- Commercial Invoice

Three copies needed and translation in Russian or in English is required.

- Certificate of origin

Can be requested by the importer, must be endorsed by the Chamber of Commerce (Export documentation, [ref. 28 March 2016]).

The goods imported into Kazakhstan and included on the mandatory list of goods are subject to the mandatory procedure of certification under national requirements. Significantly, the list includes also heavy machinery and different equipment. Contracts for goods delivery should be accompanied by the following documents (Kazakhstan, [ref. 29 March 2016]):

- Product description,
- Country of origin certificate,
- Name of producer,
- Customs declaration,
- Expiration date,
- Storage requirements,
- User manuals printed in Kazakh and Russian.
- Foreign certificates, testing protocols, and compliance indicators of imported products should correspond to appropriate international treaties.

4. Inspection of goods

Kazakh authorities have established controls of the conformity of imported products. With the implementation of the Customs Union between Belarus, Kazakhstan and Russia, the three countries agreed that the products could be tested and certified in
one of the member countries and to be freely transported within the Customs Union. (Ibid. [ref. 28 March 2016]).

2.4.4 Communication barrier and cross-border negotiations

It is an obvious fact, that business negotiations are very different from the usual conversations. It is necessary to take into account the culture and norms of the country, maintain a certain communicative and manipulative, in order to obtain benefits, strategy. It is not enough just to know the strategy and the right form of communication, when referring to intercultural relations, we should not forget about the language and cultural barriers that may arise between the two parties.

Kazakhstan is a country with a large non-ethnical Kazakhs community (38% of the total population). According to this fact, Kazakh language is the state language, and Russian language is the official language of international communication. All the documentation is presented in both languages (Comparative National Cultural Perspective: Kazakhstan and the Middle East, [Ref. 6 February 2016]).

The importance of mastering the Russian language plays a vital role for successful business activity in Kazakhstan, as the ability to understand helps to create good relationships with partners and customers.

According to Kazakh business etiquette (ref. 25 February 2016), in business negotiations Kazakhs like to do business slowly, paying attention to every detail in order to ensure the reliability of the partners. Therefore, negotiations in Kazakhstan - it is a long process that requires patience and endurance in waiting.

Consequently, Kazakhs do not say straightforward, generally using diplomatic methods of communication. Kazakhs are trying to avoid direct questions, seeking to thoroughly re-examine any information. At the same time, the Kazakh is able to raise his voice in the negotiations to defend his point of view. This manifestation of rigidity says more about the quest the Kazakh partner stand up for himself in any situation than the manifestation of aggression.
Negotiations play an important role in Kazakhstan, starting with right greetings. In business world Kazakhs usually shake hands in the same way as Finns. When shaking hands keep the eye contact and smile (Richard R. Gesteland, 2006, 307-308). The handshake by two hands is typical for Kazakhstan. It is usual to have a small talk before getting down to a business.

In Kazakhstan, the principle of precedence is the basis of all communication. Junior must always be ready to help and to please the older. It is usual to call business partners by the name and the patronymic, as the author mentioned before, but if you find it difficult to pronounce the name of the Kazakh partner in conjunction with the middle name, you can ask for permission to call him only by name (Kazakh business etiquette, [ref. 25 February 2016]).

In most cases, Kazakh partners are waiting for a business card in two languages - Russian and English from major-foreign businessmen. Position, which is written on the business card can open the door to success and cooperation. Well-made business card will provide a chance for the right business meeting, and even help to avoid bureaucracy (Kazakhstan - Language, Culture, Customs and Etiquette, [ref. 8 April 2016]).

2.5 International market entry

The concept of market entry means the ease or difficulty with which a company can become a member of a group of competing firms by producing a close substitute for the products they are offering (Frank Bradley, 1995).

Gerald Albaum, Edwin Duerr and Jesper Strandskov (2005, 246) reports that a market entry strategy consists of an entry mode and a marketing plan. The mode of entry is chosen to penetrate a target country while the marketing plan is used to penetrate a target market.

Respectively, Water Team Oy Ltd. can use exporting to enter Kazakhstani market. Exporting is the simplest way to meet the needs of the foreign market. The entry mode has minimal risks involved. There are two types of exporting, such as indirect or direct export. In direct export the manufacturer is responsible for performing
international sales activities, when in indirect export the responsibility is transferred to some other organization (Ibid., 253).

Water Team Oy Ltd. can use direct exporting. The actual transaction takes place between the manufacturer and foreign company or customer.

Direct export exists when the company directly involved in the marketing of their products abroad. For instance, collecting market information, establishing contacts, transportation and registration of the necessary documentation. The use of direct export gives more control over the process and provides an opportunity to obtain more information about the foreign market (Ways of entry of foreign markets, [ref. 29 March 2016]).

Nowadays some companies use e-commerce as a means of exporting, which can be recommended for Water Team Oy ltd. The Internet seems to be suitable for B2B than for B2C marketing (Gerald Albaum, Edwin Duerr and Jesper Strandskov 2005, 253).

2.5.1 Competitive advantage and strategy

Obviously, a business’s main objective is competitive advantage and its main means to achieve this is its strategy. If the company is able to have a value-creating strategy, competitors cannot imitate the benefits, consequently the company will enjoy a sustained competitive advantage (Hans Eibe Sørensen 2012, 197).

Strategic management demonstrates the set of strategic analyses, decisions and actions to create and sustain competitive advantages.
Figure 9. Strategic Management Process (Hans Eibe Sørensen 2012, 210, according to Barney and Ouchi, 1986).

The figure 10 shows that strategy development includes setting up vision, mission and strategic objectives as well as the analysis of the organization and its business environment. SWOT analysis play an important role in the strategic management process. The actions involve the implementation and the organization design.

