

Multinational company's challenges within financial management

Cultural differences between Finland and India in managing
financial operations

Roosa Kelo

EXAMENSARBETE	
Arcada	
Utbildningsprogram:	Företagsekonomi
Identifikationsnummer:	17760
Författare:	Roosa Kelo
Arbetets namn:	En multinationell företags svårigheter inom ekonomistyrning - kulturella skillnader mellan Finland och Indien i finansiella operationer
Handledare (Arcada):	Linda Puukko
Uppdragsgivare:	Ett anonymt företag
<p>Syftet med forskningen är att kartlägga problem inom ekonomistyrning som orsakas av kulturella skillnader då ett företag planerar att expandera sin verksamhet till Indien. Forskningens syfte är även att ge information till finska arbetstagare som flyttar till Indien. Forskningen riktar sig på svårigheter mellan Finland och Indien, forskningens uppdragsgivare är ett internationellt säkerhetsbolag som förblir anonymt. Forskningsfrågorna grundar botten till forskningen. Fyra huvudfrågor har använts, varav tre är tvåfasiga. Första fasen av frågorna är att utreda möjliga problem och andra fasen är att utreda möjliga lösningar för de möjliga problemen. Fjärde frågan är enfasigt. Forskningsfrågorna är:</p> <ol style="list-style-type: none"> 1. Hur påverkar kulturella skillnader en företags daglig affärsverksamhet? <ul style="list-style-type: none"> • Vilka är de mest effektiva sätten att undvika problemen som är orsakade av dessa skillnader? 2. Ska en förman leda sina anställda från olika kulturer på olika sätt? <ul style="list-style-type: none"> • Vilka är de bästa sätten att lära sig att leda och vilka är de mest effektiva sätten att överkomma kulturella problem? 3. Hur påverkar de möjliga problemen företagets ekonomi? Eller påverkar de alls? <ul style="list-style-type: none"> • Hur kan man övervinna dessa problem? 4. Finns det någon specifik stil att leda, som påverkar och fungerar oberoende av kulturen? <p>Som metod används kvalitativ semistrukturerad intervjuande. Skribenten har konstruerat en intervjuguide, vilken används som en bas vid intervjuerna. Intervjuguidens frågor kan kategoriseras i fyra kategorier; daglig verksamhet, kulturell ledande, ekonomisk verksamhet samt allmänt. Sex intervjuobjekt intervjuas i forskningen. Intervjuobjekten är valda till forskningen på basis av deras arbetserfarenheter. En del samma frågor frågas av alla intervjuobjekt. Det frågas även frågor, vilka är direkt riktade speciellt till vissa intervjuobjekt på grund av deras arbetserfarenheter. Intervjufrågorna konstrueras på basen av forskningens teoridel. Teoridelen kan indelas i två delar: internationell ekonomi och kultur. Speciellt teorins kulturdel har en stor betydelse i denna forskning, då resultaten från intervjuerna betonar kulturella ärenden. Bland annat Hofstede's kulturdimensioner används vid sammankoppling av teorin och resultaten. Således är Hofstede-insight internetsidan en av de viktigaste källorna som använts i forskningen, särskilt på grund av nätsidans kulturdimensioner. Resultaten från intervjuerna tyder på att en stor del av svårigheterna beror på missförstånd som uppstår från kulturella skillnader. De största svårigheterna</p>	

inom ekonomistyrning uppstår från bland annat Indiska regeringen, byråkrati, hierarki, religion, korruption, beskattning, jämlikhet mellan könen jämfört med Finland samt språket. Från resultaten kan det konstateras att förmännen behöver använda sig av olika ledningstekniker för sina anställda från olika kulturer. Slutsatsen som formats från resultaten är att det inte lönar sig för ett finskt företag att expandera sin verksamhet till Indien. Förhållandet mellan pris och kvalité är inte längre på plats. En del av intervjuobjekten föreslår att expandera företagets verksamhet till Europa istället för Indien, för att lösa detta problem. Intervjuobjekten hade liknande lösningar till problemen som uppstått från kulturella skillnader – förbättrande av den gemensamma kommunikationen.

Nyckelord:	Ekonomistyrning, kultur, ett internationellt företag, kulturella skillnader, kulturell ledande, ekonomisk verksamhet
Sidantal:	66
Språk:	Engelska
Datum för godkännande:	28.5.2019

DEGREE THESIS	
Arcada	
Degree Programme:	Business Administration
Identification number:	17760
Author:	Roosa Kelo
Title:	Multinational company's challenges within financial management - Cultural differences between Finland and India in managing financial operations
Supervisor (Arcada):	Linda Puukko
Commissioned by:	Anonymous security company
<p>The purpose of this research is to find out possible difficulties/problems/issues for Finnish companies due to cultural differences within financial management when expanding their business into Indian markets. The purpose is also to give information to Finnish employees who are moving to India as expats. The scope of this research is on difficulties between Finland and India. This research is commissioned by an anonymous Finnish security company. The research questions lay a base for the research. There are four main research questions of which three are two phased. The first phase is a question targeted to find out the possible problem and the second phase is to find out a possible solution for that problem. The fourth question is single phased. The research questions are:</p> <ol style="list-style-type: none"> 1. How does cultural differences affect a company's day-to-day business? <ul style="list-style-type: none"> • What are the most efficient ways to beat these difficulties caused by these differences? 2. Does an executive have to lead employees in different cultures differently? <ul style="list-style-type: none"> • What are the best ways of learning how to lead and overcome problems within cultural differences efficiently? 3. How does these difficulties affect the company's finances? Or do they? <ul style="list-style-type: none"> • How to overcome them? 4. Is there a certain way of leading, that will affect and work despite the culture? <p>The method in this research is qualitative semi-structured interviewing. An interview guide is created, which works as a base for all the interviews. The interview questions can be categorized in four categories; day-to-day business, cultural leading, financial operations and general. Six interviewees are chosen to participate in this research based on their current and past employments. The interviewees are asked a group of same question and in addition to those questions, depending on the interviewee's employments, some specifically targeted questions are asked as well. The theory in this research is used to create the interview questions. The theory chapter can be divided into two sections; international finance and culture. The theory regarding culture has a big impact on this research, since the results from the interviews are emphasized on cultural matters. Hofstede's cultural dimensions, among other things, are used to link the theory chapter with the results. Hofstede-insight is one of the most important references in this research, because of the cultural dimensions on the website. The interview results indicate that a big</p>	

part of these possible difficulties within financial management are caused by misunderstandings. The biggest difficulties rise because of matters regarding India's government, bureaucracy, hierarchy, religion, corruption, taxation, gender equality and language. Based on the research results one could say that a leader has to use different leading techniques to employees from different cultures. Another conclusion based on the results is that it's not advisable for a Finnish company to expand to India. The ratio between cost and quality is not in place. Some of the interviewees suggest expanding to Europe instead of India. The interviewees have similar solutions to the difficulties/problems/issues that are caused by cultural differences – improve the mutual communication.

Keywords:	Financial management, culture, an international company, cultural differences, cultural leading, financial operations
Number of pages:	66
Language:	English
Date of acceptance:	28.5.2019

CONTENTS

1	Introduction	9
1.1	General information.....	9
1.2	Research questions.....	10
1.3	The aim of this research.....	11
1.4	Limitations	11
2	Method.....	11
2.1	Methodology.....	12
2.1.1	<i>Qualitative research</i>	12
2.1.2	<i>Quantitative research</i>	12
2.2	Qualitative interviewing	13
2.2.1	<i>Structure</i>	13
2.2.2	<i>Selecting and approaching informants</i>	14
2.3	Ethical considerations	15
3	Theory	15
3.1	International finance.....	15
3.1.1	<i>A multinational corporation</i>	15
3.1.2	<i>Risks and risk management</i>	16
3.1.3	<i>Internationalization</i>	17
3.1.4	<i>Behavioral finance</i>	17
3.1.5	<i>Financial statements</i>	18
3.1.6	<i>Budgeting</i>	20
3.2	Cultural Differences.....	22
3.2.1	<i>Culture</i>	23
3.2.2	<i>Cultural categories</i>	23
3.2.3	<i>Cultural dimensions</i>	24
3.2.4	<i>Finland</i>	27
3.2.5	<i>India</i>	29
4	Results and analysis	31
4.1	Explanation of the cultural dimensions scores	31
4.1.1	<i>PDI</i>	31
4.1.2	<i>Collectivism versus individualism</i>	31
4.1.3	<i>Femininity versus masculinity</i>	32
4.1.4	<i>Uncertainty avoidance</i>	32
4.1.5	<i>Long-term versus short-term orientation</i>	32
4.1.6	<i>Indulgence versus restraint</i>	32

4.2	List of the interviewees	33
4.3	How research questions are linked to interview questions – analysis.....	34
4.3.1	<i>How does cultural differences affect day-to-day business?</i>	<i>34</i>
4.3.2	<i>Does an executive have to lead employees in different cultures differently? & Is there a certain way of leading, that will affect and work for everyone?</i>	<i>38</i>
4.3.3	<i>How does these difficulties affect the company's finances? Or do they?.....</i>	<i>42</i>
4.3.4	<i>Others.....</i>	<i>45</i>
5	Conclusion and recommendations	48
5.1	Is it wise to do business in India?	48
5.2	Recommendations for company X and for a Finnish expat.....	49
5.3	Cultural categories	50
5.4	Research questions.....	51
5.5	Limitations	52
5.6	Future research	53
	List of References	54
	APPENDIX 1. Collecting data for chapter 2.....	56
	APPENDIX 2. Collecting data for chapter 3.....	57
	APPENDIX 3. Interview Guide	59
1.	Day-to-day business	59
2.	Cultural leading	59
3.	Financial operations	59
4.	General	60
	APPENDIX 4. Summary of this research in Swedish	61
	Inledning.....	61
	<i>Avgränsning – Finland och Indien.....</i>	<i>61</i>
	<i>Problemformulering.....</i>	<i>61</i>
	<i>Syfte</i>	<i>62</i>
	Metod	62
	<i>Kvalitativ intervju</i>	<i>62</i>
	Teori	63
	Resultat	64
	<i>Är det klokt att bedriva verksamhet i Indien?</i>	<i>65</i>

Figures

Figure 1 Budget Planning Cycle (figure by William R. Lalli. 2011)	22
Figure 2 Common traits of linear-active, multi-active and reactive cultures (figure by Richard D. Lewis. 2006).....	24
Figure 3 Cultural categories (figure by Richard D. Lewis, 2006).....	24
Figure 4 Cultural Dimensions (figure by Hofstede-insights.com)	25
Figure 5 Finnish communication habits (figure by Richard D. Lewis, 2006).....	27
Figure 6 Finnish listening habits (figure by Richard D. Lewis, 2006).....	28
Figure 7 Indian Communication habits (figure by Richard D. Lewis, 2006).....	29
Figure 8 Indian listening habits (figure by Richard D. Lewis, 2006).....	30
Figure 9 Cultural interactions (figure by Richard D. Lewis, 2006)	50

Tables

Table 1 List of interviewees	34
Table 2 Search process for chapter 2	56
Table 3 Search process for chapter 3	58

1 INTRODUCTION

The idea with this research is to find out possible issues, problems and difficulties within financial management to which a Finnish company might run into when expanding their business to India. In addition to this, the intent is to find out solutions to these matters as well.

1.1 General information

This research is conducted for an originally Finnish, but nowadays a multinational security company, hereinafter company X. Company X has offices around the world, hence they've already bumped into some typical difficulties with cultural differences.

Fortunately, business wise, many companies have been able to grow and become multinational. Obviously, starting a new office in a new country has its difficulties. Different laws, different markets, different culture, new employees etc. It's obvious there's always going to be some issues in the beginning - big or/and small. Luckily, research can be done to be one step ahead of these possible issues. Being somewhat prepared is wise but being prepared with a proper research is smarter and more efficient.

Most data used in this research is from six interviews I conducted. An interview guide, as appendix 3., was created and used as a tool for the interviews. The interview guide laid a base for all the interviews. It contains all the questions that were asked of every interviewee, which means the interviewees got asked a group of same questions. In addition to those questions, depending on the interviewee's employments, he/she was asked some specifically targeted questions as well. The interviewees were specifically chosen based on their current and past employments. The interviews are compared and searched for similarities or in some cases totally opposite opinions. Overall, the idea is to find the key statements of what the interviewees said. A desirable outcome is to be able to give you, the reader, a comprehensive information package from great sources – from these professional's experiences.

1.2 Research questions

The research questions are two phased, except for one exception. The first phase is a question targeted to find out the possible problem and the second phase is to find out a possible solution for that problem. The exception is the last research question. It can be used as a rhetorical statement, which will result in pondering regarding the matter in hand.