The vision statement of Water Team includes the following considering:

1. Kazakhstan market entry to be pursued, Water Team Oy Ltd. contributes to the improvement of the quality of water in Kazakhstan.

2. All developments and technical modifications of equipment are based on green business strategy. All the Water Team Oy Ltd. does is ahead in the future. High-quality and cost effectiveness are the key aspects to progress the sales.

3. The capabilities of Water Team Oy Ltd. includes know-how in the field of water treatment. The equipment is produced in Finland using only the
high-quality material, namely stainless steel, which is an advantage of the company.

The mission of Water Team Oy Ltd. is to be reliable and environmentally friendly company, which contributes to a more sustainable world by improving water treatment sector, developing innovations and high-quality equipment.

The strategic objectives of the company can be illustrated by using SMART model (Hans Eibe Sørensen 2012, 213). They are:

Specific: Kazakhstan market entry by Water Team Oy Ltd.

Measurable: An objective indicator of progress is a high interest of Kazakhstani companies to cooperate with Water Team Ltd, which was proved when contacting companies in Kazakhstan.

Achievable: Open a representative office, doing joint-business work with the company from Kazakhstan to create a long mutual cooperation.

Relevant: Be reliable and environmentally friendly partner for Kazakhstani clients, Offer only high-quality products.

Time-bond: Water Team Oy Ltd. found the Kazakhstani companies interested in doing business together, the deadline for entry is 6 months from February 2016 to July 2016.

SWOT analysis is an analysis of a company’s strengths, weaknesses, opportunities and threats. SWOT is a way of monitoring the external and internal marketing environment (Philip Kotler and Kevin Lane Keller, 2012, 70).
SWOT of Water Team Oy Ltd. for Kazakhstan entry:

The strengths and the weaknesses includes resources, capabilities and considerations of the company, for instance, the availability of equipment of different scopes of application and quality and know-how in water treatment industry are the strengths of Water Team Oy Ltd, that creates a competitive advantage. Weaknesses includes a lack of the knowledge of Kazakhstani customers and price policy differences between Finland and Kazakhstan.

Opportunities and threats analyze the business environment. Opportunities includes new partners and clients, opening of a representative office and cooperation with Kazakhstani leaders in water treatment industry. Threats are shown by the cooperation of Kazakhstan with the closest markets, such as Russia and China. Moreover, there are cultural, communication and trade barriers between Finland and Kazakhstan, which were discussed in the thesis by the author. Economic crisis in Kazakhstan affects the progress of sales of Water Team Oy Ltd. in Kazakhstan.
Decisions of the company include the corporate strategy and the business strategy. The corporate strategy answers the question “Where to compete?” and the business strategy show the ways of the company how to compete.

Target market is Kazakhstan, during the next six months Water Team Oy Ltd. will focus on huge and economically important cities, such as Astana, Almaty and Shymkent, to find partners and clients in these cities. The competitive advantage of Water Team Oy Ltd. is high-quality of the products, green business strategy and know-how in manufacturing process. Business strategy of Water Team Oy Ltd. includes participation in exhibitions and opening a representative office in Kazakhstan. These specific actions will be taken over time to achieve the key objectives of Water Team.

2.5.2 Marketing Strategy and the Marketing Mix

According to Kenneth E. Clow and Donald Baack (2010, 6-7) a more traditional definition of marketing is:

1. Discovering consumer needs and wants.
2. Creating the goods and services that meet those needs and wants.
3. Pricing, promotion, and delivering the goods and services.

Marketing strategy is the way by which company is able to build profitable customer relations. Market segmentation, targeting, and positioning helps to decide which customers to serve and how. Guided my marketing strategy, the company creates a marketing mix, which includes product, price, place, and promotion (Kotler and Armstrong, 2005, 57).
However, based on Philip Kotler and Kevin Lane Keller (2012, 47) there is an updated version of the four Ps of Marketing Mix. Product, place, promotion, price, people, processes, programs and performance are the eight key elements of marketing.
Figure 12. The evolution of marketing Management. (Kotler and Keller, 2012, 47).

Products are the physical goods sold to consumers and other organizations as well as services that are offered by the company (Kenneth E. Clow and Donald Baack 2010, 7).

Place, or distribution, involves deciding where, how, and when products will be made available to potential customers. Water Team Oy uses exclusive distribution, which restricts the availability of the product to a highly select group of outlets. The physical distribution program includes choosing methods of transportation, types of warehouses, forms of inventory control and methods of billing and payment.

Promotion of the company is also important. The researcher developed a promotional plan for Water Team Oy Ltd., which includes development of e-marketing and participation in exhibitions in Kazakhstan.

Prices of products are calculated based on the individual characteristics of equipment. The value affected by manufacturing material, the number of systems, the size and the required number of staff.
The people who operate the machines, deliver the products, and design the marketing strategy are vital to a manufacturer as Water Team Oy Ltd (Kenneth E. Clow and Donald Baack 2010, 9).

According to Kotler and Keller (2012, 47) processes show the creativity, discipline and structure of marketing management. It is important to institute the right set of processes to manage activities which help the company to engage in successful long-term relationships with clients and partners.

Programs reflect the company’s consumer-directed activities. For instance, online, offline, traditional or nontraditional programs, which accomplish objectives of the company (Ibid).

2.5.3 Representative office

Water Team Oy Ltd. decided to open a representative office in Kazakhstan, and the list of documents and information was prepared by the researcher.

According to Doing business in Kazakhstan, an introductory guide to tax and legal issues (2014, 10) Kazakh law allows a foreign company to establish a representative office in Kazakhstan in order to represent its interests on the territory of Kazakhstan, it is not recognized as a separate legal entity. A representative office protects and represents the interests of a foreign legal entity and carries out preparatory and auxiliary activities, such as marketing and advertising. Generally, a representative office may not conduct commercial activity.

Dzhamol Ryskyev (2014, [ref. 29 March 2016]) informs that in most cases, the main tasks of representative office are the following:

- Direct access and work on the Kazakhstani market;
- Expanding the range of customers of the parent company;
- Assistance in finding partners for joint projects and consultation;
- Organization of negotiations, meetings and other events and transactions;
- Processing proposals from potential investors, development of promotional activities, learning environment, synthesis of information and proposals for the creation of joint ventures.

Important to note, that the head of the representative office could be performed by a foreign citizen or a citizen of the Republic of Kazakhstan (Ibid.).

To open a representative office, according to Procedure to Incorporate a Company in the Republic of Kazakhstan (2, [ref. 29 March 2016]) the following documents will need to be attached to the application form:

- The decision of the Company to set up a representative office with the Company seal;

- Memorandum and Articles of Association of the representative office with two copies in Kazakh, and Russian, approved by the Company;

- Copies of the Memorandum and Articles of Association and certificates of Company incorporation;

- Power of attorney (except for social and religious organizations) issued to the head of the representative office;

- Documents showing payment for the registration of the Company, at location of its representative office.

Consequently, a completed application form signed by a legally authorized person, who is in the process of setting up a branch or representative office, should to be submitted to the Registrar. Documents should be submitted with notarized translations in Kazakh and Russian. During ten days from the day of incorporation, the Registrar will inform the relevant tax authorities.

After registration of a representative office the assigned manager can order the stamp and open a bank account (Dzhamol Ryskyev, 2014, [ref. 29 March 2016]).

*The information about the representative office is classified.*
2.6 Industry market potential of Kazakhstan

According to Dariusz Andraka, Kairat Ospanov and Menlibai Myrzakhmetov (2015, 101-103) Kazakhstan has a high industry market potential for Water Team Oy Ltd. Water and sewage treatment remains deficient in the Republic of Kazakhstan, as there are many existing wastewater treatment facilities in cities are in unsatisfactory technical conditions. These problems of treatment and disposal require urgent solutions.

Consequently, there are 544 sewage treatment facilities operating on the territory of Kazakhstan. The total extent of sewerage network includes more than 14.5 thousand km of sewers. Important to mention, that the centralized system of wastewater disposal on urban territories collects 62% of total sewage production in the country, from which 84% belongs to large cities and 10% to villages. From the existing 87 municipal sewage treatment facilities one third is in unsatisfactory technical conditions. Some technical problems are caused by long-term exploitation without reconstruction of treatment facilities.

Concerning this fact, Water Team should concentrate on big cities of Kazakhstan. Water Team Oy Ltd. main goal is to find clients, first of all, in Almaty and Astana. Astana is the capital of Kazakhstan and Almaty is the largest city of Kazakhstan known as “Southern Capital”.

According to research of the author, there are more companies in Almaty, that are interested in cooperation and distribution of the equipment of Water Team around Kazakhstan.

To better understand the need of the clients in Kazakhstan, there is a table below, which illustrates the main methods of sewage treatment. Mechanical treatment plays an important role in water treatment process in Almaty region. Considering this fact, the equipment of Water Team, for instance, step, drum and screw screens, sand separators, filter-belt presses would be useful in such cities as Kapchagai, Yesik, Uzunahash, Chunzhaly and Zharkent.
Table 11. Characteristics of sewage disposal systems in the Almaty region (Dariusz Andraka, Kairat Ospanov and Menlibai Myrzakhmetov, 2015, 103).

The author would accept the fact, that companies in Kazakhstan are interested in cooperation with Water Team Ltd and the market has a high potential.

### 2.7 Market segmentation: zones of influence

The basic principle of segmentation involves selecting the classification most appropriate to the groups of customers identified. The industrial product sector where such characteristics as demographic and geographic (type of company, size, industry) can be used (Dennis Adcock, Al Halborn and Caroline Ross, 2001, 118-121).

Based on Armstrong and Kotler (2005, 185) there are three key steps in market segmentation, targeting and positioning. They are presented in the figure below.

John M. Coe (2003, 72) suggests that macrosegmentation is the way how the company is organized to enter market. The industry or market category is the usual form of macrosegmentation. Microsegmentation includes clusters of companies within a macrosegment.

The segmentation sector of Water Team Oy Ltd. includes companies of different sizes, which are involved in water treatment industry, operating in Kazakhstan.

As the author mentioned before, Water Team Oy Ltd will concentrate on big cities of Kazakhstan. However, the research showed that there are also few companies in Russia, which are interested in purchasing of the equipment of Water Team and distributing it in Kazakhstan.

The companies, which are interested in cooperation with Water Team Oy Ltd. are illustrated in the table below.

*The information in the table is classified.*
Table 12. Companies interested in cooperation with Water Team Oy Ltd.

We can clearly see, there are 9n companies from Astana, Almaty and Shymkent, which are looking forward to make business and joint operations with Water Team. There are also few companies from Moscow, Russia. The author got information and reply from these companies during 3-months research. Now the negotiation process between these companies and Water Team Oy ltd. is taking place.

2.8 Opportunities to promote the business: exhibitions

Needless to say, that exhibitions are not just collections of interesting objects brought together at a certain place and time. Exhibitions includes human activities, human enterprises with the main goal to achieve results (The Role of Exhibitions in the Marketing Mix, 3).