5. How does cultural differences affect a company's day-to-day business?
 - What are the most efficient ways to beat these difficulties caused by these differences?

The idea with this question is to get an understanding of any cultural differences and if they in fact affect business or not. This is a broad question, so the interviewee can answer whatever comes to his/her mind regarding day-to-day business.

6. Does an executive have to lead employees in different cultures differently?
 - What are the best ways of learning how to lead and overcome problems within cultural differences efficiently?

This is an important question, because leading affects business, so it's important to understand and realize if an executive need to changes his/hers way of leading. The second phase of this question is extremely necessary, because if there in fact is a problem that affects business negatively, then it has to be amended.

7. How does these difficulties affect the company's finances? Or do they?
 - How to overcome them?

This is the core of this research, because company X wants to know if there are problems within this sector.

8. Is there a certain way of leading, that will affect and work despite the culture?

Since we are talking about a multinational company where one executive can have employees from many different cultures, it's important to think about this question and amend one's own leading techniques, if necessary.

1.3 The aim of this research

The aim of this research is to be a helpful tool for e.g.

- A company, specifically company X, that wants to expand their business to India or/and
- An employee who's moving to India as an expat or/and
- The management to develop their leading skills with employees with different backgrounds.

In addition, the goal is to give the reader an understanding of the big picture as well as some detailed information regarding this subject.

1.4 Limitations

Company X doesn't have any specific problems/issues/difficulties in mind regarding this subject, which means I'll begin doing this research without any expectations of the results. I'll collect theory that I think suits this subject and use that theory to continue with the research.

Finland was chosen to be one of the countries in this research, because company X is originally from Finland. India was a natural choice to be the second country under the scope in this research, because company X has possible business-related opportunities there.

2 METHOD

In this second chapter, I'll present the method I chose to use in this research. I'll explain why this particular method, conducting interviews, ended up being my choice. The reader will also get a basic understanding of the qualitative research method and qualitative interviewing. A figure of the search process, regarding the theory behind this particular chapter's information, can be found in the attachments, as Appendix 1.

2.1 Methodology

When it comes to conducting a research, there are positivists and phenomenologists. They, generally speaking, need to use different kind of methodologies in their research. That is, because they are interested in different kind of problems and solutions, hence they have to use different methods. In social science, the term methodology refers to how the research itself is done. The phenomenologists conduct qualitative researches using, for example observation or interviewing as their method. Whereas the positivists conduct quantitative researches. (Taylor et al. 2016 p. 14) In this research, we are only interested in the qualitative methods, nevertheless I'll shortly explain the basics of quantitative research method as well.

2.1.1 Qualitative research

Qualitative research is a term for a broad variety of approaches and methods one might use to study natural social science. The data collected are textual and visual materials, such as interview transcripts, documents, photographs, video recordings etc., which documents human experiences in social actions. (Saldana 2011 p. 3-4)

There are different genres of qualitative research. This research is leaned to be ethnographic study, of which you can read about below.

- *Ethnography* is a study of people and culture by the means of observation and documentation. It consists of field work and finally a written documentation. (Saldana 2011 p. 4-6)

Different tools and instruments may be used when collecting data in a qualitative research, but the researcher him-/herself is the most important and primary tool for collecting data. (Saldana 2011 p. 32)

2.1.2 Quantitative research

Quantitative research focuses on numerics and statistics. One major difference between qualitative and quantitative research is how the researcher collects data and what kind of data it is. A common way of collecting data in a quantitative research is through surveys, which means the researcher might not even see the person who answers the sur-

vey. Hence, there might not be any physical contact between the researcher and the answerer. Whereas in a qualitative research it's common for the researcher to see and have some contact with the person from whom data is collected from. (International Research)

2.2 Qualitative interviewing

Choosing to conduct an interview was based on the fact, that no other method can provide me as deep understanding of my research questions, than observing and talking to people. An in-depth (ethnographic) interview is especially suitable when the researcher has well defined interest or/and when he/she wants to research past events. (Taylor et al. 2016 p. 104)

A qualitative interview can be structured, semi-structured or unstructured. It can be face-to-face interview with one person or a group, it can be done via telephone or email, it can last five minutes or much longer etc. (Fontana & Prokos 2016 p. 9-10)

Interviews in this research are semi-structured, but leaning heavily on the unstructured side. As I mentioned earlier, I'll have an array of questions ready as a clear structure for my interviews. Nevertheless, depending on the interviewees' answers, I'll ask unplanned follow-up questions, if I feel it might be wise for the sake of my research.

2.2.1 Structure

A semi-structured interview has a structure of questions, but the interviewer may ask the questions in different orders or in a slightly different way with the different interviewees. Compared to the unstructured interview, with the semi-structured interview the interviewer has a better control and focus of the conversation to go towards the issues at hand. Then again compared to the structured interview, where there isn't much leeway of any kind, the semi-structured interview gives the possibility to follow-up questions and discussion. (Brinkmann 2016 p. 18-25)

Qualitative interviews have a common flow, that can be divided into five sections, which are;

1. Question
2. Negotiation of meaning

- a. What the question means
 - b. Theme
 - c. General clarification
- 3. Concrete description (from the interviewee)
- 4. Interpretation (of the interviewer)
- 5. Coda

After these sections, the flow starts again from the beginning with a new question or a follow up question. (Brinkmann 2016 p. 16)

2.2.2 Selecting and approaching informants

A common ponder among researchers is: how many interviews do I need to conduct for my research? Mr. Steinar Kvale pointed out wisely “Interview as many subjects as necessary to find out what you need to know”. (see Taylor et al. 2016 p. 107)

Generally speaking, there is a connection between how many interviews you need to conduct for your study, the amount of questions you ask and the depth of the interview itself. The more questions you ask a single informant and the deeper answers you get, is connected to how many interviews you have to conduct. (Taylor et al. 2016 p. 107)

Snowballing, when your informants introduce you to possible new informants, is one efficient way to find and get to know people who might be interested to participate in your study. Even though this is a good way, it might at the same time limit the diversity of your informants in your study. These days social media is also a good source for one to find a variety of people, the possible interviewees. It’s obvious, that the persons need to have the right experiences needed for ones’ study, ability to articulate these experiences and feelings, as well as time for the interview. (Taylor et al. 2016 p. 108)

In this research, the interviewees are mostly selected from my personal network, but as a great diversity, I got some extremely interesting people through snowballing as well.

When approaching possible informants, it’s suggested to first approach them telling you’re interested to hear their experiences. Depending on their response, you may suggest dates for the interview. It might be that later on, you feel the need to clarify some

misunderstandings or want to schedule a second interview with this person. You should inform the informant about this possibility directly after the first interview. (Taylor et al. 2016 p. 109-110)

2.3 Ethical considerations

Since our informants are fellow human beings, extreme care must be taken place. Informed consent, right to privacy and protection from harm must be considered in these interviews.

- *Informed consent* means you receive a consent by your interviewee after you've explained him/her about the research.
- *Right to privacy* means protecting the identity of your interviewee.
- *Protection of harm* means any kind of harm you could cause your interviewee, physical or emotional. (Fontana & Prokos 2016 p. 77)

3 THEORY

In this chapter we're going through the theories behind this whole research. Theories regarding corporate finance and cultural differences. This chapter consists of collecting data both through books and websites. A figure of the search process can be found as Appendix 2. The theory in this research will be used to create the interview questions.

3.1 International finance

All the chapters starting with 3.1 contain theory regarding parts of international finance, such as risks and risk management. International finance means monetary interactions between two, or more, countries. It's part of financial economics and is sometimes called international macroeconomics. (Investopedia)

3.1.1 A multinational corporation

A multinational corporation is a corporation that have business abroad in many different countries through its branches, affiliates or/and subsidiaries. The reason for a company to seek business from abroad could be for example, that they're in need of resources,

they want to conquer a new market or simply just to minimize their costs (Jaque 2014 p. 4-5).

3.1.2 Risks and risk management

When a company decides to go abroad with their business, there are a lot of things to consider. One big part of these considerations are the risks that the company will be up against, such as;

- Foreign exchange risks, such as
 - International financing
 - Foreign direct investment
 - Import and export

When a company runs only domestic business, there are usually just one currency to think about, but when doing business in two or several other countries the exchange rate has a big part in your transactions. When talking about big deals money wise, a smallest difference in the exchange rate might have a huge impact on the deal itself. (Jaque 2014 p. 9-10).

- Country risks

Also known as political risks. Political changes might have huge effects business wise. As an example, changes in taxation. Or from another point of view, such changes might affect the value of the company's investments. (Jaque 2014 p. 10-11).

Risk management is a wide term with different definitions, it consists of risk measurement and risk steering. In business, risk management includes different measurements to identify possible risks for the business. (Wolke 2017 p. 1-4) We are focusing on risk management instead of risk steering in this research.

The aim with treating risks is to reduce the possibility of a risk to occur and to reduce the consequences, if a possible risk takes place. In addition, there are legal and ethical reasons for risk treatment as well, but the aim of risk treatment is most significant. Factors such as detection and control are important as well, for preventing and controlling risks. (Pinto et al. 2015 p. 67-72)

3.1.3 Internationalization

Companies might be slightly hesitant to enter foreign markets because they are geographically and culturally distant. (Jaque 2014 p. 12)

When a company makes the decision to go abroad, there are three stages of internationalization regarding financial decision making, according to Mr. Jaque (2014).

- Stage 1, *export and import*: In the beginning when a company starts importing or exporting abroad, the treasury and exchange manager has big roles managing, among other things, the finances and exchange risks. At this stage everything will go through the parent company, they will make the decisions and the affiliate will follow their orders. (Jaque 2014 p. 12-13)
- Stage 2, *foreign manufacturing*: Assuming the foreign sales have grown, it might be time to consider establishing local manufacturing operations. Because of the growth the affiliate gets independency to financial decision making, as long as everything runs smoothly, and operations are satisfactory. Now, due to the matters mentioned above, the affiliate is able to hire a financial team of its own, who will conduct the financial operations. In the first stage the affiliate didn't have their own financial team, the parent company's financial team handled everything. (Jaque 2014 p. 13)
- Stage 3, *multinational enterprise stage*: At this stage the company has successfully been able to start new affiliates in new countries, hence the mindset of financial managers is reshaped compared to the beginning, when the company wasn't international. Now the parent company makes guidelines for the whole multinational system – all the affiliates and subsidiaries etc. The affiliate's large financial staff makes independent decision within the given guidelines. (Jaque 2014 p. 13-14)

3.1.4 Behavioral finance

Behavioral finance is about explaining individuals' economic decisions. This is done by combining behavioral and cognitive psychological theory with economics and finance. (Baker 2010 p. 3)

Overconfidence is something that affects business, therefore financial decision-making as well. There are two kinds of situations where overconfidence might appear within business, while making a decision and after it's made. An individual might think he/she can predict the future regarding this decision better than he/she actual can. That is the first situation where overconfidence manifests. The problems it carries are, for example, that this individual overvalues information he/she has, undervalues the risks that comes with the decision or can't include additional helpful information into the decision-making. (see Lobao 2016 p. 20)

The second situation is when an individual has too much confidence with assessing the problems he/she faces with. The reason to this might be an individual's overconfidence in his/her own skills. It can be that the individual didn't think about the consequences the decision might cause, if it doesn't go as planned. (Lobao 2016 p. 20)

Behavioral finance has key themes, here are three of them:

- *Heuristics* = a set of rules that helps one find a solution to a problem. When it comes to business, the decision makers have to make many decisions with uncertainty. There are a lot of heuristics that affect financial decisions by affecting the decision makers.
- *Framing* is about how things are, for example, presented or asked. A person might make a different decision or answer totally differently if a question is framed in a different way, even though the objective facts stay the same.
- *Emotions*. Needs, fantasies and fears surely affect one's decision making. The question is how much do they affect a decision makers' financial decisions? (Baker et al. 2010 p. 5-6)

3.1.5 Financial statements

Financial statements are made to show information about the company's financial state, these reports are based purely on numbers (Epstein 2011 p. 5-6).

These reports are not only for the owner's eyes and need. There are many different groups who count on these reports, according to Mrs./Ms. Epstein (2011), groups such as:

- *Executives and managers* need to know the overall financial information as well as the more specific numbers to know how the company is doing financially. Based on these reports they can identify problem areas and make changes.
- *Creditors* has to make a choice if they lend money to a company or not. For being able to do this they need the company's financial information, the financial statements, to decide the risks they might or might not be taking.
- *Government agencies* have to keep a track on if your company meets all the regulations needed. Depending on your company, your financial reports might be private or public. Either way, you have to make some external reports which are required by the government. (Epstein 2011 p. 7).
 - External reports are those you give out for example to some government agencies or bankers etc. Those are the reports that might not have all of the financial details in them, because they are not required. (Epstein 2011 p. 163-164).