Consequently, they contribute to the development and revival of markets and market segments. Additional three functions are:

1. Trade function: Transactions of goods, services and information.

2. Transparency function: Market overview.

3. Development function: Support of the commercial development of nations, regions and cities.

Additionally, exhibition participants can simultaneously meet their competitors, assess their market position, become familiar with the progress of their competitors and analyze the market (Why participate in exhibitions?, [ref.27 February 2016]).

Participation in exhibitions contributes to the formation of an opinion about the company and its activities, as it helps to create and enhance an image in terms of quality, credibility, service, competition and innovation (Ibid.).
One of the important strategical steps for Water Team Oy Ltd. would be a participation in one or few exhibitions in Kazakhstan, which will help to expand and to advertise products and services of the company.

Participation in the exhibition provides an opportunity to simultaneously address multiple business objectives – progress of sales, marketing, creation of an image and advertisement. The key objectives of the participation of Water Team Oy Ltd. in exhibitions in Kazakhstan will be described in the table below.

| Progress of sales                  | 1. To attract new customers. |
|                                  | 2. To keep in contact with current customers. |
|                                  | 3. To restore the lost relationship with customers. |
| Marketing                        | 1. To conduct the market research to identify the long-term development trends and marketing strategy, target groups and distribution channels. |
|                                  | 2. To understand the competitive environment, advantages and disadvantages of rivals. |
|                                  | 3. To demonstrate water treatment products and equipment. |
| Creation of an image             | To create and maintain a reputation as a successful, stable and reliable company. |
To position the company as a market potential leader, (due to the priority location and size of the stand, the product characteristics, qualifications and appearance).

**Advertisement**

1. To provide a real impact on the target audience, increase brand awareness and memorability by help of brochures, business cards and catalogue of Water Team Oy Ltd.

2. To attract attention to the or company.

Table 13. Objectives of participation of Water Team Oy Ltd. in exhibitions.

To successfully participate in the exhibitions marketing materials such as brochure, catalogue of equipment, business cards and caps with logo of the company were created.

The brochure of Water Team Oy Ltd. is a tri-fold brochure, which gives brief information about the company to the potential clients. It includes description of the company, list of products and services and contact information. The brochure is translated to Russian language.

Business cards are made in both Russian and English languages. The main colors used are blue, grey and white, which associate with Water Team Oy Ltd., water treatment industry and stainless steel. The front side of the business card includes the logo, name of the person and company name. The back side of the business card includes the address of the company, contact information and brief list of equipment.
The catalogue of Water Team was created by the researcher in order to show a detailed list of equipment with drawings and technical characteristics to potential clients of Water Team Oy Ltd. The same colors were used as in business card. The picture below shows the front page of the catalogue and the page, which gives the
information about the hydraulic step screen with technical characteristics and advantages.

Picture 3. The pages from the catalogue of Water Team Oy Ltd. in Russian language.

These marketing materials were made with the main goal to attract more clients in Kazakhstan and participate in exhibitions.

The research on the upcoming exhibitions in Kazakhstan was conducted. Three international exhibition in the field of water treatment will take place in Kazakhstan in the period from April to October 2016. They are ECOTECH, Aqua-Therm and ECWATECH.

ECWATECH is not only the biggest exhibition in Russia and CIS, but has been considered as the largest water/wastewater event in Central and Eastern Europe. Companies from 28 countries participate in ECWATECH, such as Austria, Belarus, Belgium, China, Czech Republic, Denmark, Finland, France, Germany,
Greece, Hungary, India, Kazakhstan, Russia, USA etc. The exhibition will take place on 26 – 28 April 2016 (ECWATECH, 2016).

Aqua-Therm is the 9th International exhibition for domestic and industrial heating, water supply, sanitary, air-conditioning, ventilation, equipment for pools, saunas and SPA, which will take place in Almaty on 5 - 8 September 2016 (Aqua-Therm Almaty, 2016).

ECOTECH in Almaty is one of the largest international trade fairs and conferences for environmental technology and environmental services in Central Asia. International and local companies in the areas of waste collection, waste transportation and waste recycling and hazardous waste treatment, wastewater treatment, exhaust and soil cleaning, analytical systems and environmental services participate in Ecotech. Ecotech is organized annually, the next exhibition will take place on 14 – 16 September 2016 (Ecotech Almaty, 2016).

To sum up the main points, these exhibitions will provide opportunities for Water Team Oy Ltd. to increase its awareness, get more information about target market, expand the customer base and increase sales, increase competitiveness and ensure a positive perception of the company by potential clients. Exhibitions allow to save money. It takes a lot of time and funds to organize meetings with clients from other cities and countries, evaluating the costs of travel, accommodation, hospitality. At exhibitions potential customers come by themselves.

2.9 E-marketing and social networks: Facebook, Linkedin, Vk

Steffen Dann and Susan Dann (2011, 41-54) inform that e-marketing has evolved in light of the environment of computer-mediated communication. E-marketing includes 10 characteristics, which shows how it functions. There characteristics are grouped on three categories, consumer behavior, accessibility and product characteristics. Consumer behavior includes interactivity, mass customization and the interest-driven nature of Internet. Accessibility represented by global access, time independence and ubiquity. Product characteristics are shaped by intangibility, mobility, portability and volatility of the Internet as a service product. The use of e-
marketing helps to reduce costs, to create a wider access to clients, customers and partners and improve the corporate image.

According to Dennis Adcock, Al Halborg and Caroline Ross (2001, 55) e-marketing increases information exchange with suppliers and gives superior access to new markets and customers.

These aspects make the e-marketing useful in order to develop the business, promote the company and attract new clients.

Social media includes interconnection between content, users and communication technologies. Communication media (telephones, e-mail, mail, SMS), content (traditional media, newspapers, books, films, lectures) and social interaction (conversations, games and tutorials) must be presented for a social media to be in place online (Steffen Dann and Susan Dann, 2011, 345).

Additionally, social media is an easy way to learn about the potential customers, the social networks such as facebook, likedin and vk help to target the audience effectively. For instance, when publishing posts on facebook page of the company, it is important to target by age, location, language or interests.

Water Team Oy Ltd. has one facebook page, which was created in order to share information and to communicate better with potential clients. The posts are published in three languages, Finnish, English and Russian. The posts usually include information about water industry, water treatment equipment and articles about new technologies in this field.

Furthermore, linkedIn page was created for potential partners of Water Team Oy Ltd., companies that are looking forward to cooperate. LinkedIn page includes information about the company, contacts, web-site page and list of equipment.

Vk page was created for specific markets, Russian and Kazakshtani. Vk page is similar to facebook page, however all the posts are published in Russian language. Vk page includes also small forum, where potential customers can ask about equipment, prices or technical characteristics.
The pages are updated regularly, two times a week. Social networks help to interact with the audience efficiently. Facebook and Vk pages give opportunity to place commercial content and advertise the company.

To consider the main points, the creation of social network pages became a tool in promotion of Water Team Oy Ltd. in Kazakhstan.

2.10 Development of the web-site of Water Team Oy

Nowadays, web-site plays an important role in marketing. Professional web-site helps people to find your company and know more information about it. Web-site is the powerful tool to attract attention of the customer. The Web-site of Water Team Oy Ltd. was developed in four different languages, Russian language included. It includes the information, that could be useful for the potential clients of the company. For instance, brief information about Water Team OY Ltd., solutions, products and equipment, values and contact information. The web-site is created using three primary colors, such as blue, which represents water, grey, which symbolized reliability and equipment made of stainless steel, and white, which exemplifies purity. The logo of Water Team Oy Ltd. includes the same colors, which illustrate a drop of water and a gear. Information is available so that is convenient to site visitors to find everything that they need. Information is accompanied by pictures and videos in order to catch the attention. The Web-site includes the catalogue of the equipment without prices, as the price varies depending on the case and technical characteristics of the equipment. The researcher was involved in the creation of the web-site of Water Team Oy. Important to mention, that the researcher developed the logo of the company.

In summary, web-site and social networks pages were created in order to improve connection between the company and potential clients.
3 EMPIRICAL FRAMEWORK

3.1 Planning the research approach

Marketing research includes design, collection, analysis, and reporting of data relevant to a specific marketing situation. There are two types of data collection, such as primary and secondary. Secondary data collection was obtained from online sources, reports, web-sites and documents available, commercial data services and books (Philip Kotler and Gary Armstrong, 2012, 127 - 128).

The means of primary data collection during the research process can be divided into two categories: quantitative and qualitative. It is important to mention, that the method of using both types of research is called pluralistic research.

Qualitative research methodology describes how people feel about the product, advertisement or company. Qualitative research explains why people behave in the way they do. Quantitative research deals with numbers. It can explain the proportion of population that are not satisfied by the quality of water (Jim Blythe, 2001, 83).

Quantitative research is presented by online questionnaire, which includes structured questions with different response options, however it has one open-ended question.

An open-question gives no response options to respondent, as Alvin C. Burns and Ronald F. Bush (2006, 270-271) reports. Consequently, the respondent should answer in his or her own words. The closed - ended question lists the response options, which gives the opportunity to respondent to answer quickly and easily.

While formation of the questions, such scales as nominal and interval-scaled are used. Nominal scales labels are used, which possess the characteristics of description. Interval scales are those in which the distance between each descriptor in known. (Ibid., 276). For instance, the researcher is asked to evaluate the water quality in Kazakhstan by selection a single designation from a list of “5: excellent water quality”, “4: good water quality”, “3: medium or average water quality”, “2: fair water quality” and “1: poor water quality”.

The purpose of qualitative research is very specific. The main goal is to recognize the regions of Kazakhstan, where water quality needed to be improved, to understand where Water Team equipment will be successfully used. The questionnaire development plan includes the following steps:

![Diagram of questionnaire development process](image)

Figure 14. Steps in the questionnaire Development process (Alvin C. Burns and Ronald F. Bush, 2006, 301).

Based on this plan, the online questionnaire was implemented.

Qualitative research is implemented by means of interview. The interview was implemented with the goal to understand deeply the relations between Finland and Kazakhstan in water treatment industry, future perspectives, cultural and trade barriers and methods of water treatment, used in Kazakhstan.
To summarize, the online questionnaire provides information about water quality in different cities in Kazakhstan, however the interview gives the information about water treatment sector and relations between Finland and Kazakhstan.

3.2 Selection of the sample

A sample is a segment of population selected for marketing research in order to represent the whole population (Philip Kotler and Gary Armstrong, 2012, 138).

Selecting the sample requires to know, firstly, who is to be studied, secondly, how many people should be included and, thirdly, what sampling method to use (Ibid. 138).

Target group includes all citizens of Kazakhstan from different regions with regard to recognize the water treatment problems in Kazakhstan. The researcher received 148 replies from the respondents.

The simple random sampling method was used while implementing the questionnaire. The probability of being selected into the sample was equal for all member of population of Kazakhstan. According to Alvin C. Burns and Ronald F. Bush (2006, 333) this sampling technique is presented by the following formula:

Probability of selection = sample size/population size

This method ensures that each member of the population in the sample frame has an identical opportunity of being selected.