Different kinds of statements:

- *Income Statement* tells if the company made profit or loss. By looking at the numbers you can find out why the company got the result it did. The four key parts of an income statement are: net sales or revenue, cost of goods sold, expenses, net income or loss. (Epstein 2011 p. 53-54).
- *Balance sheet* gives a one-day glimpse of what's going on financially. It tells how much the company owns, owes and how much it has equity. This information are facts of that one day, the numbers can be different the day after. (Epstein 2011 p. 27-29).
- *Cash Flow* statement tells what the company has received and what they have paid, what cash comes in and what goes out. A cash flow statement is divided into three key sections: operating activities, investing activities and financing activities. (Epstein 2011 p. 73-74).

3.1.6 Budgeting

A budget is a tool for expressing plans or goals. A company might use it, among other things, for controlling the financial aspects, as a guideline for a certain period, making staff changes, operating the business etc. (Shim et al. 2011 p. 1-3)

There are various kinds of budgets which all have their own meaning and goals, such as:

- *Master budget* is a company's financial and operating plan for the forthcoming fiscal year.
- *Cash budget* is, as its name refers, a plan and control for cashflow.
- *Operating and financial budget*. The operating budget includes items in the income statement and the financial budget includes the balance sheet's items. (Shim et al. 2011 p. 5-6)

The time period in a budget can be anything; short-term, intermediate or long term. A short-term budget usually covers one year or less. It is used to cover specifics and details. An intermediate budget covers two to three years. It is designed to examine ongoing projects and to start the planning of long-termed objects. A long-term budget is everything over three years, they are broad plans that can be turned into short-term plans. (Shim et al. 2011 p. 1-2)

Efficient and effective budgeting needs predictive ability, channels of communication as well as accurate, timely and reliable information (Shim et al. p. 3). How successful a budget is, depends on how effectively the staff exploit it (Shim et al. p. 4). A budget's success depends on, as well, on how it's done, if it's done in a rush it might have unrealistic targets (Shim et al. 2011 p. 12).

Figure 1 (below) illustrates a budget's planning cycle. This figure shows only one business unit, unit A, normally there are many different units in a company.

1. The planning starts at the corporate level with a corporate strategic plan, that sets the corporate policies. It can, among other things, establish the big picture - the guidelines, for the corporate's development activities or define goals and missions for specific business units. It's important for the unit managers to understand the corporate strategy's policies, so they can pursue them in their own unit.

2. Next step is the units strategic plan and operational plan. It's important to do the budget after the plans! If not, it might have to be redone and a lot of effort and time is wasted. The unit's strategic plan is made with the corporate's strategic plan, forecasts and environmental analysis in mind. It gives a set of ground rules for the unit – their own guidelines, goals, directions, an approximation of their financial share etc. The operational plan is done after the strategic plan. The operational plan uses the outputs of the strategic plan to make a timetable for the budget and to define detailed actions.
3. Preparation of the budget.
4. The results of the unit budget go to the corporate budget. At this stage the corporate's financial parameters can be assessed.
5. Lastly the results of the corporate budget go back to the corporate's strategic plan, where feasibility of the plan can be assessed. (Lalli 2011 p. 42-44)

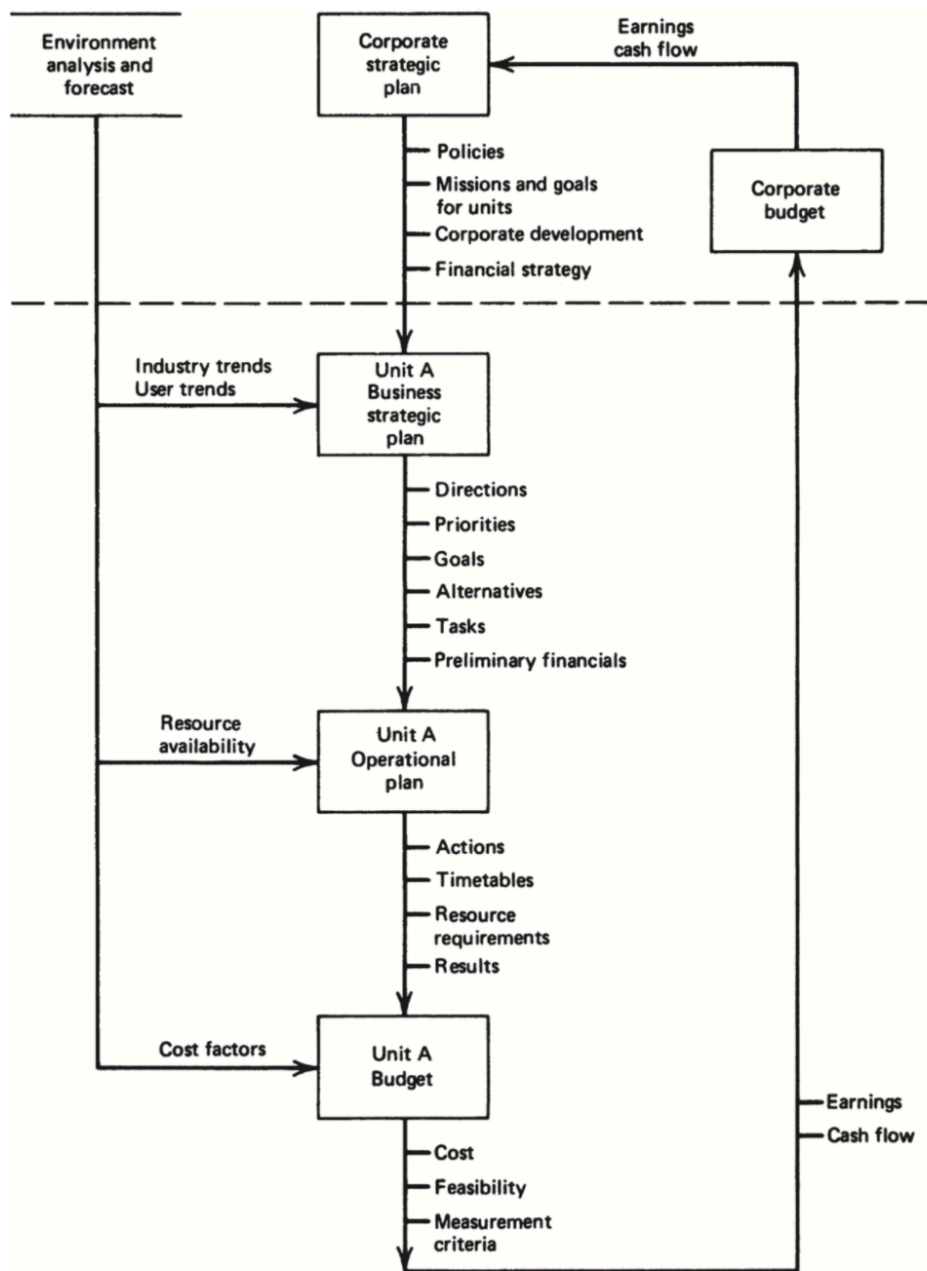


Figure 1 Budget Planning Cycle (figure by William R. Lalli. 2011)

3.2 Cultural Differences

All the chapters starting with 3.2 contain theory regarding cultural differences and information about the two countries in question – Finland and India.

3.2.1 Culture

The term culture has a wide range of definitions, it's a way of life that inherits from parents to children and this way keeps living (Hofstede et al. 2010 p. 4). It includes, among other things, how people behave, act, what they consider being acceptable or unacceptable, because of their values and beliefs. It includes a lot of expectations as well, how one is expected to behave in a certain situation. Employees from different cultures have different mindsets and backgrounds, it's crucial, for a manager, to understand that. (Deal & Prince 2007 p. 8-9)

Cultural adaptability is very important when it comes to international business. Cultural adaptability means that a person wants, and is able, to understand different cultures and can efficiently work across cultures. If there're no problems with adaptability, then the work itself will go more effectively – goals are met, and task are done. (Deal & Prince 2007 p. 7)

3.2.2 Cultural categories

There are different cultural categories:

- *Linear-active* cultures believe they have to be on time and finish their work within the schedule they've been given, they do one thing at a time and focus 100% on what they do. Because of these beliefs they feel they are more efficient and get more done.
- *Multi-active* people are not as schedule-oriented as linear-active people, in fact they are not that interested in schedules or punctuality for that matter. They believe they get more done in their own.
- People in *reactive* cultures are the ones who listen, seldomly initiate discussion or action and formulates their own reaction after they've observed other people's sayings and reactions first. After a presentation they are silent for a while, which is a sign of respect to the presenter. Finland is considered a reactive culture, even though they have linear-active tendencies when they react. (Lewis 2006 p. 29-38)

Linear-active and multi-active people have the biggest difficulties out of all of these three categories when they are working with each other. Interaction between multi-

action and reactive are time-consuming and between linear-active and reactive it's satisfactory. (Lewis 2006 p. 39)

Figure 2 (below) presents the common traits of these three cultural groups.

Linear-Active	Multi-Active	Reactive
<ul style="list-style-type: none"> ✦ introvert ✦ patient ✦ quiet ✦ minds own business ✦ likes privacy ✦ plans ahead methodically ✦ does one thing at a time ✦ works fixed hours ✦ punctual ✦ dominated by timetables and schedules ✦ compartmentalizes projects ✦ sticks to plans ✦ sticks to facts ✦ gets information from statistics, reference books, database, Internet ✦ job-oriented ✦ unemotional ✦ works within department ✦ follows correct procedures ✦ accepts favors reluctantly ✦ delegates to competent colleagues ✦ completes action chains ✦ likes fixed agendas ✦ brief on telephone ✦ uses memoranda ✦ respects officialdom ✦ dislikes losing face ✦ confronts with logic ✦ limited body language ✦ rarely interrupts ✦ separates social/professional 	<ul style="list-style-type: none"> ✦ extrovert ✦ impatient ✦ talkative ✦ inquisitive ✦ gregarious ✦ plans grand outline only ✦ does several things at once ✦ works any hours ✦ not punctual ✦ timetable unpredictable ✦ lets one project influence another ✦ changes plans ✦ juggles facts ✦ gets first-hand (oral) information ✦ people-oriented ✦ emotional ✦ gets around all departments ✦ pulls strings ✦ seeks favors ✦ delegates to relations ✦ completes human transactions ✦ interrelates everything ✦ talks for hours ✦ rarely writes memos ✦ seeks out (top) key person ✦ has ready excuses ✦ confronts emotionally ✦ unrestricted body language ✦ interrupts frequently ✦ interweaves social/professional 	<ul style="list-style-type: none"> ✦ introvert ✦ patient ✦ silent ✦ respectful ✦ good listener ✦ looks at general principles ✦ reacts ✦ flexible hours ✦ punctual ✦ reacts to partner's timetable ✦ sees whole picture ✦ makes slight changes ✦ statements are promises ✦ uses both first-hand and researched information ✦ people-oriented ✦ quietly caring ✦ considers all departments ✦ networks ✦ protects face of other ✦ delegates to reliable people ✦ reacts to partner ✦ thoughtful ✦ summarizes well ✦ plans slowly ✦ ultra-honest ✦ must not lose face ✦ avoids confrontation ✦ subtle body language ✦ doesn't interrupt ✦ connects social and professional

Figure 3 illustrates how different countries are divided as multi-active, linear-active or reactive cultures (Lewis 2006 p. 42).

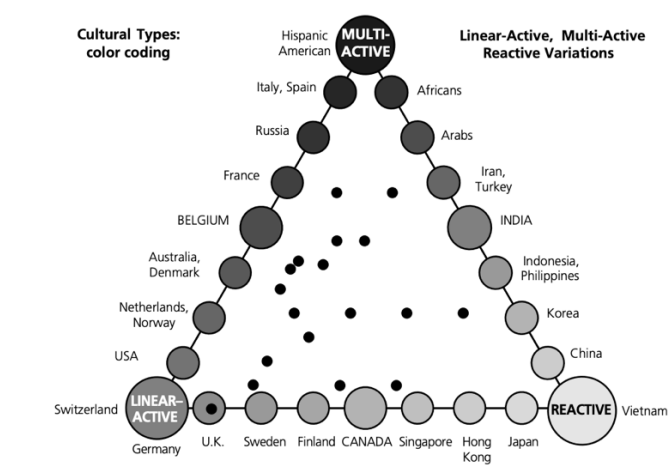


Figure 3 Cultural categories (figure by Richard D. Lewis, 2006)

Figure 2 Common traits of linear-active, multi-active and reactive cultures (figure by Richard D. Lewis, 2006).

3.2.3 Cultural dimensions

The figure below, figure 4, illustrates the differences in cultural dimensions between Finland and India. The meaning of each dimension will be explained after the figure.