For implementation of the interview one person with good knowledge of water treatment industry in Kazakhstan was chosen.
3.3 Questionnaire

As the author mentioned before, the questionnaire was chosen as a quantitative data collection method. There are few reasons to explain the choice of the method the researcher considers important:

1. Coverage. Ability to interview respondents living in geographically remote areas.

2. The relatively low financial costs.

3. The frankness of the respondent. The respondents via Internet provide more honest answers, not trying to please the interviewer.

4. Convenience. Respondent decides when he takes part in the research, and it increases the quality of the responses.

5. Speed. The process of filling in and processing takes less time than a traditional interview.

Online questionnaire has been published for 4 weeks. The author has published a questionnaire on the page of Water Team Oy ltd. on the Russian-language website, namely vk.com, which is a means of communication and social network. Moreover, the questionnaire was sent to people in different regions, as the researcher has many connections in Kazakhstan.

Online questionnaire includes 10 questions, the last one is open-ended, which provides information about recommendations and opinions of respondents about water quality in Kazakhstan. The main purpose of the questionnaire is the processing of information and the identification of regions of Kazakhstan, where the improvement of water treatment systems is required, as well as the understanding of issues related to water quality in different regions of Kazakhstan. The author received 148 replies and the results were analyzed precisely.
The questionnaire and the interview are linked to each other, as the information provided by the questionnaire helped to formulate the interview questions, to understand the water treatment business industry better.

Questions give an information about the sample (age, gender, occupation and city), tap water consumption and using it for cooking, the rate of quality of tap water, opinions of respondents about importance of the quality of water in Kazakhstan and ideas and feedback about the quality of tap water in Kazakhstan. The questionnaire was formulated in Russian language. The questions of the questionnaire translate from Russian to English are presented below.
1. Select your age*

- Up to 20 years
- 21-30
- 31-40
- 41-50
- 51-60
- Older than 60 years

According to the results of the first question, 51% of respondents were 21-30 years old. As we can see from the pie chart, 33% of respondents are up to 20 years old, 7% and 5% relates to 41-50 and 31 -40 age categories consequently. The questionnaire was received by respondents of different age, which gives an opportunity to better analyze the situation of water treatment in Kazakhstan.
2. Specify your gender*

- Female
- Male

![The gender of respondents]

Figure 16. The age of respondents.

The pie chart above represents that there are 51% female and 49% male respondents.

3. What is your main form of occupation? *

- Study
- Work
- Unemployed
- Retired
The importance of the information about the occupation of respondents as it ensures better segmentation. Based on results 58% of respondents are students, 35% are workers, 4% are unemployed and 3% are retired. The researcher received answers of people of different occupation.

4. In which city do you live? *

Figure 17. The occupation of respondents.

Figure 18. The city of respondents.
The figure above provides information about cities of respondents. According to results there are respondents from 11 cities, which included Almaty (30%), Astana (11%), Shymkent (45%), Taraz (3%), Kyzylorda (2%) etc. The researcher got the majority of answers from Shymkent, Almaty and Astana, which are significant cities in Kazakhstan. Actually, as the researcher mentioned before, Water Team Oy Ltd. should focus on these cities.

5. Do you drink tap water? *

- Yes, we have clean water
- Yes, but only after the filter
- No, only after boiling
- No, I drink only bottled water

![Bar chart showing tap water consumption](image)

**Figure 19. Tap water consumption.**

Important to mention, that 35% of respondents answered that they have clean water, however 32% and 19% answered that they consume tap water only after the filter and boiling. Moreover, 14% answered that they prefer to consume bottled water. According to these results, the author can conclude that some improvements of water treatments systems are needed and equipment of Water Team Ltd. will be useful in Kazakhstan. It proves the fact, that Kazakhstan is a potential market for Water Team Oy Ltd.
6. What kind of water do you use for cooking? *

A. Bottled B. Tap C. Boiled D. Filtered

What kind of water do you use for cooking?

Figure 20. Tap water usage for cooking.

On one side of results of tap water usage for cooking 58% of respondents answered that they use tap water, 19% use filtered water, 15% and 8% use bottled and boiled water consequently. To sum up, the tap water is an important element in the preparation of food in Kazakhstan, so the quality should be appropriate. Water treatment systems play a significant role.
7. How would You rate the quality of water from the tap?

Rate the quality of water from 1 to 5? *

- 5: Excellent water quality
- 4: Good water quality
- 3: Medium or average water quality
- 2: Fair water quality
- 1: Poor water quality

Figure 21. The quality of water in Kazakhstan.

Based on results, 34% of respondents, the majority from Astana and Almaty, answered that the water has medium or average quality, only 9% response that the water has poor quality, the majority from Kyzylorda, Taraz, Aktobe and Aktau. The majority of respondents from Shymkent answered that the water has good or excellent quality.
8. What is not satisfied for you in the tap water quality? *

- I am satisfied, water is clean
- The odors
- The color of the water
- The precipitate/sludge

![Pie chart showing water quality issues]

Figure 22. The quality of tap water, what is not satisfied for respondents?

After the evaluation of the results, we can see that 38% of respondents reported that the water has the precipitate/sludge, especially in Almaty and Shymkent. Important to add, that 28% of respondents indicate that water has the odors (the majority from Kyzylorda, Taraz, Aktobe, Aktau), 14% of respondents outline that the water has the color and 20% of respondents answered that they are satisfied, as water is clean.
9. Do you think that the quality of tap water is important for health and welfare of citizens of Kazakhstan? *

- Yes
- No

![Bar chart showing the opinion of respondents about the importance of tap water quality in Kazakhstan. The majority of respondents, 93%, agreed that tap water quality is important.](chart.png)

**Figure 23.** The opinion of respondents about the importance of the quality of water for the health and welfare of Kazakhstan.

The results are positive as the majority of respondents, 93%, reported that the quality of water is important for health and welfare of citizens of Kazakhstan. Results illustrate that the citizens of Kazakhstan are ready for water treatment systems’ improvements as the quality of the tap water plays a key role in their life.

10. If you have some ideas for improvements or comments about the quality of the tap water in Kazakhstan, we would be very happy to receive your feedback!

The last question is open-ended, so the researcher received different ideas for improvement of the tap water in Kazakhstan. The researcher would like to illustrate some examples:
Respondent 1 from Shymkent: “I think that in Kazakhstan, especially in the eastern regions, where the water is not very good, we need to improve the water treatment and to replace the old equipment. The water is our health!”

Respondent 2 from Kyzylorda: “Terrible water, impossible to drink it!”

Respondent 3 from Astana: “We have to change the water purification system, using foreign technologies, for example, Finnish water treatment equipment.”

Respondent 4 from Astana: “In general, water is certainly clear Astana, but very often when you open the tap you can get rusty or dirty water. Sometimes it has too strong smell of cleaning agents (for instance, the smell of chlorine). Would be nice to cooperate with Finland in water treatment sector. Thank you!

To summarize the replies from all respondents, we can conclude that in Kazakhstan there is a space for improvements of water treatment industry and citizens of Kazakhstan are interested in technologies of Finland in this sector.

3.4 Interview

The interview was conducted with one respondent, Oleg Leshev, the professional engineer in water treatment industry, who is working in this field for many years. The company is called Tassay, which operates using water treatment technologies in manufacturing process of bottled water in Kazakhstan. The interview was conducted in skype. Oleg Leshev gave the useful information about the business between Finland and Kazakhstan, Finnish technologies and water treatment process in Kazakhstan.
1. Do you think that the business between Finland and Kazakhstan in the field of water treatment is developing?

In my opinion, the business between Finland and Kazakhstan is developing for a long time, since Kazakhstan is a strategic partner for Finland in Central Asia. According to the fact, that Finnish technologies are appreciated all over the world, Kazakhstan's companies are very interested in collaboration. Finnish equipment is of high quality and reliability. I believe that the equipment of Water Team Oy Ltd. will be very successful.

2. Do Kazakhstani people prefer the equipment of own manufacturers or prefer the Finnish technologies?

Actually, Kazakhstani companies are always open to new foreign partners, however there is a high level of competition, because of Russian, Chinese and Italian equipment. The equipment should be unique and has a strong competitive advantage to be sold on the market. For example, our company Tassay cooperate with Italian partners, however we are interested in Finnish technologies too, because the Finnish quality is the best.

3. Are there some trade barriers when transporting the equipment from Finland to the Eurasian Union, and what are the duties, VAT?

Of course, there are trade barriers, but I am not able to say much about this question as I didn’t know the process of transportation. There is a custom code for the water treatment, which you can find on internet. The VAT is 12% in Kazakhstan.

4. What difficulties arise between the Finnish and Kazakhstani companies? Do cultural differences interfere the cooperation?

The main barrier is the language, as in Kazakhstan, there are not many people who can speak English fluently. Russian and Kazakh languages are very important, so the knowledge of one of them is necessary. I think, that cultures of Finns and Kazakhs are different, especially in the business sphere. Although cultural differences do not interfere, if both parties are willing to cooperate.
5. Is it difficult to find customers and how the process of searching is performed in Kazakhstan?

Usually, if we consider water treatment sector, the government organize competitions, where the companies should present their ideas, equipment, prices and technical characteristics. Then the best suitable company is chosen. However, there are some factories and treatment plans which ask directly for the offers.

6. Could you please explain the methods of water treatment process in Tassay?

In the water treatment process, we use a high-tech European equipment (Sidel, Matrix, SIPA, Tecnocom), the quality management system ISO 9001-2009 ensures conformity of the products with high international standards.

There are the following steps of water treatment in Tassay:

- Silos. The water from the pipes of underground wells, resistant to rust formation and plaque enters silos made of stainless steel.

- Water treatment. The water passes through a filter system, which removes all mechanical impurities and tiny grains of sand and getting crystal clear.

- Processing germicidal UV lamp. At this stage, the water is treated with ultraviolet radiation, which neutralizes any microbiological inclusions.

We prefer to use mechanical and chemical treatment of water to ensure the high quality.

7. How promising is to work in water treatment field in Kazakhstan?

I would like to say, that the water treatment field is promising, because there are many water treatment systems that need to be improved. In some regions of Kazakhstan, the tap water is impossible to drink, so we need new technologies and developments in water and sludge treatment.
4 CONCLUSIONS

Finland is showing interest in Kazakhstan as an experimental platform to expand the business. The choice of priority area of bilateral cooperation fully justified itself - cooperation in the field of "green" economy and clean technologies. Bilateral relations between Kazakhstan and Finland are developing fruitfully and do not cause problems. Finland is interested in further development of cooperation in various sectors of the economy, as well as looking for new opportunities and ideas for strengthening economic and trade relations. Finland remains the main trade partner of Kazakhstan in Northern Europe, while Kazakhstan is the main trade partner of Finland in Central Asia.

Kazakhstan is the potential market for Water Team Oy Ltd. which gives all the possibilities for the development. Water treatment sector is important, as there are many existing wastewater treatment facilities that are in unsatisfactory technical conditions and require urgent solutions and new technologies. The majority of facilities use the mechanical and chemical treatment. The equipment for mechanical and chemical treatment can be manufactured by Water Team Oy Ltd. and directly exported to clients in Kazakhstan. The researcher created a list of potential clients of Water Team Oy Ltd. in Kazakhstan that are interested in cooperation. There are plenty of companies, especially in Almaty and Astana, which are looking forward to start cooperation with Water Team Oy Ltd.