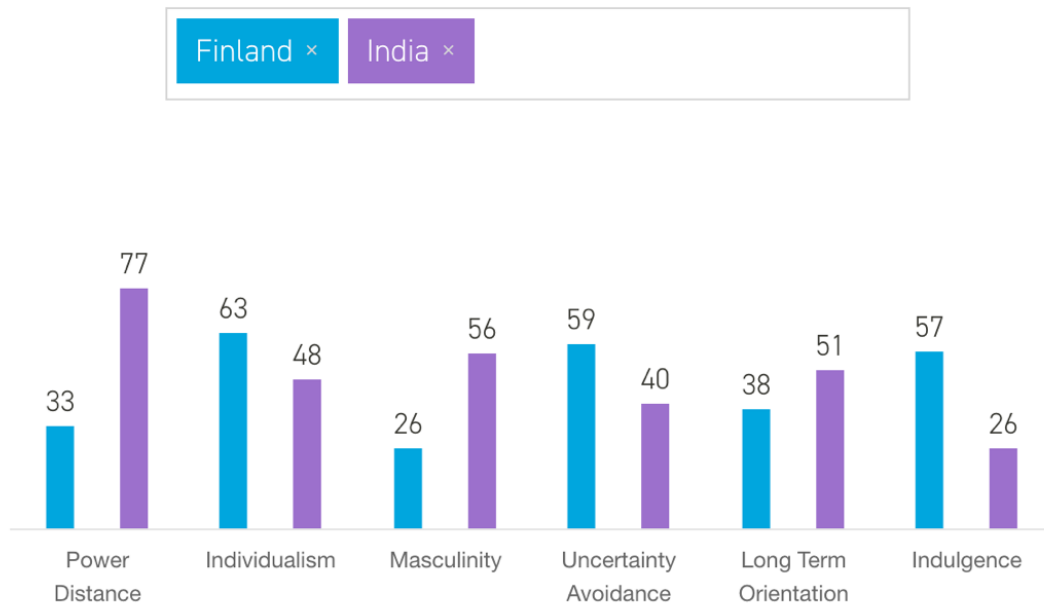


Figure 4 Cultural Dimensions (figure by Hofstede-insights.com)

Power distance Index

Power distance index, hereinafter PDI, measures the inequality between relationships in a society. There are small-power-distance countries and large-power-distance ones. In the small-power-distance countries the employee has no problem of going directly to his/her superior in any matter, which means the emotional distance between them is small. In the large-power-distance countries it's quite the opposite. The emotional distance is relatively large, hence the employee won't approach his/her superior easily. (Hofstede et al. 2010 p. 55-62)

Collectivism versus individualism

Collectivism can be defined as when people are from birth thinking "we", they are part of a group, for example a family. In the collectivism way of thinking, family is not just a child and parents, it's the close group around you – grandparents, uncles, aunts and so on. One can expect protection from the group in exchange of lifetime unquestioning loyalty. (Hofstede et al. 2010 p. 92)

Individualism is when a person is brought up by thinking "I". Children in these societies are raised to survive on their own, to stand on their own feet. The word family means only the closest persons to you, usually you and your parents and siblings. (Hofstede et al. 2010 p. 92)

Collectivism way of thinking is to learn new skills or improving skills one already adapts, having a good work environment and feeling of achievement when using all of the skills one has when completing a job. The individualism way of thinking includes the appreciation of personal time, freedom and healthy challenges at work. (Hofstede et al. 2010 p. 92-93)

Femininity versus masculinity

What femininity versus masculinity index wants to figure out is what motivates people (Hofstede-insights). The masculine way of thinking is that one wants to be best, earn money, get recognition and be able to advance on ones' career path. The feminine way of thinking is to get along with people, like what one does and feel that ones' employment is secure. (Hofstede et al. 2010 p. 138-139)

Uncertainty avoidance

Because people don't know what's going to happen tomorrow, they live in some degree of uncertainty. The uncertainty avoidance index, hereinafter UAI, measures how people in different cultures feel about the unknown, in which degree they are threatened by it and how they have created beliefs to avoid the fact of the unknown. (Hofstede-insights) Countries with high UAI tries to avoid ambiguous situations, they stick and follow the rules, whereas countries with low UAI are the opposite, they value difference (Hofstede et al. 2010 p. 188-191).

Long-term versus short-term orientation

This dimension measures in which degree a society signifies a long-term aka. a future-oriented perspective versus short-term aka. a past and present-oriented perspective. Long-term oriented cultures tend to thrive for future rewards. Traits of this future oriented mindset are e.g. being persistent, saving money and being able to adapt to new or changing situations. The opposite of long-term orientation is short-term orientation. These cultures tend to have national pride, they want to fulfill social obligations and they're keen of traditions. (Hofstede 2015)

Indulgence versus restraint

This index measures the degree of control a human has when it comes to his/her desires and impulses. The degree of desires and impulses are based on how a child is raised. A

culture is called indulgence when this control is weak. Cultures that has high control can be describes as restraint. (Hofstede-insights)

3.2.4 Finland

Language is much more than just saying the words and transferring a message, it's the impact it makes. It brings out the characteristics of a culture. Different cultures use their language differently. When it comes to Scandinavians, they tend to think properly before they answer, they'll make a pros and cons list and somewhat strongly stick to their beliefs. As already mentioned, Finland will be one of the countries under the scope in this research. Finns are reticent with an equal-foot approach. The Finns base their language on facts, its succinct and more expressive than the other Scandinavian languages. Even though the language is expressive, Finns tend to use few words when they are making a statement since that is the way of clarity in their culture (as figure 5 illustrates). (Lewis 2006 p. 63-68)

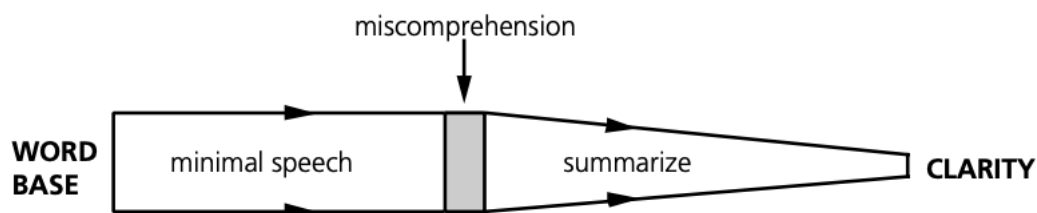


Figure 5 Finnish communication habits (figure by Richard D. Lewis, 2006)

Finns are good listeners. It goes by their culture not to interrupt while someone else is speaking. Being silent is not a sign of rudeness, it's part of the social interaction. Finns are similar to Asians in a way that they don't want to lose face, which might come out as not wanting to join a discussion in a foreign language. That is because of the fear of terrible pronunciation as well as the fact that Finns are not rapid talkers. (Lewis 2006 p. 330-333) The next figure, figure 6, illustrates the Finns listening habits.



Figure 6 Finnish listening habits (figure by Richard D. Lewis, 2006)

Finns are not extravagant people, they rather sweep their achievements under the rug than yell them out loud to the world. Finns are hard-working, intelligence, independent, admire freedom, despise overly emotional people and are fiercely individualistic. (Lewis 2006 p. 330-331)

Bureaucracy is in its minimum when it comes to business in the Finnish culture. Finland has a way of leading from the front. Finns arrive at meetings exactly on time because that is part of their culture. (Lewis 2006 p. 332)

Doing business with Finns

Riia Järvenpää wrote an article “Doing business with Finns”. For this article, she interviewed Mr. Mohan Rajkarne, who is the country manager for Tata Consultancy Services, an Indian company doing business in Finland. (Järvenpää 2011)

Mr. Rajkarne agrees with the statement of Finns having a matter-of-facts mentality when communicating. He talked about the Finns way of listening at the meetings – not interrupting, hardly saying anything unless something is unclear etc. He mentioned a difference between Finnish and Indian culture when it comes to interpret situations within business, such as ambiguity. According to him, Finns need to have a structured plan whereas in India ambiguity is common, and a structured plan is not as necessary as for Finns. Apparently, this way of doing business, having structured plans, works for them very well, even though the cultural differences. (Järvenpää 2011)

3.2.5 India

Indians are a family-oriented society who show what they feel without inhibition. Within business they accept the hierarchy system, are loyal, risk takers, experimenters and savvy with a do-it-yourself mentality. Often the first-born son will continue his father's footsteps in work life without a choice. Indians are nepotisms especially when it comes to work. Family members work closely with each other and often have the key positions in a company. (Lewis 2006 p. 435-436)

Indian language is verbose, showing respect and humility and is reluctant to criticize (because Indians believe in karma). Even though India is a society of classes, both at work and on personal time, the managers will often emphasize that some work tasks are collective. In the end, despite the division of social classes, the managers and employees will work together. Figure 7 illustrates Indians communication habits, the way it's normal for their culture to communicate and to reach agreements. (Lewis 2006 p. 436)

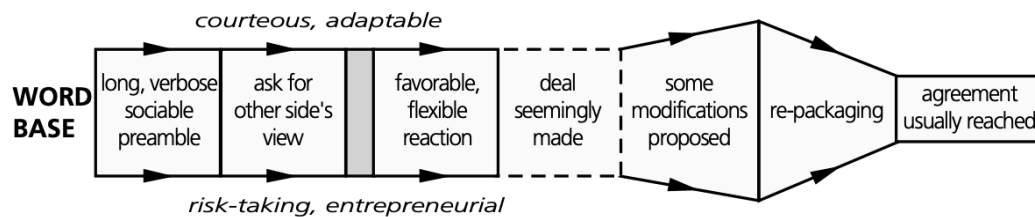


Figure 7 Indian Communication habits (figure by Richard D. Lewis, 2006)

Indians, as well as Finns, are good listeners. They are willing to listen to a good speaker, especially if the speaker has an extensive vocabulary. They do not accept their sagacity being undermined, but otherwise they listen respectfully in hope of their and the speaker's relationship being positively affected by that respect. Figure 8 illustrates their listening habits. (Lewis 2006 p. 437)

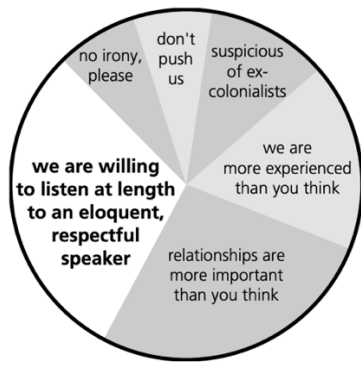


Figure 8 Indian listening habits (figure by Richard D. Lewis, 2006)

During negotiations with Indians, one should remember to be humble, avoid sarcasm and irony, remember how important relationships are to Indians – focus on them, be patient and bear in mind, that in their culture women are not equal to men. (Lewis 2006 p. 439)

Leading Indian employees

When a western manager has Indian employees, one should think and learn about the following matters, to be able to communicate better with ones' employees and to have a better working relationship (Kuma & Kumar Sethi 2005 p. 111).

1. Indian communication style
 - It's important to realize, that when an Indian employee says “no”, it doesn't necessarily mean it's their final and actual opinion. A sensitivity to notice this, is crucial for a western manager to have. This helps to prevent misunderstandings.
2. Effectively dealing with emotions
 - A western manager should study Indian culture and understand how things are done or expected to be done. It takes time, but it's necessary. It's important for the manager to appreciate the different styles of living and working in the Indian culture. For a manager to avoid having to deal with his/her own negative emotions regarding, for example the alternative way of working, he/she should keep in mind the points in this chapter, to recognize these feelings and to remember he/she is not alone with them – there are many other western managers in India as well.
3. Ideological debates

- A western managers mind-set is most likely pragmatic, whereas Indians are nationalistic and ideological. If we put strong minded people on top of this, we get a possible situation for multiple conflicts.
4. Think positively of your employees' culture and country of origin – India
- As mentioned in the earlier point regarding the Indian mindset, India as a country is something the Indians highly appreciate, as being nationalistic. This means, if the western expatriate has a positive attitude and some gratitude towards India – it's a good start for him/her as Indian employee's manager. (Kuma & Kumar Sethi 2005 p. 111-114)

4 RESULTS AND ANALYSIS

This chapter contains short explanations of the scores these two countries got from the cultural dimensions, a list of the interviewees and their answers to the interview questions. The interviewees are introduced anonymously. They have been given an identification letter that will be used to identify them later in this chapter. The answers for the interview questions have been analyzed and compared with each other.

4.1 Explanation of the cultural dimensions scores

Short explanations of the scores Finland and India got in the cultural dimensions will be presented next. These scores are copied directly from figure 4 on page 24, the figure is not needed to understand the following explanations. Practical explanations of these scores will be presented in chapter 4.3 as well.

4.1.1 PDI

Finland scored 33 and India 77. Finland's low score shows a tendency for independence where hierarchy is used only for convenience. India's high score reflects on the strong hierarchy system within societies and companies. (Hofstede-insight)

4.1.2 Collectivism versus individualism

Finland is an individualist society with the score of 63, which indicates to their independence when it comes to e.g. taking care of themselves. India's score 48 is intermedi-

ate, which means they have both individualistic- and collectivistic traits in their culture. India's collectivistic side can be noticed in how they are customised to "we" thinking – they have a strong family-mindset. Their individualistic traits appear in their religious matters. (Hofstede-insight)

4.1.3 Femininity versus masculinity

The importance of having free time, respecting equality, compromising through problems, negotiating when having a conflict etc. are traits of Finland's femininity. Finland scored 26 in this dimension, making it a feminine culture. India is a masculine culture with a score of 56. The masculinity appears in e.g. the way Indians display their success. (Hofstede-insight)

4.1.4 Uncertainty avoidance

Finland's score of 59 is a sign of how Finns rather avoid uncertainty than embrace it. They think time is money, they're punctual, rules are a part of the culture, the feeling of safety in terms of security is important etc. India got a score of 40. Uncertainty is not that threatening in India, unexpected situations can even be gladly welcomed, imperfection is accepted etc. (Hofstede-insight)

4.1.5 Long-term versus short-term orientation

Finland is a short-term oriented country, or in other words their culture is normative. Speaking the truth and striving for quick results are signs of a normative culture. India's orientation can't be determined, they scored 51 in this dimension. Nevertheless, we can compare one aspect between these two cultures: Finns strive for the truth whereas Indians believe there are many different truths, depending on the person who seeks the truth. (Hofstede-insight)

4.1.6 Indulgence versus restraint

Having free time, enjoying life, having fun, spending money somewhat freely etc. are traits of Finland's indulgence culture. Finland scored 57 in this dimension. India scored

26, which means India's culture is restraint. Free time is not emphasized and these indulgent habits, as what Finns have, are not that appreciated. (Hofstede-insight)

4.2 List of the interviewees

Here's a list of the interviewees. Since this research is done anonymously, the interviewees names are not revealed, neither are their employers. I think it's important for the reader to know the interviewees gender, since gender is a relevant factor in India. I also want to elaborate my reasons for choosing this specific person to be a part of this research.

Interviewee	Job title	Gender	Why him/her?
Interviewee A	CEO	Male	He has started a daughter company in India, for a Finnish parent company. Has a wide range of experience in India and of Indian culture.
Interviewee B	Senior Advisor	Female	She studied in India and worked there as a Finnish expat. Has tremendously detailed and "inside" information of the culture as a whole, as well as Indian work culture.
Interviewee C	CFO	Male	Works with Indians and manages a subcontractor in India, who does accounting for the whole company.
Interviewee D	Risk Manager / Finance	Male	He has a close view of how India's government and taxation affects a company and its finances.
Interviewee E	CFO	Male	He has employees in India, hence he has detailed information regarding Indian culture and work culture.
Interviewee F	Business Director	Female	Outsourced their company's ICT department to India. Worked closely with the Indian team with multiple different tasks.

4.3 How research questions are linked to interview questions – analysis

Research questions and interview questions are linked with each other - to be able to understand the big picture of this subject. The research questions are marked as 4.3.X. The interview questions, answers to them and analyses of these answers can be found under the research questions.

The interview questions are divided into four different categories:

1. Day-to-day business
2. Cultural leading
3. Financial operations
4. General

They can also be categorized per the research questions. All the interview questions that are linked to e.g. the first research question, as chapter 4.3.1, can be found under that specific chapter. Questions linked with the second research question, as chapter 4.3.2, can be found under that chapter and so on.

All the answers below are based on the interviews and they are analyzed using the theory in this research.

4.3.1 How does cultural differences affect day-to-day business?

To be able to get answers and to understand this possible issue, I asked questions, such as the following, from my interviewees:

- What are your main thoughts about working with colleagues from India or working for Indian companies?

The main points and observations the interviewees told regarding this question can be summarized into one statement - understand the culture. It's important to understand the history of the culture, all in all to understand religious matters and different religions, the bureaucracy that they have and the hierarchy structure in the country. As interview-

ee D said, “when you understand that (indicating to understanding the bureaucracy and hierarchy) – everything runs very smoothly, if you don’t, then you are in trouble”.

J. Deal and D. Prince (2007) wrote about cultural adaptability within international business. Their and interviewee D’s thoughts regarding cultural adaptability resemble each other, since adaptability is also about understanding the culture as a whole. (Deal & Prince 2007 p. 7)

Understanding the culture itself means also adapting to some business situations differently than what one is used to in Finnish culture and Finnish business situations. Family is very important in India. Before a meeting, people might small talk about their families, ask questions regarding one’s family etc. Interviewee B spoke a lot about this family-oriented mindset. How the small talk questions might be very personal and how Finns might feel uncomfortable with such questions, but how important it’s to understand that these questions are not meant to offend anyone. It’s just the family-oriented small talk, which is a normal in India.

Family-oriented mindset could be linked to Hofstede’s (Hofstede-insight) individualism dimension. India scored 48 in this individualism dimension, which indicates Indian cultures of being slightly more on the collectivistic side, but to have individualist sides as well. A feeling of belonging in a group, such as a family, is collectivistic thinking. (Hofstede-insight)

The authors of *Doing Business in India* Mr. Rajesh Sethi and Mr. Anand Kumar Sethi (2005) emphasized on the importance for a western manager to understand the Indian culture and to appreciate the cultural differences. Understanding the culture helps when communicating with one’s employees. (Kuma & Kumar Sethi 2005 p. 111-114)

This same matter regarding understanding the culture comes up many times during this chapter.

- Did/do you run into any problems or difficulties because of your cultural differences?

Bureaucracy, leading, authority, corruption and habits of the Indian working culture came up. The strong bureaucracy and corruption are matters, which can/might/will cause problems, hence it's important to internalize these facts before starting to do business in India.

The Indian employees are very blind to authority. Interviewee D gave a good example of understanding this – he said, if e.g. a western manager tells an idea to his/her team, the Indian employees agree even though the idea would be terrible in their opinion. Because it's not normal in the culture to say against the manager. This agrees directly with Hofstede's (Hofstede-insight) power distance index. India scored a high score of 77 in the PDI, which indicates to high respect of hierarchy (Hofstede-insight). Interviewee D continues, that in Finnish culture, the employee can speak his/her mind and express feelings towards a bad or good idea – with honesty. Finland scored a low score of 33 in the PDI, which reflects to open communication style (Hofstede-insight). According to interviewee D, the solution to these kinds of problems is communication. It's important to structure one's questions in a correct way to get an honest response from the Indian employees. Baker et al. (2010) wrote about behavioral finance and specifically about framing – when you present your thought/comment/idea in a different way, you might get a different answer, while still keeping the objective facts the same. This is what interviewee D is after as well in his comment regarding structuring one's questions.

- Were there any new or different habits of working in the other culture?

There are both small and slightly bigger differences in habits in business life between these two cultures. Interviewee B told an example of one of these differences: in India a company might have a “copy boy”, a person whose job is to make copies for anyone who needs them. Whereas in Finland, it's common to make your copies yourself, or ask an assistant to make copies. So, it's important to respect all jobs, even though it might feel odd because of cultural differences.

Mr. Rajesh Sethi and Mr. Anand Kumar Sethi (2005) mentioned the importance of knowing what's expected of you in the Indian culture. Interviewee B's example lands directly in that category – you have to know and accept that someone else will do the

copying, after all it's his/her job. It's expected of you to understand this and to respect it.

Especially with interviewee A, the feeling of race differences came up every now and then, which were only strengthened because of hierarchy. When two same leveled managers, one Indian and one Finnish, were having a meeting together, the Indian colleague would let the Finn take the lead. This was interpreted as letting the white colleague take the lead, which might be caused by history and an idolization for western culture. According to interviewee A, this was somewhat surprising, because Indians are a hard-working culture and aren't a submissive culture such as other Asian cultures tend to be towards westerners.

- Regarding your experiences, did you notice anything in the economic/financial management sector that was differently done than what the norms are in your own culture – any habits regarding day-to-day business or something else?

One big factor that came up was preciseness. Indians are very precise with numbers etc. Even though Finns are as well, but in Europe companies are used to “file” numbers to what looks better (which doesn't mean any illegal). In India again, the numbers stay as they are, it's very strict – also due to the bureaucracy. Corruption takes place in India, which might be one factor why Indian companies don't “file” their numbers. This might be seen as a problem for a European, because it's something different compared to Europe.

Gender equality isn't per se directly about financial management, but it's something that happens and affects the company's employees work within finance. This is something that the other interviewees brought up as well, but interviewee E gave a clear example of gender equality within teams. He feels gender equality is a huge problem for Indians, hence he only hires female employees from India. A problem rose up when female colleagues from Finland gave instructions to the male colleagues in India – the instructions weren't received well, due to the gap in gender equality in India.

Mr. Lewis (2006) wrote about Indian culture and their work-culture, among other things. He mentioned as well of this gap in gender equality in India and how women are

not equal to men. (Lewis 2006 p. 439) This was an important point, because it's exactly what interviewee E said.

4.3.2 Does an executive have to lead employees in different cultures differently? & Is there a certain way of leading, that will affect and work for everyone?

- What are the biggest differences between these two cultures when it comes to the business world?

Interviewee A talked a lot about the cast system, religion and history, which affect so many things and can cause so many issues between these two cultures. All of these aforementioned matters are important things to acknowledge when working in another culture and with different cultured people. Especially when cast and religion play a big role in a culture – as they do in Indian culture.

Interviewee E said that “Indians are always on the move, they don’t stay in one job position for too long”. They tend to switch positions every second year or so, which is not that normal in Finnish culture. A low score in Hofstede’s (Hofstede-insight) uncertainty avoidance reflects to the acceptance of both uncertainty and change in monotony. Indian’s got a score of 40 in UAI, which could explain their need to change jobs relatively often (Hofstede-insight). Finns tend to stay longer in one position to really learn the job and to get a deeper understanding – this is not how Indians think. It’s out of ordinary, in a negative way, if someone stays long in the same job position. Interviewee E feels, the employees who have more experience, such as managers, are in some sense teacher for the new employees. According to him, this might be a problem in Finnish culture, because it’s “dreadful” when someone leaves a position and a new person has to be trained. This is a feature that the Indians don’t share with Finns – training a new person is normal.

Losing one’s face is a bigger issue/matter in Indian culture than in Finnish culture. This is something both interviewee’s D and F talked about - how a western colleague has to consider this when communicating with an Indian colleague, even though it’s not something a western employee would think about as much in his/her own work culture.

Communication, the way to communicate and understand each other's cultures are solutions to most of these kinds of matters. Interviewee D concurs regarding interviewee A's opinions about cast and religion. He links these matters with the matter of losing one's face. One good example of this is about the cast system: a Finnish expat moved to India working in a vital role in a company. Because of the Indian culture and cast system, he had to hire a maid who'd live in his home. Not because he wanted to, he didn't, but because if he didn't hire a maid, other people (Indians) wouldn't take him seriously. He wouldn't be recognized as being as important as he was in the company, if he didn't have a maid living in his home. Finns are generally not used to having maids living in their homes, it's not normal in the Finnish culture, so matters such as this might cause uncomfortable feelings or misunderstandings to an expat.

Indian culture is masculine, according to the score of 56 in Hofstede's (Hofstede-insight) masculinity dimension. Showing off power and success are directly linked with masculinity (Hofstede-insight). Interviewee D's example of having to have a maid as a proof of one's power and success could be caused by the Indians' masculinity.

In addition to the "issue" of Indians' fear of losing their faces, they are very proud people when it comes to work, according to interviewee F. They work hard and try to climb the ladder to provide for their family/relatives. A problem occurs if they don't know something – normally they don't ask for help, they try to solve the problem on their own. This might have a negative outcome when it comes to business.

- Did you use, or did you notice your superiors use different leading techniques to different cultured employees?

Interviewee B started her answer by talking about the westerners' coaching style of leading and how many Indian managers have started to use the same technique. This technique includes the employees to the decision-making and encourages conversation. This might seem weird to Indian employee, since they are used to having a manager who dictates everything that he/she expects the employee to do, which is because of the high PDI in India (Hofstede-insight).

Interviewee A feels this is slightly a sensitive subject. When talking about India, there are so many factors to consider, such as cast, religion, gender, job position etc. It's not enough to think about the job position one is in and lead by thinking that's the only factor. This is not something one thinks about in Finland. Interviewee A is using a more coaching technique, which interviewee B talked about as well.