In order to simplify the market entry, trade, cultural and communicational barriers were discussed in the work. The researcher provided the list of necessary documents needed for exporting the equipment of Water Team Oy Ltd.

To promote business, different marketing materials, such as catalogue, business cards, brochure, web-site, social network’s pages were created. The author presented the idea of opening representative office in Kazakhstan and participation in exhibitions, which will help to expand the business.

The online questionnaire and the interview results show that there are problems with water quality in Kazakhstan and water treatment field is promising. The equipment of Water Team will be in demand in Kazakhstan.
5 RECOMMENDATIONS

The researcher recommends to take into account the cultural, trade and communication barriers while entering Kazakhstan. All the documents for exporting should be translated to Kazakh and Russian languages.

It is important to keep in contact with the companies, that are interested in cooperation, update web-site and social network’s pages.

The researcher highly recommends to Water Team Oy Ltd. to participate in exhibitions in water treatment sector in Kazakhstan, namely ECOTECH, Aqua-Therm and ECWATECH, as it is the way to find more potential clients and promote the company.

The author proposes to open a representative office by the company itself or through a network of companies, which is poised to become the official representative office of Water Team Oy Ltd.

Water Team Oy Ltd. should focus on promotion and advertisement of the uniqueness and advantages of the equipment to attract more customers as there is a high level of competition, because of Russian, Chinese and Italian equipment in Kazakhstan.

Important to mention, when advertising products, Water Team Ltd. should show the advantages to a society, not an individual because the advertisement that focuses on individual success and personal “I” will receive a negative feedback in Kazakhstan.

The author suggests to sign up contracts with large companies from Almaty and Astana, which will be engaged in distribution of equipment in all regions of Kazakhstan.

Doing business in Kazakhstan is based primarily on interpersonal relationships. Thus, if Water Team Oy Ltd. wants the long-term relationship in the future, the company should start with the building of the strong personal relationships, which should be established at the beginning of business negotiations.
Areas for future research include competitor analysis, evaluation of market position of Water Team Oy Ltd in Kazakhstan and its improvement, participation in EXPO 2017 and promotion of new projects of Water Team. The study of new markets, such as Uzbekistan and Kyrgyzstan, is possible.
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APPENDICES

Appendix 1. Questionnaire

Appendix 2. Interview questions

Appendix 3. Map of Kazakhstan
APPENDIX 1. Questionnaire

Поговорим о качестве воды из-под крана в Казахстане

Мы очень ценим Ваше участие в этом опросе и ждем Ваших ответов на 10 летних вопросов.

Начать

1. Укажите Ваш возраст*

До 20 лет
21-30
31-40
41-50
51-60
Более 60

2. Укажите Ваш пол*

Мужской
Женский

3. Каков Ваш основной вид занятий?**

Работа
Безработный (ая)
На пенсии
Учеба

4. Ваш город*
**Ваш город**

**Употребляете ли Вы воду из-под крана?**

- Да, у нас чистая вода
- Да, но только после фильтра
- Нет, только после кипячения
- Нет, употребляю только бутилированную воду

**Какую воду Вы используете для приготовления пищи?**

- Бутилированную
- Трубопроводную без газа
- Что-то ещё
- Сомневаюсь

**Как Вы оцениваете качество воды из-под крана?**

Оценка качества воды от 1 (очень слабое) до 5 (очень сильное)

![Оценка качества воды из-под крана](image)

**Что Вас не устраивает в качестве воды из-под крана?**

Выберите один из вариантов

![Вопрос о неудовлетворённости качества воды из-под крана](image)
Что Вас не устраивает в качестве воды из под крана?

Выберите несколько подходящих вариантов:

- Вода устраивает
- Запах
- Цвет воды
- Осадок

Считаете ли Вы, что качество водопроводной воды является важным для здоровья и благополучия граждан Казахстана?

- Да
- Нет

Если у вас есть идеи по улучшению или замечания о качестве воды из под крана в Казахстане, мы очень рады получить ваш отзыв!
Спасибо за заполнение этого Typeform
Теперь создай свой — он бесплатный, простой и красивый

Создать Typeform
APPENDIX 2. Interview questions

- Do you think that the business between Finland and Kazakhstan in the field of water treatment is developing?
- Do Kazakhstani people prefer the equipment of own manufacturers or prefer the Finnish technologies?
- Are there some trade barriers when transporting the equipment from Finland to the Eurasian Union, and what are the duties, VAT?
- What difficulties arise between the Finnish and Kazakhstani companies? Do cultural differences interfere the cooperation?
- Is it difficult to find customers and how the process of searching is performed in Kazakhstan?
- Could you please explain the methods of water treatment process in Tassay?
- How promising is to work in water treatment field in Kazakhstan?
Original interview questions in Russian language.

- Считаете ли Вы, что бизнес между Финляндией и Казахстаном в области обработки воды развивается?

- Предпочитают ли казахстанцы оборудование собственных производителей или финские технологии?

- Существуют ли какие-то торговые барьеры при транспортировке оборудования из Финляндии в Евразийский союз, и каковы торговые барьеры, НДС?

- Какие трудности возникают между финскими и казахстанскими компаниями? Есть ли культурные различия, которые мешают сотрудничество?

- Трудно ли найти клиентов и как осуществляется процесс поиска в Казахстане?

- Не могли бы вы объяснить фазы обработки воды в Tassay?

- Насколько перспективно работать в области обработки воды в Казахстане?
APPENDIX 3. Map of Kazakhstan

Map of Kazakhstan (Map No 3771 Rev.6 UNITED NATIONS January 2004).