Interviewee C told an example of an Indian manager working in Finland and leading Finnish employees. This manager uses the same techniques as what he would use in India for Indian employees. According to him, this causes a lot of problems, because Finns are not as adapting to different leading techniques as the Indians are. What this means is, that it's easier for a Finnish manager to go to India and lead Indian employees in a Finnish way, than what it is for an Indian manager to lead Finnish employees in an Indian way.

Interviewee C felt there's a big difference in outspokenness with these two cultures. A manager should understand that it's a cultural difference. Finns say if something is wrong. They will speak up to a manager and they'll tell their ideas. Indians in other hand aren't as outspoken as the Finns are - they don't necessarily speak up or express their honest feelings or ideas. Interviewee C felt the solution for this is to create a trusting environment and to structure one's questions/sentences carefully and correctly. This problem arises because Indians have a different communication style as what Finns have (Kuma & Kumar Sethi 2005 p. 111-114).

In interviewee F's opinion the base of leading is the same with both of these cultures – respecting and trusting one another. Her experience has taught her that Finns require less “checkpoints” than what Indians do. These checkpoints are small targets along the way to the mutual goal. Indians need more micromanaging. The reason for the differences in these two cultures leading styles could be explained with Hofstede's (Hofstede-insight) PDI. India's high score in this dimension indicates their need of clear orders when it comes to what is expected of them, when again Finns' low score indicates the opposite (Hofstede-insight).

Interviewee F spoke earlier about Indians being very proud people when it comes to work, hence it's important to remember to thank and respect them when they reach their

targets in work-life. If the targets are not reached or problems occur – they need to be grasped immediately.

There are many ways to explain these problems within leading with the help of the theories in this research, for example with Hofstede's (2010) dimensions. One other way to explain them is to compare the cultural categories with each other (figures 2 and 3, created by Mr. Lewis (2006)). Finland is categorized as being a linear-active culture and India as being slightly both multi-active and a reactive culture. By looking at figure 2 and comparing the different traits of these three categories, you'll see how different these two cultures are. Therefore, an assumption could be made saying that these problems can be explained with the differences between these cultural categories. (Lewis 2006 p. 29 - 42).

I also asked some specific questions aimed directly to only a certain interviewee:

- Let's start by talking about Finland. Was it a cultural shock when you moved to Finland?

The honesty of Finns was the biggest “shock” that interviewee C bumped into. If someone makes a mistake, he/she will be confronted about it and then it's “forgotten”. In other words, people won't constantly remind each other of the possible mistakes the other person made.

This matter of honesty that interviewee C spoke about can be explained with Hofstede's (Hofstede-insight) long-term orientation dimension. Finland scored a relatively low number of 38, which indicates to a concern of establishing the truth.

- Religion – how does it affect employees?

One of the biggest consequences of how religion affects employees seemed to be the religious holidays and religious events, such as funerals. Let's take funerals as an example: religion obviously affects this religious non-working day, but the environment, climate and culture affect it as well. Interviewee E wanted to point out how important it is to understand each other's cultures by taking funerals as an example. When someone passes away in Finland, it might take weeks before the funeral is held. The funeral is

generally a one-day event. When again in India, the funeral generally happens right away, it's not normal to wait for weeks. The employee has to be able to leave work more or less immediately. Interviewee C took up this matter as well, he said "a funeral is a several days process in India", which differs from the Finnish culture. So, for a Finnish manager who's leading Indian employee's, it's highly important to understand these kinds of differences as well.

Interviewee F hadn't noticed any effects to business caused by religion. All the other interviewees noticed some effects caused by religion and religious differences.

4.3.3 How does these difficulties affect the company's finances? Or do they?

- Have you noticed if/how the possible cultural difficulties affects a company's finances - any financial operations?

India's tax regulations and the government affects a company's finances differently as what Finnish tax regulations etc. affect a company in Finland. All in all, taxation and problems with Indian government came up and were greater than any other possible difficulty within finance. Because of this, I asked specific questions of some of my interviewees regarding taxation and government issues.

Interviewee E said immediately, that "taxation-wise it's not wise doing business in India". Taxation concerned the other interviewees as well. Interviewee C had a lot of time-consuming problems with the taxation system. According to him, the system is extremely complicated. Some taxes have to be withheld twice, paid separately etc. He (interviewee C) said the key to handle this is to have a middleman in India. A middleman whose expertise is to work with Nordic companies who have business in India. The subject of having a middleman came up in all conversations where we dug deeper into the problems of accounting and money transferring in India. Interviewee A, C, D and E, with whom we had these discussions, were all determined that a Finnish company should definitely have a middleman in India, if they want to do business in the Indian market. Especially a trusted middleman, who also knows how taxation and regulations work in the Nordic countries (Finland), as already mentioned.

According to interviewee C, one of the biggest problems in India is if you make profit and want to transfer that profit out of the country. Apparently, the taxation is tremendous if you want to move that profit from e.g. an Indian daughter company to the western parent company. Tremendous in a way, that it's not even wise to move the money – it's better to keep it inside the country, according to interviewee C.

The government was one matter that came up many times. Interviewee C, D and E said they have middlemen who are experts in what they do, and because of this, the interviewees don't have to worry about the government related issues.

In addition to taxation and governmental difficulties - language and not knowing the other countries' regulations causes problems as well. Interviewee C talked about a problem they've had with their Indian accountant, which is a problem that rises up with some of the other countries as well. When an accountant doesn't understand what an enormous mess she/he creates if she/he makes even a small mistake regarding the Finnish taxation regulations.

Interviewee C elaborated this problem:

“If he/she (Indian accountant) puts 40% tax instead of 24% - he/she used the wrong account. I can just tell you how much that will be on our tax reporting. Because we have hundreds (!) of lines and somehow, it's not balancing – we're missing 35€ somewhere. Go and find it...He/she doesn't see that, they don't see how much pain that one is giving us. Think about it, if the Finnish tax is wrong and they check the book – here (in Finland) it doesn't matter if the mistake is 30 000€ or 30€. It's regarded totally different than in India and you can't explain that to the foreigner – what the issue is. They don't grab it, because they don't do the whole process.”

In addition to the above, interviewee C mentioned that cultural differences don't per se cause difficulties within financial management, because everyone in their company uses the same system for everything – SAP, which minimizes the difficulties in many operations. Nevertheless, in accounting you can make mistakes even though the system is there. An accountant has to choose between the accounts and by choosing one account wrongly, one can cause tremendous problems.

I also asked some specific questions aimed directly to only a certain interviewee:

- Since you work for a company that has offices around the world, and the business includes working with these different countries. How does this affect the company's financial aspect?

According to interviewee C, who works for a company that has outsourced many of their finance related services around the world stated: “sometimes it’s a good thing we can’t see the people we work with”. This is because of cultural differences, regarding work and personal appearance. Appearance/looks/clothing shouldn’t affect how we think of each other, but it does in many situations. In Finland, where we have a certain way of dressing for work e.g. if we work within finance, it might cause skeptical thoughts if our colleague from another culture comes to work in flipflops and surf shorts. Or because of religious beliefs, in a burka for example. Despite of this, interviewee C thinks some of the key solutions to problems caused by outsourced services are a) properly training the outsourced employees and b) clear communication with them.

Communication is something all the interviewees strongly emphasized on.

- Does Indian culture affect reading/understanding/doing financial reports?

According to interviewee E, from pure theoretically perspective, the Indian employees might be better in understanding and making financial reports than what Finns are. This might be caused by the amount of people and the competitiveness among them. The level of financial reporting in the big elite companies in India is most likely very high compare to some Finnish companies. Generally said, the employees of the elite companies in India, who work with financial reporting, will likely get to work with more advanced reporting than what the Finnish employees will.

Based on the facts from Hofstede-insight, one could speculate that competitiveness can be a sign of PDI and masculinity but at the same time a sign of a restraint culture. India scored low in Hofstede’s indulgence dimension, which indicates of a restraint culture. A restraint culture doesn’t put as much appreciation on leisure time than an indulgence culture, such as Finnish culture, does. Based on this, one could speculate that Indian’s competitiveness could be caused, among other things, due to their restraint culture and habits of putting a lot of effort in their work, which affects their skills within this subject. (Hofstede-insight)

- How would you describe Finns ability to do budgeting? Do you have any thoughts regarding Indians budgeting skills?

According to interviewee F, Finns strive to be very realistic when it comes to budgeting. Finns want to accomplish the goals of budgets, so if they are given unrealistic goals, interviewee F feels they will feel frustrated. When it comes to cooperation with the Indians – according to her, Indians think a lot of what Finns want, because it benefits them, and then tend to act based on the Finns' need.

- Does cultural habits and differences affect budgeting?

Interviewee E want to point out that there's a difference in creating a budget and spending a budget. According to him, cultural differences don't affect creating a budget, but they affect spending it. Matters such as corporate income tax rates, cost and availability of resources are impacted by these cultural differences.

Interviewee A says cultural differences shouldn't affect and don't affect budgeting - generally speaking, but a country's regulations, taxation etc. do have an impact. He thinks one big difference with budgeting between these two countries is caused by corruption in India. The money which is paid based on corruption can't be shown in the budgets, because it's illegal, but regardless of that it has to be budgeted somehow - it has to be hidden in the budget, according to him. Mr. Shim et al. (2011) presented examples of ways how budgets are used in a company, one of these examples were "to control financial aspects". According to interviewee A, hiding the money in the budget is controlling the financial aspects.

4.3.4 Others

- Do you have any tips for a company thinking about expanding to Indian markets?

Interviewee E's advice, operation-wise, is not to go there. His opinion is that India has "outlived its glory days", as he expressed it. He also thinks India is not cheap any longer, especially compared to what it used to be. Another comment from him was regarding

technology - how it affects more Indians than Finns when talking about robots replacing people's jobs.

Interviewee F had very similar feelings as interviewee E when it comes to India passing its glory days. In addition, she advised a company to make a precise calculation of what the work in India would cost – with respect to quality and supervision. What is the added value to the Indians' work compared to Finns' work – what's the price?

Both interviewees C and D emphasized on hiring local expertise.

Interviewee B advised to familiarize with the market. She elaborated this advice with an example regarding food and religion: In Finland McDonald's sells beef burgers, but in India they focus on chicken- and vegetable patty burgers etc., because Indians don't eat beef. This means that McDonald's had to do research of the consumer base and that way get familiarized with the market.

- Do you have any tips, regarding cultural differences, for people who're assigned to India for work?

Interviewee A, C and F emphasized on learning about the culture. In addition to the culture, it's important to learn about the history, religion and business ways. According to interviewee A, if an employee moves to India without knowing anything about the culture – he'll/she'll just make enemies.

Interviewee E recommends learning the language. According to him and his experiences, learning the language is “the key to unlock the culture and better integrate to it”. Based on the theory by Mr. Lewis (2006) regarding the use of language and speaking habits in these two cultures, a conclusion could be made stating that the theory supports interviewee E's statement regarding the importance of learning the language.

- Do you prefer Indian or Finnish culture as a working environment? Why?

Based on all the answers the interviewees gave, interviewee B was the only one who had generally a positive vibe when talking about the Indian working culture. All the other interviewees had, more or less, a negative point of view. Which is relatively inter-

esting, since gender plays a big role in Indian culture. Equality between genders is not the same in India as it is in Finland and the only person who had generally mostly positive thoughts was a woman – interviewee B. Most of the interviewees expressed negative thoughts towards gender equality in India - generally speaking a woman is inferior to a man in India.

Interviewee A, as the other male interviewees as well, prefers Finnish working environment and -culture. Interviewee A grounded this opinion on his experiences of Finnish working culture, which is according to him “efficient, simple, prompt, cost effective and without religion, history or anything behind it”.

- How about risk management within financial risks? Any thoughts about that in India?

In an earlier question, interviewee C mentioned Finns being honest - the same statement applies to this question as well. Honesty affects risk management. Interviewee E and F told similar comments regarding risks. According to interviewee E, Indians are more aware of risks than Finns are, which might be because in Finland people think everyone are honest about everything.

Then again, interviewee A’s opinion is somewhat different than interviewee E’s. Interviewee A thinks Finland is relatively advanced with risk management, when again India isn’t, but because of Indians being so punctilious, their risks might be slightly smaller.

Internationally, people seem to think about risk management in a totally different and laborious way compared to how people think in Finland, according to interviewee F. She felt this was somewhat a complex question, because people in different cultures understand and internalize risk management in different ways. Mr. Wolke’s (2017) opinion about risk management is that it’s a wide term with different definitions, which doesn’t directly agree with interviewee F’s opinions regarding risk management, but there’s a slight connection.

- Is there anything you’d like to add to these questions, or something in general that you want to tell me regarding this subject?

India's political framework came up with interviewee C. He wanted to point out how nationalistic Indians are and if you take into account politics as well – there's national socialism going on, according to him. Mr. Rajesh Sethi and Mr. Anand Kumar Sethi (2005) mentioned many times in their book that Indians are nationalistic, which confirms interviewee C's statement regarding nationalism.

Interviewee F wanted to emphasize on team spirit. She felt it was vital for a multinational team to work with each other via video connection. In her experience, if you want to motivate the Indian team workers who work with the Finns, it's important to work on the team spirit. When everyone works together via video connection it's easier for the Indians to get motivated and be a part of the team. This helps with the "issue" of being proud and not telling about possible problems as well. Interviewee C had mutual feeling about video connection and motivation.

5 CONCLUSION AND RECOMMENDATIONS

There has been a lot of discussions, different and similar thoughts about several subjects, strong feelings, facts, opinions and many great advices during the creation process of this research. As a simple, but straight forward summary I've summoned the following matters from the research results.

The interviews conducted for this research followed Mr. Brinkmann's (2016) structure of a qualitative interview – they followed the common flow of a qualitative interview. The explanation of the structure can be found in the method chapter in this research.

5.1 Is it wise to do business in India?

Based on these six persons experiences and opinions and my literature analysis, I wouldn't directly encourage doing business in India. Of course, everything depends on the situation! So, do your research regarding the culture, the market you're about to enter, taxation and regulations, get contacts who can tell you their experiences, get also contacts who can tell you cold facts without having any personal feelings behind the answers.

5.2 Recommendations for company X and for a Finnish expat

These following subjects are matters one should think and research about before moving to India or before starting up a business there:

⇒ Culture

- The culture as a whole, e.g. what does it mean and include to be an Indian? What are the common traits of this culture? How does this culture differ from my culture?

⇒ Taxation

- How does Indian taxation work? How does it differ from Finland's taxation system? Is there something particular I should know about the taxation before I start conducting business there/before I move there?

⇒ Religion

- How does religion affect business life? How does religion affect overall life in India? Does religion affect teamwork or the work-culture?

⇒ Hierarchy

- How much does the hierarchy system affect business? Does it affect business to business sales? Can a company succeed in India without having a hierarchy system, or by having a minimal hierarchy system? How does hierarchy affect me as an employee?

⇒ Cast system

- How does it affect business? How does it affect the company's work-culture? Does it affect communication between the employees? How does it affect me as an employee?

⇒ Bureaucracy

- What does bureaucracy really mean when talking about India? How will it affect my business? Will it complicate my work?

⇒ Indian government – regulations

- What are these regulations? How do they work? How do they affect my business?

⇒ Corruption

- What does this actually mean – how does it affect my business? How much money should I budget to corruption per annum? How should I as an employee work with corruption or should I?

⇒ Gender equality

- Women are not equal to men. How will this affect my business? How will this affect the Finnish female expats moving to India? How will this affect the Finnish male expats moving to India?

⇒ Has India passed its glory days?

- Would it be cheaper to expand somewhere else? Would the quality and these cultural problems versus the cost be acceptable or not? Would I as an employee find better work opportunities somewhere else?

⇒ Indian market

- How does it differ from the Finnish market? How do the cultural differences affect my business? What kind of a market research should I do?

5.3 Cultural categories

As mentioned in the theory and the result chapter, there are three cultural categories. If we look at the figure below, figure 9 created by Mr. Lewis', we can see that interactions between linear-active cultures and reactive cultures are satisfactory. Since India is in the middle of two types, we'll focus as well on interactions between linear-active- and multi-active cultures, which are categorized as being difficult. Nevertheless, based on all the research results, one could say the interactions between Finns and Indians are more satisfactory than difficult.

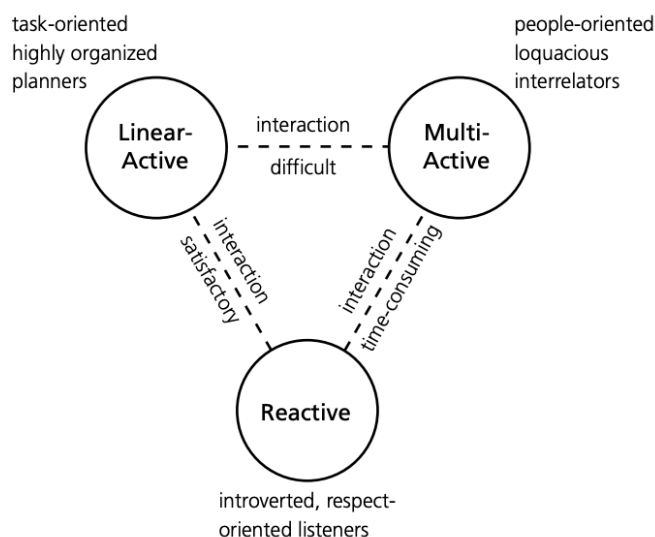


Figure 9 Cultural interactions (figure by Richard D. Lewis, 2006)

Different interview questions caused different emotions for the interviewees. Did these feelings affect their answers? How much does a person's emotions affect decision making? How many of these problems caused by culture could've been avoided, if we didn't have emotions or heuristics? By asking these rhetorical questions, I want to point out how strongly behavioral finance is linked with the aim and results of this research, since according to Baker et. al (2010), heuristics and emotions affect a person's decision making.

5.4 Research questions

Answers to all the research questions were indirectly answered in chapter 4.3. Nevertheless, I decided to very shortly answer them here as well:

Note: all these answers are based on the research results.

- How does cultural differences affect a company's day-to-day business?

It might affect business in many different ways. One common issue that arises because of cultural differences is misunderstandings. The way to communicate and the way to understand each other's communication styles are different in these two cultures.

- a. What are the most efficient ways to beat these difficulties?

Practice on how to communicate with each other.

- 9. Does an executive have to lead employees in different cultures differently?

Definitely yes.

- a. What are the best ways of learning how to lead and overcome problems within cultural differences efficiently?

Experience and knowledge.

- 10. How does these difficulties affect the company's finances? Or do they?

Biggest problems arose from India's governmental and taxational matters. Taxation and tax regulations are extremely complicated compared to Finland's taxation, according to the interviewees.

Issues due to misunderstandings affect the company's finances as well.

- a. How to overcome them?

Hire a trusted and experienced middleman in India who handles all the accounting, legal, governmental etc. matters.

Learn to communicate with each other's.

11. Is there a certain way of leading, that will affect and work despite the culture?

Different cultured people should be led differently. Nevertheless, respect and trust are necessary when leading people in both of these cultures.

5.5 Limitations

Mr. Bryman (2012) wrote about criteria's in a social research in his book *Social Research Methods*. According to him, one of the most important criteria of a research is validity. External validity is a part of validity, among other things, it's concerned of generalization and if a research can be generalized in the context of the research. (Bryman 2012 p. 47)

This particular research was short and consisted of only few interviews, hence only assumptions can be made based on the research results. This research shouldn't be used to generalize how business works in India or how all Indians should be led etc.

Reliability is another criteria in a social research, according to Mr. Bryman (2012). Reliability measures if a research is repeatable, in other words, if this research would be done again, would the research results be the same/similar? (Bryman 2012 p. 46)

All the interviewees had same thoughts and comments regarding some matters. That said, if I'd speculate about the reliability of this research, I'd say it's possible that some of the matters would appear again. Nevertheless, the sample size was small, so the reliability will remain a question mark.

Taylor et al. (2016) mentioned how the number of interviews needed for a research is linked with the number of questions you ask an interviewee and the quality of the answers you receive. All of the interviews conducted for this research lasted approximate 1-1,5h, which was enough time to ask many questions and more importantly, for the interviewees to give deep answers.

5.6 Future research

This research could easily be continued. One way to continue could be to study the matters mentioned in chapter 5. The step after that could be to study more about e.g. leading styles and cultural norms. Another option of how to continue this research could be to expand the scope to Scandinavia and Asia, without concentrating on single countries.

LIST OF REFERENCES

A Research Guide. *How to write a literature analysis*. Available:

<https://www.aresearchguide.com/write-literary-analysis.html> Accessed: 25.3.2019

Baker, H. Kent, Nofsinger, John R. & Kolb, Robert W. 2010, *Behavioral Finance: Investors, Corporations, and Markets*, Hoboken, New Jersey: John Wiley & Sons, Inc, 758 pages.

Brinkmann, Sven. 2013, *Qualitative Interviewing. Understanding Qualitative Research*, New York: Oxford University Press, Inc., 177 pages.

Bryman, Alan. 2012, *Social Research Methods*, 4th edition, New York: Oxford University Press Inc., 809 pages.

Deal, Jennifer & Prince W. Don. 2007, *Developing Cultural Adaptability: How to work across differences*, Center for Creative Leadership, 34 pages.

Epstein, Lita. 2011, *The Business Owner's Guide to Reading and Understanding Financial Statements: Budget, Forecast, and Monitor Cash Flow for Better Decision Making*, Hoboken, New Jersey: John Wiley & Sons, Inc., 176 pages.

Fontana, Andrea & Prokos, Anastasia H. 2016, *The Interview. From Formal to Post-modern*, Oxon & New York: Routledge, Taylor & Francis Group, 148 pages.

Hofstede, Geert, Hofstede, Gert Jan & Minkov, Michael. 2010, *Cultures and Organizations: Software of the Mind, Intercultural Cooperations and Its Importance of Survival*, 3rd edition, New York: The McGraw-Hill Companies, Inc., 549 pages.

Hofstede, Geert. 2015, *10 minutes with Geert Hofstede on long versus short term orientation*. Available: <https://www.youtube.com/watch?v=H8ygYIGsIQ4> Accessed 13.5.2019

Hofstede Insights. Available: <https://www.hofstede-insights.com/country-comparison/> Accessed 8.12.2018

International Research. Available: <https://www.sisinternational.com/what-is-quantitative-research/> Accessed 15.1.2019

- Investopedia. 2019, *International Finance*. Available: <https://www.investopedia.com/terms/i/international-finance.asp> Accessed: 17.4.2019
- Jacque, Laurent L. 2014, *International Corporate Finance*, Hoboken, New Jersey: John Wiley & Sons, Inc., 738 pages.
- Järvenpää, Riia. 2011, *Doing business with Finns*. Available: <https://finland.fi/business-innovation/doing-business-with-finns/> Accessed: 28.1.2019
- Kumar, Rajesh & Kumar Sethi, Anand. 2005, *Doing business in India*, New York & Houndmills: Palgrave Macmillan, 165 pages.
- Lalli, William R. 2011, *Handbook of Budgeting*, Hoboken, New Jersey: John Wiley & Sons, Inc., 847 pages.
- Lewis, Richard D. 2006, *When Cultures Collide: Leading across cultures*, 3rd edition, Boston & London: Nicholas Brealey Publishing, 595 pages.
- Lobao, Julio. 2016, *Behavioral Corporate Finance*, Newcastle upon Tyne: Cambridge Scholars Publishing, 197 pages.
- Pinto, Ariel C.; Magpili, Luna Myrele; Jaradat, Raed M. 2015, *Operational Risk Management*, New York: Momentum Press Engineering, 129 pages.
- Saldana, Johnny. 2011, *Fundamentals of Qualitative Research. Understanding Qualitative Research*, New York: Oxford University Press, Inc., 191 pages.
- Shim, Jae K., Siegel, Joel G., Shim, Allison I. 2011, *Budgeting Basics and Beyond*, Hoboken, New Jersey: John Wiley & Sons, Inc., 545 pages.
- Taylor, Steven J., Bogdan, Robert & DeVault Marjorie L. 2016, *Introduction to Qualitative Research Methods. A guidebook and resource*, 4th edition., Hoboken, New Jersey: John Wiley & Sons, Inc., 423 pages.
- Wolke, Thomas. 2017, *Risk Management*, De Gruyter Textbook Series, Berlin/Boston: Walter de Gruyter GmbH, 360 pages.

APPENDIX 1. COLLECTING DATA FOR CHAPTER 2

Information regarding the search process for all the theories in chapter 2.

Database	Search words	Number of hits	Chosen books
Ebook Central	Qualitative Interview	41,372	<ul style="list-style-type: none"> • Introduction to qualitative research methods
Ebook Central	Qualitative Interviewing	41,372	<ul style="list-style-type: none"> • Qualitative Interviewing • The Interview: From Formal to Postmodern
Ebook Central	History AND Qualitative AND Method	154,350	<ul style="list-style-type: none"> • Fundamentals of Qualitative research
Google	What is a quantitative research?	160,000,000	<ul style="list-style-type: none"> • What is Quantitative Research? SIS International Research

Table 2 Search process for chapter 2

APPENDIX 2. COLLECTING DATA FOR CHAPTER 3

Information regarding the search process for all the theory in chapter 3.

Database	Search words	Number of hits	Chosen books
Ebook Central	Corporate Finance AND Cultural Differences	151,130	<ul style="list-style-type: none"> International Corporate Finance
Ebook Central	Corporate Finance AND International AND Cultural Diversity	151,321	<ul style="list-style-type: none"> Behavioral Corporate Finance
Ebook Central	Behavior finance	63,061	<ul style="list-style-type: none"> Behavioral Finance: Investors, Corporations, and Markets
Ebook Central	Financial statements	88,328	<ul style="list-style-type: none"> The Business Owner's Guide to Reading and Understanding Financial Statements:
Ebook Central	Financial budgeting	139,111	<ul style="list-style-type: none"> Budgeting Basics and Beyond
Ebook Central	Budgeting essentials	3,560	<ul style="list-style-type: none"> Handbook for budgeting
Ebook Central	Cultural differences AND Business	153,471	<ul style="list-style-type: none"> Developing cultural adaptability
Google	Hofstede G and Hofstede J Cultures and Organizations: Software of the mind.	197,000	<ul style="list-style-type: none"> Cultures and Organizations: Software of the mind.
Google	Hofstede long term and short term orientation	357,000	<ul style="list-style-type: none"> Youtube: 10 minutes with Hofstede on long versus short-term orientation
Google	Geert Hofstede cultural comparison	130,000	<ul style="list-style-type: none"> Hofstede insights website
Google	when cultures collide pdf	562,000	<ul style="list-style-type: none"> When cultures collide: Leading across cultures

Ebook Central	Risk management	106,902	<ul style="list-style-type: none"> • Operational Risk Management • Risk Management
Google	Doing business in India book	296,000	<ul style="list-style-type: none"> • Doing business in India

Table 3 Search process for chapter 3

APPENDIX 3. INTERVIEW GUIDE

1. Day-to-day business

- What are your main thoughts about working with colleagues from Asia?
- Did/do you run into any problems or difficulties because of your cultural differences?
- Were there any new or different habits of working in the other culture?
- Regarding your experiences, did you notice anything in the economic/financial management sector that was differently done than what the norms are in your own culture – any differences regarding doing day-to-day business or something else?
 - a. Regarding the previous question, did any of these differences regarding day-to-day business cause problems to you, regarding your work, or for the company itself?
 - b. Did you find out a solution for these difficulties regarding the two questions above or is there even need for one?

2. Cultural leading

- Did you use, or did you notice your superiors use different leading techniques to different cultured employees?
 - If yes – do you think the techniques worked? Would you do now/have done something differently – used another technique?
- Talking about Finnish and Indian cultures - what are the biggest differences between these two cultures when it comes to the business world?

3. Financial operations

- Have you noticed if/how the possible cultural difficulties affects a company's finances - any financial operations?
- How about risk management within financial risks? Any thoughts about that in India?

4. General

- Do you have any tips for a company thinking about expanding to Indian markets?
- Do you have any tips, regarding cultural differences, for people who're assigned to India for work?
- Do you prefer Indian or Finnish culture as a working environment? Why?
- Is there anything you'd like to add to these questions, or something in general that you want to tell me regarding this subject?

APPENDIX 4. SUMMARY OF THIS RESEARCH IN SWEDISH

Inledning

Idén med forskningen är att hitta allmänna svårigheter som orsakas av kulturella olikheter när ett företag expanderar till Indien och/eller när en finsk anställd flyttar till Indien för arbetets skull. Forskningen fokuserar på svårigheter inom ekonomistyrning.

Detta arbete görs i begäran av ett säkerhetsföretag som stannar anonym. Företaget är ursprungligen ett finskt företag som är nuförtiden multinationell.

Att intervjua människor är en stor del av detta arbete. Alla intervjuobjekt har blivit valda på grund av deras arbetserfarenheter. Meningen är att få många olika utsikter av ämnet. All samlad information används att få en djupare förståelse hur kulturella olikheter kan möjligen orsaka problem.

Avgränsning – Finland och Indien

Arbetets ämne är väldigt brett, därför måste tydliga avgränsningar göras. Helhetsbilden med avgränsningen är Asien och Skandinavien men sikten är på Finland och Indien. Finland valdes att representera Skandinavien för att företaget är från Finland. Indien valdes att representera Asien för att företaget har möjliga arbetsmöjligheter där.

Problemformulering

Detta arbete har fyra forskningsfrågor. De tre första frågorna har två faser – två frågor. Första fasen är att få veta om möjliga svårigheter. Andra fasen är att hitta svar till dessa svårigheter. Sista frågan kan användas som en teoretisk påstående som orsakar beundrande angående ämnet.

Forskningsfrågorna är:

1. Hur påverkar kulturella skillnader en företags daglig affärsverksamhet?
 - Vilka är de mest effektiva sätten att undvika problemen som är orsakade av dessa skillnader?
2. Ska en förman leda sina anställda från olika kulturer på olika sätt?

- Vilka är de bästa sätten att lära sig att leda och vilka är de mest effektiva sätten att överkomma kulturella problem?
3. Hur påverkar de möjliga problemen företags ekonomi? Eller påverkar de alls?
 - Hur kan man övervinna dessa problem?
 4. Finns det någon specifik stil att leda, som påverkar och fungerar oberoende av kulturen?

Syfte

Syftet med arbetet är att vara ett hjälpsamt verktyg för:

- ett företag som vill expandera utomlands och/eller
- en finsk anställd som flyttar till Indien och/eller
- ett företags styrelse. Som en manual till att hur man ska leda indiska anställda.

Idén är att hitta detaljerat information angående ämnet samt att förstå helhetsbilden.

Metod

Denna forskning är en kvalitativ forskning. I en kvalitativ forskning använder man data som är textuella och visuella material. Data kan vara t.ex. intervju avskrifter, dokument, fotografer, videoinspelningar osv. som dokumenterar människornas erfarenheter i sociala aktioner. (Saldana 2011 s. 3-4)

Kvalitativ intervju

Valet att använda kvalitativ intervju som metod är baserad på att ingen annan metod kan ge en lika djup förståelse till forskningsfrågorna. En (etnografisk) djupintervju är särskild lämplig när forskaren har ett väl definierat intresse och/eller när hen vill forska händelser i dåtid. (Taylor et al. 2016 s. 104)

En kvalitativ intervju kan vara strukturerad, semi-strukturerad eller ostrukturerad. Intervjun kan göras ansikte mot ansikte med en person eller en grupp, via telefon eller via epost. Intervjun kan dröja t.ex. fem minuter eller mycket längre. (Fontana & Prokos 2016 s. 9-10)

Intervjuerna i denna forskning är semi-strukturerade, men de lutar sig starkt mot en ostrukturerad struktur. Skribenten har en samling av färdiga frågor som kommer att frågas

intervjuobjekten. Vid behov frågar skribenten extra frågor som är specifikt skapade till ett visst intervjuobjekt. Samlingen av det gemensamma frågorna, med andra ord intervjuguiden, finns som bilaga 3. (appendix 3.) i detta arbete.

Teori

I teoridelen presenteras teorier bakom forskningen. Datainsamling har gjorts från böcker och nätsidor. Teorierna handlar om internationell finans och kulturella olikheter. Till ämnet internationell finans hörs de följande rubrikerna:

- Ett multinationellt företag
 - Ett multinationellt företag är ett företag som har verksamhet i många olika länder (Jaques 2014 s. 4-5).
- Risker och riskhantering
 - När ett företag bestämmer att expandera utomlands finns det naturligtvis mycket saker att tänka på. Olika risker som ett företag kan stöta på är en sak som man skall beakta. Dessa risker kan vara t.ex. risker inom utländskt utbyte och nation risker. (Jaques 2014 s. 10-11)
 - Riskhantering omfattar mått med vilka man kan identifiera möjliga risker för företaget (Wolke 2017 s. 1-4).
- Internationalisering
 - Internationalisering angående finansiella beslut omfattar tre olika steg. Dessa steg kan användas när ett företag gör ett beslut att expandera utomlands. Stegen är export och import, utländsk produktion och till sist multinationell företags skede då företaget har bl.a. framgångsrikt expanderat utomlands. (Jaques 2014 s. 13-14)
- Beteendefinans
 - Beteendefinans handlar om att expandera en individs ekonomiska beslut. Detta görs genom att kombinera beteende- och kognitiva psykologiska teorier med ekonomi och finans. (Baker 2010 s. 3)
- Finansiella rapporter

- Finansiella rapporter visar information om företagets finansiella läge. Dessa rapporter är baserade på nummer. (Epstein 2011 s. 5-6)
- Budgetering
 - En budget är ett verktyg för att uttrycka planer och målsättningar. Ett företag kan använda budgetar till att t.ex. kontrollera finansiella aspekt, som en syftlinje för en viss period, operera verksamheten etc. (Shim et al. 2011 s. 1-3)

Till ämnet kulturella olikheter hörs de följande rubrikerna:

- Kultur
 - Termen kultur har många olika definitioner. Kultur är en livsstil som ärvs från föräldrarna till barnen. (Hofstede et al. 2010 s. 4)
- Kulturella kategorier
 - Kulturer kan kategoriseras i olika kategorier. Tre exempel av kulturella kategorier på engelska är linear-active kulturer, multi-active kulturer och reactive kulturer. (Lewis 2006 s. 29-38) Kategorierna förklaras i forskningen på engelska.
- Kulturella dimensioner
 - Hofstede har skapat olika kulturella dimensioner. Fem dimensioner förklaras i forskningen på engelska.
- Finland
 - Finländaren baserar deras diskussioner på fakta (Lewis 2006 s. 63-68). Byråkrati spelar inte en stor roll i businessvärlden i Finland. Finländaren är flitiga, intelligenta, självständiga och de beundrar frihet. (Lewis 2006 s. 330-333)
- Indien
 - Indierna är en familj orienterat samhälle. De accepterar hierarki systemet i businessvärden. Inom businessvärden är de lojala, smarta, de tar risker och experimenterar och äger en gör-det-självt mentalitet. (Lewis 2006 s.435-436)

Resultat

På grund av arbetets små sampel storlek kan inte de följande resultat generaliseras.

Intervjufrågorna och forskningsfrågorna är länkade med varann. Utgångspunkten var att få svar till forskningsfrågorna genom att fråga intervjufrågor som hörs ihop med forskningsfrågorna. Svaren till intervjufrågor som frågades av intervjuobjekt och svaren till frågorna finns skriven på engelska i kapitel 4.2.

Kortfattade svar till forskningsfrågorna är:

1. Hur påverkar kulturella skillnader en företags daglig affärsverksamhet?

Kulturella skillnaderna kan påverka affärsverksamhet på många olika sätt. Missförstånd är ett allmänt problem som uppstår på grund av kulturella skillnader. Sättet att kommunicera och att förstå varandras sätt att kommunicera är olika i Finland och Indien.

- Vad är de effektivaste sätten att undvika problem som är orsakade av dessa skillnader?

Öva på sättet att kommunicera med varandra.

2. Ska chefen leda sina anställda från olika kulturer på olika sätt?

Definitivt.

- Vad är de bästa sätten att lära sig att leda och att effektivt övervinna problem angående kulturella skillnader?

Erfarenhet och kunskap.

3. Hur påverkar dessa svårigheter företags ekonomi? Eller påverkar de alls?

Enligt intervjuerna uppstår största problemen på grund av ärenden med Indiens regering och beskattning. Flesta av intervjuobjekten påstår att beskattning och skattereglering i Indien är extremt komplicerade jämfört med Finlands beskattning.

- Hur kan man övervinna dem?

Anställ en redbar mellanman i Indien som hanterar allt angående bokföring, legala ärenden, ärenden med Indiens regering osv.

4. Finns det något specifikt sätt att leda, som påverkar och fungerar oberoende på kulturen?

Man borde leda människor från olika kulturer på olika sätt. Trots det är respekt och förtroende nödvändiga när man leder människor från dessa två kulturer.

Är det klokt att bedriva verksamhet i Indien?

Enligt alla intervjuobjektens svar och enligt all litteratur som jag har läst till forskningen skulle jag inte direkt uppmuntra att bedriva verksamhet i Indien. Om ett företag ändå

bestämmer att expandera till Indien skulle jag rekommendera att styrelsen bekantar sig och studerar de följande ämnen angående Indien:

- ⇒ Kultur
- ⇒ Beskattning
- ⇒ Religion
- ⇒ Hierarki
- ⇒ Kastsystem
- ⇒ Byråkrati
- ⇒ Regering
- ⇒ Korruption
- ⇒ Kön jämlikhet
- ⇒ Har Indien övergått deras storhetstid?
- ⇒ Marknad